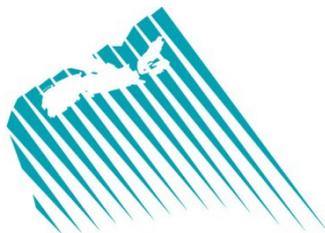


CNSOPB



CANADA-NOVA SCOTIA
OFFSHORE PETROLEUM BOARD

BOARD GOVERNANCE CHARTER

January 31, 2018
REV 7

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BOARD GOVERNANCE CHARTER CANADA-NOVA SCOTIA OFFSHORE PETROLEUM BOARD

I. INTRODUCTION

Good governance is important in decision-making and is needed to ensure a well-managed and responsible organization. To this end, this Board Governance Charter (Charter) has the following objectives:

- a) To define the primary roles and responsibilities of the Board in relation to the Governments
- b) To define the governance structure so that the roles of each party are clear
- c) To ensure that a code of conduct, including conflict of interest, is a major component of decision-making
- d) To better define performance management and evaluation.

For purposes of this Charter when “Board” is used it refers to the appointed body of members who are responsible for the governance of the organization. Any reference to the management and staff employed to support the Board will be referred to as “CNSOPB”.

II. GOVERNANCE PRINCIPLES

The Board has an important mandate to carry out and as such, it will adhere to the following values and ethics in its work. The organizational values for the staff of the CNSOPB are found in the Human Resources Policies and Procedures.

1. Integrity

The Board will be ethical, honest, objective, transparent and without bias in its actions and will act at all times and in all matters to enhance trust in the Board by its stakeholders and the public.

2. Accountability

The Board will be accountable and responsible for all its actions and decisions.

3. Independence

In keeping with its legal mandate, the Board will maintain its independence and Board Members will direct its affairs without interference.

4. Decision Making Priorities

Organizational decision making shall recognize safety as paramount. Additionally, environmental stewardship and protection is viewed as second only to safety.

5. Competence

The Board will ensure that it effectively makes decisions in keeping with its responsibilities and will ensure that it will use the appropriate knowledge and skills available both internally and externally, in order to act in a reasonable and effective manner.

6. Respect for Others

The Board will ensure that it maintains respect, courtesy and fairness in dealing with colleagues, stakeholders, those it regulates and the public.

7. Dedication

The Board will be dedicated to its mandate and ensure that its decisions and actions are, at all times, in the best interests of the Board and the public.

III. GOVERNANCE STRUCTURE

A. Overall Mandate

The Board is a governing Board, that is, it has ultimate accountability and directs the policy and programs of the CNSOPB. It is the link between the CNSOPB and the two Governments.

The Board provides the leadership for the ethical and long-term strategic direction, prioritization of objectives, decision-making regarding the stewardship and regulation of offshore petroleum resources, and risk management. It is responsible for the overall management of the Board's activities. It must make certain that system for governance, management and leadership are in place and that there is proper management of CNSOPB activities and employees.

The Accord Agreement signed by the two Governments states that the Board is empowered "to act in all such matters relating to Petroleum Resources in accordance with this Accord" (Article 2.01). It further states that it shall be "an independent Board" and that none of the members "shall act as representatives of either Party (Government)" (Article 2.02 and 2.03). The exercise of a power or the performance of a duty or function by the Board is not subject to review or approval of either Party except in respect of fundamental decisions (Article 12.01). All of these tenets determine the responsibility of the Board to govern in the public interest and in accordance with the legislation under which it is established.

B. Stakeholders

The key stakeholders of the CNSOPB are the Governments of Canada and Nova Scotia. The Board is established by the mirror legislation passed by the Parliament of Canada and the House of Assembly of Nova Scotia called the Canada-Nova Scotia Offshore Petroleum Resources Accord Implementation Acts (“the Accord Acts”).

The Board reports to these two Governments through the Minister of Natural Resources in the Government of Canada and the Minister of Energy in the Government of Nova Scotia.

C. Board Members

The two Governments are responsible for appointing their respective Board Members (two federal; two provincial and each government appointing one Alternate Board Member). The Chair is appointed jointly by the two governments. The Board Members, including the Chair, are part-time. Despite this part-time status, the Board Members owe a fiduciary duty to act in the best interests of the Board. Board Members must be conscientious in distinguishing between the Board’s interests and those of any stakeholders.

Board Members are given a briefing book when they are appointed which outlines information they require to function as members. Expenses are allowed under Board policy which at present follows those established by the federal National Joint Council. Board Members file expenses every quarter and those expenses are approved by the Chair before they are passed to CNSOPB for payment. Travel and other costs must be approved by the Chair. The Chair’s expenses are reviewed by the Chief Executive Officer (CEO) to confirm they are claimed in accordance with the Board policy on expenses and are reviewed quarterly by the Audit, Evaluation & Human Resources Committee of the Board.

Alternate Board Members have the right to attend all Board meetings and be members of Board Committees. While they do not vote, they have the right to participate in Board meetings and to receive all materials distributed to the Board. An Alternate Board Member will act in place of an absent Board Member appointed by the relevant Government when and if that Board Member is unavailable to attend a Board meeting or to be present by telephone. The Alternate Board Member will be recognized by the Chair as replacing the Board Member. At such time the Alternate Board Member becomes a Board Member and has all the privileges of same. The Alternate Board Member will remain a Board Member until such time as the Board Member becomes available.

Board Members, including Alternate Board Members, are responsible to keep all materials, information, deliberations and discussions confidential. Media and other inquiries made to Board Members will be referred to the Chair.

Board Members should not directly contact staff of the CNSOPB on matters relating to the discharge of their duties. If they require any information they should request same through the Chair or in the absence of the Chair, to the CEO. A Board Member who is a Chair of a Board Committee and who has a direct working relationship with Management Team members is able to make direct contact with the team members for purposes of their committee work. Should any issue arise between a Board Member and a staff member,

such shall be referred to the Chair who will resolve same. Below the Management Team level, any contact with staff regarding Board business must be through the CEO.

The Board has a Chair and for day-to-day management appoints a CEO to manage the ongoing activities of the Board. The Board has concluded a Governance Matrix which outlines the roles and responsibilities in more detail and is attached as Appendix A to this Charter.

IV. SPECIFIC ROLES OF THE BOARD

The Governments are responsible for the policy and legislation pertaining to the Nova Scotia offshore area. The Board is responsible for implementing that policy and legislation in accordance with legislation, regulation or general policy and for the day-to-day management of the activities required to manage the resources.

The Board has a two-pronged responsibility: one, to fulfill its responsibilities under the Accord Acts and two, to ensure proper governance internally for strategic planning and overall good governance.

Under the Accord Acts specific responsibilities include:

- Oversight of the joint management oil and gas activities in the Nova Scotia offshore area
- Provision for adequate financial resources and appropriate staff to carry out the CNSOPB's legislative mandate
- Selection and appointment of the CEO
- Monitoring the performance of the CEO and other positions appointed by the Board having legislated responsibilities
- Storage and curatorship of all geological, geophysical and other information pertaining to oil and gas activities in the offshore
- Preparation of reports to Governments, including advice as necessary
- Approval of Benefits Plans
- Decisions on all fundamental matters defined in the legislation
- Decisions on non-routine matters involving significant public interest, i.e. determining the need for public reviews, selecting commissioners, environmental and safety issues, etc.
- Coordination with other Government departments and agencies
- Designation of statute-required officers – Chief Safety Officer and Chief Conservation Officer
- Recommendation of designating statute-required officers to the appropriate Federal and Provincial Ministers – Occupational Health and Safety Officers, Operational Safety Officers, and Conservation Officers
- Setting rules, procedures and processes for issuance and oversight of offshore interests
- Approval of business plan and budget

- Approval of Environmental Studies Research Fund rates

With regard to its status as a governing board, the Board's responsibilities include:

- Annual strategic business plan and budget to Governments
- Monitoring the performance of the CEO and the CNSOPB as a whole
- Management procedures and by-laws of the Board itself and employees
- Oversee the development and approval of the CNSOPB's policies, Memorandum of Understandings and Guidelines
- Arrange for an audit of financial records and appointment of outside auditors
- Delegate, where appropriate, authority for the CEO to make decisions on behalf of the Board and monitor the CEO's decision-making
- Ensure the development and implementation of good governance policies.

V. ROLE OF THE CHAIR

The Chair is responsible for the management of the Board and is responsible for the organization of meetings, addressing governance issues and providing the liaison between the Board and the CNSOPB. The Chair is also responsible for liaison with the Governments with regard to policy and executive Board matters. To effectively carry out this mandate it is necessary for the Chair to ensure:

- Information is passed to the Board Members in a timely fashion
- Clarity of decisions made by the Board and that they are carried out
- Compliance with by-laws and management procedures
- Board Members have the opportunity to have discussions without management present
- Full participation of the Board Members
- Where possible, consensus in decision-making

The Chair is responsible for the day-to-day liaison with the CEO and will pass on all relevant information and issues that need to be addressed to the Board Members as is necessary to ensure an environment where open dialogue and information is exchanged.

The Chair is also the public face of the Board and as such must ensure that information is adequately conveyed to the public and Governments. It is the role of the Chair to liaise with outside stakeholder groups, and participate in public conferences, seminars and workshops and policy dialogues with Governments on behalf of the Board. A more detailed description is included in Appendix A.

VI. ACTING CHAIR

The Acting Chair of the Board is a member of the Board and is appointed by the Board on a six-month basis, rotating between a federally-appointed member and a provincially-appointed member. This allows each Board Member to serve in this capacity at different

times during their term. The Acting Chair will act for the Chair when the Chair is not available to act and has communicated that to the Board or circumstances are such that make it impossible for the Chair to act.

In the event that the CEO has raised issues with the Chair which he/she believes have not been adequately addressed by the Chair, the CEO shall bring these issues to the Acting Chair who will then proceed to ensure such issues are addressed satisfactorily.

VII. BOARD COMMITTEES

The Board has three official Committees: Audit, Evaluation & Human Resources; Health, Safety and Environment Advisory; and Social Responsibility. The Terms of Reference for the three Committees are attached as Appendix B, C and D.

The Board may, at any time, appoint an ad hoc committee to review specific matters and report back to the full Board. The Terms of Reference for such an ad hoc committee shall be decided by the full Board before the Committee commences its work.

The composition of the Board Committees will be reviewed as per their Terms of Reference.

VIII. CHIEF EXECUTIVE OFFICER

The Governance Matrix outlines more fully the responsibilities of the CEO. In general the CEO is responsible for the day-to-day management of the CNSOPB's operations. The CEO is accountable to the Board and is responsible for the accountability of CNSOPB staff.

The Board's role is one of oversight and the CEO is responsible to provide leadership for the staff, assist the Board in developing strategic directions, and carry out Board decisions and/or directions. The CEO must ensure that the CNSOPB performs all tasks. The CEO shall report to the Board on the measurement of the performance of the CNSOPB.

While the Chair is responsible for dealing with policy and Board management issues, the CEO is responsible for operational issues.

IX. BOARD/CEO RELATIONSHIP

It is important that the Board and CEO respect the role of the other and work collaboratively. The CEO may attend all Board meetings, except those where Board Members determine they will meet on their own.

The Board may delegate by resolution some of its duties to the CEO. The CEO will establish whatever policies, procedures, actions etc. that will be required to implement Board decisions and Board delegations.

Only decisions of the Board are binding on the CEO. Decisions or instructions from individual members are not binding unless the Board has authorized same. If there is a request from Board Members or a Committee of the Board on a matter outside the Terms of Reference of that Committee, requesting information or assistance without Board authorization, the CEO may refuse such requests if, in the CEO's judgment, they are not key to the CNSOPB's strategic direction, they require a material amount of staff time or money, or the member is or could be in a conflict of interest. The CEO will report any such decision to the Chair.

X. MEETINGS

The Board will meet at least six times a year, unless otherwise decided. The date, time and place of those meetings will be decided by the Board.

The Board may hold teleconference or video conference meetings at any time to deal with issues that arise between meetings or which they have deferred during a meeting but which require a timely decision.

The Board believes that the Management Team is integral to good decision-making and therefore at the formal meetings normally expects all Directors to be present to answer questions and provide detail for issues on the agenda.

The agenda will be determined by the Chair and CEO and will be finally approved by the Chair. Board Members are permitted to submit agenda items to the Chair and CEO for possible inclusion on the formal agenda. A briefing book will be prepared for Board Members by the CNSOPB, overseen by the CEO, and be sent to members at least ten days before the meeting. Any information required that is not in the briefing book shall be sent to the members electronically before the meeting. Members are responsible to read the materials before the meeting.

The Board has adopted norms of behavior to ensure that meetings and discussions are conducted respectfully. These norms are similar to those adopted by the CNSOPB. These norms are attached as Appendix E.

XI. WHISTLEBLOWING

A Board Member or a third party wishing to report a matter in respect of the operation of the Board or the CNSOPB, should contact the Chair, unless the matter relates to the Chair, in which case it should be reported to the Acting Chair.

XII. CODE OF CONDUCT

The Board will maintain the highest degree of ethical standards at all times in its deliberations. It is important to keep its decisions consistent and clear. It will deal in a polite

and objective manner in its dealings with its stakeholders and those it regulates at all times.

XIII. CONFLICT OF INTEREST

The Board was given Conflict of Interest Guidelines by the two Governments in 2000. Board Members must adhere to these guidelines at all times. These are attached as Appendix F.

On appointment, all Board Members should contact the Province of Nova Scotia Conflict of Interest Commissioner and declare to him/her any interests which they may have that might give rise to a conflict (should the potential of a conflict be present). The Board Member will abide by any determination by the Commissioner of a conflict and follow such instructions as are deemed necessary. Failure to do so may require the member to resign their office.

Should any change occur in their interests during the time of their appointment period which the Board Member believes will or might create a conflict of interest, the Board Member shall notify the Chair and contact the Conflict of Interest Commissioner for a determination.

1. Independence

Board Members shall perform their duties free of interference. They will report to the Chair any instance where any pressure has been put upon them from any outside entity, including the Governments which appointed them.

2. Recusal

Board Members will recuse themselves from any and all deliberations in which their ability to deal impartially with the issue at hand could be in doubt. Such a situation shall be brought to the attention of the Chair and to other members of the Board.

The Chair has the ability to call into question the presence at a meeting of any Board Member who, in the Chair's opinion, has interests that may impede the appearance of impartiality or which may give rise to a reasonable apprehension of bias. In this event, the Chair shall call a recess in the Board meeting to discuss the issue with the Board Member and if it is resolved, will resume the meeting. In the event, it is not resolved then the Chair will advise the other Board Members of the issue and request that the other Board Members resolve the issue by resolution on which the interested Board Member shall refrain from voting.

3. Confidentiality

Board Members will keep confidential all information and documents to which they are privy.

Should any Board Member have discussed confidential matters or be given information by a third person or entity that might influence the Board Member, he/she shall immediately disclose this to the Chair who must advise other Board Members. In this event, the Board

Member in question will recuse themselves from any discussion when the matter is before the Board for decision. In the case where the Chair has been approached, the Chair will disclose to the rest of the Board and during such discussion recuse himself/herself and the Acting Chair will conduct the meeting while the specific item is being discussed and resolved.

Should any such information be divulged or used by a Board Member to benefit that Board Member or any person or entity with which they have a relationship, either personally or professionally, the Chair will immediately inform other Board Members and the Board will notify the government which appointed the Board Member for resolution of the issue.

4. Political Neutrality

The nature of decision-making and the high profile, and impact of the Board's decisions on the public make it important that the Board be seen as impartial and non-political.

In 2011, the federal government issued the document [Accountable Government: A Guide for Ministers and Ministers of State 2011](#). Annex A applies to public office holders, which include Governor-in-Council appointees. All of the Board Members who are appointed federally must abide by these guidelines and they must sign an undertaking as such before they are appointed.

There are no specific provincial guidelines which pertain to the provincially appointed Board Members. As four of the Board's Members must adhere to the strict guidelines pertaining to their position, and as it is important for public perception purposes that the Board maintain impartiality at all times, the Board has adopted the federal guidelines – entitled Annex A – Ethical and Political Activity Guidelines for Public Office Holders attached as Appendix G as applying to all Board Members of the CNSOPB.

XIV. PERFORMANCE AND EVALUATION

On an annual basis the Board will undertake an evaluation of Board performance. The results of this evaluation will be collated and distributed to the Board Members. An Evaluation Form is attached as Appendix H. In addition, there will be an Evaluation of the Chair's performance. The Chair Evaluation Form is attached as Appendix I.

Any issues which arise which rate Average, Fair or Poor shall be made subject of a report to be reviewed by the Board. The Board will decide on measures to be taken to improve the performance. The results of the report will be shared with the Board two weeks before the Board meeting at which it will be considered.

**APPENDIX A
GOVERNANCE MATRIX**

CANADA-NOVA SCOTIA OFFSHORE PETROLEUM BOARD (CNSOPB) ROLES			
Governments	Board Members (includes Chair)	Chief Executive Officer	Chief Safety Officer / Chief Conservation Officer
Owners of the resource and creators of the legislation.	Strategic direction and primary decision makers, pursuant to the Accord Acts and in accordance with the Board by-laws.	Reporting to the Board, general managerial and administrative supervision over the day to day business of the Board and other duties as delegated by the Board.	Statutory Officers: <ul style="list-style-type: none"> Accountable to the Board roles, and Responsibilities and authorities defined in the Accord Acts.

CANADA-NOVA SCOTIA OFFSHORE PETROLEUM BOARD (CNSOPB) RESPONSIBILITIES				
Governments	Chair	Board Members (includes Chair)	Chief Executive Officer	Chief Safety Officer / Chief Conservation Officer
Create/Disband the Board: <ul style="list-style-type: none"> Appoint Board Members, and Chair. 	Responsible for the administrative co-ordination of Board Members and Board Meetings.	Carry out duties and responsibilities in accordance with the law. Although appointed by the Governments, not representatives of government.	Ensure that the Board is provided with complete and comprehensive briefing matters requiring Board decision or on matters of interest to the Board.	

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CANADA-NOVA SCOTIA OFFSHORE PETROLEUM BOARD (CNSOPB) RESPONSIBILITIES				
Governments	Chair	Board Members (includes Chair)	Chief Executive Officer	Chief Safety Officer / Chief Conservation Officer
Approve compensation for the Board Members.				
Approve the Chief Executive Officer selection.		Recruit, select, evaluate, and set compensation for the Chief Executive Officer.	Manage recruitment, selection, and compensation for Board employees along with succession planning.	
		Designate Chief Safety Officer and Chief Conservation Officer.		
Designate Occupational Health and Safety Officers ¹ , Operational Safety Officers ² , and Conservation Officers ² .		Recommend to the appropriate Federal and Provincial government departments for the designation of Occupational Health and Safety Officers, Operational Safety Officers, and Conservation Officers.		Provide recommendations for the designation of Occupational Health and Safety Officers, Operational Safety Officers, and Conservation Officers in the performance of their duties and provide guidance.
Establish Conflict of Interest Guidelines for Board Members.				

¹ The provincial Minister of Labour and Advanced Education and the federal Minister of Natural Resources are responsible for designating the Occupational Health and Safety Officers.

² The provincial Minister of Energy and the federal Minister of Natural Resources are responsible for the joint designation of Operational Safety Officers and Conservation Officers.

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CANADA-NOVA SCOTIA OFFSHORE PETROLEUM BOARD (CNSOPB) RESPONSIBILITIES				
Governments	Chair	Board Members (includes Chair)	Chief Executive Officer	Chief Safety Officer / Chief Conservation Officer
	Initiate periodic assessment of Board's governance.	Set Terms of Reference for, and determine Committee membership: <ul style="list-style-type: none"> • Monitor organization performance by establishing and participating in relevant Committees. 		
Provide policy information as part of Board's considerations.	Assure development of strategic direction for the CNSOPB, including mission, mandate, and objectives.	In consultation with the Board's Management Team, develop strategic direction for the CNSOPB, (at least once every five (5) years), including mission, mandate, and objectives.	Implement strategic direction set by the Board.	Implement strategic direction set by the Board as it related to health and safety, resource conservation, and environmental protection.
			Ensure Board decisions and strategic policies are communicated as appropriate.	
	Act as a liaison between Board Members and: <ul style="list-style-type: none"> • Chief Executive Officer / Chief Safety Officer / Chief Conservation Officer (directions from Chair shall be deemed to be directions from the Board and shall be in writing), and • Government (at the political level). 		Liaise with Chair on an ongoing basis.	

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CANADA-NOVA SCOTIA OFFSHORE PETROLEUM BOARD (CNSOPB) RESPONSIBILITIES				
Governments	Chair	Board Members (includes Chair)	Chief Executive Officer	Chief Safety Officer / Chief Conservation Officer
Provide Joint Directives as necessary.		Ensure compliance with Joint Directives.	Implement compliance with Joint Directives.	
Review and amend Accord Acts as deemed necessary.		Make recommendations to the Governments for proposed amendments to legislation.	Develop recommendations to Board for proposed amendments to legislation	Provide technical advice to the Governments regarding development or revision of legislation and regulations specific to the Nova Scotia offshore.
Review and make determinations on Fundamental Decisions.		Make an initial determination on all matters which are Fundamental Decisions.	Identify and advise Board on Fundamental Decisions and implement Fundamental Decisions once approved by the Governments.	
Approve and fund annual budget.		Approve annual report, business plan, budget, and compensation plan.	Develop annual report, business plan, budget, and compensation plan for Board approval.	
		Monitor financial health and performance of the Board against budget.	Maintain and report on the financial health and performance of the Board against budget.	
Establish Cost Recovery Guidelines.			Implement and manage cost recovery program.	
	Provide leadership / mentorship and manage processes to enhance Board Members' effectiveness.	Provide strategic policy direction for the operations of the CNSOPB.	Be accountable to the Board for all internal operational functions.	

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CANADA-NOVA SCOTIA OFFSHORE PETROLEUM BOARD (CNSOPB) RESPONSIBILITIES				
Governments	Chair	Board Members (includes Chair)	Chief Executive Officer	Chief Safety Officer / Chief Conservation Officer
			Provide direction and advice to senior management on a day to day basis.	
		Establish and monitor by-laws and govern according to those by-laws (including delegation of authority).		
		<p>Ensure implementation of the Accord Acts and other relevant legislation by the Board Members, the Chief Safety Officer, the Chief Conservation Officer, and the Chief Executive Officer including staff under his or her direction:</p> <ul style="list-style-type: none"> • Health and safety for offshore workers. • Protection of the environment during offshore petroleum activities, • Management and conservation of offshore petroleum resources, • Monitoring of employment and industrial benefits, 	<p>Monitor compliance with Accord Acts and other relevant laws and advise the Board on same:</p> <ul style="list-style-type: none"> • Issue regulatory authorizations in accordance with delegated authority (delegation under review), and • Manage emergency response. 	<p>Report to the Board Members on health and safety, conservation, and environment performance in the Nova Scotia offshore:</p> <ul style="list-style-type: none"> • Issue regulatory authorizations in accordance with delegated authority (delegation under review). • Authorize regulatory deviations or exemptions in accordance with Accord Acts. • Chief Safety Officer: report to the Governments on health and safety performance in the Nova Scotia offshore,

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CANADA-NOVA SCOTIA OFFSHORE PETROLEUM BOARD (CNSOPB) RESPONSIBILITIES				
Governments	Chair	Board Members (includes Chair)	Chief Executive Officer	Chief Safety Officer / Chief Conservation Officer
		<ul style="list-style-type: none"> • Issuance of licence for exploration and development, and • Resource evaluation, data collection, curation, and distribution. 		<ul style="list-style-type: none"> • Issue regulatory approvals in accordance with regulations or delegated authority, • Conduct related monitoring and investigations, • Ensure appropriate use of compliance and enforcement tools, and • Make determinations with respect to prosecution.
				Issue orders, directives, or notices where appropriate.
	Identify and plan for emerging and developing issues.	Identify and plan for emerging and developing issues.	Identify and plan for emerging and developing issues.	Identify and plan for emerging and developing issues.
Facilitate Intergovernmental and Departmental liaison re: regulatory requirements.	Maintain and enhance relationship between the Governments (at the political level) and Board.	Monitor effective government and stakeholder relations.	Manage effective government (at the non-political level) and stakeholder relations.	Manage effective government (at the non-political level) and stakeholder relations within the scope of their authority.
			Ensure development and implementation of an appropriate training and performance management system for Board employees.	

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CANADA-NOVA SCOTIA OFFSHORE PETROLEUM BOARD (CNSOPB) RESPONSIBILITIES				
Governments	Chair	Board Members (includes Chair)	Chief Executive Officer	Chief Safety Officer / Chief Conservation Officer
	Promote a public understanding of the Board's mission, mandate, and objectives.		Manage appropriate dissemination of information about the Board, the resource, and regulatory processes.	
Conduct five (5) year Review of Accord Objectives (not Acts).				

APPENDIX B

AUDIT, EVALUATION & HUMAN RESOURCES COMMITTEE TERMS OF REFERENCE

1. PURPOSE

- 1.1 The primary function of the Audit, Evaluation & Human Resources Committee (the “Committee”) is to assist the Canada-Nova Scotia Offshore Petroleum Board (the “Board”) in fulfilling its responsibilities by reviewing:
- a) the financial information that will be provided to the Governments and the public;
 - b) that the officers and the employees of the Board act in accordance with management systems and controls established by the Board;
 - c) all audit processes and;
 - d) human resources strategies, plans, policies, and related matters.
- 1.2 Primary responsibility for the financial reporting, information systems, risk management, human resources, and internal controls of the Board is vested in management and is overseen by the Board.

2. COMPOSITION AND OPERATIONS

- 2.1 The Committee shall be composed of at least three Board Members appointed annually at the first Board meeting following the end of the Board’s fiscal year.
- 2.2 All members of the Board are eligible for membership.
- 2.3 At the Board’s discretion, additional members (non-Board members) may be elected to the Committee. Non-Board members cannot be employees of the Board.
- 2.4 Non-Board members shall be required to sign an Agreement addressing confidentiality, liability, and conflict of interest in a manner satisfactory to the Board prior to being appointed.
- 2.5 The Chair of the Committee shall be a Board member.
- 2.6 At least three of the members of the Committee shall be financially literate³, where possible, and at least one will have accounting or related financial experience.

³ The Board has defined “financial literacy” as: the ability to read and understand a balance sheet, income statement and a cash flow statement in accordance with Canadian GAAP. Where there is a requirement for a Board member to have accounting or financial experience this means the Board member shall have the ability to analyze and understand a full set of financial statements, including the notes attached thereto in accordance with Canadian GAAP

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- 2.7 The Committee shall meet at least quarterly.
- 2.8 The Board will provide resources to the Committee for all its administrative needs.
- 2.9 The Committee shall meet with the external auditors as it deems appropriate to consider any matter that the Committee or auditors determine should be brought to the attention of the Board.
- 2.10 The Committee has access to the Board's senior management and documents as required to fulfill its responsibilities and is provided with the resources necessary to carry out its responsibilities.
- 2.11 The Committee chair will prepare, and the Secretary of the Board will distribute, an agenda for an upcoming meeting to the Committee members at least one week in advance of a meeting, attaching written copies of any presentations or documents to be discussed at the meeting.
- 2.12 The Secretary of the Board will prepare minutes of each meeting in sufficient detail to convey the substance of all discussions held. Once reviewed by the Committee Chair, the Secretary of the Board will distribute to all Committee Members and, once approved, is responsible for filing them with the minutes of the Board.
- 2.13 Attendance at a Committee meeting will be considered to be the same as a Board meeting for the purpose of determining fees and expense reimbursement for members.
- 2.14 From time to time, as deemed required by the Committee, the Committee may retain independent advice regarding matters under the purview of the Committee.

3. DUTIES AND RESPONSIBILITIES

Subject to the legislative powers and duties of the Board, the Committee will perform the following duties:

AUDIT AND EVALUATION COMMITTEE RESPONSIBILITIES

3.1 Financial Statements and Other Financial Information

- 3.1.1 The Committee will review, and recommend for approval to the Board, financial information that will be made available to the public. This includes:

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- a) review and recommend for approval the Board's annual audited financial statements and report to the Board before the statements are approved by the Board;
- b) review, and recommend to the Board for approval, the financial content of the Annual Report and ensure that it is consistent with the audited financial statements.

3.1.2 The Committee will review and discuss:

- a) the appropriateness of accounting policies and financial reporting practices used by the Board;
- b) any significant proposed changes in financial reporting and accounting policies and practices to be adopted by the Board;
- c) any new or pending developments in accounting and reporting standards that may affect the Board;
- d) management's key estimates and judgments that may be material to financial reporting.

3.1.3 The Committee will review the financial statements of the Board on a quarterly basis. The statements will be restricted to summary statements and variances to budget; the income statement (covering both government contributions and industry cost recovery) and the balance sheet.

3.2 Risk Management, Internal Control and Information Systems

The Committee will review and obtain reasonable assurance that the risk management, internal control and information systems are operating effectively to produce accurate, appropriate and timely management and financial information. This includes:

3.2.1 Review the Board's risk management controls and policies;

3.2.2 Obtain reasonable assurance that the information systems are reliable and the systems of internal controls are properly designed and effectively implemented through discussions with, and reports from, management and the external auditor;

3.2.3 Review management's steps to implement and maintain appropriate internal control procedures including a review of policies;

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3.2.4 Review adequacy of security of information and information systems and recovery plans;

3.2.5 Monitor compliance with statutory and regulatory obligations;

3.2.6 Review the adequacy of accounting and finance resources.

3.3 External Audit - Financial

The independent auditor is ultimately responsible to the Committee and the Board. The Committee will review the planning and results of external audit activities and the ongoing relationship with the external auditor. This includes:

3.3.1 Review, and recommend to the Board for approval, the engagement of the external auditor;

3.3.2 Review the annual external audit plan, including but not limited to the following:

- a) engagement letter;
- b) objectives and scope of the external audit work;
- c) materiality limit;
- d) areas of audit risk;
- e) staffing;
- f) timetable; and
- g) proposed fees.

3.3.3 Meet with the external auditor to discuss the Board's annual financial statements and the auditor's report including the appropriateness of accounting policies and underlying estimates;

3.3.4 Review and advise the Board with respect to the planning, conduct and reporting of the annual audit, including but not limited to:

- a) any difficulties encountered, or restrictions imposed by management, during the annual audit; and
- b) any significant accounting or financial reporting issue.

3.3.5 Review the auditors' evaluation of the Board's system of internal controls, procedures and documentation;

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- 3.3.6 Review the post audit or management letter containing any material findings or recommendation of the external auditor, including management's response thereto and the subsequent follow-up to any identified internal control weaknesses;
- 3.3.7 Assess the performance and consider the annual appointment of external auditors for recommendation to the Board;
- 3.3.8 Review and receive assurances on the independence of the external auditor;
- 3.3.9 Review the non-audit services to be provided by the external auditor's firm or its affiliates (including estimated fees), and consider the impact on the independence of the external audit;
- 3.3.10 Meet periodically, and at least annually, with the external auditor without management present; and
- 3.3.11 Address any other matters the external auditor brings to the Committee's attention.

3.4 Internal Audit

The Committee is responsible to cause internal audits to be conducted to ensure that the officers and employees of the Board act in accordance with management systems and controls established by the Board and this includes:

- 3.4.1 Review of the Board's internal management system audit schedule.
- 3.4.2 Review of findings and corrective actions from internal management system audits.

3.5 Human Resources

- 3.5.1 Maintain current a strategy and plan for Board's Chief Executive Officer (CEO) succession.
- 3.5.2 Review with the CEO the Board's strategy for succession planning across all management levels and ensure that succession plans are in place for senior executive positions that report to the CEO, and additionally for the Chief Safety Officer and Chief Conservation Officer positions.

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- 3.5.3 Review with the CEO, and recommend to the Board for approval, the Board's compensation plan and benefits strategy.
- 3.5.4 Review with the CEO, and recommend to the Board for approval, the Board's strategy respecting human resources and planning, including recruitment, training, performance management and related matters and to report to the Board on the implementation of these strategies at least once a year.
- 3.5.5 Review, on an annual basis, staffing levels and organizational competencies to ensure that the duties and functions of the Board can be adequately performed.
- 3.5.6 Review, on an annual basis, reclassifications of job positions within the organization that have been approved and put into effect by the CEO over the previous twelve months.
- 3.5.7 Review, and recommend to the Board for approval, a performance evaluation process for the CEO and ensure the process is implemented.
- 3.5.8 Review, and recommend to the Board for approval, the CEO's compensation, including incentives, benefits and retirement plans.
- 3.5.9 Review with the CEO any significant outside commitment the CEO is considering for himself or herself before the commitment is made. This includes, but is not limited to, commitments to act as director or trustee of for-profit and not-for-profit organizations. The Committee will also review with the CEO on an annual basis all commitments made over the previous 12-month period.
- 3.5.10 Review the proposals of the CEO for major changes in the organizational structure of management.
- 3.5.11 Review, on an annual basis, the performance and compliance of management concerning employee safety.

3.6 Other

- 3.6.1 Review insurance coverage of significant business risks and uncertainties;
- 3.6.2 Review material litigation and its impact on financial reporting and meet at least annually with the Board's General Counsel to review outstanding legal issues relating to the Board;

APPENDIX B

- 3.6.3 Ensure the Board has established procedures for the receipt and treatment of complaints received by the company regarding accounting or audit matters and anonymous submissions by employees of concerns regarding questionable accounting or auditing matters;
- 3.6.4 Review policies and procedures for the review and approval of Board Members' and employees' expenses and perquisites;
- 3.6.5 Review expenses of the Board Chair and Chief Executive Officer and the fees of the Board Chair quarterly; and
- 3.6.6 Review the terms of reference for the Committee annually and make recommendations to the Board as required.

3.7 Investment Policy Statement – Supplemental Pension and Retiring Allowance and Benefits Portfolio

- 3.7.1 The Committee will review and recommend for approval to the Board, an Investment Policy Statement for the Board's Supplemental Pension and Retiring Allowance Portfolio. The monies covered by this investment policy statement are designed to pre-fund the Board's present and future obligations with respect to funding the supplemental pension (SERP), retirement allowances, and any other financial obligations to retired and retiring employees.
- 3.7.2 The Committee will review on an annual basis, the investments and returns earned under the Investment Policy.

4. ACCOUNTABILITY

The Committee shall report its discussions to the Board by oral or written report at the next Board meeting.

APPENDIX C

HEALTH, SAFETY & ENVIRONMENT (HS&E) ADVISORY COMMITTEE TERMS OF REFERENCE

1. PURPOSE

- 1.1 The purpose of the HS&E Advisory Committee (the “Committee”) is to assist the Canada-Nova Scotia Offshore Petroleum Board (the “Board”) in fulfilling its health, safety and protection of the environment mandate as set out in the Accord Acts and regulations.

2. COMPOSITION AND OPERATIONS

- 2.1 The Committee shall be composed of at least three members, and at least two of them shall be Board members. At Committee inception, the Board shall elect three Committee members: one for a 3 year term, one for a 2 year term, and one for a 1 year term. Thereafter, the Board shall appoint or reappoint new members to fill vacancies, typically for 3 year terms, as and when they occur.
- 2.2 All members of the Committee should preferably have experience with offshore oil and gas activities. Non-Board members may only be elected to the Committee if they have such experience. Non-Board members cannot be employees of the Board.
- 2.3 Non-Board members shall be required to sign an Agreement addressing confidentiality, liability, and conflict of interest in a manner satisfactory to the Board prior to being appointed.
- 2.4 The Chair of the Committee shall be a Board member.
- 2.5 The Committee should meet one to two weeks ahead of every regularly scheduled Board meeting, at a minimum.
- 2.6 The Committee will have access to the Board's Chief Safety Officer (CSO), its Director, Operations / Health, Safety & Environment, and other staff members that they may choose at their discretion, along with access to any documents as required, to fulfill its responsibilities. Furthermore, the Committee will be provided with the technical and administrative resources necessary to carry out its responsibilities.
- 2.7 The Committee Chair will distribute an agenda of all meetings to the members at least one week in advance of a meeting attaching written copies of any presentations or documents to be discussed at the meeting.
- 2.8 The Committee Chair will prepare minutes of all meetings in sufficient detail to convey the substance of all discussions held for distribution to the Board members and the Chair or Secretary of the Board for filing with the minutes of the Board.

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- 2.9 Attendance at a Committee meeting will be considered to be the same as a Board meeting for the purpose of determining fees and expense reimbursements for members.

3. DUTIES AND RESPONSIBILITIES

Subject to the legislative powers and duties of the Board, the Committee will perform the following duties:

- 3.1 Formulate, for presentation to the Board, recommendations for the Board's strategic direction with respect to its regulatory responsibilities for health, safety and environmental protection to promote the use of best practices and continuous improvement. The Committee will propose any changes to such that may be required from time to time.
- 3.2 Review and obtain reasonable assurance that the necessary policies, systems, guidelines and Memoranda of Understanding are in place for ensuring regulatory due diligence by the Board in carrying out its mandate with respect to health, safety and protection of the environment, and assess their effectiveness.
- 3.3 Review and obtain reasonable assurance that organizational decision making recognizes that safety shall be paramount. Additionally, assure that environmental stewardship and protection is viewed as second only to safety. Assure that appropriate policies and systems are in place to deal with any potential or perceived conflict of interest between safety and other elements of the Board's mandate. Assure that the CSO has direct reporting access to the Committee Chair with respect to any conflicting safety issues, and that the Director, Operations / Health, Safety & Environment has direct reporting access to the Committee Chair with respect to any conflicting environmental issues. Any material conflicts, real or perceived, should be immediately reported to the Board's Chair and Chief Executive Officer.
- 3.4 Review all instances reported to the Committee in which the CEO, in exercising Board delegated authority for authorizing, approving, suspending or revoking of work or activity authorizations or well approvals, has not accepted the recommendations of the CSO (with respect to safety matters), or the Director, Operations / Health, Safety & Environment (with respect to environmental matters). In such instances, the Committee shall, after consulting with all parties, consider the matter and report to the full Board providing their opinion and recommendation (if any) for further action.
- 3.5 Be apprised of any assistance, recommendations made to, or reporting to governments concerning health, safety and environmental issues.

APPENDIX C

- 3.6 Review and obtain reasonable assurance, at appropriate times and at least annually, that individual and collective response plans for a major spill are resourced and coordinated, well defined, and regularly tested, individually and collectively.
- 3.7 At each Committee meeting, review the following items for the time period spanning from the last Committee meeting to present (including any items that remained open from a previous reporting period), and obtain reasonable assurance that appropriate actions are being taken by Board staff:
- i. significant HS&E issues raised by Board staff
 - ii. work and activity authorizations and well approvals recommended for issuance
 - iii. CSO statutory approvals granted (RQF's, Scopes of Work for CoF's, work or activity sub-approvals)
 - iv. orders and directives issued by Officers in relation to HS&E matters
 - v. external audit and inspection plans and results
 - vi. reportable incidents (pursuant to the C-NLOPB and CNSOPB Guideline for the Reporting and Investigation of Incidents)
 - vii. disabling injury statistics, spill statistics, and trends
 - viii. worker complaints filed
 - ix. investigations being conducted
 - x. emergency response events and exercises
 - xi. response to findings from major international incidents
 - xii. internal audit results
- 3.8 Core (i.e. summary level) HS&E information will be provided to the full Board, but supplemental details will be provided to, and more detailed discussion will occur at, the Committee level.
- 3.9 Review the terms of reference for the Committee annually and make recommendations to the Board as required.

4. ACCOUNTABILITY

- 4.1 The Committee shall report its discussions to the Board by oral or written report at the Board meeting following their Committee meeting, or sooner with respect to instances raised pursuant to section 3.

APPENDIX D

SOCIAL RESPONSIBILITY COMMITTEE TERMS OF REFERENCE

1. PURPOSE

- 1.1 The primary function of the Social Responsibility Committee (the “Committee”) is to oversee the staff of the Canada-Nova Scotia Offshore Petroleum Board (the “Board”) in building and maintaining its “license to regulate”.
- 1.2 Social responsibility is defined by the impact of the decisions and activities of the CNSOPB on its stakeholders and their environment taking into account the different views of stakeholders. CNSOPB will serve the public’s interest by building confidence and trust with stakeholders in the CNSOPB’s regulation of oil and gas activities in the Nova Scotia offshore area. This will be done by staying informed about the safety, environmental, social and political concerns through:
 - a) engaging stakeholders, and listening to and responding to concerns that are raised that are within the Board’s mandate;
 - b) educating stakeholders on the mandate of the CNSOPB and the rigor with which it is implemented; and by
 - c) proactively disseminating information to build public trust.
- 1.3 The Committee will strive to ensure that social responsibility best practices have been identified and implemented by Board staff.

2. COMPOSITION AND OPERATIONS

- 2.1 The Committee shall be composed of at least three Board Members appointed annually at the first Board meeting following the end of the Board’s fiscal year.
- 2.2 All members of the Board are eligible for membership.
- 2.3 At the Board’s discretion, additional members (non-Board members) may be appointed to the Committee. Non-Board members cannot be employees of the Board.
- 2.4 Non-Board members shall be required to sign an Agreement addressing confidentiality, liability, and conflict of interest in a manner satisfactory to the Board prior to being appointed.
- 2.5 The Chair of the Committee shall be a Board member.
- 2.6 The Committee shall meet at least quarterly.

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- 2.7 The Board will provide resources to the Committee for all its administrative needs.
- 2.8 The Committee has access to the Board's senior management and documents as required to fulfill its responsibilities and is provided with the resources necessary to carry out its responsibilities.
- 2.9 The Committee Chair or delegate will prepare and distribute an agenda for an upcoming meeting to the Committee members at least one week in advance of a meeting, attaching written copies of any presentations or documents to be discussed at the meeting.
- 2.10 The Committee Chair or delegate will prepare minutes of each meeting in sufficient detail to convey the substance of all discussions held and distribute to all Committee Members. Once approved, they will be filed with the minutes of the Board.
- 2.11 Attendance at a Committee meeting will be considered to be the same as a Board meeting for the purpose of determining fees and expense reimbursement for members.
- 2.12 From time to time, as deemed required by the Committee, the Committee may retain independent advice regarding matters under the purview of the Committee.

3. DUTIES AND RESPONSIBILITIES

Subject to the legislative powers and duties of the Board, the Committee will perform the following oversight duties:

3.1 Environmental Scan and Strategic Planning

- 3.1.1 Review CNSOPB's strategic engagement plan for relationship building to ensure processes are in place for identifying and maintaining a list of stakeholders, and for establishing strategies, narrative, and channels to reach each of them.
- 3.1.2 Review and obtain reasonable assurance that appropriate methods and tools are employed to measure public opinion and attitudes towards the CNSOPB, and for maintaining a current understanding of the social factors that may affect future projects along with other issues and concerns.

3.2 Public Engagement

- 3.2.1 Review the CNSOPB's strategic approach to public engagement to ensure that appropriate forums are provided to proactively inform and

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educate the public on the mandate of the CNSOPB and how it is implemented in the public interest.

3.2.2 Review and obtain reasonable assurance that processes are in place for the dissemination of trusted and widely accessible information that assist the public in understanding how offshore oil and gas activities are regulated, how safety and environmental protection is ensured, and that such information speaks to stakeholder issues and concerns that are raised.

3.2.3 Review and obtain reasonable assurance that opportunities are provided for issues and concerns to be raised, and that such issues and concerns are appropriately responded to.

3.3 Fisheries Advisory Committee

3.3.1 Review and obtain reasonable assurance that appropriate processes are in place to guide the Board's consultation and engagement activities with the Fisheries Advisory Committee, and review outcomes from meetings to such that reasonable assurance is obtained that objectives of the Committee are being met.

3.4 Aboriginal Consultation / Engagement

3.4.1 Review and obtain reasonable assurance that the CNSOPB is meeting its commitments to governments, as set out in a Memorandum of Understanding, to support the Crown's Aboriginal consultation and accommodation duties.

3.4.2 Review and obtain reasonable assurance that appropriate processes are in place to guide the CNSOPB's aboriginal consultation and engagement activities.

3.5 Review of Comments – Call for Bids

3.5.1 Review public comments that may have been received, along with those that may have been provided by Aboriginal groups, in relation to a Call for Bids for the issuance of interests in the Canada-Nova Scotia offshore area. Advise the Board accordingly ahead of its making of a fundamental decision to issue interests.

3.6 Shareholder Engagement

3.6.1 Review and obtain reasonable assurance that elected officials are kept informed on social matters of importance, and that they are provided with appropriate information to effectively respond when public concerns are brought to their attention.

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3.6.2 Review and provide recommendations as to the appropriate positioning with the federal and provincial government with respect to our joint roles in public engagement and aboriginal consultation / engagement.

3.7 Media Relations

3.7.1 Review and obtain reasonable assurance that an appropriate media relations plan is in place, and that media relations products are current and effective.

4. ACCOUNTABILITY

The Committee shall report its discussions to the Board by oral or written report at the next Board meeting

APPENDIX E

NORMS OF BEHAVIOUR FOR THE CANADA-NOVA SCOTIA OFFSHORE PETROLEUM BOARD MEMBERS

These norms have been adopted to ensure that meetings of the Board are always conducted where the paramount objective is consideration for others.

DECISION MAKING

- Board Members need to be involved in the decision-making process.
- Board Members need to ensure that the reasons for Board decisions are clear.
- Board Members are expected to bring their point of view forward, to express their agreement and disagreement, to make certain they have a right to speak and to be heard. Once a decision is made, all Board Members must support the implementation of the decision.
- Informed silence means consent.

MEETINGS

- The Chair shall start meetings on time and end them on time.
- Board Members are expected to arrive on time and be prepared to actively participate.
- Board Members shall conduct themselves politely and minimize interruptions while others are speaking and listen actively and speak openly.
- During meetings with an external party the Board Members will ensure that party is given full opportunity to make their presentation and raise whatever issues necessary.

ISSUE RAISING

- It is the responsibility of Board Members to raise issues they believe are affecting the Board and/or CNSOPB.

COMMUNICATION

- Communicate openly, honestly and respectfully.
- Provide positive feedback and be constructive in critical feedback.
- Be respectful of other's points of view and ideas.

APPENDIX F

CANADA-NOVA SCOTIA CONFLICT OF INTEREST GUIDELINES FOR MEMBERS OF THE CANADA-NOVA SCOTIA OFFSHORE PETROLEUM BOARD

1. DEFINITIONS

In these guidelines:

- (a) "*Conflict of Interest Commissioner*" means Conflict of Interest Commissioner for the Province of Nova Scotia;
- (b) "*Board*" means the Canada-Nova Scotia Offshore Petroleum Board;
- (c) "*Business Entity*" includes a person, partnership, association, or corporation which engages in or which in the knowledge of the Member is about to engage in operations or the provision of goods and services pertaining to the exploration, development, production, conservation, transportation or processing of petroleum in the Offshore Area, and includes those engaged in environmental, supply, or safety operations in connection with the foregoing;
- (d) "*Chairman*" means Chairman of the Board;
- (e) "*Chief Executive Officer*" means Chief Executive Officer of the Board;
- (f) "*Controlled Assets*" means assets, the value of which could reasonably be expected to be affected by Board decisions;
- (g) "*Declarable Assets*" means assets of a substantial value or any investment or business relationship in the petroleum sector not related to the Offshore Area which could be perceived as potentially giving rise to a conflict of interest;
- (h) "*Federal Minister*" means the Minister of Natural Resources Canada;
- (i) "*Full-time Member*" is a salaried Board Member;
- (j) "*Implementation Acts*" means the Canada-Nova Scotia Offshore Petroleum Resources Accord Implementation (Nova Scotia) Act, S.N.S. 1987, c.3, and the Canada-Nova Scotia Offshore Petroleum Resources Accord Implementation Act, S.C. 1987, C.28;
- (k) "*Member*" means a part-time or full-time Member of the Board appointed pursuant to the Implementation Acts; and includes the Chairman and Chief Executive Officer;
- (l) "*Offshore Area*" means the Offshore Area as defined in the Implementation Acts;
- (m) "*Part-time Member*" means a Board Member or alternate receiving an annual retainer and per diem fees while engaged in Board business, or a Public Servant as defined in the Implementation Acts who is not already subject to conflict of interest guidelines;

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- (n) "*Provincial Minister*" means the Provincial Minister Responsible for the Petroleum Directorate and the Accord Implementation Act;
- (o) "*Relative*" in relation to a Member includes his or her mother and father, sisters, and brothers, spouse, sons, and daughters and their spouses; and
- (p) "*Spouse*" means a person married to another person and includes individuals who, not being married to each other, live together as husband and wife.

2. PRINCIPLES

Members shall act honestly and in good faith at all times, with regard to the interests, operations and functions of the Board. Accordingly, Members shall comply with the following:

- (a) Members shall, at all times, act in a manner that will bear the closest public scrutiny an obligation that is not fully discharged by simply acting within the law;
- (b) Members shall not step out of their official roles to assist private entities, organizations or persons in their dealings with the Board where this would result in, or would give the appearance of, preferential treatment to any person;
- (c) Except as provided as a condition of their appointments, Members shall not use or allow the use of Board property including property leased to the Board, for other than Board purposes;
- (d) Members shall avoid being placed or giving the appearance of being placed under an obligation to any person, private entity or organization that might profit or appear to profit from special consideration on the part of the Member;
- (e) Members shall perform their official duties and shall arrange their private affairs in such a manner that will:
 - i. Prevent real, potential or apparent conflicts of interest from arising; and
 - ii. Preserve and enhance the integrity, objectivity, and impartiality of the Board;
- (f) Members shall exercise care in the management of their private affairs so as not to benefit, or appear to benefit, from the use of information acquired during the course of their official duties which information is not generally available to the public;
- (g) Members shall not place themselves in a position where they could derive any direct or indirect benefit or interest from any matter before or pertaining to the Board over which that Member can influence decisions;

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- (h) Members shall in the manner provided herein disclose all business, commercial, or financial interests where such interests might be construed as being in actual or potential conflict with their official duties;
- (i) Members shall not hold an outside office or employment which place on the Member demands inconsistent with their official duties or which call into question their capacity to perform those duties in an objective manner;
- (j) Members will not solicit or accept transfers or economic benefits other than incidental gifts, customary hospitality, or other benefits of nominal value, unless the transfer is pursuant to an enforceable contract or property right of the Member and is not contrary to these guidelines; and
- (k) Members shall not act after they leave the Board in such a manner as to take improper advantage of their previous office.

Where it is alleged that there is a breach of these guidelines or a conflict of interest, the matter will be resolved in such a manner that will enhance and preserve the impartiality and integrity of the Board.

3. PROHIBITED ACTIVITY

- (a) Members shall not, outside their official duties with the Board:
 - i. Engage in the practice of a profession;
 - ii. Actively manage or operate a business or commercial activity;
 - iii. Retain or accept directorships or offices in a Business Entity; or
 - iv. Serve as a paid consultant;

unless information in sufficient detail to describe the activities is provided in writing to the Federal and Provincial Ministers and their written approval is first obtained.

- (b) Members shall not in respect of their powers, duties and functions under the Implementation Acts, give preferential treatment to Relatives or friends or to organizations in which Relatives or friends have an interest.
- (c) Members shall not participate in the process of appointments or promotions of Board staff where the Member may be in a position to in any way influence the decision to appoint or promote a Relative.

4. INVESTMENTS AND OTHER FINANCIAL INTERESTS

In this section, 'Trusts' means a blind trust, frozen trust, or retention trust as described in Schedule 'A' to these guidelines, and all trusts established pursuant to these guidelines, shall be established in compliance with the provisions of these guidelines, and in particular, Schedule 'A'.

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4.1 Controlled Assets

- (a) During the term of a Member's appointment, such Members shall not acquire any Controlled Assets, nor enter into any agreement with a Business Entity.
- (b) If, at the time of appointment, a Member or his or her relative in the knowledge of the Member, hold any Controlled Assets, is party to an agreement with a Business Entity, or has or later acquires an interest as a result of which there is a possibility of a conflict between such an interest and his or her position as Member, the Member shall:
 - i) Table at the next regular Board meeting, a written declaration in sufficient detail to describe the Controlled Assets or the nature of the agreement or interest, for disclosure to the other Members and for filing with the minutes of such Board meeting; and
 - ii) If a change in such Controlled Assets or agreement is made, table at the next regular Board meeting following such change a written declaration of such change for disclosure to the other Members and for filing with the minutes of such Board meeting
- (c) Following the action noted in 4.1.b. where a Member owns Controlled Assets, he or she must either sell them in an arm's length transaction or make them subject to a trust arrangement.
- (d) Confirmation of sale and a copy of any executed trust instrument shall be filed with the Conflict of Interest Commissioner, and with the exception of a statement that a sale has taken place or that a trust exists, all information relating to the sale and the trust is confidential.
- (e) For the purposes of these guidelines, trust arrangements shall be such that they do not leave in the hands of the Member any power of management or decision over the assets placed in trust.

However, the trust agreement may include general parameters which may be modified from time to time, such as to what extent equities will be chosen for investment as compared to fixed interest securities.
- (f) The Conflict of Interest Commissioner has the responsibility for determining that trust arrangements meet the requirements of these guidelines.
- (g) A Member shall be reimbursed by the Board for all reasonable trust costs incurred as a result of creating, administering, and terminating a trust under these guidelines, but these costs shall not include any loss of investment or value of property while held in trust.

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4.2 Declarable Assets

- (a) Members shall, within a reasonable period of time after their appointment, provide to the Conflict of Interest Commissioner, a written statement of any "Declarable Assets" held by the Member.
- (b) The Conflict of Interest Commissioner shall review the written statement of Declarable Assets and, following consultation with the Member, shall determine whether ownership of any of the assets places or could place the Member in a real or perceived conflict of interest situation.
- (c) Where the Conflict of Interest Commissioner makes a determination that there is a real or potential conflict of interest with respect to a Declarable Asset pursuant to sub-section 4.2.b, the Commissioner shall either deem the asset to be a Controlled Asset for purposes of these guidelines or, the Commissioner shall reach agreement with the Member to eliminate the potential conflict of interest with respect to the asset.
- (d) Where a Declarable Asset is deemed by the Conflict of Interest Commissioner, pursuant to sub-section 4.2.c. to be a Controlled Asset, the Member shall comply with the provisions of these guidelines as if the asset was a Controlled Asset. Where the Member and the Conflict of Interest Commissioner reach an agreement referred to in sub-section 4.2.c., the Member shall comply with the provisions of the agreement.
- (e) Where a Member disagrees with any determination by the Conflict of Interest Commissioner, pursuant to sub-section 4.2.c., or sub-section 4.2.d., the Member may seek a Ministerial determination with respect thereto in accordance with Section 10.

5. VOTING AND DISCUSSIONS AT BOARD MEETINGS

If a Member holds or has knowledge that his or her Relative holds any rights, interest or share in, or is party to an agreement with a Business Entity, the Member shall leave any meeting of the Board prior to discussion of, and not vote on, any matter coming before the Board involving such Business Entity in any way.

6. INFORMATION AND ADVICE

- (a) A Member shall keep in confidence all information coming to the attention of the Member as a consequence of the Member's association with the Board or attendance at Board meetings, excepting information generally available from public sources.

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- (b) A Member shall not:
 - i. Discuss any matters arising from Board meetings with any person other than other Members of the Board, Board staff Members authorized by the Chairman, or staff Members of the federal or provincial governments authorized by the Chairman, or authorized by the respective Ministers as defined in the Implementation Acts, or such other person as the Chairman or bylaws may authorize.
 - ii. Offer any advice or comments of any kind to a Business Entity concerning activities, business opportunities or investment opportunities based upon, or referring to, any information obtained by the Member's association with the Board or at the Board's meetings, except where such information is already part of the public domain.

7. GIFTS

- (a) A Member, in his or her capacity as a Member, shall not accept any gift or benefit, other than of nominal or token value.
- (b) A Member shall return to the sender any gift of greater than nominal or token value as described in 7(a).

8. POST-EMPLOYMENT/APPOINTMENTS

- (a) If a Member, during the term of his or her appointment, receives from any Business Entity an offer of employment including employment as a consultant, or an offer of a partnership or directorship, that Member shall, at the next regular meeting of the Board, table a written declaration of such offer describing in sufficient detail the nature of the arrangement, which shall be disclosed to the other Members and filed with the minutes of such Board meeting.
- (b) Where an offer has been received by a Member, the Member shall notify and consult with the Federal Minister and the Provincial Minister concerning any offer he or she proposes to accept.
- (c) Upon acceptance of an offer as described in 8(a), or while such offer is still outstanding, the Member shall leave any meeting of the Board prior to discussion of, and shall not vote on any matter coming before the Board involving such Business Entity in any way.
- (d) Members shall not, within six months after leaving office, accept appointment to a board of directors, or make representations for, or on behalf of, any Business Entity with which they have had significant official dealings during the period immediately prior to the termination of their service with the Board (excepting for employment concerned with matters unrelated to the Offshore Area), unless he or she has first notified and consulted with the two Ministers.

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- (e) A former Member shall not act for, or on behalf of, any Business Entity in respect of any ongoing specific negotiations for which he or she acted or has advised the Board.
- (f) Members shall not draw on privileged information or on the services of Board employees in an endeavour to secure future employment.

9. FAILURE TO COMPLY

Where a Member does not comply with the provisions of these guidelines that Member shall be subject to such appropriate measures as may be determined jointly by the Federal Minister and the Provincial Minister.

10. MINISTERIAL DETERMINATION

A Member or former Member may apply to both the Federal Minister and Provincial Minister for any determination respecting that Member's compliance or non-compliance with these guidelines. In considering such an application, the Federal Minister and Provincial Minister may jointly waive any requirement including any limitation period specified within these guidelines.

SCHEDULE 'A'

TRUSTS

1. The following trusts are examples of the most common trusts that may be established for the purpose of divestment:

- a) **Blind Trust**

A blind trust is one in which the trustee makes all investment decisions concerning the management of the trust assets with no direction from or control by the person who has placed the assets in trust.

No information is provided to the person (settlor) except information that is required by law to be filed. A person who establishes a blind trust may receive any income earned by the trust, add or withdraw capital funds, and be informed of the aggregate value of the entrusted assets.

- b) **Frozen Trust**

A frozen trust is one in which the trustee maintains the holdings essentially as they were when the trust was established. Persons who establish a frozen trust are entitled to any income earned by the trust.

Assets requiring active decision-making by the trustee (such as convertible securities and real estate) or assets easily affected by Government action are not considered suitable for a frozen trust.

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c) **Retention Trust**

A retention trust is one in which the trustee maintains rights in holding companies, established for estate planning purposes, essentially as they were when the trust was established. The settlor makes arrangements to have third parties exercise his or her voting rights in relating to the shares in the holding companies as long as such arrangements will not result in a conflict of interest. Retention trusts usually do not generate income for the settlor.

This form of divestment is useful for a person who has assets to be held under special proper management through a holding company for estate planning purposes.

PROVISIONS COMMON TO ALL TRUSTS

2. Provisions common to all trusts are:

a) **Custody of the Assets**

The assets to be placed in trust must vest in the trustee.

b) **Power of Management or Control**

The person (settlor) shall not have any power of management or control over trust assets. The trustee, likewise, may not seek or accept any instruction or advice from the person concerning the management or the administration of the assets.

However, the settlor may include in the trust agreement general management parameters which may be modified from time to time, such as to what extent equities should be chosen for investment as compared to fixed interest securities.

c) **Schedule of Assets**

The assets placed in trust shall be listed on a schedule attached to the trust agreement.

d) **Duration of Trust**

The term of any trust is to be for as long as the person who establishes the trust continues to hold an office that makes that method of divestment appropriate. A trust may be dismantled once the trust assets have been depleted.

e) **Return of Trust Assets**

Whenever a trust agreement is dismantled, the trustee shall deliver the trust assets to the person.

APPENDIX F

TRUSTEES

3. Care must be exercised in selecting trustees for each type of trust agreement. If a single trustee is appointed, the trustee should be:
 - a) A public trustee;
 - b) A company, such as a trust company of investment company, that is public and known to be qualified in performing the duties of a trustee; or
 - c) An individual who performs trustee duties in the normal course of his or her work.
4. If a single trustee is appointed, he or she will clearly be at arm's length from the settlor.
5. If more than one trustee is selected, at least one of them shall be a public trustee or a company at arm's length from the settlor.

TRUSTEE INDENTURE

6. Acceptable blind, frozen and retention trust indentures should be available from the Conflict of Interest Commissioner. Any amendments to such trust indenture shall be submitted to the Conflict of Interest Commissioner before it is executed.
7. Under the trust options available, Members are required to file with the Conflict of Interest Commissioner a copy of any trust instrument. Except for the fact that a trust exists, detailed trust information will be kept in the Member's confidential file and will not be made available to anyone for any purpose.

APPENDIX G

GUIDELINES FOR PUBLIC OFFICE HOLDERS

"Public office holders" means all persons falling within the definition of public office holder under the Parliament of Canada Act, and includes Ministers, Ministers of State, Secretaries of State, Parliamentary Secretaries, their staff, ministerial advisors, and **Governor-in-Council appointees** (save for the exceptions enumerated in the Parliament of Canada Act, namely: lieutenant governors, officers and staff of the Senate, House of Commons and Library of Parliament, heads of mission under the Department of Foreign Affairs and International Trade Act, judges receiving salaries under the Judges Act, a military judge within the meaning of the National Defence Act, and officers of the RCMP other than the Commissioner).

Part I: Ethical Guidelines and Statutory Standards of Conduct

The following Guidelines apply to all public office holders.

Ethical Standards: Public office holders shall act with honesty and uphold the highest ethical standards so that public confidence and trust in the integrity, objectivity and impartiality of the government are conserved and enhanced.

Public Scrutiny: Public office holders have an obligation to perform their official duties and arrange their private affairs in a manner that will bear the closest public scrutiny, an obligation that is not fully discharged by simply acting within the law.

Decision Making: Public office holders, in fulfilling their official duties and functions, shall make decisions in the public interest and with regard to the merits of each case.

Government Property: Public office holders shall not directly or indirectly use, or allow the use of, government property of any kind, including property leased to the government, for anything other than officially approved activities. In no circumstance should any political activities be performed at a government place of work; nor should any government equipment or material be used for such purposes.

Statutory Requirements

Public office holders are also subject to the requirements of the *Conflict of Interest Act* and to post-employment and other obligations under the *Lobbying Act*, as set out in Part IV: Standards of Conduct.

Administration

Compliance with these Guidelines is a term and condition of appointment. Before appointment, a public office holder shall certify that he or she will comply with these guidelines.

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Part II: - Guidelines for the Political Activities of Public Office Holders

The following Guidelines do not apply to those public office holders whose roles and functions are necessarily of a political or partisan character, namely, Ministers, Ministers of State, Secretaries of State, Parliamentary Secretaries, or their staff. However, the political activities of exempt staff remain governed by Treasury Board's Policy and Guidelines for Minister's Offices, and the political activities of House of Commons staff are governed by the by-laws established by the Board of Internal Economy.

Context

Public office holders discharge important public duties and accordingly are expected to comport themselves in a manner befitting the trust and confidence reposed in them. The essence of this obligation is set out in Part I of this Annex. In addition, public office holders are governed by the applicable provisions of the *Conflict of Interest Act* and *Lobbying Act*.

Public office holders must also ensure that their political activities are consistent with the obligation to discharge their public duties in a non-partisan manner, so as to ensure that public confidence and trust in the integrity, objectivity and impartiality of government are conserved and enhanced.

Any measures necessary to maintain the public's confidence that public office holders will discharge their function with integrity and in a non-partisan manner must be informed by the democratic rights protected under the *Canadian Charter of Rights and Freedoms*.

The purpose of these Guidelines is to assist all public office holders in determining whether a contemplated political activity is compatible with their public duty. The Guidelines are grounded in one General Principle: that a public office holder should not participate in a political activity that is, or that may reasonably be seen to be incompatible with the public office holder's duty, or otherwise be seen to impair his or her ability to discharge his or her public duties in a politically impartial fashion, or would cast doubt on the integrity or impartiality of the office.

Public office holders exercise a wide variety of functions and come from a wide variety of backgrounds. Accordingly, it is not possible to set out, for all public office holders and for all circumstances, a set of definitive or binding rules. In all cases, public office holders should be guided by the general principle and the guiding factors set out below.

Every public office holder is under the obligation to consider these Guidelines before embarking on any political activity and, where there is any doubt, shall refrain from the activity in question.

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For the purpose of these Guidelines, political activities include, but are not limited to:

- contributing money, within the law, to political parties, candidates, or other leadership campaigns at any level of government;
- being a member of a political party at any level of government in Canada;
- seeking nomination to run as a candidate or being a candidate in an election of any level of government in Canada;
- fundraising for political purposes;
- managing a political campaign or campaigning personally on behalf of a candidate in an election;
- personally displaying campaign material;
- attending partisan or social events sponsored by one particular political party, a Minister, a Member of Parliament or a Senator where such events are exclusively or primarily of a political or partisan character; and
- expressing partisan views in a public setting where this may reasonably be seen to be incompatible with, or impair the ability to discharge, the office holder's public duties.

Political activities do not include attending all-party candidates meetings in order to inform one's right to vote, or expressing partisan views in a private setting. In addition, in all cases all public office holders have the right to vote.

General Principle

A public office holder should not participate in a political activity where it may reasonably be seen to be incompatible with the public office holder's duty, or reasonably seen to impair his or her ability to discharge his or her public duties in a politically impartial fashion, or would cast doubt on the integrity or impartiality of the office.

Guiding Factors

In considering whether the general principle applies in a given situation, public office holders should be guided by the following factors:

1. The nature of the organization, including whether it is quasi-judicial in character, in which case a much more stringent standard is required.
2. The nature of the public office holder's duties, including:
 - the level of authority within the organization;

APPENDIX G

- the level of influence over others;
 - the degree and type of discretion vested in the public office holder;
 - the type and level of involvement in the development of policy;
 - the relationship with or connection between the public duties and the contemplated political activity;
 - whether the duties are full-time or part-time;
 - the visibility and profile of the public office holder's duties; and
 - the impact of the public office holder's duties on the public.
3. The nature of the contemplated political activity, including:
- its profile or visibility; and
 - its active or passive character.
4. The duty of loyalty to the Government of Canada (*Nova Scotia*)

Specific Cases

1. **Quasi-judicial Governor-in-Council appointees, whether full-time or part-time**

In light of the nature of their duties, members of quasi-judicial bodies are subject to a much more stringent standard and should generally avoid all political activities.

From [Accountable Government: A Guide for Ministers and Ministers of State 2011](#)
Privy Council office, Government of Canada

APPENDIX H

BOARD EVALUATION MATRIX

	CONSIDERATIONS	5 VERY GOOD	4 GOOD	3 AVER- AGE	2 FAIR	1 POOR
1	The Board has full and common understanding of the roles and responsibilities of a regulatory board					
2	The Board Members understand the organization's mission and its programs					
3	The governance and structural pattern (Board, officers, committees, executive and staff) is clear					
4	The Board has received and endorsed clear goals and actions from management's relevant and realistic strategic planning					
5	The Board makes policy-related decisions which effectively guide operational activities of staff					
6	The Board receives regular reports on finances/budgets, program performance and other important matters					
7	The Board effectively represents the organization to stakeholders, public at- large					
8	Board meetings are focused and there is progress on important organizational matters					
9	The Board regularly monitors and evaluates progress towards strategic goals and program performance					
10	The Board regularly evaluates and develops the Chief Executive Officer					
11	The Board has an approved Human Resources Strategy which has been developed by and reviewed by a qualified professional					
12	Each Member of the Board feels involved and informed and is interested in the Board's work					
13	Board Members participate in committees					

APPENDIX H

PLEASE LIST UP TO FIVE POINTS WHICH YOU BELIEVE THAT THE BOARD SHOULD FOCUS ITS ATTENTION NEXT YEAR. BE SPECIFIC IN IDENTIFYING THESE POINTS.

1.

2.

3.

4.

5.

COMMENTS

APPENDIX I
CHAIR EVALUATION

	CONSIDERATIONS	5 VERY GOOD	4 GOOD	3 AVER- AGE	2 FAIR	1 POOR
1	Chair ensures Board meetings are held regularly and there is timely provision of briefing materials					
2	Chair effectively chairs meetings					
3	Chair keeps members updated on relevant issues between meetings					
4	Chair gives members full opportunity to be engaged in discussions					
5	Chair brings issues affecting Board and Board policy to members					
6	Chair provides for review and assessment of Board governance					
7	Chair effectively acts as liaison between Board Members and CEO					
8	Chair effectively acts as liaison between members, Governments and other stakeholders					
9	Chair ensures the development of the Board's strategic direction					
10	Chair ensures timely consideration of budget, financial reviews, committee reports etc.					
11	Chair identifies emerging and developing issues					
12	Chair provides leadership to Board Members to enhance their effectiveness					
13	Chair maintains and enhances relationship between Board, Governments and other stakeholders					
14	Chair promotes understanding of Board's mission and objectives to public					