Economic Trust of the Southern Interior

Bylaws and Board Policies

Adopted April 2021

Revised June 2022, December 2022, June 2023, March 2026

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Contents

Section 1.0

Bylaws

1.0 BYLAWS

DEFINITIONS

In these Bylaws of the Trust and in all Policies of the Trust, the following words mean:

a) "Act" means the Southern Interior Development Initiative Trust Act, SBC 2005, c. 39 as amended or replaced from time to time.

b) "Annual Inaugural Meeting" has the meaning set out in these Bylaws.

c) "Annual Report" means the annual report described in Section 15 of the Act.

d) "Board" means all of the Directors of the Trust acting pursuant to a quorum.

e) "Bylaws" means the current version of the Bylaws of the Trust, as amended from time to time.

f) "Chair" means the Chair of the Board of Directors appointed in accordance with these Bylaws.

g) "Chief Executive Officer" (CEO) means the employee responsible for managing the operations and administration of the corporation. The Chief Executive Officer reports to the Board and is the Board's only direct report.

h) "Directors" means the Directors of the Trust appointed in accordance with the Act, and "Director" means any one of them.

i) "ETSI-BC" means the corporation Southern Interior Development Initiative Trust doing business as Economic Trust of the Southern Interior (ETSI-BC).

j) "Finance Committee" means a committee of Directors, the members of which are appointed at the Annual Inaugural Meeting with the terms of reference set out in the Board's Finance Committee Policy as drafted and amended from time to time.

k) "Lieutenant Governor in Council" means the Lieutenant Governor in Council of British Columbia.

l) "Executive Committee" means a committee of Directors, the members of which are appointed at the Annual Inaugural Meeting and has the terms of reference set out in the Board's Executive Committee Policy as drafted and amended from time to time.

m) "Policies" means all policies adopted by the Directors, as amended or replaced from time to time.

n) "Regional Advisory Committee" has the meaning assigned to it in the Act.

o) "Southern Interior" has the meaning of "Southern Interior area" as that term is defined in the Act and its associated Regulation(s).

p) "Southern Interior Development Initiative Trust" means the corporation established by the Southern Interior Development Initiative Trust Act doing business as (DBA) Economic Trust of the Southern Interior (ETSI-BC).

q) "Strategic Plan" means the three-year strategic plan for the Trust, including goals for each year, described in Section 14 of the Act.

r) "The Trust" means the corporation established by the Southern Interior Development Initiative Trust Act doing business as (DBA) the Economic Trust of the Southern Interior (ETSI-BC).

s) "Vice Chair" means the Vice Chair of the Directors appointed in accordance with these Bylaws.

BYLAW VERSION

This is Version 8 of these Bylaws, which regulate the proceedings of the Southern Interior Development Initiative Trust (DBA the Economic Trust of the Southern Interior or ETSI-BC). All previous versions of these Bylaws are revoked upon passing of the motion to adopt this new version.

DIRECTORS

1. Directors

The qualifications, appointment procedures, term lengths and removal process for the Directors are set out in the Act. These provisions are intended to support a Board that operates with integrity, accountability, and an awareness of the diverse regional, community, and economic contexts within which ETSI-BC operates.

2. Appointment of Directors

The Directors are 13 individuals of whom[1]:

a) 8 are to be appointed by the Regional Advisory Committees, with each of the 2 Regional Advisory Committees appointing 4 of their number as Directors.

b) 5 are to be appointed by the Lieutenant Governor in Council.

c) In making appointments, appointing bodies are encouraged to consider the overall composition of the Board, including a balance of skills, experience, regional knowledge, and perspectives that support inclusive and informed decision-making.

An individual who is a Member of the Legislative Assembly must not be appointed as a Director[2].

3. Terms of Office

The term of office of Directors is as follows:

a) The term for a Director that is appointed by a Regional Advisory Committee is two years[3]. At the end of a term, the Board may request that the director be reappointed for the balance of their elected term of office to a maximum of eight consecutive years.

b) The maximum term for a Director that is appointed by the Lieutenant Governor in Council is six years. -[4]. At the end of a partial term, the Board may request that the director be reappointed to the maximum of six consecutive years. The Lieutentant Governor in Council may appoint a director for a seventh year.

c) On or before the expiry of the term of any Director, the Regional Advisory Committee or the Lieutenant Governor in Council responsible for the appointment of such Director, shall appoint a replacement and must promptly notify the Directors of those replacement appointments[5].

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[1] Act, s. 6(2)
[2] Act, s.6(8)
[3] Act, s. 6(3)
[4] Act, s. 6(3)
[5] Act, s. 6(5)

4. Vacancies among Directors

A Director ceases to hold office when[6]:

a) the Director's term of office expires, or

b) the Director ceases to be a member of the Regional Advisory Committee by which they were appointed, or

c) the Director dies, resigns or is removed from office.

If one of the Directors ceases to hold office, a replacement for that Director must be appointed in the same manner as that Director was appointed[7].

A replacement Director appointed under this section holds office until the end of the term of the Director they replaced[8]. This Director may be reappointed at the end of their term either by the Regional Advisory Committee or the Lieutenant Governor in Council. Term limits will apply.

If there is a vacancy on the Board, the remaining Directors shall evaluate the existing composition of the Board and recommend any competencies, skill sets, or lived experience that should be considered by the Regional Advisory Committee or the Lieutenant Governor in Council in the selection of Directors.

5. Removal and Replacement of Directors

Removal and replacement processes are intended to uphold accountability while also ensuring procedural fairness, transparency, and respect for the responsibilities held by Directors.

A Regional Advisory Committee may remove and replace, in accordance with any procedures it has established for that purpose, any Director it has appointed to the ETSI-BC Board[9].

The Lieutenant Governor in Council may remove and replace any Director the Lieutenant Governor in Council has appointed to the ETSI-BC Board[10].

If a Director is removed and replaced, the Regional Advisory Committee or the Lieutenant Governor in Council, as the case may be, must promptly notify the Directors of the replacement appointment. The term of office of the replacement Director is the remainder of the term of the Director they replaced[11].

A Director may also be removed by the other members of the Board. In that case, a Director may be removed as, and ceases to be, a Director on the passing of a resolution to that effect by all the remaining Directors[12]. The remaining Directors will automatically be asked to consider passing a motion for removal under Section 6(6) of the Act if a Director misses two regular board meetings in any rolling year, recognizing that exceptional circumstances may warrant discretion and dialogue prior to such consideration.

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[6] Act, s. 9(1)
[7] Act, S. 9(2)
[8] Act, s. 9(3)
[9] Act, s.6(4)
[10] Act, s. 6(4)
[11] Act, s. 6(5)
[12] Act, s. 6(6)

An act or proceeding of the Directors is not invalid merely due to fewer than 13 Directors being in office or in attendance[13].

6. Remuneration of Directors

A Director must not accept remuneration from the corporation other than for reasonable travelling and out of pocket expenses necessarily incurred by the Director in discharging their duties, as outlined in the Trust's Expense Reimbursement Policy[14].

MEETINGS

7. Meetings

Board meetings will not be open to the public, but the board may receive presentations during the day of the meeting subject to notice and approval by the Chair, with consideration given to opportunities for learning, relationship-building, and informed decision-making.

Meeting procedures are set out in this Bylaw and in the Policies, subject to provisions of the Act.

Board meetings may be conducted by means of audio, visual and audio, electronic or other communications facilities that permit all participants to communicate with each other or otherwise participate in the proceeding simultaneously, in a manner comparable to a meeting where all were present in the same location, and in relation to a vote, permits Directors to cast a vote in a manner that adequately discloses the intentions of the voters.

The Board of Directors of ETSI-BC has the following types of meetings:

a) Regular Board Meetings

Regular board meetings will occur at least four times per year, including one public meeting annually at such date and location deemed appropriate by the Board.

All regular board meetings shall generally take place in the City of Kelowna, at such times as the Chair may determine, and notice of such meetings shall be provided by email to each Director at least one week in advance.

b) Special Board Meetings

Special board meetings may be held at such time and places as the Chair may determine to discuss issues or time sensitive topics that need a Board decision before the next regular board meeting. Resolutions may be passed at special board meetings.

Any seven Directors of the Trust may at any time, by notice in writing directed to the Chair, require a special board meeting to be called, and the Chair shall within two weeks set a date for a meeting which shall be held no later than thirty days from the date of such notice directed to the Chair.

Issues identified by the Chair or Chief Executive Officer that are of a time sensitive nature may be decided via email or digital poll between meetings, where in-person or synchronous discussion is

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[13] Act, s. 6(7)
[14] Act, s. 13(2)

not reasonably practicable. Resulting decisions and actions must be presented to the Board for ratification and inclusion in the minutes at the next duly convened regular board meeting.

c) Committee Meetings

Committee meetings will be held in such times and places the committee chair determines. Standing committees (Executive and Finance) require a formal agenda and minutes.

8. Annual Inaugural Meeting

The Annual Inaugural Meeting will be held no later than July 15 of each year. At the Annual Inaugural Meeting:

a) The Directors shall elect one of their number as Chair and one of their number as Vice Chair. A Director may hold the office of Chair or Vice Chair for a maximum of 3 consecutive years.

b) The Directors shall establish an Executive Committee which will be comprised of the Chair, Vice Chair, Chair of the Finance Committee and one other Director elected by the Board. The Chief Executive Officer will be an Ex Officio member of the Executive Committee.

c) The Directors shall elect a Finance Committee comprised of a Finance Committee Chair and three additional members elected by the Board. The Chair of the Board and the Chief Executive Officer will be Ex Officio members of the Finance Committee.

d) The Audited Financial Statements and Annual Report will be approved.

e) The Auditor for the following fiscal year will be appointed.

9. Quorum

A majority of the Directors currently in office constitutes quorum for the transaction of the business of the Trust. If quorum is lost during a meeting, no decision will be made; however, the remaining Directors may continue with the agenda for the purposes of discussion and make recommendations for issues to be decided upon later via electronic vote.

10. Minutes

The minutes of the proceedings of all meetings of the Trust shall be drawn up and entered in a file to be kept for that purpose. Minutes will be circulated for review and adopted at the next regular meeting and signed by a member of the Executive Committee.

11. Opening Proceedings

Call to Order: As soon after the hour of the meeting as there shall be a quorum present, the Chair shall call the Directors to order.

Non-Attendance of Chair: In the event the Chair or Vice Chair does not attend within fifteen minutes after the time appointed for the meeting, the directors present shall choose a chair to preside during the meeting or until the arrival of the Chair or Vice Chair.

No quorum after fifteen minutes – adjournment: In the event there shall be no quorum present within fifteen minutes after the time appointed for the meeting, the recording secretary shall record the names of the Directors present and the meeting shall then stand adjourned.

12.Duties of the Chair and Vice Chair

The Chair, if present, shall preside at all meetings of the Trust and shall have voting rights. The Vice Chair shall assume the duties and responsibilities of the Chair during the Chair's absence.

13.Agenda

The Chief Executive Officer shall distribute to the Directors, prior to each board meeting, an agenda outlining the business to be transacted at the meeting, as agreed upon in advance with the Chair, and shall include at a minimum:

- The minutes from the previous meeting
- Committee Reports
- Investment Portfolio update
- Financial Reports
- CEO report.

The Chair shall have the right to add items of business if in their opinion such additional items shall be in the best interests of the Trust, and where possible, with consideration given to adequate notice and preparation for Directors.

14.Resolutions

All Bylaws and resolutions of the Trust must be moved and seconded and shall be decided by a majority of the votes of the Directors who are at the meeting and entitled to vote thereon. Each Director will have one vote.

Electronic vote decisions require a majority of the Board.

A resolution that is approved in writing or by electronic means by a majority of the Directors is as valid as if it were passed at a meeting of the Directors properly called and constituted. Telephone or video conference meetings must include minutes. Resolutions passed in writing, via email, or by electronic poll must be recorded in the minutes at the next duly convened meeting of the Board.

Subject to the Trust's Conflict of Interest policies and procedures, every Director, including the Chair, who abstains from voting shall be deemed to have voted in the affirmative, except where a Director has declared a conflict of interest or potential conflict of interest and does not vote. If quorum is lost through this abstention, the provisions of Section 9, Quorum, apply.

If a Director disagrees with a particular course of action and is not content to have the record imply a consensus on the matter, that Director may request that their dissent or abstention should be recorded in the minutes.

In the event of a motion to approve multiple items in an agenda as a block, any item included in the block may be removed from the block at the request of a Director. The item removed will require an individual resolution for approval. In all cases where the votes of the Directors present are equal for and against the question of a motion, the motion shall be deemed defeated.

ADDITIONAL PROVISIONS

15. Appointment of Auditor

On or before the end of each fiscal year, the Trust will appoint an individual who is authorized to be an auditor of a company under section 205 of the Business Corporations Act to audit the accounts, transactions and financial statements of the Trust for the following fiscal year[15].

Every five years, the Finance Committee may instruct the Chief Executive Officer to issue a Request for Proposal (RFP) to review quotes and services from other audit firms.

16. Review of the Act

Every five years from the establishment of the Act, the Directors must appoint a committee of qualified individuals to review the Act and evaluate how it is functioning[16]. The review committee may consult with business, labour, Indigenous organizations, education providers, government, First Nations governments, and any other person or organization it considers appropriate. The review committee must publish a report of its findings in a public manner[17].

17. Amendment of the Bylaws

The Bylaws shall not be altered or amended except by Resolution passed at a duly convened Director's meeting. The proposed change(s) to the bylaw must be circulated to the Directors at least 14 days prior to the next meeting. The Bylaws shall be signed by the Chair or by the person legally presiding at the meeting at which the new Bylaws were passed.

Certification of Bylaws

These Bylaws are hereby adopted and certified by the Directors of the Trust having hereto affixed the Corporate Seal and being signed by the Chair or authorized Director of the Board.

Revised: November 4, 2009 March 7, 2012 March 6, 2017 March 26, 2019	October 2, 2020 April 30, 2021 March 20, 2026	Signed by the Authorized Signatory of the Board Paul Donald Signed on 2026-07-24 08:26:55 PDT ______________________________ Paul Donald, Board Chair

[15] Act, s. 16(1)
[16] Act, s. 26

[17] Act, s. 26(3)

Section 2.0

Board Governance Policies

2.0 BOARD GOVERNANCE POLICIES

2.1 GOVERNANCE AND BOARD COMPOSITION

2.1.1 Governance Model

The Board is a governance board. The Board develops policy as a whole and has a Finance and Executive Committee with defined mandates. (see Officers and Committees). The Chief Executive Officer is responsible for the implementation of board policy, day to day operations, and management of ETSI-BC.

2.1.2 Due Diligence

An individual is not qualified to become or act as a director of ETSI-BC if they are:

- An employee or contractor of ETSI-BC.
- Under the age of 18 years.
- Found by a court, in Canada or elsewhere, to be incapable of managing the individual's own affairs.
- Subject to an undischarged bankruptcy.
- Convicted in or out of British Columbia of an offence in connection with the promotion, formation, or management of a corporation or unincorporated business, or of an offence involving fraud.

Board members shall exercise due diligence in carrying out their responsibilities. Board members -are expected to:

- Ensure that practices and decisions are without suspicion and influence, while avoiding any appearance of impropriety, which might raise concerns within the organization or external to the organization. Board members must sign and commit to the Conflict of Interest and Confidentiality Agreement.
- Be informed on the incorporating legislation, bylaws, mission and all policies.
- Ensure that there are effective internal systems in all areas of corporate activity, particularly accounting.
- Be informed on board activities and general trends in community economic development.
- Attend all regular board meetings, (per Code of Conduct, section 2.5) be willing to serve on a committee(s) and contribute to the work of the Board.
- Exercise care, diligence and skill that a prudent person would show in similar circumstances.
- Offer personal perspectives on issues, informed by professional experience and lived experience, while acting in the best interests of the ETSI-BC service area as a whole.
- Remain unified with fellow Directors in support of a decision that has been made.
- Respect and separate roles of Board and Staff.

2.1.3 Fiduciary Duty

Directors have a fiduciary duty to ETSI-BC. The legal rationale for characterizing the Director's relationship with ETSI-BC as fiduciary stems from the need for public confidence that the Board will not manipulate ETSI-BC for their own benefit.

Directors must act honestly and in good faith to represent the best interests of ETSI-BC over those of another person or constituency. Directors must not disclose confidential information regarding ETSI-BC.

ETSI-BC will not insure or indemnify a Director for legal and other costs if a Director breaches their fiduciary duty.

2.1.4 Director Competencies

The Board should collectively possess the following core competencies, with each Director contributing knowledge and experience in at least one domain.

a) Leadership
b) Financial Literacy
c) Business Strategy
d) Board governance
e) Sectors outlined in the SIDIT Act
f) Local government
g) First Nations economic development and Indigenous governance perspectives
h) Community economic development
i) Small business support

Adopted: April 30, 2021, updated March 20, 2026

2.2 OFFICERS AND COMMITTEES

2.2.1 Board Officers

Board officers are considered to be in the service of the Board and shall only act in place of the Board when acting together as an Executive Committee in accordance with the bylaws and as delegated by the Board through policy. Board officers include: Chair, Vice Chair, and Finance Committee Chair.

2.2.2 Board Chair

The role of the Chair is to ensure the integrity and effectiveness of the Board processes through the following actions:

a. Leadership of the Board, ensuring that the Board is properly informed about the operations of ETSI-BC and has the information and opportunity necessary to make decisions on matters within its purview.

b. Providing feedback to the CEO regarding board decisions and to ensure the provision of accurate, timely and clear information in the board packages to Directors, ensuring that they can operate effectively at board meetings.

c. Setting agendas for meetings collaboratively with the CEO. The Chair shall schedule board meetings in conjunction with the CEO. The Chair shall ensure that the Board follows the bylaws and policies and shall manage meetings through appropriate meeting administration practices. The Chair does not have the authority to make decisions outside the bylaws or the parameters of policies created by resolution of the Board.

d. Monitoring meeting attendance. The Chair will discuss capacity and strategy for effective participation on the Board with any board member who does not attend at least three regular meetings (75%) per year.

   If a Board member misses one board meeting in the year (25%) without proper notification, the Chair will discuss the member's ability to participate in the board. If a Board member misses two board meetings in a rolling year (50%), the Chair shall bring the matter to the Board for discussion, and the Board shall consider whether to initiate a removal process in accordance with Section 6(6) of the Act.

e. Representing ETSI-BC to the public, government, media, and other organizations and apprising the Board of the content and results of discussions. The Chair is the only board member authorized to speak on behalf of the Board. This function may be delegated by the Chair to another board member or to the CEO.

f. Arranging the regular evaluation of the performance of the Board, its committees and individual Directors, and the CEO, as well as feedback on the effectiveness of the Chair.

g. Setting a positive tone in the relationship between the Board and staff.

h. Ensuring separation and "perception of separation" between the role of the Chair and that of the CEO. The CEO is responsible for the day-to-day operations and management of ETSI-BC.

2.2.3 Vice Chair

The role of the Vice Chair is to assume the duties of the Chair during their absence.

2.2.4 Executive Committee

The Executive Committee consists of the Chair, Vice Chair, Finance Committee Chair, and one other Director elected by the Board. The CEO is an Ex Officio, non-voting member of the Executive Committee. The Board Chair is also Chair of the Executive Committee.

The mandate of the Executive Committee is to make decisions and provide feedback that cannot wait for the next board meeting. Any decisions made by the Executive Committee must be ratified at the next board meeting. The Executive Committee acts only under the authority and direction of the Board.

The Executive Committee shall not be involved in operational aspects of ETSI-BC, and shall not exercise authority over staff, but shall advise and be informed by the CEO. The CEO is responsible for the execution of board policy and directives, and for determining the means, organizational structure and management processes necessary to achieve ETSI-BC's objectives.

The Executive Committee has discretion to:

a. Provide operations advice to the CEO when requested by the CEO.
b. Deal with matters referred from time to time by the Board.
c. Coordinate the CEO's annual performance review.
d. Authorize increases to the annual operating budget of less than 10% per annum with supporting documentation provided by the CEO, providing the Board is informed at the next meeting.
e. Deal with issues referred by the CEO that are of a politically sensitive or time sensitive nature, where timely Board-level direction is required.. Resulting decision and actions will be presented to the Board for ratification at the next duly convened board meeting.
f. Approve Director expense claims that are not within expense policy of the Board.
g. Have its members be designated as signing authorities for the corporation.

2.2.5 Finance Committee

The Finance Committee consists of four Directors elected by the Board. The CEO must attend and the Chair of the Board may attend Finance Committee meetings. The Board will elect the Finance Committee Chair and Members at the Annual Inaugural Meeting. The Finance Committee Chair will report to the Board at each meeting on recommendations and results of committee deliberations. Requests for organizational resources or staff time will be directed through the CEO.

The Finance Committee members must be able to read and understand fundamental financial statements or commit to developing this capacity within a reasonable period after appointment. This includes the balance sheet, income statement and cash flow statement.

The mandate of the Finance Committee is to be the Board's primary liaison with the Auditors and Investment Management Firm. The Finance Committee acts only under the authority and direction of the Board.

The Finance Committee shall not be involved in operational aspects of ETSI-BC, and shall not exercise authority over staff, but shall advise and be informed by the CEO.

The Finance Committee has discretion to:

a. Draft and recommend investment policy to the Board. The Finance Committee shall develop the Statement of Investment Policies and Procedures in collaboration with staff and the appointed Investment Management Firm.
b. Recommend the Investment Management Firm to the Board for ratification and advise the CEO on the general terms of a contract. Every 5 years, the Finance Committee and Executive Staff will conduct a search for an Investment Management Firm and report to the Board on the results, and any contract that the Chair of the Finance Committee and the CEO enter into with clarity on fee structure, duration, and services provide by the Management Firm.
c. Review the results of the investment portfolio and compliance with the SIPP and prepare a report for the Board of Directors.
d. Ensure that "Directors and Officers Liability Insurance" are kept in good standing by ETSI-BC.
e. The committee shall not be involved in operational aspects of ETSI-BC, and shall not exercise authority over staff, but shall advise and be informed by the CEO.
f. Recommend a person who is authorized to be an auditor of a company under section 205 of the Business Corporations Act to audit the accounts, transactions, and financial statements of ETSI-BC, and advise the CEO on the general terms of a contract. Review recommendations for the appointment and compensation of the external auditor.
g. Review the auditor's report. Review the financial information that will be provided to government and other stakeholders and ensure that this information accurately represents the business activities of the organization.
h. Identify education required by the Board and/or the Finance Committee on investment risk, strategic economic trends, new asset classes and investment instruments. The Chief Executive Officer shall ensure access to education as identified.
i. Review the systems of risk management and internal controls established by management to:
    i. Ensure the organization's sound financial performance.
    ii. Ensure that the organization's internal controls have integrity and will lead to the production of accurate financial statements and performance reports.
    iii. Ensure that appropriate systems are in place to identify and manage risk.
    iv. Prevent financial mismanagement.
    v. Evaluate internal controls and make recommendations to the Board on their effectiveness.

Adopted: April 30, 2021, updated March 20, 2026

2.3 FINANCIAL ACCOUNTABILITY

ETSI-BC's financial affairs will be conducted in a responsible manner, consistent with the ethical obligations of stewardship and the legal requirements of provincial and federal statutes and regulators.

The annual financial report (Annual Report) will be factual and accurate in all material respects. The Annual Report will be prepared using Canadian accounting standards for not-for-profit organizations in all material respects.

The Annual Report will disclose:

a) A complete set of financial statements including a balance sheet, income and expenses, project disbursements, cash flow and notes to the financial statements.
b) Approved projects and measurable economic benefits, including both quantitative and qualitative outcomes where appropriate.
c) Distribution of funding – by geographic region and mandated focus area.

Adopted: April 30, 2021, updated March 20, 2026

2.4 CONFLICT OF INTEREST AND CONFIDENTIALITY

For the purpose of clarity in this Policy section, the following definitions apply:

"Conflict of Interest"	occurs when a Board member, Regional Advisory Committee member, staff, or consultant of ETSI-BC has an actual or perceived Personal Interest where it would be reasonable to assume that their ability to act in the best interest of ETSI-BC could be impaired or that the actions or conduct could undermine confidence that they fulfilled their responsibilities with integrity.
"Personal Interest"	includes any interest in a matter that could benefit a Board member, Regional Advisory Committee member, staff, or consultant or a Related Person in their private activities, relationships, or benefits unless that interest is one that the person has in common with the general public.
"Related Person"	includes a spouse (including common law and same-sex spouses), parent, children, grandchildren, siblings, grandparents, in-laws (including adoptive and step-relationships), any person with whom the Board Member currently resides, or any controlled corporation.

2.4.1 Conflict of Interest

Board members, Regional Advisory Committee members, staff, and any contractors must avoid exercising their official powers or performing an official duty when, they know (or reasonably ought to know) that their Personal Interests are in a Conflict of Interest with the best interests of ETSI-BC. This includes avoiding potential and actual conflicts of interest, as well as perceptions of conflicts of interest.

Board members, Regional Advisory Committee members, staff, and contractors, must be informed and have expertise in ETSI-BC's field of interest. Therefore, it is anticipated that they may be associated with organizations that, from time to time, may apply for funding, and such associations alone do not constitute a conflict of interest..

Board members, Regional Advisory Committee members, staff, and contractors, having a direct or indirect interest in an applicant organization, or who may, directly or indirectly, benefit from a decision of the Board or the Regional Advisory Committee shall declare their interest and absent themselves from any discussion concerning the application.

Conflict of Interest also includes, but is not limited to, being the author of an application or being on the board, an elected official, or an employee of the organization applying for funding.

While it is recognized that Board Members and Regional Advisory Committee members work for or have associations with organizations relevant to the work of ETSI-BC, Board members and Regional Advisory Committee members are elected/appointed to represent the interests of the entire Trust area, and not as representatives of other organizations, or specific local governments.

Board members, Regional Advisory Committee members, staff, and contractors, must not use information obtained in the performance of duties and that is not available to the general public to further their Personal Interest, or for any purpose other than for the performance of their duties with ETSI-BC.

Board members, Regional Advisory Committee members, staff, and contractors shall notify the CEO of Personal Interest in any enterprise which proposes to transact business with ETSI-BC or of any Personal Interest in any property that will be, or is the subject of, an application to ETSI-BC.

Board members, Regional Advisory Committee members, and staff must disclose their Personal Interests that could result in a Conflict of Interest, by signing the Conflict of Interest Declaration, upon their appointment and annually at the Annual Inaugural Meeting thereafter.

If a Board member, Regional Advisory Committee member, staff, or contractor has disclosed an actual or potential Conflict of Interest, the disclosing individual must:

a. Not participate in the discussion of the matter, except where information may be requested by the Board.
b. Not participate in any vote or decision-making on any question in respect of the matter.
c. Leave the meeting or the part of the meeting during which the matter is under consideration.
d. Not attempt, in any way, whether before, during, or after the meeting, to influence the opinion or vote of the Board on any question in respect of the matter.

2.4.2 Confidentiality

Directors shall hold in strictest confidence all matters addressed by the Board including:

- Contents of in-camera meetings and matters relating to personnel.
- Draft Board materials before finalization
- Strategic discussions even in open session (but not yet public)
- Commercially sensitive information from funding applications
- And all items marked ‘Confidential’.

The duty of confidentiality continues perpetually after a Director has left the Board. A confidentiality agreement will be signed by all Directors, staff and contractors of ETSI-BC. All Regional Advisory Committee members shall also sign the confidentiality agreement.

Applications are submitted to ETSI-BC to allow staff, contractors, Regional Advisory Committees and the Board to determine the qualifications of the applicant organization and the project for which funds are requested. This information must remain confidential.

Board members and Regional Advisory Committee members shall not disclose the committee's deliberations or the recommended outcome prior to the authorization of the Board and CEO. The outcome of the funding application will be communicated by the CEO. Exceptions to this requirement include legally mandated disclosures (court orders, statutory obligations, and such).

2.4.3 Freedom of Information and Protection of Privacy Act

The Board and staff of ETSI-BC are required to comply with the provincial Freedom of Information and Protection of Privacy Act. ETSI-BC shall designate a Privacy Officer for the organization. All requests for information from the public must be directed to the Privacy Officer. The Privacy Officer shall work with the CEO to ensure that informal requests are fulfilled within a timely manner (within 30 days), in accordance with the Act, regulations, and this policy. Care will be taken in the handling of public information requests to ensure that staff are responsive, and that more formal written requests including the Freedom of Information Commissioner and legal processes are not the norm. Where information cannot be released in keeping with the Act and generally for one of the reasons below, the CEO will communicate in writing with the party requesting the information. Such reasons include, but are not limited to the following:

- if the information requested is deemed sensitive or private,
- if it could harm public safety,
- if it involves personal information about third parties that would be an unreasonable invasion of privacy,
- if the request is overly broad,
- or if the records do not exist.

Regional Advisory Committees are part of ETSI-BC structure by legislation, and their minutes are also subject to release if a request is received after the Regional Advisory Committee has approved them.

Regional Advisory Committees are part of the ETSI-BC structure under legislation, and their minutes are also subject to release upon request after the Regional Advisory Committee has approved them. Board and Regional Advisory Committee minutes shall reflect decisions made. Minutes shall generally not include discussion or deliberations, but they may additionally include high-level rationale when the Board or RAC Chairs determine that context is important for institutional memory. Any rationale recorded shall be expressed in general terms without attributing positions or votes to individual Board members.

The cost of information requests that require more than minimal staff time for data assembly will be billed to the requestor, consistent with Provincial legislation.

2.4.4 Consequences and Enforcement

The Board Chair, in consultation with the Board where appropriate, may choose from several options to resolve or mitigate a disclosed conflict of interest by a Board member, Regional Advisory Committee member, staff member or contractor as appropriate in the circumstances. The following options may be applied proportionately, depending on the role and responsibilities of the individual involved:

- Divestment or liquidation of a financial interest;
- Assignment of a conflicting financial interest into a “blind trust” arrangement;
- Return or repayment of a gift or other benefit arising from a conflict;

- Recusal of the employee from involvement in affected decision-making processes;
- Restriction of access by the individual to particular information;
- Rearrangement or reassignment of the individual's duties and responsibilities;
- Transfer of the employee to another non-conflicting position;
- Resignation of the individual from the conflicting private interest (e.g., resigning from a part-time position with another employer that is in conflict with their public service job); or
- Resignation/termination of the employee from the public service.

Remedies for breach of conflict of interest or confidentiality policies may include a warning or dismissal. Such actions shall be taken in accordance with applicable governance or employment processes, depending on the severity of the situation.

Adopted: April 30, 2021, revised March 20, 2026

2.5 CODE OF CONDUCT

Board members are expected to:

a. Attend all regular board meetings. If unable to attend in person:
   i. Regrets are to be communicated to the Chair, copying the CEO and Program Administrator, along with input on topics up for discussion where possible.
   ii. Board members may participate remotely via telephone or video conferencing
   iii. Remote participation counts toward attendance requirements
   iv. Board members are encouraged to attend in person when reasonably possible to facilitate full engagement, while recognizing the importance of accessibility and flexibility.

b. Follow generally accepted meeting rules of order.
c. Know the corporate mandate, mission, vision and objectives, operations, and bylaws.
d. Act objectively and in the best interest of ETSI-BC.
e. Prepare for board meetings and committee meetings by reviewing all agenda material including reports.
f. Keep careful notes at meetings to support review and approval of meeting minutes (in camera notes should be kept confidential and destroyed when official minutes are approved).
g. Act consistently with policy to avoid conflict of interest and maintain board confidentiality.
h. Act with collaboration, consensus building, respect for others, and principle-based behaviour.
i. Ensure that the Board communicates with one voice and based on formal board decisions.
j. Ensure that all board discussions remain confidential.

Adopted and Updated: April 30, 2021, December 2, 2022, March 20, 2026

2.6 WHISTLEBLOWER POLICY

Public Interest Disclosure Act (PIDA)

As a public body, ETSI-BC is subject to the Public Interest Disclosure Act (PIDA). This Act provides employees and former employees of ETSI-BC with the ability to report suspected wrong-doing without reprisal, either to the CEO, who is ETSI-BC's 'designated officer', or to the Ombudsperson of BC. The definition of wrong-doing under PIDA includes:

a) a serious act or omission that, if proven, would constitute an offence under an enactment of British Columbia or Canada;

b) an act or omission that creates a substantial and specific danger to the life, health or safety of persons, or to the environment, other than a danger that is inherent in the performance of an employee's duties or functions;

c) a serious misuse of public funds or public assets;

d) gross or systemic mismanagement;

e) knowingly directing or counselling a person to commit a wrongdoing described in paragraphs a)-d).

ETSI-BC Policy

In order to maintain the highest standards of conduct and ethics, ETSI-BC has adopted a whistleblower policy for staff, board members, contractors and volunteers.

ETSI-BC will receive and, where appropriate, investigate any suspected fraudulent or dishonest use or misuse of ETSI-BC's resources or property by staff, board members, contractors or volunteers. ETSI-BC will also investigate any reports of bullying or harassment.

Staff, board members contractors and volunteers are encouraged to report suspected conduct.

This Whistleblower Policy is intended to encourage and enable employees and others to raise serious concerns within the organization prior to seeking resolution outside the organization.

2.6.1 Types of Allegations

A deliberate act or failure to act with the intention of obtaining an unauthorized benefit, or acts which constitute bullying or harassment.

Examples of such conduct include:

- Forgery or alteration of documents.
- Unauthorized alteration or manipulation of computer files.
- Fraudulent financial reporting.
- Pursuit of a benefit or advantage in violation of ETSI-BC's Conflict of Interest Policy.
- Misappropriation or misuse of ETSI-BC resources, such as funds, supplies, or other assets.

- Authorizing or receiving compensation for goods not received or services not performed.
- Authorizing or receiving compensation for hours not worked.
- Using remarks or actions of a sexual nature that are not welcome and are likely to be viewed as personally offensive, including sexual flirtations, unwelcome physical or verbal advances, sexual propositions, verbal abuse of a sexual nature, the display of sexually suggestive objects, cartoons, or pictures, and physical contact of a sexual or particularly personal nature.
- Using epithets, slurs, negative stereotyping, and threatening, intimidating, or hostile acts that relate to race, colour, religion, gender, sexual orientation, national origin, age, disability, or other protected grounds under applicable human rights legislation.
- Circulating or posting written or graphic material in the workplace that denigrates or shows hostility or aversion toward an individual or group because of race, colour, religion, gender, nationality, age, , disability, or other protected grounds under applicable human rights legislation.
- Discriminating against an employee or potential employee due to a person's race, colour, religion, sex, sexual orientation, national origin, age, physical or mental impairment.

2.6.2 Reporting

Concerns about possible fraudulent or dishonest use or misuse of resources or property, or behavior that constitutes bullying or harassment, should normally be reported to the individual's supervisor. If a volunteer has concerns, they should be reported to the staff member supporting the volunteer's work. If the complainant finds it difficult to report the concern to a supervisor or staff member, or if the concern involves that individual, complaints may be made directly to the CEO.

a) If the complainant does not feel comfortable filing a report with the CEO, or if the concern relates to the CEO, the concern should be reported to the Chair of the Board of Directors. Concerns regarding Board members should also be reported directly to the Chair of the Board of Directors.
b) Concerns regarding the Board Chair should be reported to the Vice Chair or the CEO.

Submissions made by mail should be marked "Confidential" on the envelope. Complaints are encouraged to include the identity of the complainant, where possible, to support the integrity of the investigation and enable protection against potential retaliation. Anonymous complaints will also be received; however, anonymous complainants may not receive information regarding the outcome of the investigation.

The CEO, Chair, or Vice Chair will document the complaint and ensure that all pertinent information required to assess the concern has been obtained. Unless the Executive Committee or any member of the Executive Committee is the subject of the complaint, the CEO, Chair or Vice Chair, as appropriate, will forward the complaint to the Executive Committee. If the Executive Committee or any of its members is the subject of the complaint, the complaint will be forwarded to the Finance Committee.

2.6.3 Role of the Committees

The Executive Committee or the Finance Committee will receive the complaint and decide what course of action, if any, will be taken. If necessary, the appropriate committee will perform an investigation to establish the validity and materiality of the information received. The committee may seek information or assistance and direction from whomever is deemed appropriate including, but not limited to, the Complainant, the subject of the complaint, witnesses, or external legal counsel.

The committee may wish to arrange for a third-party investigation. A third-party investigator may provide additional expertise in questioning witnesses or assessing credibility and weighing evidence.

The Chair, Vice Chair or Finance Committee Chair, as appropriate, will notify the CEO or the Chair, as applicable, of the results of the investigation and its recommendation of any action to be taken.

Where an investigation substantiates improper conduct, appropriate corrective action will be taken in accordance with applicable governance or employment processes. The CEO or Chair, as appropriate, will notify the complainant of the outcome of the investigation and the general nature of any action taken, in accordance with the timelines set out in Section 2.6.5. Notifications will indicate whether allegations were substantiated in whole, in part, or not substantiated, without disclosing confidential personnel details. The Chair or Executive Committee will provide a list of all complaints to the Board of Directors at the next scheduled meeting. All complaints related to accounting or auditing procedures, as well as any other complaints of a serious nature, will be presented to the Board of Directors immediately.

2.6.4 Non-Retaliation

Employees, contractors, board members, and volunteers of ETSI-BC may not retaliate against a whistleblower for informing management about an activity that the person reasonably believes to be fraudulent or dishonest. Retaliation includes acting with the intent or effect of adversely affecting the terms or conditions of the whistleblower's employment, including but not limited to, threats of physical harm, loss of job, punitive work assignments, impact on salary/fees, or impact on opportunities for promotion. Whistleblowers who believe that they have been retaliated against may file a written complaint with the CEO (or Board Chair if the complaint involves the CEO). Any complaint of retaliation will be promptly investigated, and appropriate corrective measures taken if allegations of retaliation are substantiated.

This protection from retaliation is not intended to prohibit supervisors from taking action, including disciplinary action, in the usual scope of their duties and based on valid performance-related factors.

Complaints that are determined, on reasonable grounds, to be frivolous, vindictive, or vexatious shall be subject to disciplinary action. For purposes of this policy, frivolous complaints include those that are knowingly false, made with malicious intent, repetitive complaints about matters previously investigated and resolved, or complaints filed primarily to harass or retaliate against the subject.

Good faith complaints that prove to be unfounded, complaints based on reasonable but mistaken belief, or complaints where evidence is insufficient to substantiate the allegation are not considered frivolous.

The burden of proof for establishing that a complaint is frivolous is high, and the presumption is in favor of protecting those who report concerns in good faith.

2.6.5 Response Times

ETSI-BC is committed to addressing whistleblower complaints in a timely manner and will make every reasonable effort to adhere to the following timelines:

Stage of Disclosure	Commitment
Acknowledgement of Receipt	Within **5 business days** of receiving the complaint (by the CEO, Chair, or Vice Chair).
Decision to Investigate	Notification of the decision to proceed with or refuse an investigation (Initial Assessment) within **30 days**.
Investigation Completion	Completion of the investigation and generation of a final report within **90 days**. If the investigation requires more time, the discloser will be notified of the projected completion date.
Notification of Outcome	Providing the discloser with an **appropriate summary of the report** (including findings and recommendations, where permitted) within **15 days** of the report's completion.

Adopted: April 30, 2021, revised March 20, 2026

2.7 RISK MANAGEMENT

2.7.1 Bylaws

Bylaws and Board Governance Policies will be reviewed every five years, and updated versions will be adopted by a motion of the Board, distributed to all Directors, and incorporated into the orientation of new Directors.

2.7.2 Insurance

ETSI-BC will maintain Directors and Officers Liability Insurance with a limit of liability of no less than $5 million.

ETSI-BC will maintain enough Commercial Property Insurance coverage to adequately protect its assets, and it will maintain General Liability Insurance with a limit of liability of no less than $2 million.

Vehicles used by Directors or staff on ETSI-BC business will maintain a minimum of $5 million in Third Party Liability coverage.

2.7.3 Compliance with Statutory and Regulatory Requirements

All annual and strategic plan reporting required by the ETSI-BC Act, Canada Revenue Agency, Companies Act, Freedom of Information and Protection of Privacy Act, and Business Corporations Act will be filed by the Chief Executive Officer and reported to the Board.

2.7.4 Corporate Records

The following corporate records will be maintained by ETSI-BC:

a. Charter documents (Act and Regulations)
b. Bylaws
c. Register of addresses, dates of election, appointment/resignation of Directors
d. Directors and officers
e. Duplicate filed copies of all government filings
f. Copies of annual meeting calendar or notice of meetings
g. Minutes of the Board organized in date order including:
    i. Appointment, resignation and removal of Directors and Officers
    ii. Appointment of the auditor
    iii. Approval of all corporate resolutions
h. Policies
i. Copies of financial statements and tax returns

2.7.5 Business Continuity Plan

The CEO shall maintain a business continuity plan to protect against computerized or paper records loss, computer hacking, and the event of fire, flood, earthquake, significant health emergency, or other critical incident.

Adopted: April 30, 2021, revised March 20, 2026

2.8 PLANNING

2.8.1 Strategic Plan

The Board, with the assistance of staff, shall develop a minimum of a rolling three-year strategic plan for all accounts (see section 14 (1) (2) (3) of the Act). The recommendations of the Regional Advisory Committees will be duly considered by the Board as part of an inclusive and informed strategic planning process.

The three-year strategic plan will be shared with the public by March 31st of each year as per the Act.

2.8.2 Annual Operating Plan

The CEO shall develop an annual operating plan based on the strategic plan, board policies, and investment financial returns.

The annual operating plan must contain specific objectives, expected results, operational budget, and a general disbursement plan including funding targets per funding stream and maximum funding allocation per project based on the guidance provided by the Strategic Plan. Targets set in the operating plan will be used annually to measure the benefits of ETSI-BC to the economy of the ETSI-BC service area, recognizing both quantitative results and broader community impacts.

The CEO shall present the annual operating plan to the Board for review, amendment and approval prior to the first meeting of the new fiscal year.

2.8.3 Annual Report

The CEO shall develop the Annual Report for the previous calendar year and have it adopted by the Board by July 31st of each year. The Annual Report will include the following:

- Goals set by the annual operating plan for the preceding fiscal year, indicating how those goals have been met and how those achievements met the intent of the purposes identified in section 20 of the Act.
- A comparison of actual results with the expected results for the preceding fiscal year. and
- Audited financial statements.

A copy of the Annual Report will be provided to each of the Regional Advisory Committees and will also be posted on the website for the public (see section 14 (1) (2) of the Act).

Adopted: April 30, 2021, revised March 20, 2026

2.9 CHIEF EXECUTIVE OFFICER (CEO)

2.9.1 Appointment and Performance Management

Recruitment, selection, contract negotiation, and appointment of the CEO is the responsibility of the Board but may be delegated to a task group of the Board. The Board shall approve an appointment by resolution prior to the position being offered to a candidate.

The Executive Committee shall conduct an annual performance evaluation of the CEO in collaboration with the CEO. The Executive Committee is responsible for negotiating increments to salary.

Performance Evaluation:
The CEO is the sole official link between the Board of Directors and the organization that it governs, and plays a key role in supporting effective communication, trust, and accountability between governance and operations. The responsibilities of the CEO lie in the exercise of delegated authority and compliance within parameters established by board planning, policy, and directives.

Prior to the beginning of each fiscal year, the CEO will draft the Annual Operating Plan for that year and present it to the Board.

After the end of each fiscal year, the Executive Committee will undertake a formal evaluation of the performance of the CEO. This evaluation will be structured to assess:

- strategic plan implementation (as operationalized in the Annual Operating Plan),
- responsibilities outlined in the CEO job description,
- and any other directives given to the CEO via board resolution or policy.

Based on this structure, the evaluation will include

- a written self-evaluation of performance by the CEO and
- a written evaluation of CEO performance by Board members.

It may also include feedback from staff and stakeholders, where appropriate and feasible.

The Executive Committee will prepare a written evaluation report and will meet with the CEO to discuss the same.

The CEO Job Description will be reviewed regularly to ensure consistency between the role description and board expectations.

Compensation:
A compensation survey will be conducted at least every 5 years (and may be conducted more often if indicated by market conditions) to ensure CEO compensation supports retention and attraction. Whenever possible, surveys should be conducted jointly with other similar organizations to reduce administrative costs.

Cost of Living increases for the CEO will match the increases for all ETSI-BC staff. Merit increases or bonuses will be at the discretion of the board.

Prior to recruiting a new CEO, a CEO hiring procedure will be prepared, which will include (among other things) the establishment of an appropriate salary range informed by a compensation survey. Once hired, the new CEO's employment contract will specify performance expectations and associated salary increases.

2.9.2 Termination

The Board as a whole is responsible for terminating the employment contract of the CEO. Dismissal requires two-thirds approval of the Director positions normally filled, regardless of vacancies, at a meeting duly called to consider such action.

2.9.3 Executive Authority

The Board of Directors, acting as a collective body rather than as individual Directors, Officers, or Committees, is responsible for providing direction to the CEO through board policies and resolutions. Board decisions will be communicated to the CEO by the Chair.

Operations:
The Board delegates responsibility for execution of board policies to the CEO. The CEO is responsible within the parameters established by the Board for determining the methods by which the Board's directions and policies will be executed and the desired outcomes achieved.

All board responsibilities delegated to staff and consultants will be delegated through the CEO so that the authority and accountability of staff derive from the authority and accountability of the CEO.

The CEO is responsible for all recruitment, salary and contract negotiation for staff within the parameters of the annual operating budget. The CEO is responsible for ensuring that annual performance evaluations are completed with all staff.

Financial:
The CEO is responsible for the delivery of programs. Administrative costs will not exceed the annual operating budget (including any increases authorized by the Executive Committee). The Board will be updated with a financial summary on the operating budget at each meeting. The Board delegates approval authority to the CEO for ETSI-BC funding programs that are included in the Annual Operating Plan. This plan includes funding targets per funding stream and maximum funding allocation per project.

The CEO has delegated authority to approve applications to these projects only when the following conditions are met:

a. The scorecard assessment resulting from staff due diligence qualifies the project based on the outcomes identified in the Annual Operating Plan and Strategic Plan.
b. The appropriate Regional Advisory Committee has provided a resolution of support for the project.

In instances where the Regional Advisory Committee has supported an application that is not qualified by the scorecard assessment, or where a loan is requested, the application must be reviewed by the Board to secure funding approval.

Funding allocations over $75,000 (per project) will ordinarily be adjudicated by the Board unless specifically delegated to the Chief Executive Officer.

The Board may determine by board resolution that specific funding allocation(s) (e.g. temporary adjudication for new programs) be adjudicated by the Board. This will be included in the Annual Operating Plan.

Funds managed by ETSI-BC on behalf of other organizations will follow adjudication procedures as per the respective contracts.

Corporate Spokesperson:
The Board delegates authority to the CEO to be the primary spokesperson on behalf of ETSI-BC.

Regardless of this delegation, if there is a media enquiry that appears to be of a controversial nature, the CEO shall brief the Chair and seek the advice of the Chair on the response. If the media is insistent on speaking with the Chair, the Chair will be fully briefed on all background by the CEO prior to the interview.

Adopted and Updated: April 30, 2021, June 23, 2023, March 20, 2026

2.10 IN-CAMERA MEETINGS

2.10.1 With Management Present

The Board may meet in-camera where confidentiality is required to protect personal privacy, legal obligations, sensitive negotiations, or the integrity of Board deliberations, including when dealing with matters related to:

a. Personal information about an identifiable individual who holds or is being considered for a position as a Director or employee.
b. Labour relations or other employee relations.
c. The acquisition or disposition of land or improvements by an applicant or ETSI-BC.
d. Litigation or potential litigation affecting ETSI-BC.
e. The receipt of advice that is subject to solicitor-client privilege.
f. Information that is prohibited, or information that if it were presented in a document would be prohibited, from disclosure under the Freedom of Information and Protection of Privacy Act.
g. Discussions with executive and employees regarding Trust objectives, measures, and progress reports for the purpose of preparing an annual report.
h. The consideration of applications for funding and information received and held in confidence relating to negotiations between ETSI-BC and an applicant or any level of government, or between a level of government and a third party.
i. Any material which may present potential harm to ETSI-BC or an applicant if the substance of deliberations is revealed prematurely or prior to readiness for public review.

2.10.2. Without Management Present

It is a practice for members of a board to have an opportunity to meet without the CEO or other management representatives in attendance.

At the end of each meeting, the Chair may enter into an in-camera board meeting without management to discuss Board performance, dynamics, and effectiveness. The Chair shall inform the CEO of the relevant outcomes and any matters requiring follow-up as they pertain to regular Trust business.

Adopted: April 30, 2021, updated March 20, 2026

2.11 POLICY DEVELOPMENT PROCESS

ETSI-BC sets policy through resolution of the whole board, ensuring collective accountability and oversight.

The CEO shall be guided by the vision, mandate and legislation, to draft operational policy and procedures that contribute to achieving the Board's vision.

The Board may also direct the development of specific policies with suggested content to the CEO.

The CEO shall work with staff, subject matter experts, and individual Board members with relevant expertise, as appropriate, in researching and drafting the policy. Draft policy will be circulated in the meeting agenda package. The Board has three choices:

a. Adopt the policy, with or without direction for minor revisions, or
b. Refer the policy back to the CEO with guidance for further development of the policy, or
c. Defeat the policy draft. In this case, there will be open Board discussion that provides reasons, concerns, and where appropriate, guidance for future consideration.

Adopted: April 30, 2021, revised March 20, 2026

Section 3.0

Financial Management Policies

3.0 FINANCIAL MANAGEMENT POLICIES

3.1 INVESTMENT POLICY

The goal of the investment policy is to support long-term stewardship of Trust assets and to:

a. Outline ETSI-BC's investment principles.

b. Provide guidelines to maximize return on investment in a prudent and diversified manner.

c. Provide adequate income and ensure distribution and investment priorities outlined in the strategic plan are achieved.

The investment policy will also ensure that ETSI-BC conforms to the requirements of applicable federal and provincial statutes and legislation, including the Income Tax Act and the Trustee Act. As such, the ETSI-BC Board, in carrying out its duties and responsibilities, agrees to exercise the competence and skill expected of careful and diligent investment management.

Adopted: April 30, 2021

3.2 ROLES AND RESPONSIBILITIES - FINANCIAL

3.2.1 Board of Directors

The Board of Directors shall elect the Finance Committee and appoint the Investment Management Firm. The Board shall review and approve the Statement of Investment Policies and Procedures (SIPP), review the performance of the Investment Management Firm, and consider the results of any new Investment Management Firm search conducted by the Finance Committee and executive staff. Negotiation of a contract for investment management will be delegated to the Finance Committee and executive staff. The Finance Committee shall present the proposed contract and an overview of the search process to the Board for ratification.

The Board of Directors shall monitor the results of the investment portfolio and ensure compliance with the SIPP, based on the reports of the Finance Committee.

3.2.2 Role of the Investment Management Firm

The Investment Management Firm shall invest assets of ETSI-BC according to the relevant sections of the Trustee Act and the approved SIPP of ETSI-BC, in alignment with the Trust's stated investment objectives.

The Investment Management Firm shall participate in the development of the SIPP with the Finance Committee and executive staff and shall remain fully aware of amendments to the investment policy. The Investment Management Firm shall provide a review of fund/account performance as well as the expectations on the economic and financial market outlook and related investment strategies at least four times annually. Reports on income and disbursements will be tracked by the CEO and will be available to the Board, and Regional Advisory Committees, if requested.

The Investment Management Firm shall be responsible for ensuring that the Finance Committee is knowledgeable about new asset classes or investment instruments and their impact on ETSI-BC's asset management objectives.

The Investment Management Firm shall provide a letter to the Board confirming compliance and/or detailing any guideline that has been breached.

3.2.3 Oversight of the Investment Management Firm

As required, the Finance Committee in consultation with the Chief Executive Officer may engage the services of an independent investment consultant to review the performance of the Investment Management Firm relative to appropriate indexes and peer performance. The consultant may also make recommendations on the value in the "fee structure" charged for investment management, and make other recommendations designed to inform the Finance Committee and support the demonstration of due diligence and fiduciary responsibility by the Committee and the Board.

Adopted: April 30, 2021, updated March 20, 2026

3.3 DEVELOPMENT INITIATIVE RISK POLICY

ETSI-BC previously supported development initiatives, including loans and equity investments, that contained inherent risks and were often not considered commercially bankable. ETSI-BC recognized that some loans, loan guarantees, convertible notes and equity holdings would inevitably be unrecoverable over time. This risk was understood and accepted as part of ETSI-BC's economic development mandate, rather than as a failure of performance.

ETSI-BC shall endeavour to collect loan principal, interest, fees owing, and the market value of shares held as development initiatives through commercially reasonable means, and shall exercise its right to security where applicable, subject to Board-approved ETSI-BC Development Initiatives Collections & Write-Off Policies & Procedures.

Since 2021, ETSI-BC has moved away from acting as a commercial lender. As existing development initiative loans are collected or resolved, this Development Initiative Risk Policy will no longer be required. Commercial business lending now falls outside the scope of ETSI-BC activities.

Adopted: April 30, 2021, revised March 20, 2026

3.4 FINANCIAL OPERATIONS

3.4.1 Authorized Signatories and Accounts Payable:

The CEO and Executive Committee members shall be the primary signing authorities for all payments, including approval authority for electronic funds transfers.

These authorizations remain in place for all values of banking documents, consistent with the annual operating budget or approved project spending previously ratified by the Board.

Approval from two signing authorities will be required for all payments.

All cheques must have supporting invoices, claim cover sheets, or other information attached for review before signing.

All blank cheques will be secured in a locked fire safe cabinet when not in use.

The Chair is the approval authority for Chief Executive Officer expense forms.

3.4.2 Financial Statements

The Finance Committee shall present year-to-date financial statements (unaudited) to the Board at each meeting.

The statements will reflect year to date activity (actual to budget) to the period one quarter previous to the current month. Material variances from budget will be explained.

3.4.3 Authorization Limit

The CEO is authorized to purchase or order items within ETSI-BC's approved annual operating budget, subject to appropriate purchasing controls.

A Board resolution and two signatures by Authorized Signatories are required to transfer funds from the Investment Fund to ETSI-BC's general operating account as per approved budget requirements, or to authorize a transfer of funds from ETSI-BC's operating account to its Investment Fund.

The Executive Committee is authorized to approve Director expense claims which are not within the expense policy of the Board but must provide a rationale for records.

3.4.4 Contract Authorization

The CEO is authorized to sign and enter into contracts for services within ETSI-BC's approved annual operating budget, subject to appropriate contracting controls.

The CEO is authorized to enter into contracts consistent with board resolutions and project approvals. If the CEO is unavailable and time is of the essence, the Chair may sign the contract.

3.4.5 Year-End Audit

ETSI-BC's fiscal year end is March 31st.

All materials, adjustments and reconciliations required for the year-end audit must be completed forty-five days following the year end for presentation to ETSI-BC's auditor.

The audited financial statements will be presented to the Directors as soon as possible following the annual audit. This will generally occur at the spring Annual Inaugural Meeting of ETSI-BC.

The audited financial statements will be made available to the public by July 31st each year.

Adopted and Updated: April 30, 2021, December 2, 2022

3.5 EXPENSE REIMBURSEMENT

Expense claims (and associated receipts) must be received by the ETSI-BC office within thirty days following the meeting date. In the event of extenuating circumstances related to travel or accessibility, claims must provide a brief explanation for any costs in excess of the normal charges.

Board members may claim the following expenses:

3.5.1 Hotel:

Due to lengthy travel distances in some regions, a hotel stay may be required to facilitate Board members' attendance at meetings. Board members should request the hotel's Provincial Government rate at the time of booking. Miscellaneous charges such as mini-bar items, movies, or alcoholic beverages will not be reimbursed.

At their discretion, Board members may choose to stay an additional night at the hotel if their travel time would cause them to arrive home too late following the adjournment of the meeting (arrival at home after 8 pm).

3.5.2 Airfare:

Return airfare costs may be incurred to attend meetings. These expenses should be the most direct flight option reasonably available and will be paid upon receipt of the paid invoice.

3.5.3 Mileage:

Return mileage from the member's home location to the meeting location is claimable per the Federal (Canada Revenue Agency) Kilometric Rates. Directors that elect to drive to a meeting rather than fly will be reimbursed the lesser amount of either the current economy airfare cost or the mileage cost.

3.5.4 Per Diem:

The per diem allowance is designed to cover all meal and gratuity costs for the member to attend the meeting. Members of the Board are entitled to claim Meals and Allowance per the Federal (Canada Revenue Agency) Meals and Allowances Rates.

3.5.5 Miscellaneous Expenses:

Incidental expenses incurred in the normal course of attending a meeting (e.g. taxi, parking, telephone charges may be claimed. All receipts must be attached. ETSI-BC will not accept claims for fines or dues.

Section 4.0

Cybersecurity and AI Policies

4.0 CYBERSECURITY AND AI USE POLICIES

4.1 CYBERSECURITY POLICY

4.1.1 Background

The Economic Trust of the Southern Interior (ETSI-BC) recognizes the increasing risks posed by cyber threats to organizations. This policy establishes minimum cybersecurity standards for ETSI-BC operations, aligning with ETSI-BC bylaws, governance principles, and compliance requirements under the Freedom of Information and Protection of Privacy Act (FIPPA) and the BC Personal Information Protection Act (PIPA).

These policies are prepared referencing the Community Futures Pan-West Network Cyber Policies and the Canadian Centre for Cyber Security “BASELINE CYBER SECURITY CONTROLS FOR SMALL AND MEDIUM ORGANIZATIONS V1.2”.

These standards support ETSI-BC’s responsibility to protect the information entrusted to it by communities, partners, and staff.

Outline

4.1.2 – Minimum Security Measures to be Maintained

a) System Updates and Patch Management
b) Security Software
c) Device Configuration
d) User Authentication
e) Employee Awareness Training
f) Data Backup and Encryption
g) Mobile Device Security
h) Network Perimeter Defenses
i) Cloud and Outsourced IT Services
j) Website Security
k) Access Control and Authorization
l) Portable Media Security

4.1.3 – Governance, Oversight, Compliance and Insurance

Appendices: Audit Checklist, Incident Response Plan, Contacts

4.1.2 Minimum Security Measures to be Maintained

a) System Updates and Patch Management

i. Enable automatic updates for all ETSI-BC systems.
ii. Replace unsupported hardware/software.
iii. Conduct quarterly vulnerability scans.

b) Security Software

i. Deploy anti-malware and antivirus solutions with automatic updates.
ii. Activate firewalls on all devices.

c) Securely Configure Devices

i. Change default administrative passwords.
ii. Disable unnecessary features.
iii. Review access annually.

d) User Authentication

i. Implement multi-factor authentication (MFA) for critical systems.
ii. Enforce strong password policies:
   - Minimum 12 characters. with no composition requirements.
   - Individual characteristics such as birth dates, dictionary words, repetitive combinations, or other easily guessed passwords must not be used for any password.
   - The name of the ETSI-BC or any portion of the ETSI-BC's name must not be used in any password.
   - Password changes only upon compromise.

e) Employee Awareness Training

i. Annual cybersecurity training for all staff and board members.
ii. Topics: phishing, password hygiene, secure data handling.

f) Data Backup and Encryption (provided by ETSI-BC's contracted IT service provider)

i. Back up essential data daily.
ii. Store backups encrypted and offsite.
iii. Test restoration quarterly.

g) Mobile Device Security

i. ETSI-BC will provide the use a COPE (Company-Owned, Personally Enabled) model.
ii. Enforce separation of work and personal data.
iii. Require encryption and approved apps only.
iv. Avoid open Wi-Fi networks and use cellular data instead.
v. Laptops must be connected to the ETSI-BC VPN.

h) Network Perimeter Defenses

i. Implement dedicated firewalls.
ii. Implement email filtering at ingress and egress points to detect and block spam, phishing attempts, and malicious attachments or links. This measure complements existing DMARC enforcement and DNS filtering.
iii. Require VPN with MFA for remote access.
iv. Secure Wi-Fi with WPA2 or higher.

i) Cloud and Outsourced IT Services (provided by ETSI-BC's contracted IT service provider)

i. Require SOC 3 compliance from providers annually.
ii. Encrypt all sensitive data in transit and at rest.

iii. Review provider contracts for security clauses.
iv. Service Level Agreement including confirmation of resource capabilities and capacity;
v. Privacy and data-handling policies including threat detection policy and process;
vi. Notification processes when private data is accessed without prior authorization;
vii. Final backup and destruction processes for data at the end of the outsourcing contract;
viii. Physical location and security of outsourced data centres; and
ix. Physical location of outsourced administrators.

j) Website Security

i. Comply with OWASP top 10 vulnerabilities as a minimum standard and review annually or upon major updates
ii. Require HTTPS for all web interactions and determine and document the Application Security Verification Standard (ASVS) level required for each website based on its functionality and sensitivity of the data it handles. Compliance will be verified annually or upon major updates.

k) Access Control and Authorization

i. **Apply the least privilege principle,** where users have only the minimal functionality required to perform their tasks.
   - Administrative accounts should face further restrictions by permitting only administrative actions and not user-level activities like browsing the web or accessing email (Provision Data).
   - To ensure clear accountability for user activities and segregation of duties, organizations should give all users unique individual accounts and minimize or eliminate the use of shared or shared-use accounts.

ii. Remove access promptly upon role changes.
iii. Maintain centralized authorization system (Provision Data)

l) Portable Media Security (USB flash drives and SD Cards)

i. Use only ETSI-BC-issued encrypted drives when storing sensitive materials.
ii. Maintain asset control and secure disposal.

4.1.3. Governance, Oversight, Compliance and Insurance

a) The CEO is accountable for cybersecurity policy compliance and for ensuring operational procedures are in place.
b) ETSI-BC will maintain a documented scope of all information systems and assets covered under this policy.
c) The CEO ensures adherence to FIPPA and PIPA.
d) An annual audit will be carried out and the results presented to the Board of Directors following the audit checklist in Appendix A.
e) In the event of security incident, the CEO shall create and ensure the implementation of a suitable incident response plan, based on the guidelines in Appendix B.
f) ETSI-BC will maintain a cyber security insurance policy that includes coverage for incident response and recovery activities in addition to liability coverage.

See Procedures for Audit Checklist, Incident Response Plan and Contacts

4.2 ARTIFICIAL INTELLIGENCE (AI) – ACCEPTABLE USE POLICY

4.2.1 Purpose and Scope

The purpose of this policy is to establish clear, ethical, and legally compliant standards for the use of Artificial Intelligence (AI) and Generative AI tools by all staff, board members, contractors, and volunteers ("Users") at ETSI-BC. This policy ensures that the use of AI aligns with ETSI-BC's mission, values, relationships, and all applicable laws, including the BC Personal Information Protection Act (PIPA), while promoting innovation and efficiency.

4.2.2 Core Ethical Principles

All AI Users at ETSI-BC must adhere to the following principles:

a) **Accountability:**
Users are responsible for all AI-generated content or decisions; AI is a support tool, not a substitute for human judgment.

b) **Transparency:**
Users must disclose AI use in public-facing materials and avoid presenting AI-generated content as purely human work.

c) **Fairness and Anti-Bias:**
Review AI outputs for inaccuracies or discriminatory bias, especially in decisions affecting communities, Indigenous partners, or funding applicants.

d) **Public Benefit:**
AI tools should only be used for purposes that align with ETSI-BC's mandate to support economic development in the BC Southern Interior.

4.2.3 General Use and Ownership

All data and intellectual property generated through company technology, including AI-created content, belong to ETSI-BC. All Users must complete AI policy training withing 30 days of initial access and annually thereafter, with training designed to support informed, responsible use rather than technical proficiency alone. Users must use company-provided technology and AI tools ethically, lawfully, and solely for business purposes. Approved AI tools must be used only for authorized activities.

4.2.4 Data Privacy, Confidentiality, and Approved Tools

a) Approved Tools: Only ETSI-BC-approved and licensed AI tools, where data input is private, encrypted, and not used for model training, may be used for non-public information.

b) Personal AI Tools: Use of personal or free AI services is prohibited for processing ETSI-BC confidential or sensitive data.

c) PIPA Compliance: Users must follow the BC Personal Information Protection Act (PIPA) Privacy Policy.

d) AI tools used that have experienced cyber security incidents must be immediately reported as per the Incident Response Plan in Section 4.1 Appendix B

e) Data Stewardship: Users must be mindful that information handled by ETSI-BC may be entrusted by communities and partners, and must not be used in AI tools in ways that exceed original purpose or consent under which the information was shared.

4.2.5 Acceptable Uses and Limitations

a) **Acceptable Uses (Low Risk):**
Drafting non-confidential emails, social posts, internal docs; Idea generation, brainstorming, summarizing public reports; Grammar/style edits, translation of non-sensitive content.

b) **Limited Uses (High Risk – Requires Oversight):**
High Risk involves handling personal information, making financial decisions, conducting legal assessments, providing public-facing communications, and implementing automated decision-making that impacts individuals. Public communications must be vetted and disclosed; code and software development require security reviews; legal and financial analyses must be reviewed by qualified professionals and retain final human decision-making authority.

c) **Prohibited Uses (Zero Tolerance):**
Sole reliance on AI for administrative or financial decisions; Entering personal information or confidential data into unauthorized AI tools; Plagiarism or submitting AI content without attribution.

4.2.6 Enforcement and Oversight

a) **AI Governance Lead:**
The CEO is the primary contact for enforcing the policy, maintaining a register of all approved AI tools and incident coordination, with Board oversight through regular reporting as appropriate. Tools must be evaluated for data privacy, security, and PIPA compliance before approval.

b) **Reporting:**
Users must immediately report any suspected breaches, misuse of confidential data, or instances of harmful AI-generated bias to the AI Governance Lead.

c) **Enforcement:**
Non-compliance may lead to disciplinary actions including warnings, retraining, suspension, or termination of employment/contract.

4.2.7 Policy Review

a) **Review Cycle:**
This policy will undergo formal review no less frequently than every twelve (12) months or upon significant changes to PIPA or emerging risks to communities, trust, or organizational integrity. All modifications will be communicated, and employees, Board members and contractors must sign an Acknowledgment Form upon any revision.

b) **Triggers for Interim Review:**
The AI Governance Lead is responsible for initiating an immediate, interim policy review if any of the following events occur:
  i. Significant changes to the BC *Personal Information Protection Act* (PIPA) or related privacy legislation.
  ii. A major internal incident involving the misuse of AI or a data breach facilitated by an AI tool.
  iii. The adoption of a new, high-impact AI system by ETSI-BC.

c) **Distribution:**
Any revisions to the policy must be immediately communicated to all staff and board members, and mandatory acknowledgment of receipt and understanding may be required.

Adopted: March 20, 2026

Certification of Policies

These Policies are hereby adopted and certified by the Directors of the Trust when signed by the Chair or authorized Director of the Board.

Revised: November 4, 2009 March 7, 2012 March 6, 2017 March 26, 2019 October 2, 2020 April 30, 2021 March 20, 2026	Signed by the Authorized Signatory of the Board Paul Donald Signed on 2026-07-25 10:02:50 PDT ______________________________ Paul Donald, Board Chair