

McBride Community Forest

Policy and Procedures:

Corporate Governance Policy

Date policy adopted: October 7, 2026

BACKGROUND AND PURPOSE:

The McBride Community Forest Corporation has a governance model, comprised of a single Shareholder and a Board of Directors, to provide the oversight and control needed for the MCFC operations.

This policy is intended to provide guidance and set the conditions, constraints and limitations within which the Board and management are to operate in carrying out their respective roles.

COPORATE GOVERNANCE POLICY

Corporate Governance Philosophy

The McBride Community Forest (MCF) shall be managed and directed in a manner that reflects the principles of integrity, open communication within the organization, teamwork and continuous pursuit for corporate excellence.

Policy Objectives

1. To define the role and functions of the Board of Directors (Board) of the MCFC and to provide a framework for the overall governance, guidance and direction of the MCFC.
2. To provide a basis for an effective governance framework.

General Responsibilities of the Board

The Board is legally accountable to the shareholder and is socially responsible to all persons residing within the McBride Community Forest catchment area and is responsible for directing the business affairs of MCFC.

In particular, the Board is responsible for:

1. Approving and monitoring the MCFC's overall goals, objective and policies that provide for the needs of the MCFC, safeguard the assets of the MCF and meet regulatory requirements.
2. Hiring the General Manager, defining the duties & responsibilities of the General Manager and assessing the performance of the General Manager.
3. Establishing a respectful professional working relationship with the General Manager.
4. Participate in the development and approval of MCFC's strategic plan.
5. Revising and altering the strategic direction of the MCFC in light of changing circumstances.
6. Oversight of the election process and/or appointment of new Director(s) ensuring alignment with the Company's Articles of Incorporation. The onboarding of new Director(s), facilitating corporate knowledge transfer to new Board members.
7. Responding to or delegating authority to the General Manager as appropriate to respond to inquiries, requests from regulatory agencies, First Nations, the shareholder and the general public.
8. Ensuring effective communication with the shareholder and persons residing within the McBride Community Forest catchment area.
9. Meeting regularly to discuss governance matters with staff and other topics pertinent to the business of MCFC.
10. Work with the General Manager to identify the principal risks to MCFC's business and take all reasonable steps to ensure the implementation of appropriate systems to manage these risks.

Board Structure and Composition

The Board composition and election/appointment process are stated in Section 14 in MCFC's Articles of Incorporation.

"14.12 Composition and Terms of the Board of Directors

The board of directors shall consist of five directors. In electing or appointing individuals as directors, the shareholder is entitled to vote at an annual general meeting for the election of directors and shall elect or appoint individuals as directors such that the board is comprised of:

- (a) Three directors will be elected from residents who live within the Community Forest land base area who will have three-year terms;
- (b) One director nominated by the voting shareholder of the Company who will have a two-year term; and
- (c) One director nominated by joint designation of all the current members of the board of directors who will have a two-year term. In nominating such director, the current members of the board shall consider any experience gaps currently existing on the board of directors and shall nominate such director with appropriate experience.

If a director's term expires or a director resigns, retires, is removed or the number of directors and board composition requirements set out in this Article 14.12 are otherwise no longer satisfied, the Company and the voting shareholder shall, as soon as reasonably practicable, take such steps as are reasonably required to ensure the requirements in this Article 14.12 are satisfied."

Director Meetings:

- 1. A quorum for a Board meeting is a majority of the Board.
- 2. A Chairperson is elected by a majority of the Board.
- 3. Robert's Rules of Order will be used to govern all Board meetings (see Appendix 'A').
- 4. A Director may vote through virtual attendance.
- 5. If the Chair is absent, the Board may select a Chair for the meeting.
- 6. The Board may select and appoint Directors to fill roles such as Recording Secretary, Vice Chair, Treasurer and set the responsibilities for the position.
- 7. The power and authority of the Board only exists when it acts as a whole, that is, as individuals, Board members, including the Chair, exercise no power or authority for decision-making outside of the Board process.
- 8. Directors will not receive monetary compensation for serving as a Board member.
- 9. Board members may subject to Board approval, recover their cover costs incurred to attend Board meetings or special meetings/events on behalf of MCFC.

Committees of the Board

Committee Activities – Board may set up Committee(s) as required.:

General Policy Guidelines

Laws, Regulations and Standards

MCFC will adhere to all Federal, Provincial statutes, regulations and meet all its legally binding contractual obligations in its governance and business operations.

Internal Controls

The MCF will establish and maintain an internal control framework to be applied to operating areas to ensure that sound and prudent practices are supported by effective organizational and procedural administrative systems. This will include:

- Ensuring that systems are in place for maintaining the integrity of and implementing the MCFC's internal financial control and management information systems.
- Ensuring that full audit financial results are prepared annually as required by the Inspector of Municipalities, and in accordance with IFRS Accounting Standards for a Government Business Enterprise [GBE].

Communications

MCFC shall establish a shareholder and public communication strategy as outlined in the Community Engagement Policy. The Chair or designated Board member will be the spokesperson for MCFC. The Board may from time-to-time delegate authority to the General Manager to be the spokesperson on a particular operational matter.

Access to Advice

The Board or an individual Board member may wish to seek independent advice about any legal, risk management, accounting or other technical issue. Costs associated with any independent advice will only be covered by MCFC if such expenses were pre-approved by a Board motion. All opinions and/or legal advice obtained and paid for by MCFC is considered intellectual property of the Board and a copy is to be distributed to all Board members.

Code of Conduct

A Code of Conduct relative to Directors and Officers is provided in Appendix 'B' and will be reviewed annually the Board.

Seasonal Operational Plan (SOP)

1. MCFC management will prepare a Seasonal Operational Plan (SOP) covering all operations of MCFC for the forthcoming harvest season. The SOP is to include priorities and key goals, business strategy, budget and cash flow forecast. The SOP needs to align with Company policies, meet MCFC's financial needs, best efforts to provide fiber to local mills and long-term growth strategies.
2. The SOP is to be submitted to the Board twice annually. The winter SOP is to be submitted for review and approval no later than November 15th of each year and the summer SOP is to be submitted no later than June 15th of each year for Board review and approval.
3. The Board shall monitor actual business performance relative to the SOP in order that corrective actions can be taken by management where necessary.
4. Throughout the course of the season, any material changes to the SOP will require Board approval as will any significant management actions or material expenditures not approved in the SOP.
5. The Chair will communicate with MCF management as often as required to receive updates about operations relative to the SOP.

Reporting

1. The General Manager reports to the Board at each Board meeting.
2. Financial reporting will take place on a quarterly basis, or otherwise as directed by the Board.
3. All reports for the Board's review will normally be issued a minimum of 3-4 days prior to board meeting for review by the Directors.
4. The Chair shall report to the Shareholder at such times as requested by the Shareholder.
5. The Annual General Meeting of MCFC will be open to the public per the Communication Policy.
6. This governance policy is to be reviewed annually by the Board and updated as required.

APPENDIX 'A'

Roberts Rules of Order – Simplified

Guiding Principles:

- Everyone has the right to participate in discussion if they wish, before anyone may speak a second time.
- Everyone has the right to know what is going on at all times. Only urgent matters may interrupt a speaker.
- Only one thing (motion) can be discussed at a time.

A **motion** is the topic under discussion (e.g., “I move that we add a coffee break to this meeting”). After being recognized by the president of the board, any member can introduce a motion when no other motion is on the table. A motion requires a second to be considered. If there is no second, the matter is not considered. Each motion must be disposed of (passed, defeated, tabled, referred to committee, or postponed indefinitely).

How to do things:

You want to bring up a new idea before the group.

After recognition by the president of the board, present your motion. A second is required for the motion to go to the floor for discussion, or consideration.

You want to change some of the wording in a motion under discussion.

After recognition by the president of the board, move to amend by

- adding words,
- striking words or
- striking and inserting words.

You like the idea of a motion being discussed, but you need to reword it beyond simple word changes.

Move to substitute your motion for the original motion. If it is seconded, discussion will continue on both motions and eventually the body will vote on which motion they prefer.

You want more study and/or investigation given to the idea being discussed.

Move to refer to a committee. Try to be specific as to the charge to the committee.

You want more time personally to study the proposal being discussed.

Move to postpone to a definite time or date.

You are tired of the current discussion.

Move to limit debate to a set period of time or to a set number of speakers. Requires a 2/3rds vote.

You have heard enough discussion.

Move to close the debate. Also referred to as calling the question. This cuts off discussion and brings the assembly to a vote on the pending question only. Requires a 2/3rds vote.

You want to postpone a motion until some later time.

Move to table the motion. The motion may be taken from the table after 1 item of business has been conducted. If the motion is not taken from the table by the end of the next meeting, it is dead. To kill a motion at the time it is tabled requires a 2/3rds vote. A majority is required to table a motion without killing it.

You believe the discussion has drifted away from the agenda and want to bring it back.
 "Call for orders of the day."

You want to take a short break.
 Move to recess for a set period of time.

You want to end the meeting.
 Move to adjourn.

You are unsure the president of the board announced the results of a vote correctly.
 Without being recognized, call for a "division of the house." A roll call vote will then be taken.

You are confused about a procedure being used and want clarification.
 Without recognition, call for "Point of Information" or "Point of Parliamentary Inquiry." The president of the board will ask you to state your question and will attempt to clarify the situation.

You have changed your mind about something that was voted on earlier in the meeting for which you were on the winning side.
 Move to reconsider. If the majority agrees, the motion comes back on the floor as though the vote had not occurred.

You want to change an action voted on at an earlier meeting.
 Move to rescind. If previous written notice is given, a simple majority is required. If no notice is given, a 2/3rds vote is required.

Unanimous Consent:

If a matter is considered relatively minor or opposition is not expected, a call for unanimous consent may be requested. If the request is made by others, the president of the board will repeat the request and then pause for objections. If none are heard, the motion passes.

You may INTERRUPT a speaker for these reasons only:

- to get information about business –point of information to get information about rules– parliamentary inquiry
- if you can't hear, safety reasons, comfort, etc. –question of privilege
- if you see a breach of the rules –point of order
- if you disagree with the president of the board's ruling –appeal
- if you disagree with a call for Unanimous Consent –object

Quick Reference					
	Must Be Seconded	Open for Discussion	Can be Amended	Vote Count Required to Pass	May Be Reconsidered or Rescinded
Main Motion	✓	✓	✓	Majority	✓
Amend Motion	✓	✓		Majority	✓
Kill a Motion	✓			Majority	✓
Limit Debate	✓		✓	2/3 ^{rds}	✓
Close Discussion	✓			2/3 ^{rds}	✓
Recess	✓		✓	Majority	
Adjourn (End meeting)	✓			Majority	
Refer to Committee	✓	✓	✓	Majority	✓
Postpone to a later time	✓	✓	✓	Majority	✓
Table	✓			Majority	
Postpone Indefinitely	✓	✓	✓	Majority	✓

APPENDIX 'B'

CODE OF CONDUCT FOR DIRECTORS, OFFICERS

General *Duties of Care* required of the Board of Directors

Directors are to discharge their respective duties honestly, in good faith, and in the best interests of MCFC to ensure compliance with all applicable Federal, Provincial statutes, regulations and meet all its legal contractual obligations.

Confidentiality

While the MCFC Board commits to open and transparent governance, any records and reports requiring confidentiality from a legal perspective or to protect a persons or businesses privacy will be respected by the Board.

Conflict of Interest

- Directors of MCFC have an obligation of loyalty to the Company and should subordinate any personal interest when such interests conflict with, or threaten to conflict with, the best interests of MCFC.
- To avoid conflicts of interest, Directors must conduct their affairs in such a manner that their performance will at all times bear *reasonable public scrutiny*.
- Material and financial interests, whether direct or indirect should be reported as they arise.
- No Director should engage in any business or undertaking that competes with the MCFC.
- When dealing with public officials whose responsibilities intersect with the business of MCFC, hospitality should be of such a scale and nature so as to avoid compromising the integrity or reputation of either the public official or MCFC. Such acts should be undertaken in the expectation that they could well become a matter of general knowledge and public records.

Maintenance of Company Records

Accounting, administrative and all corporate records will be kept current as to present fairly and accurately the financial and legal position of MCFC at all times. This includes legal and contractual records of timber harvested and sold under MCFC's tenure(s).

Reporting of Questionable or Fraudulent Actions

It is the responsibility of a Board member to report to the appropriate authorities, their awareness of any situation which might adversely affect the reputation of MCFC. This would include any questionable, fraudulent or illegal events or material action in violation of MCFC policy or legislation which comes to their attention.