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**GOVERNANCE GUIDELINES FOR TRANSPARENCY INTERNATIONAL
CANADA BOARD OF DIRECTORS**

Definition of Governance:

Transparent and accountable stewardship of all resources of an organization for its development

Elements of Governance for Transparency International Canada (TI-Canada):

1. Code Of Ethics:

Code of Ethics

TI-Canada, and its Officers and board of directors, will conduct its affairs in accordance with the following vision, values and guiding principles:

Vision

A world in which government, politics, business, civil society and the daily lives of people are free from corruption.

Values

Transparency
Accountability
Solidarity
Courage
Justice
Democracy
Integrity

Guiding Principles

We are a civil society organization committed to respecting the following principles:

1. As coalition builders, we will work co-operatively with all individuals and groups, with for profit and not for profit corporations and organizations, and with governments and international bodies committed to the fight against corruption, subject only to the policies and priorities set by our governing bodies.
2. We undertake to be open, honest and accountable in our relationships with everyone we work with and with each other.
3. We will be democratic, politically non partisan and non sectarian in our work.

4. We will condemn bribery and corruption vigorously and courageously wherever it has been reliably identified, although we ourselves do not seek to expose individual cases of corruption.
5. The positions we take will be based on sound, objective and professional analysis and high standards of research.
6. We will only accept funding that does not compromise our ability to address issues freely, thoroughly and objectively.
7. We will provide accurate and timely reports of our activities to our stakeholders.
8. We will respect and encourage respect for fundamental rights and freedoms.
9. We are committed to building, working with and working through national chapters world wide.
10. We will strive for balanced and diverse representation on our governing bodies.

2. Conflict of Interest:

Background

Conflicts of interest may arise from time to time in the course of a board or executive member's activities and decisions as a TI-Canada director or member of the executive, namely:

- pecuniary or financial interests;
- interests that impede a board or executive member in his or her duty to act in the best interests of the organization

Pecuniary or Financial Interest

A board or executive member is said to have a pecuniary interest in a decision when the board or executive member (or his or her employers, associates or relatives) stands to gain by that decision, either in the form of money, gifts, favours, gratuities, engagement for the provision of goods or services or other special considerations. In such cases, the declaration of any pecuniary interest held by a board or executive member (or by his or her parents, siblings, spouse and common law partner) is essential.

Board Member's Duty to TI-Canada

The TI-Canada board is deliberately comprised of people with a variety of academic, business, professional, governmental and other experience and perspectives. The intent

in this design is to gain from a broad base of experience in making decisions on behalf of TI-Canada.

The broad-based and diverse selection of board members is not, however, intended to create limited constituencies represented by individual board members. Each board member has the same responsibility to support overall the goals and objectives of TI as a whole and specifically those of TI-Canada as determined by its board.

Participation or influence in board or management decisions that selectively and disproportionately benefit particular organizations, companies or professional or academic groups is a violation of a board member's entrusted responsibility to act in a fair and objective manner in the best interests of TI-Canada.

Principle

Members of the board and executive of TI-Canada are expected to act, and be perceived to act with integrity in all matters relating to TI-Canada. Members of the board and the executive use their skills and experience to represent the goals and objectives of TI and TI-Canada and to act and make decisions that are in their collective best interest. Members of the board should not act in any way that selectively or disproportionately benefits particular agencies, companies, organizations or professional or academic groups.

Definition

A conflict of interest is a perceived or real impediment to a board or executive member's duty to support the organization's collective goals and objectives, due to the board or executive member's affiliations, obligations, or other formal associations and relationships outside the organization

Chair's Responsibilities

The chair of the TI-Canada board is responsible for ensuring that all persons nominated and/or elected to the board or the executive are made aware of the policies and procedures regarding conflict of interest. In addition these policies and procedures should be made available to the general membership of TI-Canada through publication, for example, in a newsletter.

Board and Executive Member Responsibilities

Members of the board and the executive are required to recognize that the possibility of conflict of interest exists and are expected to declare conflicts of interest in accordance with the following policy.

Conflict of Interest Policy for Members of the TI-Canada Board and Executive

- 1) For the purposes of this policy, “associates” include the parents, siblings, spouse or common-law partner of the board or executive member as well as any organization, agency, company, professional or academic group or individual (such as a business partner or fellow employee) with a formal relationship to the board member.
- 2) Every board or executive member who, either directly or through one of his or her associates has or thinks he or she may potentially have a conflict of interest with respect to a proposed or current contract, transaction, or decision of TI-Canada should promptly, and prior to proceeding with any such contract, transaction or decision, disclose the nature and extent of the interest at a meeting of the board.
- 3) If the board or executive member (or his or her associates) becomes interested in a contract, transaction or decision after the board meeting at which it is first raised, the board member should make a declaration at the next board meeting following the board member’s perception or apprehension of a conflict.
- 4) In the case of an existing contract, transaction or decision, the declaration should be made at the first meeting of the board after the member becomes a director or a member of the executive or the interest comes into being.
- 5) After making such a declaration, no interested board member should vote or be present at the vote, or otherwise attempt to influence the voting on such contract, transaction or decision, nor should the member be counted in any required quorum with respect to the vote.
- 6) If a board or executive member has made a declaration of interest in compliance with this policy, the board member is not accountable to TI-Canada for any profit he or she or his or her associates may realize from the contract, transaction or decision.
- 7) If the board or executive member fails to make a declaration of his or her interest in a contract, transaction or decision as required by this policy this may be considered grounds for forfeiture of board or executive membership.
- 8) If a board or executive member believes that any other board or executive member is in a conflict of interest position with respect to any contract, transaction or decision, the board or executive member should raise the matter and have the concern recorded in the minutes. Thereafter at the request of the board member who recorded the concern, the board should vote on whether the board member alleged to have an interest is or was in conflict. The

question of whether or not a board or executive member has a conflict of interest shall be determined by a simple majority of the board.

- 9) Every declaration of a conflict of interest and the general nature thereof should be recorded in the minutes of the board.

3. Rules of Order:

The rules of order to be used are the Roberts Rules of Order.

4. Role of Board:

The directors of TI-Canada may administer the affairs of TI-Canada in all things and make any kind of contract which TI-Canada may lawfully enter into. It may exercise all such other powers and do all such other acts and things as TI-Canada is by its charter or otherwise authorized to exercise and do.

The board of directors may prescribe such rules and regulations not inconsistent with the by-laws relating to the management and operation of TI-Canada as they deem expedient, provided that such rules and regulations shall have force and effect only until the next annual meeting of the members of TI-Canada when they shall be confirmed, and failing such confirmation at such annual meeting of members, shall at and from that time cease to have any force and effect.

5. Election/Reelection of Directors

Election of Directors:

The Governance and Nominating Committee will:

- a) Determine ideal board composition
 - should consider geography, skills, international experience, contacts, and diversity
 - attempt to balance the TI-Canada Board membership among business, professionals, government, academics and NGO's
 - what are the gaps that need to be filled?
 - where do we have enough representation now
 - ability to fund raise, or have contacts from which funds can be raised
 - interest in involvement with TI-Canada activities
- b) Set up process for getting recommendations, preferably from entire Board (do this "off line", not at Board meetings).
- c) establish priorities and availability, and look for names that fit the bill and discuss.
- d) Arrive at list of potential candidates.
- e) Do some biographical research.
- f) Arrive at list of people Committee is prepared to recommend to the Board, pending interviews.
- g) Assemble biographical material and reasons for selection.
- h) Present the Board with names and background, and request authorization to interview the candidates with regard to potential interest in becoming a Director of the Board.

- i) Conduct reference checks if appropriate
- j) Interview candidates. Interviewers should normally be at least one from the Nominations Committee and another Director. If a candidate is well known to a Director, consider the plusses and minuses of having him or her at the interview. Usually no more than two or at most three TI-Canada interviewers. Good idea to do over lunch. The key thing to avoid is to imply to a candidate that you are offering a directorship and then have the Board say no.
- k) Conduct further reference checks if appropriate.
- l) Report back to Board after interviews and make appropriate recommendations regarding Board appointments. Proceed accordingly.

Reelection of Directors:

The Governance and Nominating Committee has the option to recommend to the Board those directors eligible for reelection.

6. Appointment of Officers:

The Governance and Nominating Committee shall, on a yearly basis and following the Annual General Meeting, recommend to the Board, for election, the officers of the organization for the following year.

7. Number of Directors:

Correction to By-laws – At the Annual General Meeting in 1998, it was agreed that the by-laws be modified to reflect that, to the extent allowed by law, the Board can, between annual meetings, increase the number of Board Members, assign a term of between one and three years to each such new position and appoint people to fill each such position.

8. Duties and Responsibilities of Directors:

Each Director is responsible for:

- Being a member of TI-Canada, either through individual or corporate affiliation
- Signing off on the conflict of interest statement
- Signing off on the Code of Ethics

The Board is responsible for approving strategy and exercising due diligence.

The Board shall vote on the acceptance, by written application, of any potential TI-Canada member.

Board approval is required, before TI-Canada mailing list (not Membership List, which is not given out) is given to other organizations.

Duty to Inform:

Transparency in communication among Board Members is important. In particular, it is important for Board Members to inform the Chair, directly, or through the National Coordinator, as soon as practicable, concerning their activities that relate significantly to TI-Canada's mandate.

9. Voting:

Each director is authorized to exercise one vote. Questions arising at any meeting of directors shall be decided by a majority of votes. In case of an equality of votes, the chair of the meeting shall have a second or casting vote.

10. Relationship to Transparency International Secretariat

One Director shall be nominated by the Board, on a yearly basis, to be TI-Canada's Active Member at the Annual General Meeting of Transparency International

11. Committee Structure:

The board of directors may appoint committees (see Appendix 1 for Active Committees) as the board shall see fit and may by resolution appoint and remove the members of such committees.

Further, committee meetings will be announced to the Board in advance so that any Board member can attend, if interested. Reports on committee meetings will be given to the full Board at the subsequent meeting of the Board.

12. Circulation of Minutes:

Every effort will be taken to distribute the minutes to the full Board four weeks following a Board meeting.

13. Officers and Their Functions:**Chair of the Board:**

The Chair of the board of directors shall preside at all meetings of members and of the board of directors. The Chair shall be the chief executive officer of TI-Canada and shall have the general and active management of the affairs of TI-Canada. The Chair shall see that all orders and resolutions of the board of directors are carried into effect. The Chair provides general direction to the National Coordinator (see Appendix 2).

Vice Chair:

The Vice Chair of the board of directors shall in the absence or disability of the Chair exercise the powers of the Chair and shall perform such other duties as shall from time to time be assigned by the board of directors.

Treasurer:

The Treasurer shall have the custody of the funds and securities of TI-Canada and shall keep full and accurate accounts of all assets, liabilities, receipts and disbursements of TI-Canada in the books belonging to TI-Canada and shall deposit all monies, securities and other valuable effects in the name and to the credit of TI-Canada. The Treasurer shall disburse the funds of TI-Canada as may be directed by proper authority and shall render to the Chair and directors financial statements as agreed to at each Board meeting and annually in accordance with generally accepted accounting principles.

Secretary:

The Secretary shall attend all meetings and act as clerk thereof and record all votes and minutes of all proceedings in the books to be kept for that purpose. The Secretary shall give and cause to be given notice of all meetings of the members and of the board of directors, and shall perform such other duties as may be assigned by the board of directors or the Chair.

14. Financial Practices:**Expenditures and Salaries:**

The directors shall have power to authorize expenditures on behalf of TI-Canada from time to time and may delegate by resolution to an officer or officers of TI-Canada the right to employ and pay salaries to employees.

Travel Expense Reimbursement Policy:

(See Appendix 3.)

Fund Raising:

The board of directors shall take such steps as they may deem requisite to enable TI-Canada to acquire, accept, solicit or receive legacies, gifts, grants, settlements, bequests, endowments and donations of any kind whatsoever for the purpose of furthering the objects of TI-Canada.

Auditors:

The members shall, at each annual meeting, appoint an auditor to audit the accounts of TI-Canada for report to the members at the next annual meeting. The auditor shall hold office until the next annual meeting provided that the directors may fill any casual vacancy in the office of auditor. The remuneration of the auditor shall be fixed by the board of directors.

Books and Records:

The directors shall see that all necessary books and records of TI-Canada required by the by-laws of TI-Canada or by any applicable statute or law are regularly and properly kept. The Secretary shall keep and maintain a record of the names and addresses of all members of TI-Canada.

Signing Authorities:

Cheques for \$500 or under require either a single signature, which must be that of the Chair and President, or two signatures, as per below.

Cheques over \$500 require two signatures of the Chair, the Vice-Chair, the Treasurer or the National Coordinator, excepting that the Chair and the National Coordinator may not be the two signatures on one cheque. No signing officer may sign a cheque to himself or herself or to an entity in which he or she has a material financial interest.

Investment of Funds:

The Treasurer is authorized to invest surplus funds in GICs or their equivalent..

Solvency:

The Treasurer shall consult with the Chair and Vice-Chair in order to determine appropriate action, including if necessary, reductions in expenditures that would otherwise have been incurred, when the bank and other liquid funds fall to a critical balance, as defined below. The critical balance is \$10,000, consisting of bank and other liquid funds on hand, plus incoming funds in transit and other absolutely committed funds to be received in the next 30 days, minus committed expenditures that will be incurred in the next 30 days.

APPENDIX 1**ACTIVE COMMITTEES****Governance and Nominating Committee:**

(as of September 2000) The Board agreed to change the Nominating Committee to the Governance and Nominating Committee, with Mr. Goldie as Chair. At present, the members of the Committee are: Mr. Goldie, Ms. Bonnell, Dr. Cragg, Mr. Davies, Mr. Marshall and Mr. McWilliams. Messrs. Selley and Pal would like to keep apprised of the Committee's activities. At present, this is a Standing Committee. Any other Board Members interested in joining the Committee are invited to do so. It was noted that it is important to keep balance on the Committee amongst business, professional, academic and NGO members.

Membership Committee:

(as of September 2001) A restructured Membership Committee has been established, with Mr. McWilliams as Chair. At present, the members of the Committee are: Mr. McWilliams, Dr. Cragg, Mr. Davies and Mr. Marshall. At present, this is a Standing Committee. Any other Board Members interested in joining the Committee are invited to do so.

APPENDIX 2

RESPONSIBILITIES OF TI-CANADA'S NATIONAL COORDINATOR

The National Coordinator works under the general direction of and reports to the Chair of TI-Canada. The National Coordinator also reports to the Board at each Board Meeting. The National Coordinator, working in cooperation with the Board, Officers of the Board, Board members and the relevant Chairs of Board Committees, is responsible for:

1. The maintenance of proper up-to-date corporate and financial records and the preparation of financial statements and reports for submission to each board meeting and the annual meeting of members.
2. The quarterly publication of a TI-Canada Newsletter with special issues as required.
3. Arrangements for Board meetings, Committee meetings, and the Annual General Meeting, including serving as Secretary to the Board and the recording of minutes, circulation of minutes, agendas and other documents at the direction of the Board and Committee Chairs.
4. Assistance to officers, directors, Committees and their Chairs in fulfilling their responsibilities and carrying out their activities on behalf of TI-Canada.
5. Assistance with membership recruitment, the maintenance of accurate and up-to-date membership records, membership up-date reports at Board meetings and annual membership renewals.
6. Communication with the business community and the international NGO community, government, government agencies, and government officials with a view to enhancing awareness of Transparency International, TI-Canada, and the anti-corruption policies and initiatives of Transparency International and TI-Canada.
7. Liaison with the media with a view to increasing public awareness of the work of TI and the international anti-corruption movement currently gaining international attention.
8. Maintenance of a web page, with the web page designer.
9. The prompt distribution of TI materials, as received, to the Officers of the Board and Committee Chairs and directors as are relevant to their responsibilities and interests, or as they may from time to time request.
10. Liaison with TI-Secretariat and other TI National Chapters on issues of mutual interest.

11. Such other tasks as may be assigned by the Board or requested by members of the Board, the Vice Chair or Treasurer or its Committee Chairs in consultation with the Chair where required.

The National Coordinator shall devote an average of approximately 22 hours per week (for a yearly total of 1150) to the position for which s/he will be paid \$42.00 per hour plus GST. It being understood that without the prior approval of the Chair or Vice Chair, the time spent in any one month shall not exceed 115 hours.

The National Coordinator submits a monthly report to the Chair following the end of each month indicating days worked, time spent and a brief description of the work carried out, and payment on account thereof will be made by TI-Canada within ten days following receipt of such report.

The parties agree that the National Coordinator shall at all times be an independent contractor and that this shall not constitute a contract of employment nor shall the relationship between the parties be that of employer and employee.

Either party may terminate this agreement at any time upon fourteen (14) days' notice to the other party.

APPENDIX 3

TRAVEL EXPENSE REIMBURSEMENT POLICY

General Policy

1. The purpose of travel is to effectively advance the on-going responsibilities of TI-Canada.
2. Persons travelling to TI events should only claim expenses from TI-Canada when they would otherwise have to pay personally. They should make reasonable efforts to obtain other sources of funding. **The basic principle behind the policy is fairness to the person travelling and complete honesty and fairness by the claimant in terms of amounts claimed.**
3. Travel expenses include registration fees, accommodation and meals, as well as actual travel costs.
4. All reimbursements are subject to funds being available, which shall be determined by the Treasurer and, if necessary, the Board at the time the request is made.
5. Travel will be funded by TI-Canada when that person's attendance is seen to be a net benefit to TI-Canada, which includes attendance by Directors at the Canadian AGM. While most other travel may be undertaken by the Chair, Vice Chair and National Coordinator, we may wish to demonstrate a strong TI-Canada commitment to the subject matter of a meeting, in which other Directors may have particular expertise, or a Director may be in a position to network with others, which would be of benefit to TI-Canada, etc. In general, it is beneficial to TI-Canada for its Directors to be in personal contact with TI Secretariat personnel and other TI people around the world.
6. Any of the following guidelines may be waived by the Chair in special and unusual circumstances, in consultation with the Vice Chair and others as deemed appropriate.

Travel Reimbursement Guidelines

1. Requests for reimbursement over \$500 should be made in advance to the Chair (normally through the National Coordinator), who may consult with the Executive Officers and others as he or she sees fit. In the case of the Chair, the request should be made to the Treasurer. Requests should include the benefits that TI-Canada and the individual will obtain from the travel. Alternatively, the Chair may request the attendance of another Director.
2. The amount reimbursed includes the following:
 - In all cases, only amounts actually paid (or portion thereof when applicable), except for car mileage at Canada Customs and Revenue Agency rate.
 - The cheapest available air (or rail) fare available on a reputable airline on an advance purchase basis at the time the decision to reimburse is made. Trip cancellation insurance should be obtained and will be reimbursed. If cancellation is for non-medical reasons, TI-Canada will not reimburse cancellation fees unless there are strong mitigating circumstances. When substantial savings can be obtained on an air fare by staying at the destination for one or two additional nights, such savings should be taken advantage of whenever practicable.
 - Ground transportation between home and local airport and at destination. Public transportation should be used whenever significant savings would result, and such transportation is available and convenient. Judgment should be used to determine

the most economical and reasonably convenient option (e.g. if two or three are travelling together, taxi may be the cheapest form of transport).

- Car rental, when necessary, but not including collision damage waiver unless it is mandatory.
 - Accommodation at comfortable and safe hotels within a reasonable distance of the event attended. TI-Canada will not reimburse for luxury hotel accommodation unless it is the only safe accommodation available or when there are compelling reasons to stay at an "official" conference hotel. For guidance only, hotels in large cities should normally be equivalent to Holiday Inns or Quality Inns in Canadian cities, rather than, for example, Four Seasons or Westin.
 - Actual expenditure on meals and other incidentals. Meals should be reasonable in price in quality restaurants based on local conditions and may include a reasonable amount for alcoholic beverages. Appropriate long distance and international telephone calls (including calls from the USA) should be made whenever possible using a credit card and/or Canada Direct to avoid enormous mark-ups that most hotels add on to such calls
 - Actual expenditures of a reasonable amount on entertaining others when such entertainment is judged to be in the best interests of TI-Canada.
 - Detailed expense reports, with supporting receipts for amounts over \$10 should be submitted for all significant expenses claimed.
3. Persons travelling on TI-Canada funded trips are entitled to keep for their own benefit any air or other reward miles earned.
 4. Persons travelling on TI-Canada business (including persons who are not funded by TI-Canada) are responsible for obtaining their own health, lost baggage, accident and life insurance and TI-Canada is not liable for any loss, injury or death that may occur to such persons, or accompanying persons. On request, TI-Canada will consider reimbursing additional insurance premiums payable solely as a result of undertaking the travel concerned.

APPENDIX 4
BOARD STANDING DECISIONS

INFORMATION TO TI-CANADA MEMBERS PRIOR TO AGM

Good governance requires that the members be given - at least annually - the following:

1. Reports on the organization's business activities,
2. Reports on the organization's financial activities,
3. An invitation to attend and participate at an AGM, and
4. At that AGM, the opportunity:
 - (A) to discuss with / question / challenge the directors on matters arising out of items 1 and 2, and
 - (B) to elect persons to be the directors for the next period.
5. Draft AGM Agenda

The Governance and Nominating Committee has agreed, starting in 2002:

- A. As soon as the prior year's accounts have been cleared with the Auditors, the Board will meet to approve those accounts.
- B. At the same meeting as in A, the Chairman, Vice Chairman and National Coordinator will present to the Board their reports, in draft, on the prior year's activities. The Board will provide its comments, if any, on the drafts.
- C. At the same meeting, the Board decides on the nominees it will recommend to the members for election as directors.
- D. The audited/approved accounts, the Chairman's, Vice Chairman's and National Coordinator's reports, Minutes of the prior AGM and the names of nominees are sent to the members, along with a proxy form. (The AGM notice will have been sent earlier.)