



SWIFT Corporate Policy

Board of Directors Terms of Reference

PL-03-01

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V2.3	Annual review including updating the wording of Chairman to Chair.	19-May-23	14-Jul-23

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1. PURPOSE

Southwestern Integrated Fibre Technology ("SWIFT") shall adhere to the following Policy, which will establish Terms of Reference for the Board of Directors ("Board").

2. SCOPE

The policy applies to the SWIFT Board of Directors.

3. OBJECTIVE

The Board is responsible for operating in accordance with the requirements of SWIFT By-Law No. 1. This document captures additional requirements of the Board. In the event of any conflict between this document and SWIFT By-Law No. 1, the terms of SWIFT By-Law No. 1 shall prevail.

4. GOVERNING STYLE

The Board is directly accountable to the stakeholders and the public for the prudent oversight of SWIFT's operations. The Board is to safeguard the mission and vision of SWIFT and to establish SWIFT's long-term goals and direction. The Board defines SWIFT's values and culture in which it expects the CEO/Executive Director to manage the day-to-day operations. The Board will embody the behaviour necessary to govern with fairness and to the highest ethical and moral standards.

5. LIMITATION OF MANAGEMENT'S RESPONSIBILITIES AND AUTHORITY

The CEO/Executive Director is to be responsible for managing the day-to-day operations of SWIFT. This includes the supervision of the management team and SWIFT's outside consultants. The CEO/Executive Director is responsible for the implementation of SWIFT's objectives and the resolutions of the Board as well as the appropriate and timely feedback on the results of the CEO/Executive Director's efforts.

6. COMPOSITION AND OPERATION

Composition and operation of the Board shall follow the requirements of SWIFT By-Law No. 1.

7. ROLES, RESPONSIBILITIES AND FUNCTIONS

Duties of Directors shall follow the requirements of SWIFT By-Law No. 1.

The Board's fundamental objectives are to enhance and preserve long-term stakeholder value, to ensure SWIFT meets its obligations on an ongoing basis, and that SWIFT operates in a reliable manner. In performing its functions, the Board shall also consider the legitimate interests of other stakeholders of SWIFT. The stewardship of SWIFT involves the Board's participation in strategic planning, financial reporting, risk management and mitigation, senior management determination, communication planning, and internal control integrity.

The Board explicitly acknowledges responsibility for the stewardship of SWIFT, including the following:

- a) Satisfying itself as to the integrity of the CEO/Executive Director and other senior management, as to create a culture of integrity.
- b) Adoption of a strategic planning process and approving on at least a biennial basis, a strategic plan which accounts for the opportunities and risks of SWIFT.
- c) Ensuring management has adopted a process that is in line with the Board's expectations on budgeting and forecasting. This includes formally approving the SWIFT budget and business plan on an annual basis, or more frequently if modifications are required, in accordance with the Budgeting and Forecasting Policy.
- d) Identification of the principal risks of SWIFT and the implementation of appropriate systems to mitigate these risks.
- e) Succession planning including the appointment, training, and monitoring of senior management.
- f) Adopting appropriate reporting and communication processes for SWIFT.
- g) Ensuring the integrity of SWIFT's internal control and management information systems.
- h) Developing SWIFT's approach to corporate governance.

7.1. Strategic Planning

The Board has oversight responsibility in reviewing and approving the mission of SWIFT as well as its goals and objectives. In doing so, the Board shall consider the opportunities and risks of the business. The Board is to review SWIFT's operating and financial performance results relative to the established strategy, budgets and objectives on an annual basis. The Board is also responsible for providing management with input on emerging trends and issues on strategic plans, objectives and goals developed by management.

7.2. Policies and Procedures

The Board is responsible for approving the corporate policies of SWIFT, and applicable procedures where required, which are designed to ensure that SWIFT operates at all times within the applicable laws and regulations and to the highest ethical and moral standards.

The Board is also responsible for carrying out their duties in accordance with such policies and for monitoring compliance with the significant policies and procedures.

The Board is responsible for adopting the written SWIFT Code of Conduct which is applicable to all Directors, officers, and employees of SWIFT. All Directors are also responsible for acknowledging their adherence to the applicable terms of the Code of Conduct at least annually, or more frequently, as modifications occur.

7.3. Risk Management

The Board has the responsibility of understanding the principal risks of the business in which SWIFT is engaged. The Board is to achieve an appropriate balance between risks incurred and the potential return to stakeholders while confirming that there are systems in place which effectively monitor and manage those risks with a view to the long-term viability of SWIFT.

7.4. Financial Reporting

The Board must ensure management has a policy and process for the preparation of financial reports and information internal use by management and directors, and external reporting for use by external stakeholders. The Board must formally approve externally reported financial information and ensure the appropriate reporting process is being adhered to by SWIFT management. This includes ensuring that there is an adequate system in place to maintain financial records.

7.5. Compliance Management

The Board has the responsibility of ensuring SWIFT management is effectively managing any risks relating to compliance management. This is including, but not limited to, regulatory compliance with regards to:

- a) **Procurement:** The Board must ensure management maintains a policy and process over the procurement of goods and services which is in line with any regulatory requirements.
- b) **Privacy:** The Board must ensure management maintains appropriate controls over the gathering, use, disclosure, and management of any confidential information. This includes ensuring the appropriate information systems are maintained.

- c) **Anti-Fraud:** The Board must ensure the appropriate processes and controls have been developed that will aid in the detection and prevention of fraud, misappropriation, and other irregularities, in order to protect SWIFT's reputation, assets and information. The Board must ensure that management reports all instances of known or suspected fraud to the Board and any relevant regulatory bodies.

7.6. Liquidity and Cash Flow Management

The Board has the responsibility of ensuring SWIFT management is effectively managing any liquidity and cash flow risks facing SWIFT, including oversight of SWIFT's borrowing activities. This includes adopting cash management policies and processes that meet the Board's expectations, ensuring the appropriate information is received from management to effectively monitor their processes and borrowing activities, and ensuring the establishment of effective internal controls associated with cash flow management.

7.7. Information Technology and Cyber Security Management

The Board must ensure SWIFT management enforces appropriate requirements for protecting SWIFT's technology and information assets. These requirements must ensure:

- a) SWIFT information systems are adequately protected from security threats (unauthorized access, loss, corruption).
- b) Information security measures are in line with regulatory and legal requirements.
- c) Users (employees, service providers, and other authorized users of SWIFT systems) understand their responsibilities to protect the confidentiality and integrity of data.

7.8. Public Accountant Management

The Members have the ability to appoint a public accountant at each annual meeting. The appointment of a public accountant shall follow the requirements of SWIFT By-Law No. 1.

If appointed, the Board must also determine and approve the remuneration of the public accountant. A process must be in place to monitor the performance of the public accountant against the intended duties. This must occur prior to each annual meeting, at a minimum, or more frequently where required.

7.9. Position Descriptions

The Board is responsible for developing position descriptions for the Chair of the Board, the Chair of each established Board committee and the CEO/Executive Director.

The Board is to develop and approve the corporate goals and objectives by which the CEO/Executive Director is responsible for meeting as well as a description of the responsibilities of the individual Directors. This includes the basic duties of a Director as well as the expectation for attendance at Board meetings and advanced preparation of meeting materials.

Position descriptions shall follow the requirements (duties and powers) of SWIFT By-Law No. 1.

7.10. Monitoring

The Board has the responsibility of reviewing and approving SWIFT's financial statements and overseeing SWIFT's compliance with applicable requirements. The Board is to verify that SWIFT is, at all times, operating within applicable laws and regulations to the highest ethical and moral standards. The Board is responsible for verifying that SWIFT has implemented adequate internal control and management information systems to ensure the effective discharge of its responsibilities.

The Board has the responsibility of adopting processes for the monitoring of the Corporations' progress towards its strategic and operational goals and to alter management's direction in response to changing circumstances which affect SWIFT. If SWIFT's performance falls short of its goals, the Board is to take action. The Board shall approve material transactions outside of SWIFT's ordinary course of business, and in accordance with any approved Corporate Policies.

7.11. Reporting and Communication

The Board is to verify that SWIFT has policies and programs in place to enable SWIFT to communicate effectively with its stakeholders and the general public. The Board shall ensure that the financial performance of SWIFT is adequately reported to stakeholders and regulators on a timely and regular basis.

7.12. Board Evaluation

The Board is responsible for ensuring that the Board, its committees, and each individual Director are regularly assessed regarding their effectiveness and contribution. The Board is to implement a process for assessing the Board and Board committees in consideration of its mandates and the Directors in consideration of the competencies and skills the Director is expected to maintain.

Regular Director terms of office and removal shall follow the requirements of SWIFT By-Law No. 1.

7.13. Independence

The Board is responsible for implementing appropriate structures and procedures to permit the Board to function independently of management.

7.14. Conflict and Complaint Resolution

The Board shall review any complaints identifying that a Director has violated any of SWIFT's policies, such as the written Code of Conduct. The Board shall also review any disputes between Directors that interfere with the Board's ability to carry out its duties and responsibilities. The review of such complaints or disputes will include an opportunity for the Directors involved to present their positions. Complaints may be referred to an independent arbitrator if a resolution cannot be established internally. The recommendations for resolution will be approved by the Board and the ruling of the Board shall be final. If a Director refuses to abide by the ruling, the Board may take disciplinary action as needed.

7.15. Director Compensation

The Board is to review the adequacy and form of compensation provided to the Directors to ensure it adequately reflects the responsibilities and risks involved in being an effective Director, including any policy on per diems.

7.16. Annual Review of Terms of Reference

The Board shall review and assess the adequacy of the terms of reference at least annually. It should also perform a self-review on its adherence to these terms. This self-review could assist in recommending improvements to information (frequency or content) provided to the Board to meet the terms.

7.17. Appointment, Training and Monitoring of Senior Management

The Board shall appoint the CEO/Executive Director and all other senior management. The Board is to develop position descriptions for such persons, approve their compensation, and monitor the CEO/Executive Director's performance against a set of mutually agreed corporate objectives directed at maximizing stakeholder value. The Board may provide advice and counsel in the execution of the CEO/Executive Director's duties as appropriate. The Board is to ensure that a process is established that adequately provides for succession planning including the appointment, training and monitoring of senior management and to establish limits surrounding the authority delegated to management.

Position descriptions shall follow the requirements (duties and powers) of SWIFT By-Law No. 1.

7.18. Meetings

Meetings of the Board shall follow the requirements of SWIFT By-Law No. 1.

8. OVERSIGHT ESSENTIALS

8.1. Orientation and Training

An orientation and education program for newly appointed Directors of the Board will be provided. The orientation program is to familiarize the new Directors with SWIFT's activities, including the reporting structure, strategic plans, management, and significant financial, accounting and risk issues, as well as compliance programs and policies. The training will ensure that the Directors understand the individual contribution they are expected to add to the Board, including the commitment of time and resources. Newly appointed Directors of the Board are expected to attend orientation activities.

8.2. Continuing Education

Continuing education opportunities will be provided for all Directors to ensure that individual Directors maintain and enhance their skills and abilities. Continuing education shall ensure that the Directors' knowledge and understanding of SWIFT's business environment and operations remains current to effectively carry out their duties.

8.3. Access to Records

The Board will be permitted access to all of the records and information of SWIFT that it deems necessary to perform its duties.

8.4. Committees

As authorized by By-Law No. 1 the Board can establish committees to carry out its duties through committees and to appoint directors to be members of these committees. The Board assesses the matters to be delegated to committees of the Board and the constitution of such committees annually or more frequently, as circumstances require. From time to time the Board may create ad-hoc committees to examine specific issues on behalf of the Board.

If a committee is formed, the Board shall elect a Chair of the committee and establish a committee mandate or terms of reference. The mandate or terms of reference will specify the requirements for assessing, appointing, and monitoring its members.

The following are illustrative or commonly used committees that can be established to assist the board:

- d) Executive Committee
- e) Audit and Risk Committee;
- f) Corporate Governance Committee;
- g) Finance Committee;
- h) Human Capital & Compensation Committee;
- i) Nominating Committee

8.5. Authority to Engage Outside Advisors

The Board has the authority to engage outside advisors as it deems necessary to carry out its duties, including the identification and review of candidates to serve as Directors or officers. SWIFT shall provide appropriate funding, as determined by the Board, for payment of the compensation of any advisors engaged by the Board and the ordinary administrative expenses of the Board necessary for the carrying out of duties.