

BEST PRACTICE GUIDELINES *for* B.C.'s Public Sector Boards



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Preface

Welcome! The Government of British Columbia through its broader public sector delivers valuable services that every resident depends on: from electricity to health care, education to land use and transportation, justice to public safety and emergency management, among many others.

The Best Practice Guidelines for B.C.'s Public Sector Boards is a foundational resource to reflect the Province's expectations for governing in the public interest. Profound health, environmental, social and economic changes, particularly since 2020, have impacted how we live, learn, work, play and relate to one another. These changes will continue to affect how public sector organizations are run, making good governance more important than ever.

This publication was developed for the benefit of public sector board members in B.C., which include leaders of crown agencies, boards, commissions, councils and all forms of broader public sector entities. We hope that ministries and the general public also find these Guidelines useful.



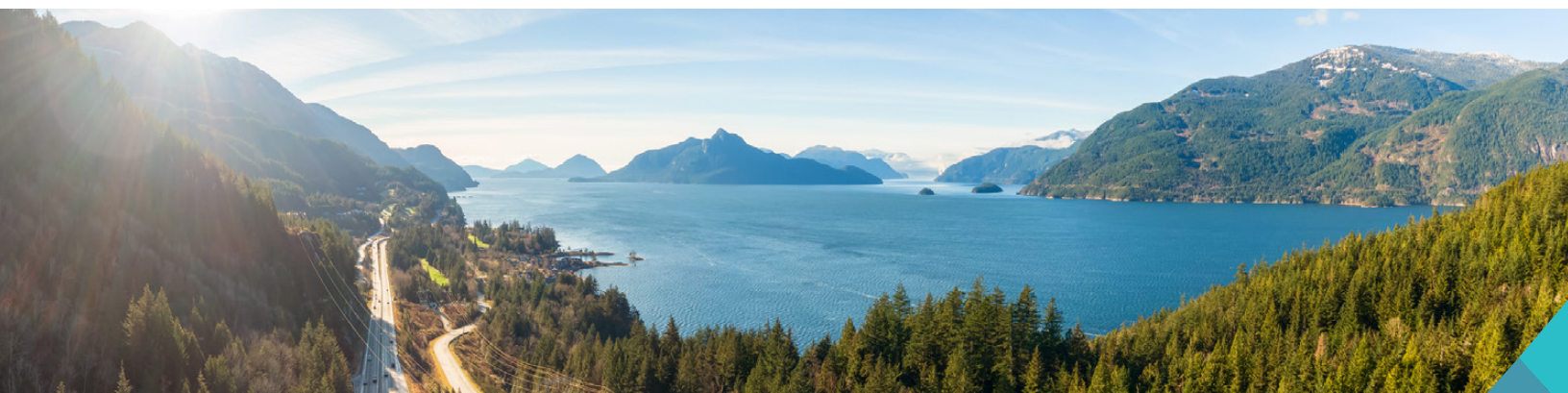
**Building strong governance across
British Columbia's public sector organizations**

Best Practice Guidelines for B.C.'s Public Sector Boards is complemented by the *Governing in the Public Interest* [modules and online governance training certificate program](#). Together, these materials can help board members understand and consistently apply modern governance principles and practices, taking into account current socio-economic and environmental challenges. These materials also illustrate key relationships within the broader provincial public sector, and how elements of the system work together to advance the common good and ensure public accountability.

How to navigate this publication

This publication is divided into chapters, with the first four addressing topics such as the structure of government, B.C.'s public sector organizations and boards, and their accountabilities, roles, and responsibilities. Chapters five through 11 discuss important issues that board members should keep top of mind – such as board development and training, communications, reconciliation, equity, diversity and inclusion (EDI), Environmental, Social and Governance (ESG) principles, climate risk, and information management, technology and cybersecurity. Throughout this document we have identified best practices that are informed by current B.C. examples and domestic and global research on good board governance.

The **Guidelines** are iterative and meant to serve as a living document. They are designed to be user-friendly, accessed electronically or to be printed in full or in sections. Government is committed to updating the Guidelines as required and in response to changing needs and priorities. We welcome all feedback and/or suggested revisions as we plan for the next version to be published online in 2025. If you have questions or would like to provide feedback for improvements, please contact the Crown Agencies Secretariat at: <https://forms.gov.bc.ca/governments/cabro-contact-us/>.



Acknowledgements

The Crown Agencies Secretariat, through the Crown Agencies and Board Resourcing Office (CABRO), serves the provincial government and its public sector organizations by providing board governance advice and supports. The material here reflects current B.C. government policy as of the date of publication. Thanks go to the Secretariat, the Ministry of Finance, ministries across government, and to the multitude of Indigenous partners and public sector board members whose experiences and insights helped shape this document.

Gratitude also goes to all who serve on a public sector board. Board leaders have busy lives, and many contribute long hours as unpaid volunteers or with minimal compensation. The work you do is important and needed. Your contributions enhance the safety, economic, social and environmental well-being of all British Columbians.

With thanks,

The Crown Agencies Secretariat
June 2024

On the traditional, ancestral and unceded territory of the Lekwungen-speaking peoples (Esquimalt and Songhees First Nations)

1. Introduction: Public Sector Governance



In British Columbia, public sector organizations (PSOs), often known as “Crown agencies,” range from large, complex organizations to smaller, regionally-based entities. They include commercial crown corporations, service delivery crown corporations, school districts, research universities, colleges, institutes and teaching universities, health authorities (the “SUCH” sector), advisory boards, tribunals, independent authorities, self-regulating bodies and registered societies. PSOs derive their authority from the government and are mandated to provide a public function or service delivered in the best interests of the people. They are accountable to the public through a government minister who is responsible for the organization (known as the “minister responsible”).





As of 2024, there were over 250 PSOs in B.C., governed by approximately 2,000 board directors and chairs, and responsible for the stewardship of almost two-thirds of provincial funds. A comprehensive list of provincial PSOs, including individual websites, mandates, board composition and current appointees, can be found online in the [Directory of Organizations](#).

The decisions made by public sector boards directly impact peoples' well-being. As public sector board directors are accountable to all British Columbians through government, government is often considered to be the "shareholder" in public entities. Therefore, these entities must govern in the public interest, prioritizing the welfare of British Columbians first, and contributing to a society where citizens exercise democratic rights and are confident that their institutions work for them.

There is a link between effective organizational governance ("good governance") and good decisions. A well-governed organization will meet its mandate and sustain the public's trust. However, an organization that struggles with governance can be vulnerable, and may also face financial, environmental, social, and reputational challenges.

Good governance is not a process that occurs by default or that depends on the leadership of one or two key people. It is a constantly evolving dynamic defined in part by how boards are structured, how board members deliberate and decide, and how boards undertake continuous development and improvement. Collective board competency and a healthy team dynamic are essential to good governance.

In 2019, British Columbia launched a training and certificate program for public sector leaders. The program is based on a series of [Governing in the Public Interest](#) modules that explore good governance principles and approaches. Since then, the province's PSOs have been contributing to an emerging global standard that:

- ▶ in accordance with B.C.'s [Declaration on the Rights of Indigenous Peoples Act](#) (Declaration Act), works to transform organizational culture to incorporate the principles and practices of reconciliation in all aspects of a PSO's business
- ▶ understands the values of accessibility, equity, diversity and inclusion (EDI), by developing organizations that reflect the province's population, and better serve the province's diverse needs and aspirations
- ▶ understands the social and financial costs of the climate crisis, as well as rapid IM/IT developments, to ensure organizations are sustainable and resilient



British Columbia's PSOs can take pride in sound decisions that build long-term, positive legacies for future generations.



Key takeaways

- ▶ PSOs are expected to govern in the public interest. They are accountable to government and have a mandate to serve British Columbians.
- ▶ Well-governed organizations sustain the public's trust and are better able to address financial, environmental, social and reputational challenges through informed and sound decision-making.
- ▶ Successful and sustainable organizations are led by diverse boards that value reconciliation and environmental, social and governance (ESG) principles.



2. Public Sector Governance Framework – Roles, Responsibilities and Expectations



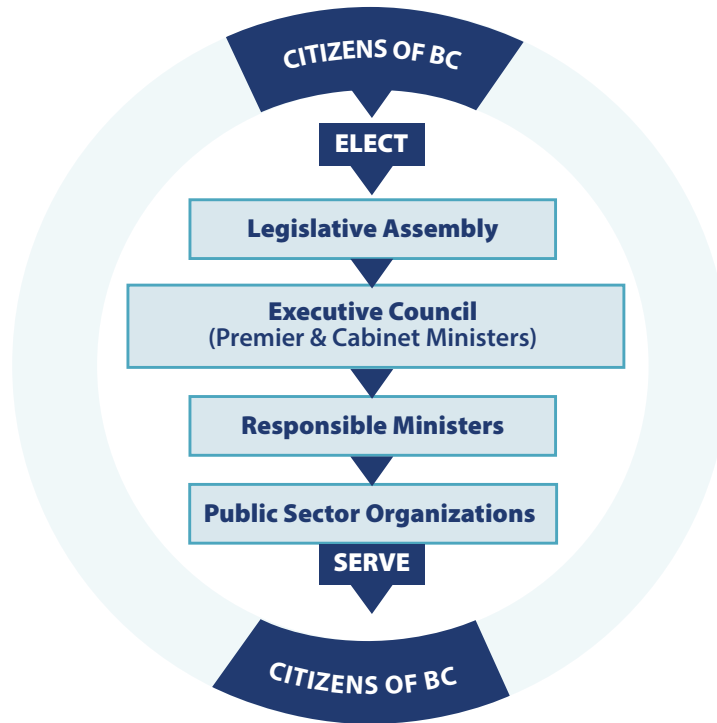
The province creates Public Sector Organizations (PSOs) to offer specialized goods, services, knowledge, expertise or supports to the public. These organizations have the capacity to provide services in ways that responsible ministries cannot. However public policy alignment between the provincial government and PSOs is crucial to meet government's overall mandate.

PSOs are at the forefront of building and maintaining the province's social, health, educational, cultural, physical and economic infrastructure. Through an understanding of government direction, they operate within an overarching governance framework guided by citizen-centred principles. Furthermore, each member of a PSO board plays an important role in overseeing the organization's business practices, so that the organization delivers services as efficiently, effectively and equitably as possible.



PSO Autonomy and Accountability

PSOs fit within the larger landscape of public sector responsibilities:



In most instances the Government of British Columbia establishes PSOs through legislation, which addresses the organization’s mandate, authorities and scope of activities. The PSO, through the board chair, is directly responsible to the minister to ensure the organization’s strategic direction aligns with government policy and priorities for British Columbians. They are established with varying levels of independence or autonomy from government, and therefore operate under different levels of government oversight depending on how they are defined in enabling legislation, constituting documents, sources of funding, and the types of services they provide. In addition, government’s Strategic Plan and annual Budget and Fiscal Plan will impact each PSO differently, affecting its budget and public reporting requirements.



There are eight types of PSOs, each with their own relationship with government:

Commercial Crown Corporations	Service Delivery Crown Corporations	College, University and Health Authority Boards	Advisory Boards
<ul style="list-style-type: none"> • Separate legal entities • Goods and service delivery • Commercial basis • Control and oversight by the government • Eg., BC Hydro, BC Lottery Corporation, Insurance Corporation of BC (ICBC) 	<ul style="list-style-type: none"> • Separate legal entities • Goods and service delivery • Public service basis • Control and oversight by the government • Eg., BC Housing, Community Living BC 	<ul style="list-style-type: none"> • Separate legal entities • Collaboration and oversight with the government • Eg., Langara College, Fraser Health Authority • School Districts* 	<ul style="list-style-type: none"> • Not separate legal entities • Appointed by government to provide advisory services to Ministers • Collaboration and oversight with the government • Eg., BC Arts Council, BC Poverty Reduction Advisory Committee
Tribunals	Independent Authorities	Self-Regulating Bodies	Registered Societies
<ul style="list-style-type: none"> • Not separate legal entities • Exercise adjudicative and regulatory functions independent of government • Eg., BC Utilities Commission, Labour Relations Board, BC Human Rights Tribunal, Surface Rights Board 	<ul style="list-style-type: none"> • Separate legal entities • Independent of government • May be self-funded • Eg., British Columbia Safety Authority (Technical Safety BC), Islands Trust Conservancy Board 	<ul style="list-style-type: none"> • Separate legal entities • Includes self-regulation of professionals or practitioners in a range of fields • Eg., College of Physicians and Surgeons and College of Veterinarians of BC, College of Applied Biologists 	<ul style="list-style-type: none"> • Separate legal entities • Independent of government • Eg., SportBC

***School Districts:** Unlike most PSOs, K-12 boards of education are elected bodies, responsible under the *Public Sector Employers Act* and specific provincial legislation, policies and guidelines. See: [Legislation and policy - Province of British Columbia \(gov.bc.ca\)](https://www2.gov.bc.ca/gov/content/legislation/policy-prov-bc) for more information.



Learn more: See [Public Sector Management: Roles, Responsibilities & Citizen Accountability](#) for a broader description of public sector accountabilities and relationships. The [Relationship with B.C. Government](#) page also provides useful information on the level of oversight under which public sector organizations operate. See [Governing in the Public Interest Foundational Training](#) for more information about each type of PSO.

PSOs work in alignment with government

PSOs are expected to conduct their business in a way that aligns with government's overarching public policy objectives and values. These are reflected through:

- ▶ Government's annual [Strategic Plan](#) and [Budget](#)
- ▶ The Premier's [Mandate Letters to Responsible Ministers](#)
- ▶ Mandate Letters specific to the public sector organization
- ▶ Ministerial Letters of Direction
- ▶ Specific direction from Cabinet, [Treasury Board](#), the [Office of the Comptroller General](#), [Crown Agencies and Board Resourcing Office \(CABRO\)](#) and/or the [Public Sector Employers' Council](#) Secretariat
- ▶ [Provincial Treasury](#) decisions on public sector financing
- ▶ Direction provided during ministerial-chair meetings, ministry executive-CEO/ president meetings and ministry executive financial officer/assistant deputy minister-vice president meetings
- ▶ Direction provided during government presentations at board meetings



In addition, many [Statutory Officers of B.C.](#), also called Independent Officers of the Legislature, provide periodic reviews and recommendations to government and PSOs. Their reports and advice are important in shaping improvements to an organization's governance and practices. It is a best practice for boards to review, and wherever possible, direct their organizations to adopt these recommendations when specific reports are released and applicable to them.

Current Statutory Officers of B.C. include:

- ▶ [Auditor General](#)
- ▶ [Chief Electoral Officer](#)
- ▶ [Conflict of Interest Commissioner](#)
- ▶ [Human Rights Commissioner](#)
- ▶ [Information and Privacy Commissioner](#)
- ▶ [Merit Commissioner](#)
- ▶ [Office of the Registrar of Lobbyists](#)
- ▶ [Ombudsperson](#)
- ▶ [Police Complaint Commissioner](#)
- ▶ [Representative for Children and Youth](#)



PSOs work closely with ministries and central agencies

PSOs work closely with responsible ministries and central agencies to carry out their mandates. Responsible ministries provide guidance and direction to PSOs and regularly communicate with them to understand business issues, successes and concerns. Where required, responsible ministries develop Cabinet and Treasury Board submissions in close collaboration with their PSOs and will serve as government liaison to strategically place an organization's submission on a Cabinet or Cabinet Committee meeting agenda. Following Cabinet or Treasury Board decisions, responsible ministries communicate those decisions back to the organization, working with its leadership to implement direction, assist with change management, or mitigate financial or operational risks.

Responsible ministries and their staff are often the first point of engagement with the organization and are the board's **primary liaison** between the government and the PSO. Ministries provide the organization with support and practical context around the Province's current priorities, policies and programs.

The relationship between a PSO and government works best when all parties meet regularly, with a clear and focussed agenda. A commitment to collaborative and timely two-way communications is essential. Best practice also entails shared understanding of roles, responsibilities, government direction and mutual priorities.

Individuals from PSOs and government generally communicate and collaborate at touch points among multiple levels:



* The Minister may delegate some responsibilities.



Key Roles and Responsibilities within Government

Effective governance includes all parties having a clear understanding of their roles, responsibilities and accountabilities.

Responsible Minister

Responsible Ministers are publicly accountable for the performance and sound business practices of PSOs that fall under their ministry's auspices. They provide ongoing direction on government's mandate, approve and table a PSO's Service Plan and Annual Service Plan Report in the Legislature, speak to key PSO matters in the Legislature when required (e.g., during Question Period or Estimates Debate), and sponsor Cabinet or Treasury Board submissions related to a PSO's legislation or funding.

Deputy Minister

The Deputy Minister to a PSO's Responsible Minister has a clear sense of the organization's overall financial health and its strategic and operational priorities and challenges. A key aspect of this role involves regularly informing the minister of high-level PSO issues, as well as informing the organization's senior manager (CEO or similar) on provincial government public policy, governance and fiscal/financial management direction.

Ministry staff

Ministry staff are responsible for understanding the business of their PSOs, and for supporting the organization's leadership (board) and management teams with guidance on current public sector reporting requirements, data collection and analyses, communications, IM/IT standards and practice, governance and decision supports. Key roles within a ministry include the Assistant Deputy Minister responsible for financial management (EFO), the Chief Financial Officer (CFO), the ADM responsible for governance, policy and legislation, the ministry's director of communications within Government Communications and Public Engagement (GCPE) and the Chief Information Officer, among others.



Central Agencies and key offices

PSOs are also supported by the **Crown Agencies Secretariat**, a central agency consisting of interconnecting teams housed within the Ministry of Finance:

- ▶ The [Crown Agencies and Board Resourcing Office \(CABRO\)](#) provides governance support to PSOs. It co-ordinates the legislated, annual performance planning and reporting cycle under the [Budget Transparency and Accountability Act](#), oversees the recruitment and recommendation of candidates for board appointments, and provides public sector governance advice and training to multiple stakeholder and partner groups across B.C.
- ▶ Crown Engagement and Strategic Initiatives (CESI) provides integrated and consistent strategic finance and policy oversight for select PSOs with complex mandates and stakeholder/customer relationships. CESI's mandate includes providing advisory and consultative services, on request, to Cabinet, central agencies, ministries and PSO leadership. Services include advice on strategic planning, operational policy, issues management, service delivery alignment, financial planning, analyses and reporting, infrastructure development and business transformation initiatives.

The [Tribunal and Agency Support Division \(TASD\)](#) is part of the Justice Services Branch of the Ministry of Attorney General. It supports operations and innovation in the tribunal sector and in a growing number of agencies and independent offices. It directly supports 20 tribunals accountable to the Attorney General, and improves access to justice by:

- ▶ Supporting business transformation
- ▶ Developing consistent processes
- ▶ Clarifying roles and responsibilities which fosters greater accountability
- ▶ Introducing new technologies
- ▶ Modernizing facilities



TASD collaborates with CABRO and the tribunal sector to recruit qualified, diverse and dedicated people for administrative tribunals and boards. It is responsible for the [Tribunal Performance Framework and Remuneration Plan](#), which outlines how appointee remuneration for AG-sector tribunals is set and managed, and guides the performance appraisal process, setting out criteria by which appointee performance can be assessed.

The Treasury Board is a [Cabinet Committee](#) responsible for developing government's annual Budget and three-year Fiscal Plan. Through the work of its central agency, [Treasury Board Staff](#), the Treasury Board obtains financial information from responsible ministries for planning and reporting purposes, and for the disbursement of public funds. Treasury Board Staff reviews each PSO's financial plan, recommends appropriations for funding, and ensures that each organization's financial information is incorporated in the Fiscal Plan.

Approximately every three years Treasury Board may issue directives on board member remuneration, which is the administrative responsibility of the Public Sector Employer's Council Secretariat (PSEC Secretariat). Treasury Board is also responsible for establishing financial, accounting and related policies and practices following recommendations from the Office of the Comptroller General and Treasury Board Staff.

[The Office of the Comptroller General \(OCG\)](#) is responsible for the overall quality and integrity of the government's financial management and control systems. Reporting to the Deputy Minister of Finance, OCG guides ministry and public sector activities in areas such as procurement and spending, and is responsible for the following areas which may impact PSOs:

- ▶ Maintaining government's financial management framework, the [Core Policy & Procedures Manual](#) (CPPM)
- ▶ Administering the [Financial Administration Act \(FAA\)](#) and [Financial Information Act \(FIA\)](#)
- ▶ Collecting quarterly summary financial information as part of [Public Accounts](#) preparation through Financial Reporting and Advisory Services (FRAS)
- ▶ Conducting internal audits within the broader public sector through [Internal Audit and Advisory Services \(IAAS\)](#)
- ▶ Liaising with the [B.C. Office of the Auditor General \(OAG\)](#)



[The Public Sector Employers' Council \(PSEC Secretariat\)](#) carries out the mandate of the [Public Sector Employers' Council](#). Under the oversight of the Council, the PSEC Secretariat:

- ▶ Develops and co-ordinates labour relations policies and practices in the public sector and in [public sector bargaining](#)
- ▶ Directs public sector employers on [compensation planning](#) for excluded and executive employees, including chief executive officers
- ▶ Provides support to the [Appointee Remuneration Committee](#) to administer remuneration for appointments to B.C. PSOs
- ▶ Oversees the governance of four jointly trustee public sector pension plans with plan partners in the [BC Public Service](#), [Municipal](#), [K-12 teachers](#) and [College](#) sub-sectors.

[Government Communications & Public Engagement \(GCPE\)](#) informs the public about government programs, services, policies and priorities through traditional communication practices, and increasingly, through direct engagement and online services.

GCPE assigns each ministry a communications office that provides support and services such as strategic communications advice and planning, media relations, issues management, event planning, news releases and speech writing. GCPE directors assigned to responsible Ministry may regularly collaborate with PSO communications directors to support ministers and ensure that broader public sector issues are accurately reflected in the Legislature, including during Budget Estimates debates and Public Accounts. GCPE and PSO communication directors collaborate to solve problems and implement strategic engagement plans.

Key Roles and Responsibilities within the PSO

A PSO's board of directors ensures that the organization complies with government's priorities, policies and legislation, and is accountable for the organization's performance in upholding the public interest. There are two main roles within a board: the chair of the board and the directors or members of the board.



Chair of the board

As the main link between government and the PSO, the Chair communicates with the minister responsible (or delegate) to advise on issues that materially impact the business of the organization, including major strategic direction, financial changes, or potential new initiatives and programs.

Responsibilities may also include providing information to the Minister in response to questions from members of the Legislative Assembly. The Chair receives government's Mandate Letter, Ministerial Letters of Direction (where applicable), reviews key budget documents such as the annual Strategic Plan and Budget and Fiscal Plan, and related communications. The Chair is responsible for supporting a board that consistently understands and implements these priorities and direction. The Chair is also accountable for board activities as a signatory of the Accountability Statement in Service Plans and Annual Service Plan Reports.

An effective Chair is responsible for fostering a culture where all board members feel comfortable sharing their perspectives and insight, and to make sure every voice on the board is heard. The chair, along with the board administrator where applicable (formerly called a board secretary), will guide board activities and work closely with senior executives to cultivate openness and a smooth exchange of information between the board and the organization.

The role of **Vice Chair** is to assist the chair in these duties. Under temporary or unexpected circumstances, when the chair is unable to fulfil their duties, government may ask the Vice Chair to stand in until a new chair is established.

Finally, and on occasion, the Chair will also lead the board's hiring process for a new CEO or senior manager.

Directors or Members of the board

As a board, directors govern PSOs in a manner consistent with government's mandate and direction, ensuring that the organization complies with financial and other policies, guidelines and legislation.

Directors of both public and private sector organizations are expected to make decisions in the best interests of their shareholders. In the case of a PSO, the public is considered the shareholder, and government represents the shareholder's role. Directors' responsibilities therefore include general monitoring of issues facing the public in B.C., as well as the relationship between government and the organization.



All directors have a responsibility to meet their **fiduciary duty** of acting in the best interests of the organization, as they are entrusted by the public to take care of resources and assets on their behalf. Directors are also entrusted to bring a balance of perspectives to the boardroom table, ensuring that, as a group, decisions reflect the broadest possible interests of the organization’s clientele, and of British Columbians as a whole.

Directors review, deliberate and approve the PSO’s strategies, policies and plans. They are often tasked to review and approve the organization’s Service Plan and Annual Service Plan Report. They can also play a key role in chairing sub-committees and bringing forward issues to the full board that are reflective of sub-committee work in finance/audit, human resources, risk management and other key areas. Working with the chair, they may hire a CEO, be expected to review the CEO’s performance, and oversee succession planning for senior management. In some instances, the board may need to terminate the CEO or equivalent if agreed-to performance objectives have not been met.

Chief Executive Officers (CEOs) and senior executives

The CEO (and in some instances, the Executive Director) is the organization’s leader, providing vision and strategy to guide management and staff, and supporting all who are part of the organization’s operational objectives. Equally important is the CEO’s role in influencing the organization’s culture through “tone at the top,” so that organizational values are aligned and contribute to productivity and capacity to meet the needs of its clientele.

CEOs are responsible for managing the organization’s resources and operations under the board’s stewardship and direction. This includes implementing business plans and monitoring results for report-backs to the board, governments, and the general public.

To ensure the organization remains accountable to its mandate, CEOs, presidents, and senior executives often liaise with the responsible ministry’s deputy minister and government staff. Through the deputy minister, the CEO is responsible for regularly consulting with, and informing, the responsible ministry on key issues or major decisions that may impact government policy or the Fiscal Plan. Timely communications with the responsible ministry based on a “no surprises” approach is a best practice.

In support of the board, the CEO may sometimes work with staff to conduct public consultations and engagements related to the organization’s mandate and provision of services.



Learn more: Refer to Appendix 1 in [Governing in the Public Interest Foundational Training](#) for more information on key public sector roles and responsibilities. See Appendix 7 in the same module for details on the role of the chair, and page 9 for a general overview of directors' fiduciary duty.



Key takeaways

- ▶ There are eight general types of PSOs, each with their own mandate and relationship with the provincial government. All PSOs are accountable to government to carry out their mandates.
- ▶ Timely communications between PSOs and responsible ministries, based on a “no surprises” approach, is a best practice.
- ▶ At the board level, the chair of the PSO is the primary link between government and the organization.
- ▶ The chair is responsible for building an inclusive board culture, and ensuring all board members have an opportunity to share their diverse perspectives.
- ▶ Board members have a fiduciary duty to act in the best interests of the organization, understanding the broadest possible interests of the organization's clients, and of British Columbians generally.

3. The public sector governance framework – PSO foundational authorities, performance and reporting



Public and private sector organizations share many characteristics. The general principles and practice of good corporate governance apply to both, including the roles and responsibilities of the Chair, board directors, board committees, CEO/senior managers, and common legal obligations, such as requirements for both types of organizations to publicly submit quarterly and/or annual reports.





A key difference is in their obligations to shareholders. Private sector organizations are accountable to a narrower group of shareholders and interests. Profitability is a key objective of the organization, with business viability or expansion an interest that can take precedence over others. Public sector organizations are also accountable to a “shareholder”, broadly defined as the general public that is served by an elected, accountable minister. Although financial sustainability is of utmost importance to the PSO, its business must also prioritize the provision of public goods and services in an equitable and publicly transparent way.

It is useful to understand how public sector organizations (PSOs) fit into the broader context of B.C.’s public sector. As described in this chapter, provincial legislation, regulations and/or policies may define the PSO’s relationship to government and direct its financial management and reporting obligations.

Legislative and policy foundations

All public sector organizations have a legislative foundation. A PSO’s history and governance framework start with provincial legislation, and in some instances, overlap with federal legislation. Provincial statutes, regulations, policies, as well as the organization’s constituting documents, such as Articles of Incorporation, Board Terms of Reference and bylaws, all clarify the PSO’s relationship to government, its relationship to customers, stakeholders and partners, and its own roles and responsibilities.

Service Level Agreements, or contracts between the responsible ministry and PSO, commonly apply to Commercial and Service Delivery Crown Corporations. These agreements can align with funding letters, which specify what services are to be provided to clientele within a specific timeframe and budget.

As a whole, legislation, government policies, foundational documents and agreements bring together the PSO’s governance, human resources, financial management and public reporting obligations.



Best practices for understanding an organization's legislative, policy and contractual context

- ▶ Board members are not expected to be legal experts. Although boards often have lawyers as directors, a board can request access to legal expertise to gain a high-level understanding of the organization's legislative foundations and public obligations.
- ▶ Board directors can request from the board chair or administrator information from the organization's in-house counsel or responsible ministry. Responsible ministries can often provide further advice and supports to boards, when needed.
- ▶ Many PSOs offer new board directors an orientation manual, which may include an overview of the organization's requirements and obligations under enabling legislation, sector-specific legislation, and related policies and contracts that flow from them.

In addition to the laws under which they are established, PSOs are also subject to legislation that private sector organizations must follow. These include the [Employment Standards Act](#), Labour Relations Code, [Occupational Health and Safety Regulation](#), and a multitude of others. See "[The PSO and Provincial Government Relationship: An Overview](#)" for a comprehensive list of legislation that applies to most public sector organizations.

Public K-12 school districts, research universities, colleges, institutes and teaching universities and health authorities, commonly referred to as "SUCH-sector" organizations, are subject to legislation administered by the [PSEC Secretariat](#). The [Public Sector Employers Act](#) applies to these organizations, along with sector-specific labour relations statutes, regulations and standards, the [Labour Relations Code](#), and in some instances, the [Public Service Labour Relations Act](#).

From time to time, changes to provincial government policies and initiatives may affect public sector organizations as a whole, or for those in specific sectors. The B.C. Government will communicate high-level governance, financial management and policy changes through the [Crown Agencies Secretariat/CABRO](#), the [PSEC Secretariat](#), the [Tribunal and Agency Support Division \(TASD\)](#), the Office of the Comptroller General's [Core Policy & Procedures Manual](#), and through ministry or [B.C. Government News](#) websites.



Policy Direction in Mandate Letters and Ministerial Letters of Direction

All PSOs have a minister responsible, who receives a [Mandate Letter from the Premier](#) outlining the high-level expectations of that minister. Mandate letters also clarify the broad public policy priorities of the ministry. These goals will impact the mandate of the PSOs assigned to a responsible ministry, even if the organization itself is not explicitly mentioned in the letter.

Mandate letters are usually released at the beginning of a government's new term, following a general election and the formation of a new Cabinet, or issued to ministers with new portfolios following a change in leadership and Cabinet composition (a "Cabinet shuffle"). All mandate letters communicate an overall direction to an organization, and they often include high-level deliverables and timelines.



Best practice: As a member of a PSO board, you are encouraged to read your responsible minister's [Mandate Letter](#) to understand government's sector-wide public policy priorities. Your organization can also provide the mandate letter in your orientation package.

Depending on the sector and the organization, individual PSOs may also receive Mandate Letters, which should be posted on the organization's website and linked to a Government of B.C. website. These letters are usually issued once at the beginning of a government's term or when there is a significant change in the organization's mandate.

Examples of PSO Mandate Letters can be found here:

- [Crown Corporations](#)
- [Post-secondary institutions](#)
- [Health authorities](#)



PSO board chairs and directors are expected to understand and sign their Mandate Letter. Board chairs can check in with their responsible ministry Deputy Minister's Office if they have questions about the direction in a letter.

From time to time, Ministerial Letters of Direction may be issued to an organization's chair or president/CEO. Letters of Direction build upon expectations outlined in a Mandate Letter and include additional, specific details on how outcomes are to be achieved. As with Mandate Letters, Letters of Direction are to be publicly posted on the PSO's website.



Best practices for learning about new policy and legislation

- ▶ Responsible ministries are the first point of contact for learning about provincial government policies and initiatives applicable to PSOs, including direction specified in Mandate Letters.
- ▶ As the key liaison between the board and government, the Chair and senior management (e.g., the CEO or president), should regularly communicate to board directors about major changes in government policy that apply to the PSO.
- ▶ A board with executive-level government appointees can also ask those members to update the board on significant changes. Board chairs are encouraged to invite the responsible ministry's Deputy Minister, or a senior-level executive, to occasionally present a summary of government updates and direction.
- ▶ Board committee chairs often report back to the board on key policy changes impacting the committee's mandate.
- ▶ Board directors and committee members are encouraged to regularly monitor province-wide public sector changes at a high level. Keeping abreast of these issues can bring a fuller understanding of province-wide and organization-specific context to board decision-making.



Planning and reporting requirements

PSOs have specific obligations to report out to the public using tools such as Service Plans, Annual Service Plan Reports, and in many cases, provincially prescribed financial management templates. A PSO's specific planning/reporting tools and requirements will depend on how the organization is defined by legislation and policy. The links below list the common set of reporting requirements that apply to:

- ▶ [Ministries & other organizations](#)
- ▶ [Crown corporations](#)
- ▶ [School districts](#)
- ▶ [Public post-secondary institutions](#)
- ▶ [Health authorities](#)

Senior management can inform board members about the reporting requirements relevant to their organization.

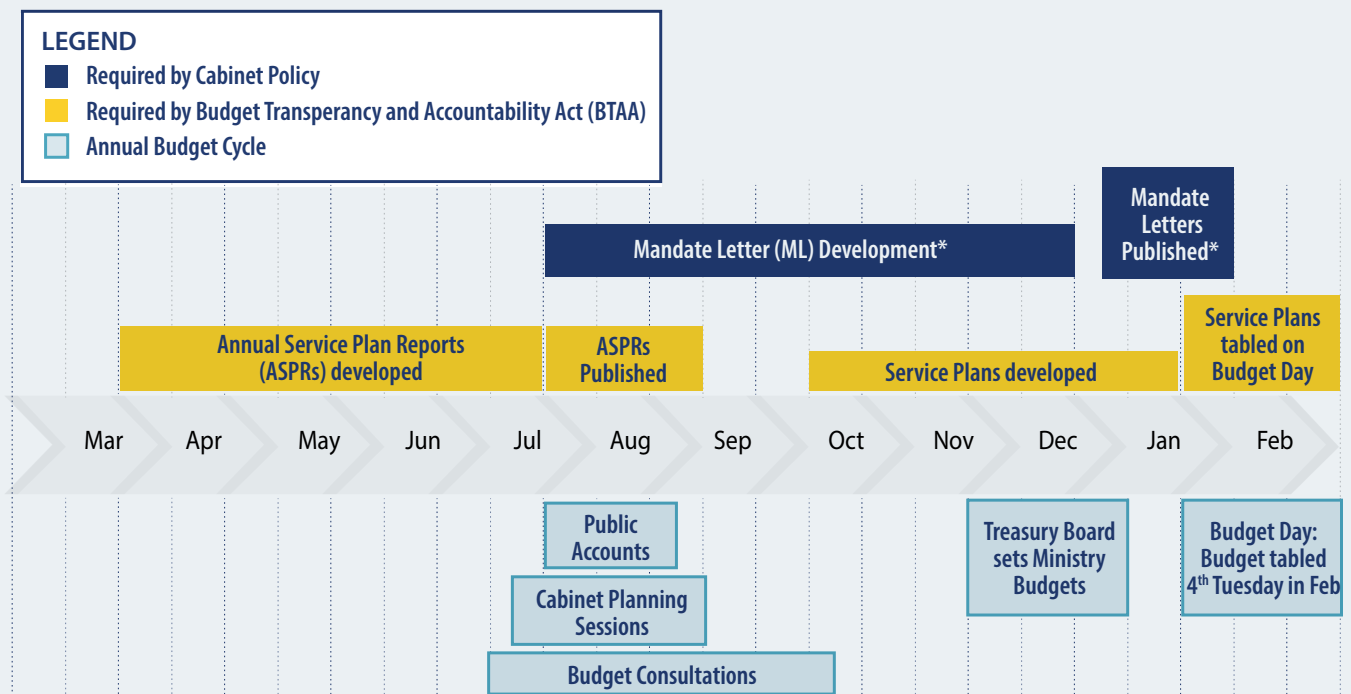




Performance reporting

Every PSO is accountable to British Columbians. That accountability is exemplified through an annual business planning cycle that requires organizations to develop strategies for how they will operationalize their mandate over a three-year period in alignment with government, and any other direction provided through Mandate Letters or policy direction.

The following diagram shows B.C.'s annual public sector performance planning and reporting cycle:



Service Plans and Service Plan Reports are two tools for planning and reporting on performance. Most PSOs are subject to the [Budget Transparency and Accountability Act](#), which requires government to formally submit, and publicly post these documents covering each fiscal year period (April 1 – March 31). Sections 13 and 16 of the act define the specific “government organizations” that must submit these plans.

CABRO and the Crown Agencies Secretariat is the province’s central agency responsible for liaising with responsible ministries, PSOs, the Minister and Ministry of Finance and Cabinet, in relation to the ongoing design and development of plan content, policies, templates and guidelines.



A Service Plan outlines a ministry or PSO's strategic priorities for the upcoming three-year fiscal plan period. The Service Plan is an opportunity to illustrate an organization's alignment with broader government priorities, describe the operating environment, highlight an organization's key programs, projects and initiatives, and measure performance against select indicators using consistent baseline data and multi-year targets.

Service Plans also contain an organization's summary financial tables consistent with Treasury Board's projected budget contained in the annual Budget and Fiscal Plan.

The PSO's Service Plan must be approved by the organization's board and responsible minister prior to publication. Service Plans are tabled by the Minister of Finance every year on [Budget Day](#) and are posted online once the B.C. Budget is released:

- [▶ Ministry Service Plans](#)
- [▶ PSO Service Plans](#)

PSOs that submit annual Service Plans are also required to issue an Annual Service Plan Report timed around the release of the Province's [Public Accounts](#), usually before August 31 of each year as required by legislation.

The Annual Service Plan Report is a retrospective report that compares the organization's actual performance results at the end of the fiscal year to the budget plan set out in the PSO's Service Plan. Similar in structure and content to Service Plans, the Annual Service Plan Reports will also contain variance and trends analyses attached to financial summaries, and an auditor's report and audited financial statements covering the period up to fiscal year end.

Annual Service Plan Reports must be approved by the PSO's board chair, President/CEO (or similar), and the responsible minister prior to publication.

These reports are posted online once they are released:

- [▶ Ministry Annual Service Plan Reports 2022/2023](#)
- [▶ Crown Agency Annual Service Plan Reports 2022/2023](#) (scroll down from ministry reports)



Financial reporting

[The Ministry of Finance](#) is responsible for administering the [Financial Administration Act](#) and [Financial Information Act](#) and collecting quarterly public sector summary financial information as part of [Public Accounts](#) preparation, administered through the [Office of the Comptroller General's](#) Financial Reporting and Advisory Services (FRAS). FRAS also provides expert professional accounting advice, leadership and direction to ministries, Crown corporations and public sector organizations.

[CPPM Policy Chapter 3: Planning, Budgeting and Reporting](#) explains the government's performance management and accountability systems, including public sector financial reporting obligations, policies and [procedures](#).

A responsible ministry's Chief Financial Officer (CFO) will regularly maintain relationships with its PSOs' CFOs to ensure required quarterly financial reports are submitted to the Province on time, and in the prescribed formats.

Information Requirements Calendar

The CABRO [Information Requirements Calendar](#) keeps PSOs informed about planning and reporting information and documents required by government, including deadlines for submission, and the ministry/branch that the documents must be submitted to. The calendar is updated periodically and generally covers a two-year reporting cycle. Organizations can sign up for email notifications whenever the calendar is updated. See [Information Requirements Calendar - Subscribe Feature](#) to submit an email address and receive updates.





Compensation and reporting

The [Public Sector Employers' Council Secretariat](#) (PSEC Secretariat) oversees the Province's strategic co-ordination of labour relations, total compensation planning and human resource management across the broader public sector. The PSEC Secretariat works with sector-based employers' associations on compensation planning and reporting. This includes bargaining mandates for negotiation in collective agreements covering unionized employees, as well as non-union excluded management and executive compensation.

For additional context, PSOs and board members can refer to these PSEC Secretariat web pages:

- ▶ [Public Sector Bargaining Mandates & Agreements](#)
(for a summary of collective bargaining mandates)
- ▶ [Public Sector Executive Compensation Disclosure Guidelines](#)
- ▶ [Public Sector Executive & Excluded Employee Compensation](#)
- ▶ [Report Compensation for Senior Public Sector Employees](#)
- ▶ [Public Sector Compensation Disclosures & Reports](#)

Governing Boards – Chair and Member/Director Appointee remuneration

Remuneration paid to public sector appointees serving in specific roles on governing boards is established by [TB Directive 2/24](#). The Directive outlines:

- ▶ Provincial government remuneration policy
- ▶ Remuneration framework and classification
- ▶ Retainers
- ▶ Meeting fees per classification;
- ▶ Business travel and expense reimbursement guidelines



Tribunals and Regulatory Boards – Appointee remuneration

Remuneration paid to appointees who sit on administrative tribunals or regulatory boards is established by [TB Directive 1/24](#). The Directive outlines:

- ▶ Provincial government policy objectives
- ▶ General application of remuneration guidelines
- ▶ Tribunal remuneration plans
- ▶ Full-time and Part-time remuneration per classification levels

The [Appointee Remuneration Committee \(ARC\)](#) is established by the Treasury Board to oversee remuneration provided to PSO board chairs and directors, with the PSEC Secretariat supporting the Committee. Approximately every three years, the ARC reviews the [Treasury Board Directives](#) to ensure there is a consistent and transparent approach to how much is paid to appointees. Board chairs are encouraged to contact their responsible ministry if there are questions about appointee remuneration, and the responsible ministry will then liaise with PSEC to address these inquiries. Inquiries about PSO remuneration and reporting can be sent to the [PSEC Secretariat Mailbox](#).

Once a board's compensation framework has been established or revised, the responsible ministry is to contact CABRO to provide the information for CABRO's records.



Key takeaways

- ▶ All PSOs operate under a governance framework aligned with government's strategic direction.
- ▶ PSOs are expected to meet specific performance expectations as outlined in Mandate Letters and Service Plans.
- ▶ PSOs report on their performance in Annual Service Plan Reports, which include audited financial statements.



Best practices for boards

- ▶ Board members should understand the high-level legal and policy framework of their PSO as shared with them through background information from the organization's in-house counsel or responsible ministry.
- ▶ Board members should also review the Mandate Letter for the PSO's responsible minister to understand government's sector-wide public policy priorities.
- ▶ As the key liaison between the board and government, the chair will update board members about major changes in government policy that apply to the PSO.
- ▶ Board chairs can invite the responsible ministry's deputy minister, or a senior-level executive, to periodically present to the board a summary of government updates and direction.
- ▶ Board members are encouraged to regularly monitor province-wide public sector changes to bring a full understanding of the organization's context to the board table.



4. Building an effective board



Board members will be resilient and effective when they work in a trusting environment and are trusted by their organization and the people they serve. This is why the foundations for good board governance often begin with a common understanding of ethics, integrity, and good conduct principles. This chapter describes the mechanisms that promote ethical conduct, as well as strategies for ensuring that board members reflect the diverse competencies and attributes needed to govern in the public interest.





Board member conduct and expectations

All new public sector organization (PSO) board candidates, as well as returning board members who have served their organizations for more than five years, are required to [complete and sign](#) a **Candidate Profile and Declaration (CPD) form for Governing Boards** or a **Candidate Profile and Declaration (CPD) form for Tribunals**. A candidate must confidentially submit a completed CPD form to CABRO before recommendation is made for ministerial or Cabinet approval of the appointment. Contact [CABRO](#) for more information about the CPD form, and to whom the form should be submitted to.

In compliance with the [Freedom of Information and Protection of Privacy Act](#) (FOIPPA), the CPD form collects personal contact information (**Part A: Personal Information**) and curriculum vitae summaries of candidates (**Part B: Profile**).

The CPD form describes conflict of interest in **Part C: Conflict of Interest: Disclosure Statement** and requires a board or tribunal applicant to assess and disclose one's real (current), perceived (what could be seen as a conflict by others) or potential (future) conflicts. The form states:

A conflict of interest exists for a board member who has a private or personal interest that appears to influence the board member's judgement in making decisions in the organization's best interest.

A conflict of interest may take a number of forms:

- ▶ Financial or non-financial
- ▶ Direct or indirect
- ▶ Professional or family related



A conflict of interest may arise from:

- ▶ Employment or board appointments
- ▶ Professional practices including consultative services
- ▶ Financial interests in business enterprises
- ▶ Share ownership
- ▶ Beneficial interests in trusts
- ▶ Private equity interests
- ▶ Real estate property interests
- ▶ Existing or proposed transactions with the organization
- ▶ Holding elected office
- ▶ Existing professional or personal associations with the organization
- ▶ Personal associations with other groups or organizations
- ▶ Family relationships (a connection by blood, by marital or common law relationship, or by affinity)

Every potential appointee must disclose any obligation, commitment, relationship, or interest that might conflict or might be perceived to conflict with their duty or interest to the organization.



It is always important for candidates to fully disclose real, perceived or potential conflicts of interest on the CPD form. However, not all disclosed interests or relationships would result in a candidate's exclusion from the appointments process. Board chairs and interview panels will often risk-assess potential directors' conflict based on a holistic understanding of the board's mandate and business compared with what is disclosed on the form.

Part D: Charter of Expectations for Appointees to Governing Boards describes the responsibilities of PSO appointees through the expectations of integrity, compliance, accountability, strategic planning, performance monitoring/ reporting, organizational leadership, risk assessment, public policy and governance. A similar charter, defining integrity, compliance, accountability and responsibilities, applies to tribunal members completing the **Candidate Profile and Declaration (CPD) form for Tribunals**.

Prior to appointment, all public sector board applicants must agree to the Charter of Expectations and check the "I agree" box on the CPD form.

Further applicant requirements include completion of the **Part E: Integrity and Public Accountability** questionnaire, and **Part F: Biography**, where candidates are asked to provide a summary of no more than 400 words describing past leadership roles, employment, community involvement, lived experience and education or credentials. Board member biographies are published on CABRO's [Directory of Organizations](#) website, and may also be published on a PSO's website.

Part G: References asks applicants to provide two references, including names/titles and contact information. **Part H** asks applicants how they were referred to public sector board opportunities.

Part I: Declaration requires applicants to sign and date the CPD in order to be considered for appointment by a minister or Cabinet. Signing the form also enables CABRO and the PSO to verify information presented on the form, and per FOIPPA, disclose some of its information within the public sector for the purposes of evaluating suitability for appointment.

CPDs reflect government policy on conduct principles and expectations, and applicants who have signed and submitted a CPD affirm that they will uphold these principles and expectations throughout their appointment term(s). Failure to do so may result in rescindment of the appointment.



In addition, CABRO provides online guidance related to the [General Conduct for Public Appointees](#). These guidelines address conflict of interest, board meeting preparation, directors' behaviour, confidentiality, public commentary and instances where there is a director's duty to inform the board chair.

Many large and medium-sized boards have also developed their own code of conduct and conflict of interest guidelines and practices, as well as respectful workplace complaints review processes.

If a board does not have its own policies in place, the chair can consult the organization's in-house counsel, or approach the responsible ministry for advice. Chairs should prioritize the preparation and internal communications of written policies, procedures and practices. At a minimum, these written documents should address a clear process for board members and employees to raise concerns, the roles and responsibilities within that process, and clear and consistent procedures for conflict resolution.

Some examples of board-specific codes of conduct and guidelines include:

- ▶ [BC College of Nurses and Midwives - Code of Conduct for Board and Committee Members](#)
- ▶ [BC Hydro Code of Conduct](#)
- ▶ [Knowledge Network Board of Directors Code of Conduct](#)
- ▶ [Simon Fraser University Board Guidelines](#)

In addition, a significant aspect of fiduciary duty involves board chair responsibility to ensure directors are aware of their ethical responsibilities. Chairs should be available as sounding boards and advisors when it comes to conversations about board conduct. Chairs may also take on the task of resolving code of conduct issues, depending on the board policies and procedures in place.

The chair is responsible for knowing individual board directors, their professional and community service backgrounds, and the strengths that each director brings to the table. Understanding that most directors will have extensive personal and professional connections from current and previous work, an effective chair is aware of those connections and maintains open communication with members.



Once new directors have been appointed to a board, conflicts that may arise from time to time can often be mitigated through proactive director-chair discussions. As an example, directors should be empowered to self-identify conflicts of interest and bring forward issues to the chair. During these discussions, chairs can determine when it is appropriate for members to recuse themselves from specific board decisions or votes. A good practice is for these situations to be noted in the board minutes.

Board members should also have a high-level understanding of the [Public Interest Disclosure Act](#) (PIDA) and how it might impact their organization. From 2022-2024, [different groups of PSOs](#) will be brought under the auspices of the act. An organization's CEO is responsible for implementing PIDA, including the appointment of a [Designated Officer](#) to receive and investigate reports of wrongdoing. Board chairs may want to invite the CEO and/or Designated Officer to the board to provide an overview of PIDA and its impacts on the organization and the board itself.





Assessing board member competencies and attributes

“It is not necessary for directors to be expert in most or even many competencies. What is important is that a board has the collective coverage over the competencies that are necessary to provide oversight and strategic guidance to management.”¹

Board members must be qualified to do the work that a minister or Cabinet appoints them to do. But what does “qualified” mean? Generally, a “qualified” board member has both the competencies and attributes needed to fulfil their role on a specific board, with the strengths of different qualified individuals complementing each other and collectively contributing to a stronger, vibrant board. See [CABRO’s basic requirements for serving on a public sector board](#).

“Competencies” and “attributes” can have different meanings in the field of human resources. In the context of B.C.’s PSO boards, “competencies” can mean a combination of a person’s knowledge and areas of expertise, skills, abilities, and behaviours, including those acquired through lived experience. “Attributes” mean demographic considerations and can also include personal qualities around diversity of thought or perspective.

Following best practices in private and public sector board development, chairs should use a competency matrix to assess individual and collective board strengths. A matrix assists the chair and board administrator in completing a gap analysis that informs go-forward candidate searches, candidate appointments and sound succession planning. CABRO has a voluntary [Competency and Attributes Matrix for Governing Boards](#) to help chairs in their board assessments, or in the development of their own assessment tools. The matrix consists of a fillable table that records the knowledge, skills, abilities, and lived experience (competencies) of each current board member, along with attributes such as age, regional representation, and diversity factors.

A board chair must consult each board member individually and in confidence before completing the form and gap analysis. The chair must be clear with members about the matrix’s purpose and use. As it contains personal information, the matrix itself must be kept

1. Richard Leblanc, “Director independence, competency, and behavior,” in Richard Leblanc (ed.), *The Handbook of Board Governance: A Comprehensive Guide for Public, Private and Not-for-Profit Board Members*. 2016. Page 171.



confidential. Chairs may choose to confidentially share high-level observations and non-identifiable information with the responsible minister and CABRO's Executive Lead to help government understand areas identified for further development and succession planning.

Ministry and board Requests for Appointment or reappointment — RFA materials

Approximately six months before board positions open up through term expiries or vacancies, the responsible ministry will contact the board administrator to request information from the chair (or equivalent) on the status of those positions. The ministry will send the board a set of standardized forms and materials for completion and return to CABRO. The materials are [available online and include](#):

- ▶ *The Request for Appointment (RFA) Checklist*
- ▶ *Performance Appraisal (PA) for Governing Boards; or
Performance Appraisal (PA) for Tribunals*
- ▶ *Notice of Position (NOP) for Governing Boards; or
Notice of Position (NOP) for Tribunals*

In combination, the materials reflect standardized government policy and procedures on public sector board renewal.

The **Request for Appointment (“RFA”) checklist** provides the evaluator (e.g., the chair) with a standardized, convenient way to make confidential recommendations to government on whether sitting appointees should be considered for reappointment, along with the potential reappointment term length. It also gives the evaluator an opportunity to address board vacancies due to members “terming out” from a maximum length of service, or members who are not recommended for reappointment.

If there are upcoming vacancies, the evaluator must identify outgoing members in the Request for Appointment checklist, including those who are not seeking reappointment, not being recommended for reappointment, retiring or resigning. Directors who have resigned must submit a resignation letter to the chair, with the board administrator sending a copy of the letter to the responsible ministry and CABRO to close out the record for that member.



For recommended reappointments, the evaluator must include the applicable **Performance Appraisal** (“PA”) which provides an opportunity to address the director’s specific contributions and value to the board, attendance record, nature of committee work and whether the member’s skills fit with the future needs of the organization.

Regardless of whether the board recommends reappointments, highlights vacancies, or a combination of both, the RFA checklist gives the evaluator an opportunity to describe the competencies sought for the positions and the diversity factors that are part of the current board. The checklist also provides an opportunity for boards to attach a current **Notice of Position**, or job posting, to inform CABRO of the potential need to formally post upcoming board vacancies.

A board’s timely return of completed Request for Appointment materials to CABRO provides essential information for government to proceed with the process of reappointments or filling vacancies. However, forms are no substitution for conversations among board chairs, responsible ministries and CABRO. At best, forms serve as starting points for dialogue that can convey current and future board needs, and as means to collaborate in support of overall board development. Good collaboration also contributes to effective publicly-facing communications on vacancies, and a human resources strategy that is successful in filling director positions with the right people at the right time.

Board chairs and administrators who are new to the Request for Appointment process can contact their responsible ministries to understand current expiries and vacancies, the appointments cycle, timing considerations, and the information normally required by government to facilitate appointments by ministers or Cabinet.

Boards looking to post director positions using the Notice of Position template are encouraged to review the [CABRO application website](#) and [current postings](#), and to [contact CABRO](#) to discuss how best to use this tool for maximum impact.



In addition to referencing RFA materials, government also applies parameters around appointment and reappointment decisions through policy. For example:

- ▶ Provincial public service employees, or CEOs, are usually not considered for appointment unless a PSO's enabling legislation calls for it, or special circumstances warrant a temporary appointment.
- ▶ Although there are exceptions in some sectors, locally elected leaders are generally not considered for appointment given primary responsibilities to their electorate.
- ▶ To allow for board regeneration, the total length of time that an appointee can serve in any one position is generally six years. A common approach to appointment patterns for governing board directors is:
 - An initial one-year appointment; and
 - If approved by minister or Cabinet, a reappointment of two years; and
 - If approved by minister or Cabinet, a final three-year appointment.

Exceptions to these general parameters, such as a board's need for specialized expertise, may be approved by the responsible minister or Cabinet on a case-by-case basis.

Strong boards lead to good strategic planning

Board directors are expected to actively take part in strategic planning for the organization. As stated on the Candidate Profile and Declaration form, these activities include, but are not limited to:

- ▶ Providing input on emerging trends and issues
- ▶ Participating in strategic planning exercises
- ▶ Reviewing and approving strategic plans, including significant capital allocations and expenditures



Best practice: The chair or senior management, on behalf of the board, should reach out to the responsible ministry prior to the start of strategic planning exercises. These conversations can clarify government priorities and the fiscal/financial management landscape before the board proceeds with the process.

A board made up of directors with a balanced set of skills and attributes is in a better position to approach strategic planning and priority setting through:

- ▶ An understanding of provincial public policy
- ▶ A holistic understanding of the organization's mandate
- ▶ A respect for regional needs and experiences
- ▶ An understanding of different client needs, challenges and perspectives
- ▶ Acknowledgement of financial management considerations and the choices an organization must make given budgetary parameters
- ▶ Recognition of an organization's legal obligations to government, Indigenous peoples, diverse clients and the general public

Board self-assessment and continuous improvement

Self-assessment and a commitment to continuous improvement are essential to building a culture that contributes to a dynamic and vibrant board. Building an effective board culture includes a regular process of communication and checking in that enables individual directors to highlight areas of board dynamics and decision-making that could benefit from reflection or a change in how things were done in the past. The board chair can emphasize that these types of open and reciprocal communications are part of best practice.



Board self-assessments are practical tools that provide good insights and an opportunity for a collective conversation on what good governance looks like. A board's governance committee (or equivalent) can design a short survey tailored to the needs of the board, or the board administrator can access examples online.

Some examples include:

- ▶ See Appendix 4 (Board Governance Self-Assessment) in [Governing in the Public Interest \(Module 1\)](#)
- ▶ [Assessing board effectiveness – Government of Canada](#)
- ▶ [UBC Indigenous Strategic Plan – Self-Assessment Tool](#)
- ▶ [Ontario Organizational Development Program – Board Self-Assessment Tool](#)



Key takeaways

- ▶ PSO board chairs and members should be aware of the Province's pre-appointment and reappointment requirements and expectations, as well as the specific policies and expectations of the organization they would serve.

Familiarity of these requirements include, and are not limited to:

- The purpose and use of the Candidate Profile and Declaration (CPD) form, including disclosure requirements related to Conflict of Interest
- The Province's guidance on General Conduct for Public Appointees
- Materials that assess board competencies and attributes
- The Request for Appointment processes and materials
- The Province's high-level policies and approach toward board renewal
- Strategic planning expectations of board members



Best practices for boards

- ▶ Effective boards foster an internal culture of open communications that value trust, transparency and good conduct among members
- ▶ In addition to disclosure and general conduct principles established by the Province, well-developed boards will have organization-specific policies in place that address these aspects, as well as dispute resolution processes tailored to the board and the organization
- ▶ Strong boards often have a balanced and diverse composition through complementing competencies, attributes and diversity of thought among members
- ▶ An annual process of board self assessment can help build a cohesive culture going forward



5. Board development and training



Being a member of the board of a public sector organization (PSO) is a role of significant responsibility. While directors bring specific skills, competencies and expertise to their positions, the complexities of public sector board governance underlie the value of ongoing training to keep on top of sector-specific knowledge and best practices. This chapter outlines some of the training resources that are available to PSO board members, including foundational training through the self-directed learning modules of *Governing in the Public Interest*.





Why ongoing learning is important

The principles behind citizen-centred governance call for insightful leadership and extend beyond the foundational practices of organizational oversight expected of appointees.

Because it is so important for public sector organizations to govern in the public interest, there are some important principles to uphold. *Governing in the Public Interest* highlights these principles as:

1. Put the interests of citizens at the centre of decision making
2. Behave with integrity, demonstrate strong commitment to ethical values and respect the rule of law
3. Ensure openness and respectful engagement with all citizens
4. Strive for outcomes that support healthy communities in British Columbia, including social, economic and environmental well-being
5. Implement actions to achieve the organization's mandate

Academics have recently emphasized a number of global corporate governance trends that underscore the need for board members to pursue additional training that develops them for increased decision-making complexity.

These trends include:

- ▶ Increased usage of corporate governance codes, such as codes of conduct, as well as board evaluations and board performance development
- ▶ Greater board diversity
- ▶ A greater emphasis for boards to focus on risk, information and compensation governance
- ▶ A greater emphasis on board accountability to stakeholders (broadly defined)²

² Adapted from Chris Pierce, "Trends in Corporate Governance," in *The Handbook of Board Governance: A Comprehensive Guide for Public, Private and Not-for-Profit Board Members*, edited by Richard Leblanc (Wiley: 2016). Pages 46-69.



In British Columbia, corporate good governance trends also include the importance of fostering organizational culture change that incorporates:

- ▶ **DECOLONIZATION AND RECONCILIATION**, informed by the *Declaration of the Rights of Indigenous Peoples Act* (Declaration Act), in board considerations and throughout the organization's business practices
- ▶ **EQUITY, DIVERSITY AND INCLUSION** (EDI or DEI) values and practices to support the development of inclusive and just organizational policies, programs and initiatives
- ▶ **ENVIRONMENTAL, SOCIAL AND GOVERNANCE** (ESG) values to ensure sustainability and fairness in organizational decisions

Focused education and training can help prepare board members for their complex work, as well as the “what” and “how” of good meetings and effective decision-making. Board training can also play a crucial role in socializing codes of conduct and “minimizing the risk of director misconduct by identifying acceptable norms of behaviors.”³

PSOs are responsible for providing ongoing and relevant training to board members, ideally on an annual basis. At the direction of the chair, the board administrator and/or the human resources committee can connect members to appropriate training, including access to sector-specific and province-wide training packages.

CABRO supports PSO board development by offering online, province-wide (general) public sector governance training through the *Governing in the Public Interest* program. On reconciliation, board chairs should initiate a dialogue with the board's human resources committee and, where applicable, reconciliation task force to explore options for director education. Reconciliation education can occur through training, and by inviting qualified speakers to address these topics from an Indigenous perspective.

Director training brings with it many benefits, including increased board effectiveness and capacity, as well as a positive approach to succession planning and board renewal. It enables board members to gain a deeper understanding of the financial, human resources and risk environments of their organization, along with the ESG factors, reconciliation, and diversity and inclusion issues it may be facing.

3 Holly J. Gregory, “The Challenge of Director Misconduct,” in *The Handbook of Board Governance: A Comprehensive Guide for Public, Private and Not-for-Profit Board Members*, edited by Richard Leblanc (Wiley: 2016). Page 235.



Timing

The timing of board member training can go hand-in-hand, or follow, annual board strategic planning activities, as both often coincide at a point in the organization's calendar where new or changed programs and budgets are contemplated, along with a need for enhanced board skills. Timing may also be influenced by a member or chair's performance appraisal, which can identify areas where competencies could be strengthened.

Foundational training

Foundational board training can be accessed through the *Governing in the Public Interest* self-directed learning modules, available from the [BC Public Sector Board Training and Resources](#) home page:

- ▶ [MODULE 1 - Governing in the Public Interest \(PDF\)](#)
- ▶ [MODULE 2 - Financial Governance \(PDF\)](#)
- ▶ [MODULE 3 - Risk Management \(PDF\)](#)
- ▶ [MODULE 4 - Human Resources \(PDF\)](#)

Certificate program for B.C. public sector board members

B.C. public sector board members are also encouraged to complete the [Governing in the Public Interest Online Certificate Program](#). The certificate program features videos, interactive exercises and case studies to provide board members with the foundational knowledge needed to fulfil their governance responsibilities.

Through the certificate program, board members will increase their knowledge of governance best practices and take away practical tips to enhance their effectiveness as public sector decision makers. All B.C. government appointees are invited to complete the program following registration. New appointees can [contact CABRO](#) for more information.



Other training resources

Responsible ministries and PSOs work together to ensure board members are kept apprised of, and where appropriate, attend sector-specific training and networking events. These opportunities can provide board members with the specialized background and context needed to develop a nuanced understanding of the sector, which in turn supports more informed decision-making.

The Equity, Diversity and Inclusion Resource Centre for the BC Public Service offers a multitude of resources and training guidance that can assist the broader public sector, including materials that explore accessibility, Indigenous initiatives and gender diversity, among many other topics.

Chairs, directors and others interested in developing in-depth governance skills may also choose to pursue a designation in corporate governance offered through the [Institute of Corporate Directors](#). Courses are offered throughout Canada and at different times of year. Refer to [ICD course options](#) for more information.

Responsible ministries, board members, executives, partners and stakeholders are invited to [contact CABRO directly](#) to suggest good governance articles and reports for consideration and inclusion in CABRO's [online resource library](#). This comprehensive online library is one of many resources that can benefit the larger public sector by providing easy access to timely and informative governance education.





Key takeaways

- ▶ Ongoing training is needed for board members to stay on top of sector-specific knowledge and best practices in board governance.
- ▶ For foundational training, board members can complete the [Governing in the Public Interest Online Certificate Program](#), which features videos, interactive exercises and case studies to provide appointees with the knowledge needed to fulfil their governance responsibilities.
- ▶ PSO board members are encouraged to take the Indigenous Crown Relations Essentials course that will be offered as part of the Crown Agencies Secretariat's action in the [Declaration on the Rights of Indigenous Peoples Act and Action Plan](#).
- ▶ Additional opportunities for in-depth board training include pursuing a designation in corporate governance through the Institute of Corporate Directors or through many other domestic and international programs.



Best practice

- ▶ The PSO, through the chair, administrator and/or human resources committee, is responsible for providing appropriate training to its board members on an as needed basis, and ideally annually.

6. Internal and external communications



Good governance relies on good communication. An effective and well-governed public sector organization (PSO) is one that prioritizes relationship-building and good communications internally, externally, with government, partners, stakeholders and the general public.





The board's role in relationship-building and communication

A board plays an important role in setting the tone and culture for a PSO. Board members have a responsibility to foster healthy working relationships among themselves, and between the board and the PSO's executive team and government. A board can be influential by providing direction to the PSO on ways to enhance good communications and interactions with the public.

Establish strong communication practices at the board level

Boards should meet as often as necessary, or as set in applicable legislation, bylaws or terms of reference. Regular communication among board members and the chair are important, with board administrators ensuring that tools (such as meeting software) and practices (timely distribution of user-friendly material) are easily accessible to all board and committee members. The chair plays a very important role in developing a healthy board culture. Regularly scheduled one-on-one ("1:1") meetings with board members show a commitment to communicating with openness and trust. One-on-one meetings are also a good way of identifying potential board issues by solving problems early on, and before they escalate.

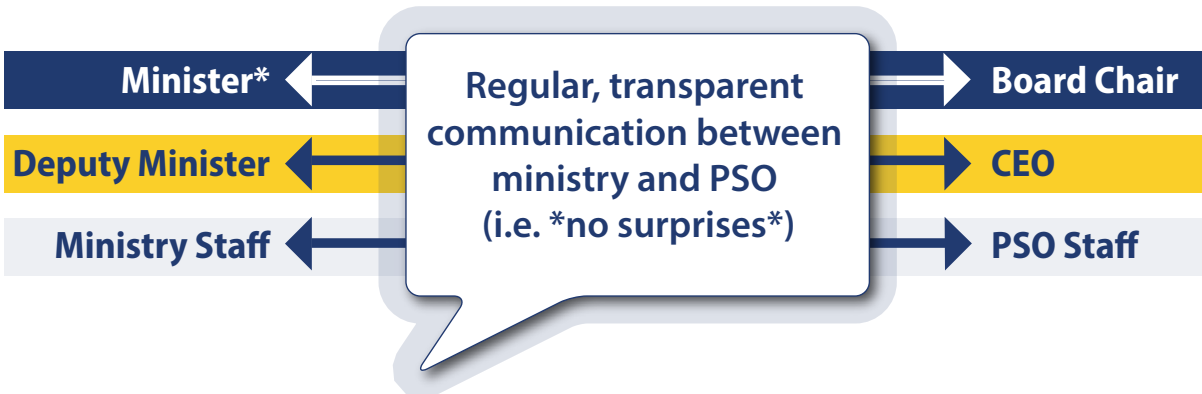
Build open lines of communication with government

PSOs are more likely to achieve their mandate when there are open and collaborative opportunities for dialogue within the organization, and open and collaborative relationships with government. Strong relationships contribute to consistent and clear communications from the responsible minister through to the board, senior PSO executive, communications staff and employees.

Regular communications and report-back cycles between PSO boards and the provincial government foster trust and contribute to good governance. They also support collaborative problem-solving and are key to building mutual respect for each others' roles, responsibilities and perspectives. Ongoing relationship-building provides a solid foundation for a PSO to meet report-back requirements established through legislation or policy, such as Service Plans under the *Budget Transparency and Accountability Act* or through Mandate Letters.



Individuals from PSOs and government generally communicate and collaborate at touch points among multiple levels:



*The Minister may delegate some responsibilities.

In addition to what is learned through meetings and 1:1 dialogue, major initiatives impacting a public sector organization are often reported through [ministry websites](#) and/or [B.C. Government News](#). To keep abreast of events that affect PSO policies and programs, it is a good practice for board directors to refer to online government sources in tandem with mainstream and social media sources wherever possible. Consider subscribing to the news service of the PSO's relevant ministry/ministries on the [BC Gov News site](#).

Understand the board's responsibilities

In almost all instances, the organization itself is responsible for external communication with clients, partners, stakeholders and the public. External communication is an essential part of an organization's operations, and generally not a function of governance and oversight. It is rare for board chairs or members to take on this role and speak for the organization.



Communication during public emergencies

Members of a board play a crucial role in emergencies and during times of crisis. A key example occurred during the global COVID-19 pandemic, where public sector boards were tested on many levels, particularly in the areas of emergency management and business continuity. However, the pandemic also provided valuable lessons on how boards can prepare for, and communicate, during similar large-scale challenges in the future.

Deloitte's article "[The Board's role in the COVID-19 crisis](#)" explains how during a crisis, the board has an important responsibility to communicate with stakeholders. According to Deloitte:

The board should play a supportive internal role, not a public-facing one; it must retain its independence but must also be prepared to intervene if the management team is...not available...or ...specifically requests help from the board... it is important to remember boards are not there to run the business, but to provide guidance, perspective and oversight. The ability of the board to fulfil this role relies on its strength of relationship and exchange of information with the executive team. This is often about having a strong and respected process that sets out how situation updates are provided, who will they be given to and how often.⁴

It is also important that during a crisis, every board member's perspective is heard as much as practicable. This applies equally to in-person meetings and during periods when phone calls or video conferences outnumber in-person meetings. When remote meetings become the norm, it is the responsibility of the chair to ensure all voices are heard. Good chairs will call directors between board meetings and elicit concerns or points of view that prove more difficult to raise in a group setting.⁵

⁴ Deloitte, [Stepping in: The board's role in the COVID-19 crisis](#). 2020. Page 7.

⁵ Deloitte, [Stepping in: The board's role in the COVID-19 crisis](#). 2020. Page 6.



PSO websites: Tools for citizen outreach, services and transparency

Members of the public usually turn to websites as their primary and initial interface with PSOs. Websites should be well designed, user friendly and accessible to readers of different abilities.

The board has a two-fold responsibility when it comes to public-facing communication: It is responsible for directing the CEO/senior manager to ensure that the PSO maintains close ties to government through the relationship between the PSO communications director and the responsible ministry's Government Communications & Public Engagement (GCPE) director. The board should also direct senior management to operationalize best practices by making sure the PSO website is accessible and informative.

The responsible ministry's GCPE communications executive can provide advice to a PSO in maintaining modern web-based communications that align with public sector communications standards. For some sites, this will include web-based tools such as forms, phone and chat boxes, maps and open data sets, among others.

Websites are also a good way to disclose how an organization governs itself, and its relationship to government and the public at large. Board chairs and directors can work with the PSO's senior leadership and communications director to periodically review how governance is communicated through the site. For example, websites should enable the public to quickly find who sits on the board and committees, board member biographies, what the board and committees do, how often they meet and where, how they deliberate, along with board agendas and minutes, calendars, special events, and means by which the public can provide input to the board.

Wherever possible the PSO's website should also include pages featuring a governing board's foundational documents (such as board charters or terms of reference), as well as consultation documents and strategic plans. Key documents signed by the chair or board, such as capital plans, Service Plans, Annual Service Plan Reports and other annual reports are normally posted on the website as well.



Best practices in social media

Use social media responsibly to engage stakeholders

Social media is widely used among the public. Many PSOs are active on social media platforms as it enables them to powerfully connect with their stakeholders and partners, including customers, employees and prospective employees. Yet there are risks associated with social media use, including reputational damage from inappropriate posts and the inability to control social media conversations. There are potential challenges associated with the use of personal social media accounts by PSO employees or board members.

Public sector board members play an important oversight role over the PSO's social media use, particularly as it relates to the organization's strategy and potential risks. In its article "[On the board's agenda: Social media and the board](#)," Deloitte notes that:

Strategy and risk are two key areas for board oversight. As social media is becoming an increasingly important component of strategy, and as its usage poses potentially serious reputational and other risks to the enterprise, it is appropriate for the board to oversee the company's social media usage and the policies that accompany such usage.⁶

6 Deloitte, [On the Board's Agenda: Social Media and the Board](#). 2019. Page 3.





Ten questions board members should ask about a PSO's social media policy

Deloitte has developed a series of questions for board members to consider when it comes to their organization's social media use. These questions are equally relevant for B.C. PSOs, regardless of sector or mandate:

1. Does the company's strategy account for social media use? Has it been shared with or approved by the board?
2. How does the company use social media? Do we use it just for marketing, or does it have uses in other aspects of our operations? Are we making optimal use of our social media capabilities?
3. What types of data are we collecting from our social media activities, and how are we using the data? Do we have adequate policies and protections in place to keep social media data secure?
4. How are our customers, employees and other stakeholders using social media? Have we modified our approach to social media usage based upon how we see these stakeholders use it?
5. How do we monitor what is posted about the company on social media? How do we determine whether and how to respond to criticisms or other negative postings about the company? What other listening, monitoring, or risk sensing programs are in place?
6. Who is responsible for overseeing the company's social media usage? Do we have adequate staffing and other infrastructure and resources to handle that responsibility?
7. What policies do we have concerning the use of social media? For example, who is authorized to post on behalf of the company? Are employees permitted to post information about the company on their personal social media accounts? Are executives subject to the same policies?
8. How do we disseminate these policies to satisfy ourselves that employees are aware of them? Do we conduct training?
9. Have we enforced these policies? Have our enforcement activities been even-handed?
10. Are we prepared to deal with a reputational crisis arising out of the use of social media?

7 Deloitte, [On the Board's Agenda: Social Media and the Board](#), 2019. Page 4.



Look to government and other PSOs for best practices

There are many resources that can help PSOs and their boards establish guidelines and policies for responsible social media use.

The BC Public Service has published [Guidelines for Government Use of Social Media by B.C. Public Servants](#), a [Social Media Corporate Moderation Policy](#) and *Social Media Guidelines for Personal Use*.

In addition, a number of B.C. PSOs have released social media policies and guidelines that may help other PSOs develop their own. A sample of current guides include (and are not limited to):

- ▶ ICBC: [Using Social Media Guidelines for ICBC Employees](#)
- ▶ Vancouver Coastal Health: [Guidelines for Public Interactions with VCH Social Media](#)
- ▶ UBC: [UBC Social Media Guidelines for Faculty or Personal Use](#)

In keeping with its role, a PSO board should not have social media accounts that are separate from those of the organization. Similarly, board members are guided by the same rules as those followed by PSO employees when it comes to posts or reactions on their own personal accounts, including rules against controversial or political posts while holding a position on the board.



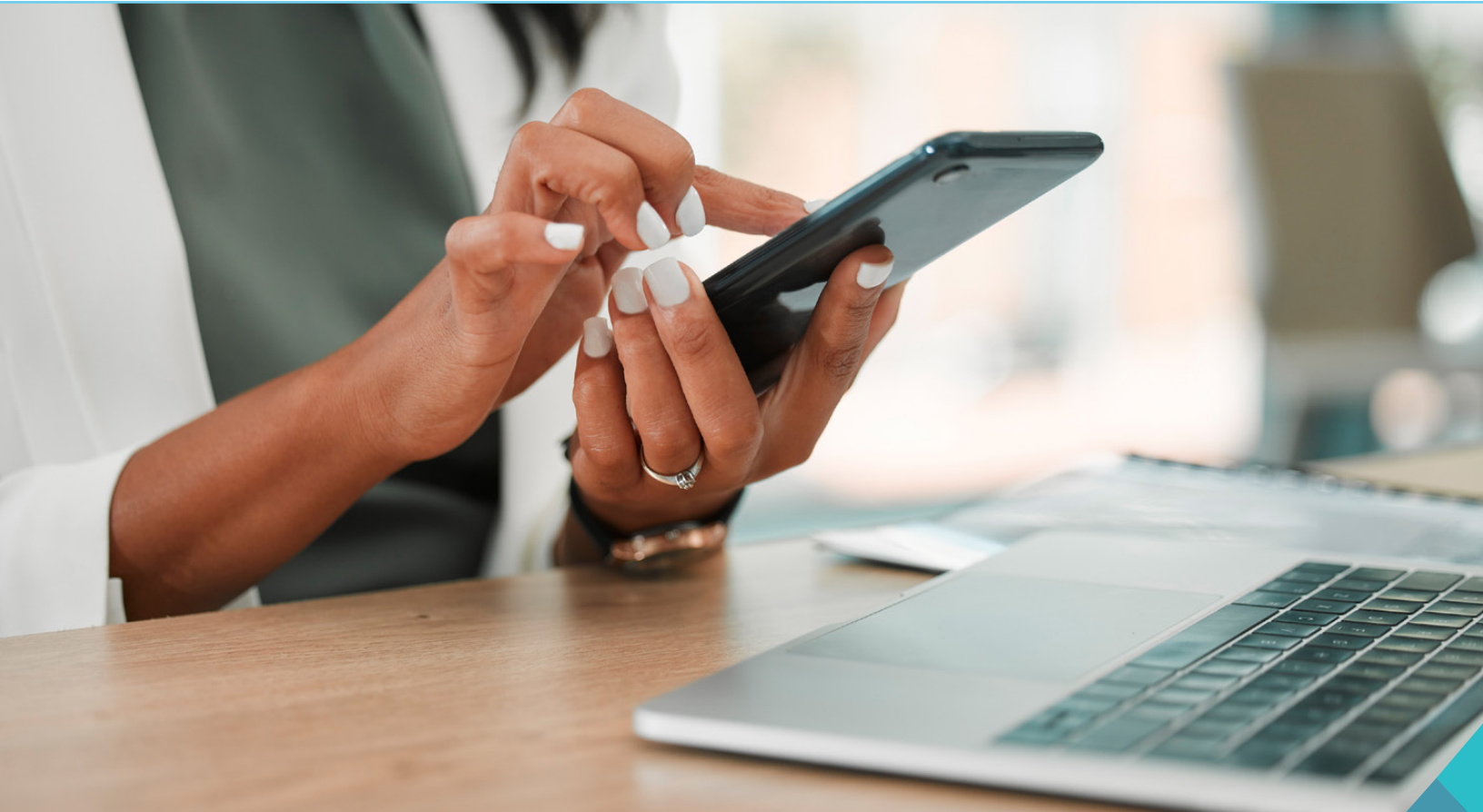
Key takeaways

- ▶ Clear, direct, open, transparent and accessible communications contribute to strong internal relationships and external relationships with government, partners, stakeholders and the public.
- ▶ Boards chairs set the tone and culture for the PSO and should build strong relationships with the PSO executive team and government. Board members also play an important role in building and maintaining a healthy culture, emphasizing good communications with colleagues and stakeholders.
- ▶ Understand the PSO website as an essential tool for the delivery of services, citizen outreach and as a means of governance transparency.



Best practices for boards

- ▶ Establish regular communication practices at the board level.
- ▶ Build open lines of communication with government counterparts.
- ▶ Understand that the board's role is not to speak for the organization, but to oversee and direct.
- ▶ Oversee the PSO's social media use, particularly regarding the organization's mandate, strategy, risk, and how it relates to the public.
- ▶ Follow the same rules as PSO employees when it comes to posts or reactions on personal accounts, including rules against controversial or political posts while holding board positions.



7. Reconciliation

British Columbia is committed to advancing reconciliation by strengthening relationships with Indigenous Peoples, working to address barriers and to advance Indigenous aspirations. This includes specific commitments to implement the Truth and Reconciliation Commission's Calls to Action and the UN Declaration on the Rights of Indigenous Peoples (UN Declaration). In British Columbia, the *Draft Principles that Guide the Province of British Columbia's Relationship with Indigenous Peoples* provide policy guidance for how to approach the relationship with Indigenous Peoples, while the *Declaration on the Rights of Indigenous Peoples Act* (Declaration Act) details the work that will be undertaken to achieve the objectives of the UN Declaration.





As appointees to a Public Sector Organization (PSO), board members have a unique opportunity to govern in a way that puts citizens first, at the centre of decision making, and ensure fairness for all. There are important principles to uphold when governing in the public interest:

1. **PUT THE INTERESTS** of citizens at the centre of decision making
2. **BEHAVE WITH INTEGRITY**, demonstrate strong commitment to ethical values and respect the rule of law
3. **ENSURE OPENNESS** and respectful engagement with all citizens
4. **STRIVE FOR OUTCOMES** that support healthy communities in British Columbia, including social, economic and environmental well-being
5. **IMPLEMENT ACTIONS** to achieve the organization's mandate

Given these five principles, it is important that PSOs prioritize reconciliation, including the obligations of public institutions to recognize Indigenous rights and title and to combat racism against Indigenous peoples. A decision-making environment that encompasses the values of reconciliation is one that is more likely to govern with efficacy and in the public interest.

A significant opportunity exists to advance the goals of reconciliation across the more than 250 public sector organizations (PSOs) in British Columbia. All board chairs, board members and PSO leaders have been “called to action” by the Truth and Reconciliation Commission, and many also hold a duty under new legislation to engage with Indigenous Peoples in ways that are relevant and appropriate to their sectors, including applying a [distinctions-based rights approach](#) to decision making.

All PSOs and their boards are mandated to engage in this vital dialogue with Indigenous Peoples, organizations, communities and professional counterparts, and to become knowledgeable of Indigenous plans, strategies and aspirations for the communities that they represent. PSO Mandate Letters speak directly to the principles of “Lasting and meaningful reconciliation”:



“Lasting and meaningful Reconciliation: Reconciliation is an ongoing process and a shared responsibility for us all. Government’s unanimous passage of the Declaration of the Rights of Indigenous Peoples Act was a significant step forward in this journey – one that all Crown Agencies are expected to support as we work in consultation and cooperation with Indigenous Peoples to establish a clear and sustainable path to lasting reconciliation. True reconciliation will take time and ongoing commitment to work with Indigenous Peoples as they move towards self-determination. Guiding these efforts, Crown agencies must also remain focused on creating opportunities that implement the Truth and Reconciliation Commission through your mandate.”

The Truth and Reconciliation Commission’s Calls to Action

The [Truth and Reconciliation Commission of Canada](#) concluded that in order for Canada to flourish in the twenty-first century, Reconciliation between Indigenous and non-Indigenous Canada must occur, and it must be [principle-based](#). It is important that B.C.’s public sector boards understand and embrace these principles, and take action where applicable, including on principle #5:

“Reconciliation must create a more equitable and inclusive society by closing the gaps in social, health, and economic outcomes that exist between Aboriginal and non-Aboriginal Canadians.”



Among the Commission's 94 [Calls to Action](#), many speak directly to the responsibilities of public sector leadership, including:

“Professional Development and Training for Public Servants: 57. We call upon federal, provincial, territorial, and municipal governments to provide education to public servants on the history of Aboriginal peoples, including the history and legacy of residential schools, the United Nations Declaration on the Rights of Indigenous Peoples, Treaties and Aboriginal rights, Indigenous law, and Aboriginal–Crown relations. This will require skills-based training in intercultural competency, conflict resolution, human rights, and anti-racism.”

“Business and Reconciliation: 92. We call upon the corporate sector in Canada to adopt the United Nations Declaration on the Rights of Indigenous Peoples as a reconciliation framework and to apply its principles, norms, and standards to corporate policy and core operational activities involving Indigenous peoples and their lands and resources. This would include, but not be limited to the following:

- i. Commit to meaningful consultation, building respectful relationships, and obtaining the free, prior, and informed consent of Indigenous peoples before proceeding with economic development projects.
- ii. Ensure that Aboriginal peoples have equitable access to jobs, training, and education opportunities in the corporate sector, and that Aboriginal communities gain long-term sustainable benefits from economic development projects.
- iii. Provide education for management and staff on the history of Aboriginal peoples, including the history and legacy of residential schools, the United Nations Declaration on the Rights of Indigenous Peoples, Treaties and Aboriginal rights, Indigenous law, and Aboriginal–Crown relations. This will require skills-based training in intercultural competency, conflict resolution, human rights, and anti-racism.



All PSO boards should be leading the Business and Reconciliation Call to Action by ensuring that their organizations recognize Call 92 and are providing the resources and training to support its implementation.



Learn more: See [Truth and Reconciliation Commission of Canada: Calls to Action](#).

The 10 Draft Principles

The provincial public sector is working hard to build and strengthen its relationships with Indigenous peoples based on respect and recognition of inherent rights.

The [Draft Principles that Guide the Province of British Columbia's Relationship with Indigenous Peoples](#) (Draft Principles), introduced in B.C. in 2018, and modeled on principles introduced by the federal government in 2017, provide a valuable guide to ensure how the Province works with and for Indigenous peoples, highlighting that “how” we collaborate with Indigenous peoples is as important as “what” we do. B.C.’s principles aim to renew the Crown-Indigenous relationship, a process that will take time and will call for innovative thinking and action. The Principles are intended as bold statements to guide a new relationship and end the denial of Indigenous rights that have led to disempowerment and assimilationist policies and practices.

They address areas such as:

- ▶ **THE RIGHT** of Indigenous peoples to self-determination and self-government, and the responsibility of government to change operating practices and processes to recognize these rights.
- ▶ **THE STANDARD OF CONDUCT** that government employees must demonstrate in all dealings with Indigenous peoples.
- ▶ **THE NEED** for treaties, agreements and other constructive arrangements, to be based on recognition of inherent rights and respect.



Learn more: Read the [Draft Principles that Guide the Province of British Columbia's Relationship with Indigenous Peoples](#).

Declaration on the Rights of Indigenous Peoples Act

On November 28, 2019, the [Declaration on the Rights of Indigenous Peoples Act](#) (also referred to as the Declaration Act) became law in B.C., the first jurisdiction in Canada to formally adopt the internationally recognized standards of the United Nations Declaration on the Rights of Indigenous Peoples (UN Declaration) through legislation. The Declaration Act establishes the UN Declaration as the Province's framework for reconciliation, as called for by the [Truth and Reconciliation Commission's Calls to Action](#), and affirms application of the UN Declaration to the laws of British Columbia.

The Declaration Act aims to create a path forward that respects the human rights of Indigenous Peoples while introducing better transparency and predictability in the work the Province does with Indigenous Peoples.

There are four key areas of the Declaration Act:

- ▶ **SECTION 3** mandates the government to bring provincial laws into alignment with the UN Declaration
- ▶ **SECTION 4** requires the Province to develop and implement an action plan, in consultation and cooperation with Indigenous Peoples, to meet the objectives of the UN Declaration;
- ▶ **SECTION 5** requires regular reporting to the legislature to monitor progress on the alignment of laws and implementation of the action plan, including tabling an annual report by June 30 of each year; and
- ▶ **SECTIONS 6 and 7** allow for flexibility for the Province to enter into agreements with a broader range of Indigenous governments, and to exercise statutory decision-making authority together.



The Declaration Act Secretariat

Section 3 of the Declaration Act ensures that embedding the UN Declaration into B.C.'s laws, policies and practices is a cross-government responsibility, and that the work must be undertaken with Indigenous Peoples. This effort will require significant shifts in government standards, processes and measures for legislative and policy development, and signals the need for a centralized and dedicated body to drive an all-of-government, collaborative approach.

On April 1, 2022, the Declaration Act Secretariat was launched to guide and assist the Province in meeting its obligation to ensure legislation is consistent with the UN Declaration and is developed in consultation and cooperation with Indigenous Peoples.

The core functions of the Secretariat are to:

- ▶ **PROVIDE** assistance, support and guidance to ministries to:
 - Meet consultation and co-operation obligations in the development and reform of legislation
 - Ensure alignment of provincial legislation with the UN Declaration.
- ▶ **DEVELOP** cross-government processes, standards, practices, methodologies and measures to support the alignment of laws.
- ▶ **INFORM** government's legislative agenda.
- ▶ **ENGAGE** with Indigenous Peoples to gather input on:
 - Priorities for legislative alignment
 - Learnings from legislative collaboration/alignment efforts
 - What systemic shifts are needed to meet Section 3 obligations

To provide ministries with clear, transparent processes for how they are to work together with Indigenous Peoples in developing provincial laws, policies and practices, the Declaration Act Secretariat released the [Interim Approach to Implementing the Requirements of Section 3 of the Declaration on the Rights of Indigenous Peoples Act](#). PSOs and PSO Boards can read this Interim Approach to inform how they can consult and cooperate with Indigenous Peoples.



Learn more: Read about the work to [align provincial legislation with the Declaration Act](#).



Declaration Act Action Plan

The [Declaration Act Action Plan \(Action Plan\)](#) was released in March 2021. It provides a province-wide, whole-of-government roadmap to achieve the objectives of the UN Declaration over time.

The Action Plan is organized into four themes stemming from the articles of the UN Declaration:

1. Self-determination and inherent right of self-government
2. Title and rights of Indigenous Peoples
3. Ending Indigenous-specific racism and discrimination
4. Social, cultural and economic well-being

Each theme identifies goals and outcomes that reflect extensive engagement with Indigenous Peoples. These goals and outcomes work together to form the long-term vision for implementing the UN Declaration in B.C. The Action Plan also includes the 89 priority actions to be undertaken in consultation and co-operation with Indigenous Peoples between 2022 and 2027.

Many of the actions speak directly to PSO mandates. For example, since anti-racism is fundamental to achieving the objectives of the UN Declaration, anti-racism is foundational to the goals, objectives and actions laid out in the Action Plan, including the following:

- ▶ **3.1: DEVELOP** essential training in partnership with Indigenous organizations, and deliver to the B.C. public service, public institutions and corporations that aims to build foundational understanding and competence about the history and rights of Indigenous Peoples, treaty process, rights and title, the UN Declaration, the B.C. Declaration Act, the dynamics of proper respectful relations, Indigenous-specific racism, and meaningful reconciliation. (Public Service Agency; Ministry of Finance – Crown Agencies and Board Resourcing Office)
- ▶ **3.2: ESTABLISH** an operational approach to set and achieve targets for equitable recruitment and retention of Indigenous Peoples across the public sector, including at senior levels. (Public Service Agency; Public Sector Employers' Council Secretariat)



Identified ministries are also accountable for their actions and for ensuring effective monitoring and reporting on progress. The Province will work in consultation and co-operation with Indigenous Peoples to identify suitable tools, indicators and measures for monitoring, assessing and reporting out on progress in the Annual Report of the Declaration Act, to be tabled in the Legislature by June 30 of each year. PSOs can ask their responsible ministry for additional information.

To support implementation of the Action Plan, boards may set up a stand-alone task force as a first step toward solidifying the organization's commitment, and as a means of providing insights and advice to the full board on how best to foster Indigenous-specific diversity, equity and inclusion throughout the PSO. Board action can also include direction to the organization to improve client and/or customer relations that advance reconciliation and combat anti-Indigenous racism.

Ultimately reconciliation is realized through the ongoing, consistent application of values and practices that are woven throughout the organization – from board-level decision making to front-line service delivery.

Using a distinctions-based approach

The Province of British Columbia recognizes First Nations, Métis and Inuit as the Indigenous Peoples of Canada with rights recognized and affirmed in section 35(1) of the *Constitution Act, 1982*. The Province also recognizes that First Nations, Métis and Inuit are distinct, rights-bearing communities, and is committed to a distinctions-based approach to its relationship with each.

In the Draft 10 Principles, Principle 10 affirms that “The Province of British Columbia recognizes that a distinctions-based approach is needed to ensure that the unique rights, interests and circumstances of Indigenous peoples in B.C. are acknowledged, affirmed, and implemented.” As outlined in the Action Plan, “a distinctions-based approach may require that the Province's relationship and engagement with First Nations, Métis and Inuit Peoples include different approaches or actions and result in different outcomes.”





All PSOs and their boards should apply a distinctions-based approach to their work that considers the distinct rights, interests, priorities and concerns of First Nations, Métis and/or Inuit relative to the PSO's mandate and/or the geographic region in which it is operating. This should be reflected in the degree and approach to engaging Indigenous Peoples when developing or amending policies, programs and services relevant to or that impact Indigenous peoples. What is required will vary, depending on its potential impact. For example, land and resource policy may affect First Nations in specific ways due to rights and interests relating to land in their traditional territories, while policy dealing with children affects Indigenous peoples in particular ways, given the ongoing legacy of colonialism on Indigenous societies and relevant UN Declaration standards relating to children. Identifying and addressing these impacts will require applying a distinctions-based approach.

Increasing Indigenous representation in the public sector

Having greater Indigenous representation and inclusion on PSO boards is vital to ensuring that acts of reconciliation are undertaken with due care, knowledge and respect for diverse Indigenous perspectives. To this end, to increase Indigenous representation and contributions on boards, CABRO has implemented Cabinet direction on “Lasting and meaningful reconciliation” and “Equity and anti-racism” through active board member recruitment.

The role of the board in advancing reconciliation

Beyond the many sector-specific Calls to Action or actions under the Declaration Act Action Plan, PSO boards can embrace a stronger role in reconciliation through greater Indigenous inclusion, a commitment to ongoing reciprocal communications, and approaching all with a spirit of allyship. Board chairs can [contact CABRO](#) to discuss approaches and strategies to board development, including the use of the [CABRO Competency and Attributes Matrix and Guide](#) and/or similar tools.

A culture of diversity and inclusion also depends on the continuous learning and development of board members. Research has shown that over time the cultivation of specific leadership qualities can strengthen an organization's performance, including its successes in reconciliation and EDI.



Learn more: See chapter nine in these Guidelines for a discussion of the traits of inclusive leadership, including visible commitment, humility, awareness of bias, curiosity about others, cultural intelligence and effective collaboration.

PSOs should also develop Indigenous competencies within their organizations. A few strategies for Board members to action include:

- ▶ **IDENTIFYING** opportunities for ongoing learning about Indigenous Peoples' rights, history, culture and reconciliation, as well as publishing a formal commitment addressing reconciliation obligations;
- ▶ **INCLUDING** components on reconciliation and Indigenous rights in orientation and training, as well as hosting training opportunities on Indigenous-specific themes related to the mandate of the organization;
- ▶ **LEARNING** about and following Indigenous protocols by engaging with Indigenous Elders and knowledge keepers in a supported and appropriate way, including participation in Indigenous outreach and engagement activities;
- ▶ **SHARING** reconciliation-related resources and materials with other PSOs.

PSO boards can also look to the BC Public Service's [Indigenous Relations Behavioural Competencies](#) for guidance. Socializing these competencies within an organization can become part of an effective human resource strategy that initiates change to improve service to Indigenous peoples, and indeed to all British Columbians.

Indigenous ways of thinking and practice positively impact organizations and how they conduct business, from a worldview that values longer-term horizons and multi-generational obligations, to approaches that recognize the inter-connectivity of humanity and the environment, among many other aspects. [Connect with CABRO](#) to explore future training options that address reconciliation and PSO governance.



Key takeaways

- ▶ All PSO boards have been called to action by the Truth and Reconciliation Commission to advance the goals of reconciliation, and many also hold a duty under provincial legislation to engage with Indigenous Peoples in ways that are relevant and appropriate to their sectors.
- ▶ The [*Draft Principles that Guide the Province of British Columbia's Relationship with Indigenous Peoples*](#) outline a vision to renew the Crown-Indigenous relationship.
- ▶ BC was the first jurisdiction in Canada to formally adopt the standards of the UN Declaration of the Rights of Indigenous Peoples through legislation.
- ▶ The Declaration Act Secretariat was formed to ensure that the UN Declaration is embedded into laws, policies and practices.
- ▶ The Declaration Act Action Plan is a province-wide roadmap for achieving the objectives of the UN Declaration, focusing on the themes of self-determination and inherent right of self-government; titles and rights of Indigenous Peoples; ending Indigenous-specific racism and discrimination; and social, cultural and economic well-being.
- ▶ A distinctions-based approach to reconciliation acknowledges that different approaches or actions are needed to reflect the unique rights, interests and circumstances of diverse Indigenous peoples, which may result in different outcomes.



Best practices for boards

- ▶ Include topics related to reconciliation in board member orientation, training, and as agenda items at full board meetings.
- ▶ Establish practices to focus on reconciliation, providing the board with ongoing insights on fostering Indigenous-specific diversity, equity and inclusion throughout the organization.
- ▶ Improve an organization's client and/or customer relations by advancing reconciliation and combating anti-Indigenous racism; Human resource executives within PSOs can introduce Indigenous Relations Behavioural Competencies as one path toward organizational culture change.



8. Equity, diversity and inclusion



Public sector organizations (PSOs) serve the people of British Columbia in all of their diversity and strengths. PSO board members play an important role in ensuring the organization takes a people-centred approach to governing. These aims are more likely to be met when both the organization and the board are committed to the principles of equity, diversity and inclusion (EDI).





As stewards of organizations with broad public mandates, directors can nurture EDI at the board level. Through strategic direction and oversight, they can also foster the development of an EDI culture throughout the organization.

Responsible ministry Mandate Letters reference the following on equity and anti-racism, a crucial component of EDI:

“EQUITY AND ANTI-RACISM: Our province’s history, identity and strength are rooted in its diverse population. Yet racialized and marginalized people face historic and present-day barriers that limit their full participation in their communities, workplaces, government and their lives. The public sector has a moral and ethical responsibility to tackle systemic discrimination in all its forms – and every public sector organization has a role in this work. All Crowns are expected to adopt the Gender-Based Analysis Plus (GBA+) lens to ensure equity is reflected in your operations and programs. Similarly, appointments resulting in strong public sector boards that reflect the diversity of British Columbia will help achieve effective and citizen-centred governance.”

Definitions

The [BC Public Service Agency \(PSA\)](#) defines [diversity](#) according to legally protected differences including race, national or ethnic origin, colour, religion, age, sex, sexual orientation, gender identity or expression, marital status, family status, genetic characteristics and disability. Diversity also includes such “non-visible” qualities as diversity of thought and perspectives, education, socio-economic status and life experiences. Global academics and thought leaders have expanded the definition of diversity, to include generation, culture, belief system, appearance, language and accent, mental health, geography, work style, work experience, job role and function, and personality type.⁸

⁸ Julie O'Mara and Alan Richter, *Global Diversity & Inclusion Benchmarks: Standards for Organizations Around the World*. 2017. Page 1.



The BC Public Service defines [inclusion](#) as creating work environments in which employees feel and are involved, respected, valued and connected. Organizations leverage the diversity of experiences, skills and talents of all employees and strive to create respectful workplaces in which individuals are encouraged to bring their ideas, backgrounds and perspectives to the team as they provide services to citizens.

Inclusion can also mean ensuring **equitable** access to resources and opportunities for all, enabling individuals and groups to feel safe, motivated, and valued for contributions toward organizational and societal goals.

Systemic racism is defined in the Province's [Anti-Racism Data Act Progress Report: June 2023-4](#) as inequities that are built into services, systems and structures. These are often caused by hidden biases that disadvantage people based on their race. For many Indigenous and racialized people, this results in inequitable access, poorer outcomes and negative experiences with public services such as education, health care, child welfare and policing.

Links between EDI and performance

A number of global consultants and researchers have found a correlation between a diverse leadership team and strong organizational performance. See CABRO's online [public sector organization resource library](#) for links to key research in this area.

As an example:

“Companies in the top-quartile for gender diversity on executive teams were 21% more likely to outperform on profitability and 27% more likely to have superior value creation. Companies in the top-quartile for ethnic/cultural diversity on executive teams were 33% more likely to have industry-leading profitability. Overall, companies in the bottom quartile for both gender and ethnic/cultural diversity were 29% less likely to achieve above-average profitability than were all other companies in the data set”.⁹

⁹ McKinsey & Company, *Delivery through Diversity*. January 2018. Page 1.



In addition to evidence showing a strong business case for equity, diversity and inclusion (EDI), organizations that develop an EDI culture may find that they have a better understanding of the needs and aspirations of the people they serve, which in turn can strengthen an organization's reputation and public support. This commitment can start at the top, with a board that is diverse and inclusive, and that holds an organization accountable to its EDI goals.

Gender equity

Gender equity and fairness, a significant part of an organization's EDI culture, is a principle advanced by the provincial government and backed by policies and programs developed for the public service by the [Gender Equity Office](#). In February 2018, the Province committed to advancing gender equity by establishing a Parliamentary Secretary for Gender Equity, reporting to the Minister of Finance.

Since 2023, the Province introduced the [Pay Transparency Act](#), [enhanced supports to survivors of sexualized violence](#), [protections for non-consensual disclosure of intimate images](#), and many other reforms. Boards are encouraged to work with the chair, board administrator and/or PSO senior executive to learn more about the impacts of these new programs and legislation on their organization.

In addition, the Gender Equity Office was established to work across government to advance [Gender-Based Analysis Plus \(GBA+\)](#) as an analytical tool used to assess how women and gender-diverse people may be impacted by policies, programs and budgets. The "plus" in GBA+ acknowledges that diversity means more than physical attributes (sex) and socio-cultural (gender) differences. GBA+ analysis considers how additional identity factors such as Indigeneity, ethnicity, religion, income, geography, age and mental or physical (dis)ability intersect with broader systems and societal factors such as sexism, racism, ableism, homophobia and transphobia to affect the outcomes of individuals and groups.



Learn more: The Gender Equity Office offers [online resources](#) that can help organizations strengthen their EDI understanding and develop strategies to enhance it.



The Government of Canada's 50-30 Challenge

In 2020, the federal government launched the [50-30 Challenge](#), a partnership among the Government of Canada, businesses and diversity organizations, to improve access for women and non-binary people, Indigenous peoples, persons living with disabilities and other under-represented groups to leadership on corporate boards and senior management.

The 50-30 Challenge is open to large, medium and small enterprises, including post-secondary institutions, not-for-profits and charities, and asks that organizations aspire to two goals:

1. **GENDER PARITY** ("50%" women and/or non-binary people) on Canadian boards and among senior management; and
2. **SIGNIFICANT REPRESENTATION** ("30%") on Canadian boards and among senior management of under-represented groups including racialized persons, those with disabilities, those identifying as LGBTQ2, and Indigenous peoples.

Increasing EDI on boards and in PSOs

The Province is committed to developing boards that reflect B.C.'s population. Board chairs are encouraged to consult CABRO in meeting province-wide EDI goals, investing in ongoing learning and development, and advancing a deeper understanding of Equity, Diversity and Inclusion.

// We recognize the pool of new board directors is more diverse than ever, but progress is slow and will only improve when companies set intentional targets for gender and underrepresented groups on boards. A diverse and inclusive board comes from breaking the habit of relying on the usual candidates and tapping into various networks to identify board-ready candidates. Without this effort, companies risk falling behind in having a board positioned to address complex challenges."

— Lorraine Hariton, president and CEO, *Catalyst USA* (Quoted in *Deloitte's Missing Pieces Report: The Board Diversity Census of Women and Minorities on Fortune 500 Boards*, 6th edition, page 11.)



First Steps toward building an EDI culture

Guidance proposed in *Global Diversity and Inclusion Benchmarks: Standards for Organizations around the World* provides good advice in initiating this work.

An organization's human resources committee can be tasked with:¹⁰

- ▶ **EMBEDDING DIVERSITY AND INCLUSION** (D&I) in organizational culture, so that it is not seen as an isolated program, but rather as a core value, source of innovation and a means to growth and success.
- ▶ **REGULARLY REVIEWING** all major components of an organization's D&I work, including vision, strategy, business case/rationale, goals, policies, principles, and competencies.
- ▶ **OVERSEEING A D&I STRATEGY** that contributes to specific accomplishments and the organization's overall success in observable, measurable ways.

In addition, a strong and vibrant board will want to maintain its diversity over time. Retention of diverse talent solidifies the board's commitment to the organization's own diversity, including its stakeholders/partners, clients, employees and the general public.

Approaches to retaining board talent include:

- ▶ **AVOIDING TOKENISM** by significantly diversifying a board through outreach and recruitment
- ▶ **CREATING A CULTURE OF INCLUSION** that encourages positive participation that is not limited to a board member's diverse attributes
- ▶ **SETTING UP REGULAR EDI TRAINING** of board members
- ▶ **ORIENTING AND MENTORING** new members
- ▶ **SUPPORTING DIVERSE MEMBERS** to take on responsibilities such as committee or project leadership
- ▶ **USING EVIDENCE-BASED DECISION-MAKING** practices, and not expecting that diverse members represent all who identify in a similar way

¹⁰ Julie O'Mara and Alan Richter, *Global Diversity & Inclusion Benchmarks: Standards for Organizations Around the World*. 2017. Page 25.



Learn more: The [The North Shore Immigrant Inclusion Partnership's](#) resource on how to increase diverse board representation is a good example that offers useful tips and guidance.

Furthermore, a number of business academics have homed in on the qualities of “inclusive leadership”, and how those qualities can strengthen an organization:

“Inclusive leadership is emerging as a unique and critical capability helping organizations adapt to diverse customers, markets, ideas and talent...[and] inclusive leaders share a cluster of six signature traits:

1. **VISIBLE COMMITMENT:** They articulate authentic commitment to diversity, challenge the status quo, hold others accountable, and make diversity and inclusion a personal priority.
2. **HUMILITY:** They are modest about capabilities, admit mistakes, and create the space for others to contribute.
3. **AWARENESS OF BIAS:** They show awareness of personal blind spots, as well as flaws in the system, and work hard to ensure a meritocracy.
4. **CURIOSITY ABOUT OTHERS:** They demonstrate an open mindset and deep curiosity about others, listen without judgment, and seek with empathy to understand those around them.
5. **CULTURAL INTELLIGENCE:** They are attentive to others’ cultures and adapt as required.
6. **EFFECTIVE COLLABORATION:** They empower others, pay attention to diversity of thinking and psychological safety, and focus on team cohesion.”¹¹

An important aspect of EDI learning will also involve advancing board members’ understanding of their role in reconciliation. For more information, refer to Chapter 7 in these Guidelines.

¹¹ Juliet Bourke and Andrea Titus, “[The Key to Inclusive Leadership](#),” Harvard Business Review. March 6, 2020.



The B.C. government's [Diversity and Inclusion Resource Centre](#) offers online research and supports for government ministries. These resources can provide valuable guidance to B.C.'s public sector organizations looking to develop their own EDI policies and programs in tandem with government.

A number of provincial statutes directly speak to B.C.'s EDI obligations and may apply to the broader public sector, including, but not limited to the:

- ▶ [Accessible British Columbia Act](#)
- ▶ [Anti-Racism Data Act](#)
- ▶ [Declaration on the Rights of Indigenous Peoples Act.](#)



Good practice PSO board members can ask their senior management to present on any of the above provincial statutes to gain a better understanding of EDI-related provisions that may be applicable to the organization. If legal resources are limited, smaller boards can contact their responsible ministries for more information.

“More and more Canadian companies and investors recognize the business benefits of building diverse teams that include Indigenous peoples and advancing the broader goals of reconciliation and anti-racism...Companies themselves must set aspirational targets to improve the representation of Indigenous peoples as board directors, employees, business partners and suppliers.”

— Mark Sevestre and Shannon Rohan, [“From talk to action: The time is now to accelerate Indigenous representation on corporate boards in Canada.”](#) *Globe and Mail*, March 14, 2021.

Ultimately a well-run organization will incorporate EDI throughout all aspects of its business, supporting a culture where people provide services, and work with one another, in a positive and collaborative way.



Key takeaways

- ▶ A people-centred approach to governing is more likely to be achieved when the PSO board is committed to EDI principles.
- ▶ Board members, through strategic direction and oversight, can foster the development of an EDI culture throughout the organization.
- ▶ Research shows that organizations that are more diverse tend to be strong performers. They are more likely to understand the diverse interests and aspirations of the public they serve.



Best practices for boards

- ▶ Invest in ongoing EDI learning and development, especially in training that focuses on the cultivation of inclusive leadership qualities.
- ▶ When new board positions open up, identify gaps in current board member competencies and attributes.
- ▶ Broaden candidate searches to aim for board membership that reflects as best as possible the Province's diverse communities, or the community the PSO serves.
- ▶ Socialize Indigenous Relations Behavioural Competencies within the PSO as part of a strategy to advance reconciliation and improve service to Indigenous Peoples and all British Columbians.
- ▶ Foster a healthy board culture through best practice in board member retention.

9. Environmental, social and governance issues (ESG)



Organizations are increasingly expected to deliver on more than bottom-line results. Factors such as emergency management, climate change, natural resource availability, Indigenous rights, gender equity, labour relations, and changing investor, community and consumer expectations are all contributing to a new organizational focus on environmental, social and governance (ESG) issues and accountability.





Investors and the general public care that jurisdictions and organizations meet or exceed regulated standards on environmental protection:

- E** that they embrace social priorities such as health, safety, and equity, diversity and inclusion
- S** and that they are governed transparently, fairly and with a strong sense of accountability to partners and stakeholders. In Canada and British Columbia, this includes a commitment to reconciliation with Indigenous Peoples
- G** ESG is especially relevant for public sector organizations (PSOs), which by definition are expected to serve the public interest over specific shareholder interests. PSO board members play a critical role in making this happen.

ESG and citizen-centred governance

One of the [principles of citizen-centred governance](#) is to “strive for outcomes that support healthy communities in British Columbia, including social, economic and environmental well-being.”¹² As outlined in [Governing in the Public Interest: Foundational Training for BC Public Sector Appointees](#), this might look like:¹³

- ▶ Anticipating growth or changing conditions and planning accordingly;
- ▶ Setting environmental and social targets for the organization and regularly reporting on them;
- ▶ Asking questions related to new research or modern technological developments that may impact the services of your organization;
- ▶ Ensuring services and activities are put in place that advance reconciliation with Indigenous peoples in B.C.;
- ▶ Asking “How might this impact partners and stakeholders?”; and
- ▶ Asking “How does our organization positively or negatively impact the social, economic and environmental well-being of British Columbians?”

12 CABRO, [Governing in the Public Interest: Foundational Training for BC Public Sector Appointees](#). 2019. Page 5.

13 CABRO, [Governing in the Public Interest: Foundational Training for BC Public Sector Appointees](#). 2019. Page 8.



As a public sector board member, your duty to the organization extends beyond ensuring that wise financial management practices and reporting processes are in place.¹⁴ In British Columbia, it has become a best practice to consider ESG factors, including partner and stakeholder considerations, when making decisions. In addition, federal and provincial governments will be expecting public sector organizations to report more extensively on environmental performance, social impact and governance practices going forward.

ESG factors are also becoming a more prominent part of the methodology used by global financial rating agencies. For example, [Moody's Investors Service](#) has stated that it uses social considerations to evaluate government credit quality in recognition that *how* public sector organizations manage social issues can be a source of credit risk or strength.¹⁵

The evolution of ESG and ESG reporting

In 2015, the United Nations (UN) created the [17 Sustainable Development Goals \(SDGs\)](#). Canada, along with most other countries, adopted the [2030 Agenda for Sustainable Development](#), of which the 17 SDGs play a major part. Recent BC budgets also address many of the UN's 17 SDGs, and numerous organizations are doing the same to frame their approach to ESG issues.

Previously, public and private sector organizations used the term “corporate social responsibility” (CSR), which then shifted to become “sustainability”, and has now shifted again to a term with greater holistic meaning. “ESG” has become the most common reference adopted by organizations around the world, with the added expectation that those claiming to incorporate ESG factors in their business also provide data-driven verification to back up those claims.

To date, there is no one, agreed-upon global, domestic or provincial standard for measuring and reporting ESG performance across organizations. However, the [International Sustainability Standards Board](#), [Canadian Sustainability Standards Board](#) and the [International Public Sector Accounting Standards Board \(IPSASB\)](#) are in the process of aligning most major reporting standards into a cohesive framework that will eventually translate to frameworks adopted nationally and provincially.

¹⁴ Finance Initiative and Principles for Responsible Investment, [Fiduciary Duty in the 21st Century: Final Report](#). Page 21.

¹⁵ Hazel Bradford, [“Half of Moody's public-sector ratings actions cite ESG factors,”](#) *Pensions and Investments*. November 18, 2020.



At the federal level, the Government of Canada explicitly addressed the importance of incorporating ESG factors in federal crown corporation practices in the 2021 Federal Budget. For the reporting period beginning in 2022, large federal Crown corporations with over \$1 billion in assets were required to adopt the [Task Force on Climate-related Financial Disclosures Standards](#) to report out on climate-related financial risks. Federal crown corporations with less than \$1 billion in assets were required to do the same beginning in the 2024 reporting period.¹⁶

Crown corporations were also expected to implement gender and diversity reporting beginning in 2022.¹⁷ Public reporting in these areas can be implemented via online annual reports, and Crown corporations have the flexibility to highlight the format and measures they choose.



Learn more: See Guidelines Chapters 8 (EDI) and 10 (Climate Risk) for more details on aspects of ESG leadership and reporting in B.C.

A number of Canadian organizations have been at the forefront in advising on ESG-related practices, measurement and reporting.

The [Canadian Standards Association \(CSA\)](#) has created resources to help associations develop ESG programs for their members.

The [Chartered Professional Accountants of Canada \(CPA Canada\)](#) has long promoted best practices in ESG and sustainability reporting, and many of its conclusions apply equally to the public and private sectors. CPA Canada continues to provide resources to governing boards on how best to move an organization toward ESG and sustainability culture change, assessment and reporting.



Learn more: See CPA Canada's discussion and web links on its page [Task force on climate-related financial disclosures \(TCFD\): Overview](#) for additional information.

Many private sector organizations are also turning to their industry associations or consultants for guidance in developing ESG strategies and metrics.

¹⁶ Government of Canada, [Budget 2021: A Recovery Plan for Jobs, Growth, and Resilience](#). Pages 175-176.

¹⁷ Government of Canada, [Budget 2021: A Recovery Plan for Jobs, Growth, and Resilience](#). Page 176.



ESG practice and reporting in B.C.

The province's approach and expectations toward public sector ESG practice and reporting is evolving. Public sector organizations are already moving toward incorporating more ESG principles and practices in their operations.

The Ministry of Finance released government's first [B.C. Environmental, Social and Governance \(ESG\) Summary Report](#) in 2022 and [Supplementary Data Report](#) in 2023. With international investors as a key audience for the report, it provides a comprehensive overview of B.C.-wide public sector initiatives and services that have been designed and delivered with ESG principles in mind. The report highlights B.C.'s ESG scores from rating agencies, the roles of the ESG Advisory Council and the ESG Framework for Capital in providing advice on B.C. budget development, and the significant role of the [Declaration Act](#) and reconciliation in social development and governance throughout the Province.

The Ministry of Finance may release future online editions of the B.C. ESG Summary Report. Public sector organizations that have launched significant ESG initiatives, and are successfully incorporating ESG practice in their organizational culture, are encouraged to contact [Provincial Treasury](#) to highlight their initiatives for consideration and addition in the next report.

Since 2018, government has amended or introduced new statutes requiring public and private sectors to be accountable to the public on the "E", "S" and "G" aspects of their business. These statutes may apply to PSOs in full or in part, including and not limited to the:

- ▶ *Accessible British Columbia Act*
- ▶ *Anti-Racism Data Act*
- ▶ *Attorney General Statutes (Hague Convention on Child and Family Support) Amendment Act, 2022*
- ▶ *Climate Change Accountability Act (including [Carbon Neutral Government requirements](#))*
- ▶ *Declaration on the Rights of Indigenous Peoples Act*



- ▶ *Employment Standards Amendment Act, 2022*
- ▶ *Health Professions and Occupations Act, 2022*
- ▶ *Labour Relations Code Amendment Act, 2022*
- ▶ *Low Carbon Fuels Act*
- ▶ *Professional Governance Amendment Act, 2022*
- ▶ *The Protected Areas of British Columbia Amendment Act, 2022*
- ▶ *Skilled Trades BC Act*
- ▶ *Wildlife Amendment Act, 2022*
- ▶ *Workers Compensation Amendment Act, 2022*



Good practice Public sector boards can take the first step toward ESG advancement by informing themselves of this emerging area. A board can ask senior management to present on the applicable statutes and policies to gain a better understanding of which ESG-related issues are of top concern to the organization. If legal resources are limited, smaller boards can contact their responsible ministries for more information.

Moving forward, the board may choose to prepare an ESG action plan that directs the organization toward further change in specific business areas.

In addition, B.C.'s [Budget and Fiscal Plan 2022/23 - 2024/25 \(see page 46\)](#) described the province's ESG priorities, and set the foundations for an [ESG Centre of Excellence](#) housed within the [Ministry of Jobs, Economic Development and Innovation](#) to provide service and supports to the private sector. The Centre serves as a resource hub to help B.C. businesses start or strengthen their ESG journey. It focuses on capacity building by providing free ESG resources and tools to clients through concierge-type, one-on-one services to businesses.



Incorporating ESG into board practices

Public sector boards typically establish committees to carry out the work of the board. The most common core committees are finance and audit (often including risk management), governance, and human resources and compensation. Board members should look at the business of existing committees to see where ESG principles can be adopted, with the ultimate goal of integrating ESG values throughout the organization. Over time, “ESG thinking” can become the default approach to decision-making, to be regularly reflected through board culture, and addressed on board agendas.

Organizational purpose statement

A recent development in corporate governance is for organizations to adopt, refine or update their purpose statement. Many organizations already have a mission statement that sets out how or what the organization does, and a vision statement that frames where the organization is headed. A purpose statement defines “why” the organization exists. For B.C. PSOs with legislated mandates, adding a purpose statement can help communicate to the public and employees the reason they are in business, and how their purpose informs their strategy and culture, including an evolving culture where ESG plays a large role.



Learn more: British Columbia’s larger PSOs have been leading the way on ESG culture change and performance.

See how the leadership at [InBC Investment Corp.](#) prioritizes ESG principles, including ESG-related tracking and impact metrics.

[BCLC](#) includes [social purpose](#) as part of its vision, mission and values, along with an integrated approach to [ESG action](#).

BC Hydro advances ESG principles and practice throughout the organization and has begun reporting out on key areas of ESG focus. See the [BC Hydro ESG Report for Fiscal Year 2023](#).



Key takeaways

- ▶ PSOs are increasingly expected to make decisions that contribute to both sound financial and ESG performance.
- ▶ The Province does not prescribe ESG-specific reporting requirements for PSOs. However, new and existing legislation will require the public and private sectors to comply with requirements that address “E”, “S” and “G” business obligations. These can include anything from emissions reporting under the *Climate Change and Accountability Act*, to fair labour standards, to accessibility and anti-racism requirements.
- ▶ Respect for Indigenous rights, advancement of reconciliation, and compliance with measures stipulated in the *Declaration Act*, are a major part of an organization’s ESG advancement.



Best practices for boards

- ▶ Board education and training is a key first step toward advancing ESG principles and practice within an organization. Boards can request senior management to present on the high-level legislative and policy requirements that underpin ESG performance.
- ▶ To further develop an understanding of ESG, boards can consult online resources developed by many of B.C.’s large PSOs.
- ▶ Consider defining or amending a purpose statement for your organization to inform its strategy and culture, including a culture that focuses more on ESG.

10. Climate change risks



British Columbia and the world are experiencing the impacts of climate change in a significant way. These impacts directly affect the public sector and require public sector organizations (PSOs) to rethink how they prepare buildings, infrastructure and operations to continue to provide services in a changing environment.

Public sector board members are expected to govern in the public interest, and as such, have a fiduciary duty to make decisions that consider climate change risks and opportunities in support of the long-term environmental, social and economic well-being of British Columbians.



PSOs and climate change targets

The Premier's 2022 Mandate Letters to ministers reference climate change and its impact on province-wide priorities:

"British Columbians continue to recover from and respond to the upheaval caused by the COVID-19 pandemic and climate related natural disasters..."

Now more than ever, we need to focus on building a secure, low emission, sustainable economy"

One of the four key areas where the Province is to "deliver results that people can see and feel" is:

"A sustainable, clean, secure, and fair economy: We will continue our work investing in British Columbians, fighting racism and promoting equity, and building a clean economy that addresses our obligations to combat climate change by driving down emissions, while creating good, family supporting jobs."

In addition, the [Mandate Letter for the Minister of Environment and Climate Change Strategy](#) refers to climate action expectations where PSOs have a role to play:

"Lead our government's implementation of the CleanBC Roadmap to 2030, on time and on target..."

"Continue to implement the Climate Preparedness and Adaptation Strategy to help communities, businesses, key public services and infrastructure be prepared for and resilient to our changing climate."

British Columbia's [CleanBC Roadmap to 2030](#), with requirements stipulated in the [Climate Change Accountability Act](#), commits to reducing provincial greenhouse gas emissions by 16 per cent below 2007 levels by 2025, 40 per cent by 2030, 60 per cent by 2040 and 80 per cent by 2050. CleanBC also requires reductions in public sector building and fleet emissions by 2030.

The [Roadmap](#) also emphasizes the importance of government leadership:

“Every year since 2010, B.C. has achieved net-zero (carbon neutral) operations across the public sector, including health authorities, school districts, universities, and Crown corporations. As part of this Roadmap, we’re building on our progress with the following new measures:

- ▶ Factoring climate considerations into government decision making, ensuring a focus on climate resilient, zero- or low carbon projects. This priority will be delivered through capital projects as they include an assessment of these factors in their planning and approval processes
- ▶ Making zero-emission vehicles the default option for B.C. public sector fleets, with ZEVs accounting for 100% of light-duty vehicle acquisitions by 2027
- ▶ Requiring all new public sector buildings to align with our climate goals beginning with performance standards (2023) and moving to zero-carbon new buildings (2027)
- ▶ Developing and implementing a comprehensive strategy (2024) to transform our existing buildings portfolio to a low carbon and resiliency standard
- ▶ Implementing a public awareness and education campaign; this will include a dedicated strategy for connecting with youth and involving them in climate action
- ▶ Providing single-window access to all CleanBC incentives and programs.”

British Columbia's [Climate Preparedness and Adaptation Strategy](#) calls for actions in 2022-2025 that will impact PSO decision-making across many areas. The Strategy emphasizes a cross-government approach to address:

- ▶ Four pathways and actions
 - **PATHWAY 1** – Foundations for Success: Partnerships, Knowledge and Decision-Making, including
 - Collaboration with Indigenous Peoples
 - Climate Data Monitoring and Forecasting
 - Understanding Climate Risks
 - Education on Climate Impacts and Adaptation
 - Climate Change in Governance and Decision-Making
 - **PATHWAY 2** – Safe and Healthy Communities
 - **PATHWAY 3** – Resilient Species and Ecosystems
 - **PATHWAY 4** – Climate-Ready Economy and Infrastructure, including
 - Climate-Ready Infrastructure and Buildings
 - Climate-Ready Industry

In addition, British Columbia is undertaking a provincial-level Disaster and Climate Risk and Resilience Assessment (DCRRA), which will provide a framework for assessing risk and resilience across all sectors.

Some large PSOs responsible for critical infrastructure may be expected to take on risk assessment and emergency planning responsibilities in the future under the [Bill 31 – 2023: Emergency and Disaster Management Act](#) (EDMA). These requirements will include provisions related to climate risk. The [Ministry of Emergency Management and Climate Readiness](#) would be responsible for developing regulations and associated policy guidance.

Achieving targets and successfully adapting to climate change will necessitate the active participation and collaboration of all PSOs with responsible ministries.



Learn more: British Columbia's PSOs have obligations to address climate change, as well as opportunities to learn from each other. A few important links to assist include:

- ▶ [Reducing emissions](#)
- ▶ [Managing Climate Risk for Public Sector Organizations](#)
- ▶ [Public sector Climate Change Accountability Reports](#)
- ▶ [ClimateReadyBC](#)

Join the **Public Sector Climate Risk and Resilience Community of Practice**, open to all BC PSOs. Contact climaterisk@gov.bc.ca for more information.

PSOs can also demonstrate accountability on climate action through their own published annual reports, and if appropriate, incorporate select, climate-action performance measures in Service Plans and Annual Service Plan Reports.

Expectations of the board — Risk management and climate change

Boards have a responsibility to oversee the management of risk to the organization, including climate change risk. Managing climate change risk may involve kick starting a process where PSOs collect new information about their operations. This process can include identifying climate risks in supply chains, or local risks faced by customers or clients. Many organizations will find that there are climate impacts felt outside their organizations, necessitating collaboration with partners to address them. PSOs may need to explore new decision-making strategies or tools that facilitate a sharing of information between management and the board.

Managing risk is also a part of provincial government policy. As outlined in *Governing in the Public Interest (Risk Management)*, the Government of B.C. has developed policy (see [Chapter 14](#) of the *Core Policy and Procedures Manual C*) and adopted an international standard (CSA

ISO 31000:2018) to provide a structure for managing and implementing effective public sector Enterprise Risk Management (ERM) programs. Another useful tool for conducting risk assessment related to climate change is the ISO's [14091:2021 Adaptation to climate change – Guidelines on vulnerability, impacts and assessments](#) (*note fee-based access).

A complete ERM program will consider all risk factors that could impact the organization's success, and board members are encouraged to:

- ▶ ensure that senior management has developed a comprehensive, organization-wide ERM program to identify, assess and manage risks and opportunities;
- ▶ regularly review the ERM program with senior management;
- ▶ contribute to the development of the strategic direction and approving the strategic plan with a thorough understanding of the risks that may affect achievement of strategic objectives; and
- ▶ ensure that the organization's key risks are disclosed in strategic and performance planning documents and reports.

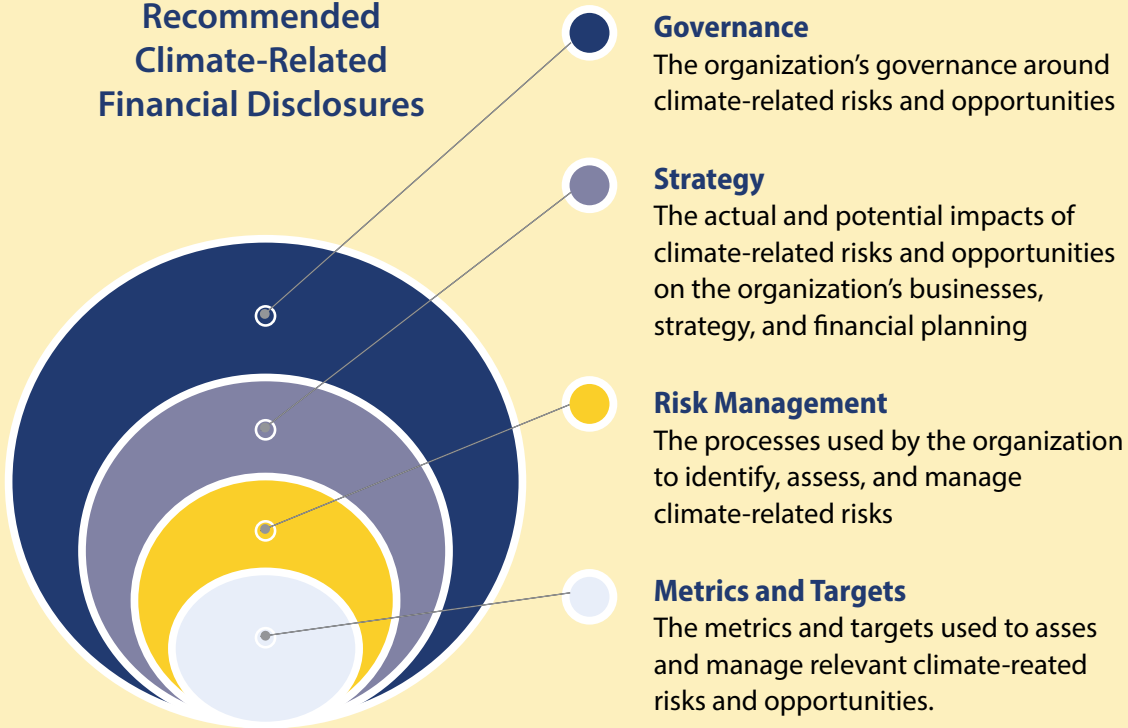
Evolving practices in climate risk reporting

The [Task Force on Climate-Related Financial Disclosures \(TCFD\)](#) was created in 2015 by the Financial Stability Board to develop consistent, climate-related risk disclosures for use by companies, banks, investors and stakeholders. Other related initiatives include the non-profit [International Accounting Standards Board](#), which launched proposals for sustainability-related disclosures in 2021.

The [TCFD Final Report and Recommendations](#) describe a model for climate-related financial disclosures that has gained wide consensus among global and domestic public and private organizations. The following diagram shows the core disclosure elements of this model:¹⁸

18 Diagram reproduced from the Task Force on Climate-Related Financial Disclosures, *Final Report: Recommendations of the Task Force on Climate-related Financial Disclosures*. June 2017. Page v.

Core Elements of Recommended Climate-Related Financial Disclosures



Public sector boards can initiate a process to develop climate plans and disclosures that addresses each of these elements.



Learn more: For implementation details, see the chapter "Guidance for all sectors" in the [Task Force on Climate-related Financial Disclosures: Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures](#).

In the [2021 Federal Budget](#), Canada committed to engage with the provinces and territories on adopting climate disclosures consistent with the TCFD.¹⁹ Canada's Department of Finance re-affirmed this direction following the tabling of [Budget 2022](#).

¹⁹ Government of Canada. [Budget 2021: A Recovery Plan for Jobs, Growth, and Resilience](#). Pages 175-176.

Within B.C., PSOs that emit more than 600 tonnes of greenhouse gas emissions annually must report on climate risk management activities through Part 2-B of the Climate Change Accountability Report Survey (CCAR Survey) administered by the Climate Action Secretariat. The CCAR Survey asks organizations to report on similar categories of information as the TCFD Framework.

To support PSO reporting on climate risk management activities, the Climate Action Secretariat is developing a Climate Risk Management Growth Model to track public sector progress on managing climate risk. Some PSOs have already started reporting publicly on climate risk management activities through their annual Climate Change Accountability Report.



See examples: Refer to [Simon Fraser University](#) and [BC Housing](#) for recent examples of PSO reporting on climate change.



The cost of inaction

Historically, an organization's adoption of environmentally sustainable measures, and government regulations to protect the environment, have been viewed from a financial management perspective as short-term financial costs. This view is changing.

The federal government has reported on the extensive economic costs of climate change across the country. Changing weather patterns will [continue to] affect the agricultural, forestry, tourism and recreation sectors, place stress on our health care and social support systems, and damage infrastructure, including roads and bridges.²⁰ British Columbians have already seen and experienced these impacts.

As reported by the Canada Climate Law Initiative, severe weather damage in Canada caused CA\$2.4 billion in insured losses in 2020.²¹ British Columbia is still assessing the full monetary costs, as well as the tragic human costs, of the heat dome, wildfire and atmospheric river crises of recent years.

Ultimately, Canadian law points to the need for public sector board members to take climate change seriously. This was articulated in a publicly available legal opinion on the responsibility of board directors to address this risk. According to Hansell LLP, "[Putting Climate Change Risk on the Boardroom Table](#)":

"We have been asked whether directors of Canadian corporations are obliged to address climate change risk. The answer is clearly yes. Canadian courts have accepted climate change and the risks it presents as self-evident and uncontroversial, as has the investment community. It would be nearly impossible for a director to dismiss climate change risk out of hand.

The obligation of directors to consider the implications of climate change risk is grounded in the duties each director owes to the corporation he or she serves.... They may not demure to management and simply wait for presentations to be made to them. Directors must put climate change on the board agenda. They must require reports and recommendations from management and external sources as necessary and be satisfied that the corporation is addressing climate change risk appropriately."²²

20 Hansell LLP, "[Putting Climate Change Risk on the Boardroom Table](#)." June 25, 2020. Page 5.

21 Canada Climate Law Initiative, *Life, Health, Property, Casualty: Canadian Insurance Company Directors and Effective Climate Governance*. February 2021. Page 8.

22 Hansell LLP, "[Putting Climate Change Risk on the Boardroom Table](#)." June 25, 2020. Page 1.



Key takeaways

- ▶ Board members have a fiduciary duty to make decisions that consider climate change risk.
- ▶ Board members should clearly understand the risks that may affect an organization's objectives, and for that knowledge to inform strategy and high-level decision-making.
- ▶ PSOs may need to collect new information about their operations, value chain and operating context to manage climate change risk.
- ▶ Under the Province's Clean BC Goals and *Climate Change Accountability Act*, which applies to PSOs, public sector organizations must achieve a 50 per cent reduction in public sector building emissions and 40 per cent reduction in public sector fleet emissions by 2030.
- ▶ As of 2022, PSOs that emit more than 600 tonnes of GHG emissions annually must report on their actions to reduce emissions through Climate Change Accountability Reports.
- ▶ The [TCFD Final Report and Recommendations](#) describe a model for climate-related financial disclosures that has gained wide consensus among global and domestic public and private organizations.



Best practices for boards

- ▶ Board members should frequently ask questions, and expect answers from PSO management, on climate change-related risks to the organization's business.
- ▶ Ensure that the PSO has an enterprise risk management (ERM) program, review it regularly with management, and check that key risks are addressed in the corporate strategy or business plan, including longer term risks such as climate change/environmental and social risks.
- ▶ Ensure that the organization's ERM program evolves to address climate risk as global and domestic knowledge change, and as international and domestic frameworks are adopted for the provincial public sector.
- ▶ Include identification of climate-related risks and action through the PSO's annual reporting, and other public reports, as required.



11. Information management, technology and cybersecurity



Board members of public sector organizations (PSOs) have an oversight role when it comes to information management (IM), information technology (IT) and cybersecurity. The protection of government data and networks is a priority, especially where it concerns personal information of British Columbians.





IM/IT systems are essential to an organization's smooth and efficient operations and PSOs are expected to maintain up to date systems and effective cybersecurity practices. These include:

- ▶ maintaining current information management and cybersecurity policies, guidelines and standards;
- ▶ evaluating your organization against industry standards; and
- ▶ maintaining appropriate security and privacy practices.

The Office of the Chief Information Officer (OCIO) within the Ministry of Citizens' Services is available to support PSOs and offer guidance in any of these areas.

Author Bob Zukis, in *The Handbook of Board Governance*, states that:

While not every industry or business consumes or uses information technology in the same ways, all businesses are impacted by these tools because of their universal impacts. The Internet, cloud computing, social media, mobile, big data, real-time analytics, IP-based communications, the Internet of things, and many other advancements are empowering and embodying change and transformation across every sector...New information technologies are also changing the risk profile that a board has typically been expected to govern over.²³

Provincial IM/IT policies and guidelines

PSOs are generally expected to comply with government's overarching IM/IT policies and guidelines. The province's framework recognizes the interconnectedness of public assets and publicly held information among ministries and agencies, as well as the obligations that both the province and PSOs have toward IM/IT infrastructure, processes and the people who are impacted by them.

PSO management should provide board members with regular, high-level presentations on their organization's IM/IT capacity. These presentations should address cybersecurity capacity, and with sufficient foundational information so that the board always has a clear understanding of current issues and can ask the right questions of IM/IT management.

²³ Bob Zukis, "Cybersecurity Governance in a Digital World," in Richard Leblanc (ed.), *The Handbook of Board Governance: A Comprehensive Guide for Public, Private and Not-for-Profit Board Members*. 2016. Page 558.



Learn more: [Chapter 12 of the Core Policy and Procedures Manual](#) (CPPM) outlines current provincial government IM/IT policy.

[CPPM Chapter 12](#) provides an overview of key roles and responsibilities within the government framework, as well as the main components of IM/IT planning, strategic infrastructure development, opportunity analysis and security. This chapter also addresses some areas where integration with the broader public sector might occur.

As a public sector board director, it is important to know that the organization has made the right connections to provincial government resources, and that the organization's own policies, plans and procedures are informed by current provincial government requirements, meeting or exceeding the standards set out in them. These sources also contain high-level information that could be considered in board decision making.

Current provincial government IM/IT requirements and standards include:

- ▶ [Information Security Policy and Guidelines](#)
- ▶ [OCIO Information Security Policy v. 4.0 \(PDF\)](#): This is the framework under which all ministries must operate to protect personal and confidential information in compliance with legislation
- ▶ [Appropriate Use Policy v. 2.0](#): This policy outlines the requirements for accessing and managing government information and using information technology resources
- ▶ [Information Incident Management Policy \(PDF\)](#): This is government's policy for responding to and mitigating risks arising from actual or suspected incidents, including privacy breaches
- ▶ [Privacy Breaches](#): This page outlines the process to follow in the event of a privacy breach
- ▶ [Privacy Impact Assessments](#): This page explains the situations under which a public sector organization must complete a privacy impact assessment



- ▶ [IM/IT Standards](#): This page links to the current technical standards for appropriate use, software development, information, identity, technology and security
- ▶ The Ministry of Citizens' Services (CITZ) maintains a list of the Ministry Information Security Officers (MISOs) and their responsible ministries. PSO board chairs or senior management can obtain current MISO contact information through the Deputy Minister's Office of the responsible ministry.

Enterprise Risk Management

The provincial government's Chief Risk Office defines Enterprise Risk Management (ERM) as "the coordinated, ongoing application of risk management across all parts of an organization, at all levels, from strategic planning to service delivery."²⁴ Being mindful of risk, reputation and business continuity, boards should hold management accountable to keeping the organization's ERM program up to date, including inclusion of IM/IT and cybersecurity risks.

PSOs are expected to follow the spirit and intent of [CPPM Policy Chapter 14: Risk Management](#), which clarifies expectations for responsible ministries and organizations to identify, assess and mitigate risk in a formal manner. Boards should have a clear understanding of risks that may affect an organization's objectives at an enterprise level, and for that knowledge to inform high-level decision making across all areas of the organization.



Best practice: Boards should have a high-level understanding of the purpose of Enterprise Risk Management (ERM) and the PSO's risk register, incorporating a practice of quarterly ERM reviews that include cybersecurity.



Learn more: For more information, refer to the Province's [Risk Management Branch](#) and related documents, processes and guidelines, along with the [Governing in the Public Interest - Risk Management Module \(PDF\)](#).

24 Chief Risk Office, Risk Management Branch and Government Security Office, [Risk Management Guideline for the B.C. Public Sector \(PDF\)](#). April 2019. Page 5.



Cybersecurity risk management

While information technology offers countless benefits, it can also increase the risk of cybersecurity breaches. The direct and indirect costs of protecting and responding to cybersecurity risks include:

- ▶ Direct theft and financial loss, including ransom
- ▶ The direct cost of mounting a cyber defense
- ▶ Cost of responding to attacks
- ▶ Opportunity cost of cyber resources that could be deployed elsewhere
- ▶ Loss of economic value and future growth as cyber risk slows the adoption of innovative technologies
- ▶ Destruction of competitive advantage and impairment of future growth due to intellectual property loss
- ▶ Regulatory fines and penalties
- ▶ Cost of compliance with governmental regulations and standards
- ▶ Brand and reputation damage
- ▶ Loss and erosion of customer base and confidence
- ▶ Ability to transact and have business continuity
- ▶ Debilitation of strategic activity due to loss of information
- ▶ Direct costs associated with legal settlements and the costs to defend legal actions
- ▶ Indirect costs of third-party risk and loss due to threats that pass through your company or your business partners²⁵

25 Bob Zukis, "Cybersecurity Governance in a Digital World," in Richard Leblanc (ed.), *The Handbook of Board Governance: A Comprehensive Guide for Public, Private and Not-for-Profit Board Members*. 2016. Page 568.



What is the board's role and why is it important?

A Harvard Business Review article summarized five key things directors need to know about cybersecurity:²⁶

1. **CYBERSECURITY IS ABOUT MORE THAN PROTECTING DATA.** It's not just about safeguarding personal information, but ensuring oversight over supply chains, remote management of systems and equipment, and other potential issues.
2. **THE BOARD OF DIRECTORS MUST BE KNOWLEDGEABLE PARTICIPANTS IN CYBERSECURITY OVERSIGHT.** Boards are not responsible for writing a cybersecurity plan, but they are responsible for ensuring that "the organization has a plan and is as prepared as it can be."
3. **BOARDS MUST FOCUS ON RISK, REPUTATION AND BUSINESS CONTINUITY.** The article outlines the actions board members can take: "Establishing clear, consistent communication to share useful and objective metrics for information, systems controls, and human behaviors is the first step. Comparisons to existing best practices and methodologies for cybersecurity risk management is another activity to identify areas of need and areas of strength in the organization. Directors asking smart questions of their cybersecurity executives is yet a third action to close the gap."
4. **THE PREVAILING APPROACH TO CYBERSECURITY IS DEFENSE-IN-DEPTH.** Many layers of defence are needed, including technology, controls, policy and organization mechanisms. Directors are also potential targets of scams and they, too, must participate in ongoing education to ensure they do not fall prey to security attacks.
5. **CYBERSECURITY IS AN ORGANIZATION PROBLEM, NOT JUST A TECHNICAL PROBLEM.** Boards can play an important role in establishing an organization's cybersecurity culture. As the authors write: "Simply by asking questions about cybersecurity, directors imply that it is an important topic for them, and that sends the message that it needs to be a priority for corporate executives."

²⁶ Keri Pearlson and Nelson Novaes Neto, "[7 Pressing Cybersecurity Questions Boards Need to Ask](#)," *Harvard Business Review*, March 4, 2022.



As people make up an organization, and not just technology and processes, a positive cybersecurity culture is essential. Through a positive culture, people view security as a collective and collaborative endeavour that enables and supports everyday work. **Cyber awareness** is critical to PSOs achieving a positive cybersecurity culture. Organizations can use outside speakers, awareness posters, corporate messaging and sector-wide forums for disseminating new insights and guidance.

The Harvard Business Review article also outlines the questions that senior managers and board members may want to review together:²⁷

1. What are our most important assets and how are we protecting them?
2. What are the layers of protection we have put in place?
3. How do we know if we've been breached? How do we detect a breach?
4. What are our response plans in the event of an incident?
5. What is the board's role in the event of an incident?
6. What are our business recovery plans in the event of a cyber incident?
7. Is our cybersecurity investment enough?

Working with IM/IT leaders in the PSO and government

Many PSOs have well-developed IM/IT policies and programs that reflect the organization's size, scope and mandate. To understand the business-specific issues and trends facing the PSO, the board chair can reach out to the organization's Chief Information Officer, or someone in a similar position, to inform the board of key issues. In order to sufficiently carry out the board's fiduciary duty, IM/IT issues should normally be considered a standing item on the board's agenda.

²⁷ Keri Pearlson and Nelson Novaes Neto, "[7 Pressing Cybersecurity Questions Boards Need to Ask](#)," *Harvard Business Review*. March 4, 2022.



As PSOs have corporate connections to a responsible minister and ministry, the Ministry Chief Information Officer (MCIO) and the Ministry Information Security Officer (MISO) are important resources. These individuals can provide appropriate, sector-specific guidance, and can supplement the expertise of the organization's in-house IM/IT leadership.

Although IM/IT is a complex field, and board members who do not have a background in the area may be unsure of the questions to ask, there are numerous resources available to assist with key decisions. Public sector business is intrinsically linked to IM/IT, and the **way** business is conducted naturally touches on traditional board and committee-level responsibilities in finance and audit, human resources, risk management and other areas where a board has oversight.

Board members should feel confident interacting with IM/IT management as all IM/IT investments and processes impact employees, clients and resources.



Best practice: When assessing board competencies or seeking new board members, chairs may want to ensure that at least one director has a general background or corporate-level familiarity with IM/IT and cybersecurity issues. Skills and attributes matrices are tools that can assist here.

Current business research in corporate governance has taken a closer look at the role of the board as it relates to cybersecurity. A McKinsey & Company podcast addresses the issue:

“Cybersecurity is an issue for the whole organization. Whether it is in advance of, or during an incident, you should not just leave it to the chief information officer and the technical team. Leaders need to decide how to manage the tensions between usability, security, and cost, and that is very much where we need the board challenging and testing processes.”²⁸

²⁸ McKinsey & Company, *“Boards and Cybersecurity: How Boards Should Prepare for the Rising Cybersecurity Threat.”*
Podcast: February 2, 2021.



Key takeaways

- ▶ PSO boards are expected to continuously assess and understand the organization's exposure to risk, its reputation and business continuity capacity.
- ▶ To mitigate cybersecurity threats, PSOs should put in place, and continuously evaluate, risk management and IM/IT policies, plans and practices.
- ▶ Boards play an important role in the PSO determining how best to manage the competing goals of a system's usability, security and cost.



Best practices for boards

- ▶ When assessing board competencies or seeking new board members, chairs may want to ensure that at least one director has general familiarity with IM/IT issues.
- ▶ PSOs should create and nurture a positive cybersecurity culture within their organization, which can start at the board level. Boards should consider placing high-level IM/IT issues as standing items on the full board agenda and build a culture of mutual understanding of these issues.
- ▶ A key responsibility of the board is to hold management accountable for keeping the PSO's Enterprise Risk Management system up to date and to ensure it includes cybersecurity risks. By maintaining a high-level understanding of IM/IT security risks, boards become more confident in overseeing important aspects of Enterprise Risk Management, the PSO's risk register and understanding the value of quarterly reviews.
- ▶ To help board members make good decisions, the chair should consider periodically inviting IM/IT experts to present at board meetings. If resources are available, boards should also consider implementing regular cybersecurity training for its members.

Appendix: Helpful links and checklists

The PSO and provincial government relationship

These lists can help ministries, PSOs and the general public understand the key players in the broader public sector framework, and include references to provincial government ministries/offices, statutes, Cabinet and ministerial letters, processes, reports and tools.

Provincial ministries and offices that frequently interact with PSOs:

- ▶ [BC Public Service Agency \(PSA/Ministry of Finance\)](#)
- ▶ [Chief Records Officer/Corporate Information and Records Management Office \(CIRMO/Ministry of Citizens' Services\)](#)
- ▶ [Crown Agencies Secretariat - Crown Agencies and Board Resourcing Office \(CAS-CABRO/Ministry of Finance\)](#)
- ▶ [Government Chief Risk Office/Risk Management Branch \(RMB/Ministry of Finance\)](#)
- ▶ [Government Communications and Public Engagement \(GCPE/Ministry of Finance\)](#)
- ▶ [Gender Equity Office \(GEO/Ministry of Finance\)](#)
- ▶ [Ministry of Agriculture and Food \(AF\)](#)
- ▶ [Ministry of Attorney General \(AG\)](#)
- ▶ [Ministry of Children and Family Development \(CFD\)](#)
- ▶ [Ministry of Citizens' Services \(CITZ\)](#)
- ▶ [Ministry of Education and Child Care \(EDUC\)](#)

APPENDIX: Helpful Links and Checklists

- ▶ [Ministry of Emergency Management and Climate Readiness \(EMCR\)](#)
- ▶ [Ministry of Energy, Mines and Low Carbon Innovation \(EMLI\)](#)
- ▶ [Ministry of Environment and Climate Change Strategy \(ENV\)](#)
- ▶ [Ministry of Finance \(FIN\)](#)
- ▶ [Ministry of Forests \(FOR\)](#)
- ▶ [Ministry of Health \(HLTH\)](#)
- ▶ [Ministry of Housing \(HOUS\)](#)
- ▶ [Ministry of Indigenous Relations and Reconciliation \(IRR\)](#)
- ▶ [Ministry of Jobs, Economic Development and Innovation \(JEDI\)](#)
- ▶ [Ministry of Labour \(LBR\)](#)
- ▶ [Ministry of Mental Health and Addictions \(MHA\)](#)
- ▶ [Ministry of Municipal Affairs \(MUNI\)](#)
- ▶ [Office of the Premier \(PREM\)](#)
- ▶ [Ministry of Post-Secondary Education and Future Skills \(PSEFS\)](#)
- ▶ [Ministry of Public Safety and Solicitor General \(PSSG\)](#)
- ▶ [Ministry of Social Development and Poverty Reduction \(SDPR\)](#)
- ▶ [Ministry of Tourism, Arts, Culture and Sport \(TACS\)](#)
- ▶ [Ministry of Transportation and Infrastructure \(TRAN\)](#)
- ▶ [Ministry of Water, Land and Resource Stewardship \(WLRS\)](#)
- ▶ [Office of the Auditor General \(OAG\)](#)
- ▶ [Office of the Chief Information Officer \(OCIO\)](#)
- ▶ [Office of the Comptroller General \(OCG/Ministry of Finance\)](#)

- ▶ [Provincial Treasury \(PT/Ministry of Finance\)](#)
- ▶ [Public Sector Employers' Council Secretariat \(PSEC/Ministry of Finance\)](#)
- ▶ [Treasury Board Staff \(TBS/Ministry of Finance\)](#)

PSO references or requirements in provincial legislation:

- ▶ [Accessible British Columbia Act](#) (ABCA)
 - Requires covered organizations to support the identification, removal and prevention of barriers to the full and equal participation of persons with disabilities through establishment of accessibility committees, plans and standards
- ▶ [Administrative Tribunals Act](#) (ATA)
 - Stipulates the practice and procedure of B.C.'s administrative tribunals administered by Justice Services Branch/MAG
- ▶ [Anti-Racism Data Act](#) (ARDA)
 - Supports the identification and elimination of systemic racism through the development of new data standards, directives and research priorities in collaboration with Indigenous and racialized British Columbians
- ▶ [Auditor General Act](#) (AGA)
 - Stipulates the role of the Auditor General in providing independent public sector audits, reports and recommendations, administered by the OAG
- ▶ [Balanced Budget and Ministerial Accountability Act](#) (BBMAA)
 - Outlines broader public sector fiscal management requirements, administered by TBS
- ▶ [Budget Transparency and Accountability Act](#) (BTAA)
 - Requires public sector publication of Service Plans and Annual Service Plan Reports, administered by CABRO
 - Requires public sector preparation and filing of quarterly/annual reports and financial statements, administered by OCG
- ▶ [Business Corporations Act](#) (BCA)
 - Stipulates filing and minimum governance requirements for B.C. companies
- ▶ [Climate Change Accountability Act](#) (CCAA)
 - Requires Carbon Neutral Government Reporting, administered by ENV

- ▶ [Declaration on the Rights of Indigenous Peoples Act](#) (Declaration Act)
 - Requires the B.C. government to ensure the laws of the province are consistent with the United Nations Declaration on the Rights of Indigenous Peoples, and to implement an action plan to achieve the Declaration's objectives
 - [Declaration Act Action Plan](#)
- ▶ [Employment Standards Act](#) (ESA)
 - Provides minimum workplace protections for employees in B.C.
- ▶ [Environmental Management Act](#) (EMA)
 - Regulates industrial and municipal waste discharge pollution, hazardous waste and contaminated site remediation
- ▶ [Financial Administration Act](#) (FAA)
 - Stipulates public sector accounting requirements under sections 17-19; 25-26;35;44;70 and 74, administered by OCG and Provincial Treasury
 - Stipulates Guarantee and Indemnity approval requirements under section 75, administered by RMB
- ▶ [Financial Information Act](#) (FIA)
 - Outlines requirements for the submission of Statements of Financial Information, administered by OCG
- ▶ [Freedom of Information and Protection of Privacy Act](#) (FOIPPA)
 - Stipulates public sector information collection, use and disclosure requirements, administered by the Corporate Information and Records Management Office ([CIRMO](#)) – see [Guide to Good Privacy Practices](#)
- ▶ [Health Professions Act](#) (HPA)
 - Outlines the requirements for the regulation of health professionals, including requirements for regulatory board governance, administered by HLTH
- ▶ [Health Professions and Occupations Act](#) (HPOA – not in force)
 - Once in force, the act will replace the HPA. It will outline the requirements for the regulation of health professionals, including requirements for regulatory board governance, administered by HLTH
- ▶ [Labour Relations Code](#) (LRC)
 - Stipulates the rights of employees and employers, including bargaining rights, collective bargaining procedures, and the role and powers of the Labour Relations Board

- ▶ [*Lobbyists Transparency Act*](#) (LTA)
 - Stipulates the requirements for lobbyist registration and conduct with public office holders (including PSOs)
- ▶ [*Multiculturalism Act*](#) (MA)
 - Provides for an Annual Report on multiculturalism conducted by ministries and administered by MAG
- ▶ [*Professional Governance Act*](#) (PGA)
 - Governance of agrologists, applied biologists, applied science technologists and technicians, engineers, geoscientists and forest professionals, administered by MAG
- ▶ [*Pay Transparency Act*](#) (PTA)
 - Places new requirements on employers to address systemic discrimination in the workplace
- ▶ [*Public Interest Disclosure Act*](#) (PIDA)
 - Sets out procedures for employees of ministries, government bodies or offices to make public interest disclosures of serious wrongdoing
- ▶ [*Public Sector Employers Act*](#) (PSEA)
 - Stipulates annual executive compensation and disclosure requirements, administered by PSEC Secretariat
 - Stipulates annual board appointee remuneration disclosure, per Treasury Board Directives
- ▶ [*Skilled Trades BC Act*](#) (STBCA)
 - Requires skilled trades people working in specific sectors to be a certified journeyman or registered apprentice
- ▶ [*Workers Compensation Act*](#) (WCA)
 - Introduces new requirements on asbestos abatement
- ▶ [*Zero-Emission Vehicles Act*](#) (ZEVA)
 - Requires automakers to meet an escalating annual percentage of new light-duty ZEV sales and leases, reaching: 10% of light-duty vehicle sales by 2025, 30% by 2030 and 100% by 2040

Government's strategic direction

- ▶ [Government's Annual Budget and Strategic Plan](#) (tabled on Budget Day)
- ▶ Mandate letter from Cabinet (for PSOs, including health authorities and post-secondary institutions) – Addressed to the chair by the minister responsible; signed by all board members
- ▶ Cabinet-specific policies or direction to PSOs
- ▶ Ministerial directives to PSOs
- ▶ Quarterly and annual reporting, including stand-alone meetings, reports and the ongoing relationship between the ministry responsible and PSOs
- ▶ [CABRO Diversity and Inclusion Guidelines](#)
- ▶ Gender Equity Office [GBA+ Analysis for Equity and Fairness](#)

Financial management direction

- ▶ Minister of Finance budget instructions to service delivery PSOs (via the ministry responsible)
- ▶ PSO budget presentations to Treasury Board (TBS)
- ▶ Minister of Finance budget letter to the ministry responsible; funding letter to PSO and Service Level Agreement (SLA), where applicable
- ▶ PSO quarterly financial reports to Treasury Board (TBS)
- ▶ Year-to-date (YTD) financial actuals for Public Accounts (OCG)
- ▶ [Capital Asset Management Framework](#) (TBS/OCG)
- ▶ [Board Chair and Director Remuneration](#) (TB Directives/PSEC)
- ▶ Grants in lieu of property taxes (MFIN)
- ▶ Prior ministerial approval for specific transactions (e.g., deficit requests) (TBS)
- ▶ B.C. Government [Core Policies and Procedures Manual](#) - CPPM (OCG)

Agreements with other jurisdictions

- ▶ Approvals from the minister responsible and TBS (agreements with the federal government/provinces/territories)
- ▶ Approvals from MIRR/MAG (consultation requirements per the Declaration Act; Agreements with First Nations, Inuit and Metis)
- ▶ Agreements with municipal governments
- ▶ Trade agreements (including the Canadian Free Trade Agreement (CFTA), New West Partnership Trade Agreement (NWPTA), World Trade Organization Agreement on Government Procurement (WTO GPA), Canada-EU Comprehensive Economic and Trade Agreement (CETA), and the Trade Investment and Labour Mobility Agreement (TILMA))

Labour relations, compensation and human resource management

- ▶ [Public sector bargaining mandate submission to Minister Responsible and Chair of PSEC](#) (PSEC Secretariat)
- ▶ PSO submission and approval of [excluded compensation plan](#) (PSEC Secretariat)
- ▶ PSO files any contract of employment entered into with a senior employee (Base salary of \$125K or above) within 15 days of the contract being signed (PSEC Secretariat)
- ▶ PSO negotiations of collective agreement(s) within mandate (PSEC Secretariat)
- ▶ [PSO executive and excluded employee compensation requirements](#) (PSEC Secretariat)
- ▶ [Public sector pension plan advice](#) (PSEC Secretariat)

Procurement

- ▶ Public sector procurement framework (including government-approved contracts) - [Procurement Governance Office](#) (OCG)
- ▶ [Core Policy and Procedures Manual Chapter 6: Procurement](#) (OCG)
- ▶ Procurement Practice Standard (OCG)

Risk Management

- ▶ [BC Government Chief Risk Office under Core Policy and Procedures Manual Chapter 14: Risk Management](#) (OCG)
- ▶ [Risk Management Guideline for the BC Public Sector](#) (RMB/Ministry of Finance)
- ▶ [Public sector business continuity under Core Policy and Procedures Manual Chapter 16:](#) (EMBC)
- ▶ [Emergency Management BC](#) (PSSG)
- ▶ [WorkSafe BC](#) (LBR)
- ▶ [BC Centre for Disease Control](#) (HLTH)

Information management/information technology (IM/IT)

- ▶ [Office of the Government Chief Information Officer – IM/IT Standards, Capital Investments and Security](#) (OCIO)
- ▶ [Chief Records Officer Directives and Guidelines](#) (CIRMO)
- ▶ [Core Policy and Procedures Manual Chapter 12: IM/IT](#)
- ▶ [Public Sector IM/IT Standards](#) (OCIO)
- ▶ [Public Sector IM/IT Guidelines](#) (OCIO)

Communications/issues management

- ▶ Regular meetings between the ministry responsible and PSO communications directors (GCPE)
- ▶ Issues notes/estimates debate material jointly prepared to support minister responsible (GCPE)
- ▶ Meetings between the ministry responsible and PSOs on requirements for posting reports on websites

* Refer to the [CABRO Information Requirements Calendar](#) for details on key PSO report-back timelines.

PSO board good governance checklist:

Based on the ***Governing in the Public Interest*** “governance practices” model, the following checklist can help PSO board administrators, chairs and directors develop a foundation for good governance success.

Board structure

Assessing board composition and strengths:

- ▶ **CABRO [Competency and Attributes Matrix](#)** (see also accompanying [Guide](#))

Delegation of roles and responsibilities:

- ▶ Establishment of committees and task forces, including terms of reference for:
 - Audit Committee
 - Finance Committee
 - Governance Committee
 - Human Resources and Compensation Committee
 - Indigenous Reconciliation

Board administration and deliberations

- ▶ Establishment of annual board and committee meeting calendar
- ▶ Travel, expense and remuneration policy and communications
- ▶ IM/IT applications/online meeting orientation and training
- ▶ Board communications and meeting protocol orientation, including rules of order, meeting minutes, open/closed/in-camera sessions and committee roles and responsibilities
- ▶ Advance distribution of board agenda packages (requiring more lead time depending on package length and complexity)
- ▶ Annual strategic planning session(s) and/or retreats
- ▶ Board meeting evaluations

Board development

- ▶ Board orientation package, including PSO mandate, chair and directors' roles and responsibilities; ethics and code of conduct; bylaws and legislation (if applicable)
- ▶ Tours of PSO operations and/or facilities
- ▶ Distribution of CABRO *Best Practice Guidelines* (2024)
- ▶ Completion of CABRO [*Governing in the Public Interest certificate program*](#)
- ▶ Board-specific conferences, forums, networking, education and/or retreats
- ▶ Sector-specific conferences and meetings
- ▶ Annual board self-management evaluation
- ▶ Performance appraisals of directors and chairs prior to term expiry (see CABRO form for boards [here](#) and tribunals [here](#))



BRITISH
COLUMBIA

Crown Agencies
Secretariat