

GOVERNANCE

HIGHLIGHTS

BOARD OF DIRECTORS COMPOSITION

Significant change in the membership of the Board of Directors occurred just as the previous fiscal year ended and the new year began, with a total of eight new Directors appointed during the months of February and April 2005.

In addition, a new Chairman of the Board, Guy Fournier, was appointed in October 2005 to replace Carole Taylor who resigned in March 2005. Pursuant to the provisions of the *Broadcasting Act*, the President and CEO served as Acting Chair during the intervening period.

COMPREHENSIVE REVIEW OF GOVERNANCE AT CBC | RADIO-CANADA

Developments proliferated in 2005 on the topic of corporate governance, especially with respect to Crown Corporations. To assist the Board in identifying the priorities for CBC | Radio-Canada, Management compiled a report card on the current state of governance at CBC | Radio-Canada, examining both external and internal developments affecting the Corporation from a corporate governance perspective, including:

- ▶ REVIEW OF THE GOVERNANCE FRAMEWORK FOR CANADA'S CROWN CORPORATIONS – MEETING THE EXPECTATIONS OF CANADIANS – TREASURY BOARD SECRETARIAT REPORT (FEBRUARY 2005);
- ▶ THE OFFICE OF THE AUDITOR GENERAL 2005 REPORT: CHAPTER 7 – GOVERNANCE OF CROWN CORPORATIONS (FEBRUARY 2005);
- ▶ REPORT OF THE OFFICE OF THE AUDITOR GENERAL ON THE CBC 2005 SPECIAL EXAMINATION (NOVEMBER 2005).

The Report Card generated a number of recommendations for Board and Management action during 2006–2007 to ensure that CBC | Radio-Canada keeps pace with new developments.

REPORTING ON CORPORATE GOVERNANCE POLICIES AND PRACTICES

BOARD RESPONSIBILITIES

In 1998, the Board adopted Terms of Reference for the Board, the Board Chairperson, the President and CEO, individual Directors, and Board Committees, which together delineate the roles and responsibilities for each element within CBC | Radio-Canada's governance structure. These were substantially revised in 2002 and are reviewed periodically and updated as necessary to ensure that they continue to provide appropriate guidance to the Board, to address emerging issues and to reflect current best practices.

Key responsibilities include:

- ▶ APPROVAL OF THE STRATEGIC DIRECTION, CORPORATE AND BUSINESS PLANS FOR THE CORPORATION;
- ▶ OVERSIGHT OF THE RISK MANAGEMENT FRAMEWORK TO ENSURE THAT THE PRINCIPAL RISKS OF THE CORPORATION'S BUSINESS ARE IDENTIFIED AND MANAGED APPROPRIATELY;
- ▶ APPROVAL OF MANAGEMENT'S SUCCESSION PLAN FOR SENIOR MANAGEMENT, THE INDUSTRIAL RELATIONS STRATEGY, AND THE OVERALL POLICY FRAMEWORK FOR THE CORPORATION;
- ▶ OVERSIGHT OF MANAGEMENT INFORMATION SYSTEMS AND PRACTICES TO ENSURE THE AVAILABILITY AND INTEGRITY OF INFORMATION FOR BOARD AND MANAGEMENT DECISION-MAKING;
- ▶ ASSESSMENT OF THE CORPORATION'S PROGRESS IN ACHIEVING ITS STRATEGIC AND BUSINESS OBJECTIVES;

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- ▶ OVERSIGHT OF THE PLANS AND POLICIES IN PLACE TO ENSURE EFFECTIVE COMMUNICATION WITH PARLIAMENT, THE PUBLIC AND STAKEHOLDERS.

BOARD INDEPENDENCE

Since 1991, the roles of Chairperson of the Board and President and CEO have been separate, pursuant to the provisions of the *Broadcasting Act*. The *Act* also provides, however, that where a vacancy exists in the office of the Chairperson, the President and CEO shall act as Chairperson.

The President and CEO is the only Director who is also a member of Management. The Directors periodically meet without Senior Management present, and on occasion, in the absence of the President and CEO, to ensure that there are opportunities for discussion of any sensitive issues.

CONFLICT OF INTEREST AND CODE OF CONDUCT

All Directors are subject to Confidentiality, Code of Conduct and Conflict of Interest rules and are required to disclose the existence of any potential or actual conflicts of interest on a timely basis so that they may be managed appropriately.

THE POSITION OF THE CEO

Prominent among the Board's key responsibilities each year are the tasks of establishing objectives for the upcoming year and evaluating the performance of the President and CEO for the preceding year. These two processes support, document and reinforce the accountability of the President and CEO to the Board.



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BOARD EVALUATION

In 2004, the Board, with the assistance of outside expertise retained specifically for this purpose, developed and implemented an evaluation process to assess its effectiveness as a Board. Due to the major change in the composition of the Board that occurred early in calendar year 2005, the Board concluded that it would be premature to undertake a Board evaluation before March 31, 2006. An evaluation will be conducted early in the 2006–2007 year.

BOARD RENEWAL

The Board continues to affirm its ongoing commitment to encourage the selection of Board members whose skills, experience and qualifications are responsive to the needs of the Corporation and who, as a group, reflect CBC | Radio-Canada's critical and unique role as Canada's national public broadcaster. Consistent with this, in 2005, the Board undertook a review of its selection criteria for the Chairperson and for individual Directors and approved further refinements to both. These criteria have been submitted to the Government for consideration in the selection process for new Board members.

In addition, development of current Board members is supported through both internal and external training programs to ensure that governance and other topical issues are brought to the Board's attention.

BOARD COMPENSATION

The Board reviewed its compensation practices in March 2006. Pursuant to the provisions of the *Broadcasting Act*, changes to Directors' compensation are subject to approval by the Minister of Canadian Heritage. At the time of writing the 2005–2006 Annual Report, the changes had been submitted to the Minister for ratification.

BOARD ATTENDANCE

Board Members' attendance is recorded and reported each year to the Nominating and Governance Committee.

WHISTLEBLOWER POLICY

In September 2004, CBC | Radio-Canada introduced a whistleblower policy, the Corporate Policy on Disclosure of Wrongdoings, as part of its Corporate policy framework. Information sessions were conducted for business units across Canada during Spring/Summer.