

Canada Media Fund/Fonds des médias du Canada

Statement of Corporate Governance Principles

I. Introduction

The Canada Media Fund (“Corporation”) fosters, develops and finances the production of Canadian content and relevant applications for all audiovisual platforms.

The Corporation and its Board of Directors are committed to adhering to best practices in corporate governance to ensure that the Corporation is managed responsibly for the benefit of its members, funders, industry stakeholders and the public.

The Corporation’s members are Her Majesty the Queen as represented by the Minister of the Department of Canadian Heritage (“**Canadian Heritage**”) and the Canadian Coalition for Cultural Expression (collectively, “**Members**”). The Canadian Coalition for Cultural Expression is an association representing Canada’s broadcast distributors. Canadian Heritage and Canada’s cable, satellite and IPTV distributors contribute funds to the Corporation. Canadian Heritage provides its contribution under the terms of a contribution agreement (the “**Contribution Agreement**”) that, among other things, sets out extensive financial and other reporting requirements.

II. Board of Directors – Independent Board

The Corporation’s Board of Directors is fully independent from management, its funders and any beneficiaries of the CMF Program. Directors are nominated by the Corporation’s Members.

How we determine independence

In order to be “independent”, a Board nominee:

- Must not be an officer or employee of the Corporation; and
- Must not have any direct or indirect material relationship with the Corporation, one of its funders or a beneficiary of the CMF Program that could reasonably be perceived to interfere with the exercise of independent judgment by the individual or the ability of the individual to carry out his or her responsibilities as a director of the Corporation.

The determination of whether an individual is independent is made by the Board, requiring the affirmative vote of two-thirds of the directors.

The Board assesses whether an individual is independent annually and whenever new information is provided. The Board considers all relevant information in assessing whether an individual is independent. If a director ceases to be independent, he or she immediately ceases to be a member of the Board.

Chair of the Board

The Chair presides at all meetings of Members and the Board. The Chair is responsible for ensuring that all orders and resolutions of the Board are carried into effect.

III. Board Mandate

The Board has adopted a charter setting out its mandate, which is posted on the Corporation's website.

The Board is responsible for the stewardship of the Corporation, including oversight of the CMF Program and the Corporation's other activities, oversight of the Corporation's strategic direction, and ensuring that management conducts the business and affairs of the Corporation in accordance with its objectives. Some of the Board's key responsibilities include:

Strategic Planning

The Board reviews, provides input into and approves the Corporation's strategic plans that take into account the Corporation's objectives, its obligations under its Contribution Agreement and major risks and opportunities. In addition, the Board oversees the execution and fulfillment of the Corporation's strategies and key goals.

The Corporation's annual business plan details the Corporation's objectives for the year, reflecting the strategic direction set out in the Corporation's strategic plan.

Program Guidelines

The Board approves the CMF Program policy decisions that form the basis for the Program Guidelines.

Corporate Governance

Through its Governance and HR Committee, the Board reviews the Corporation's corporate governance practices and policies, including the Corporation's Code of Business Conduct, with a view to ensuring that such practices and policies conform to "best practices".

Succession Planning

The Board oversees succession planning for executive management. The Governance and HR Committee reviews management's long-range planning for executive development and succession, and is responsible for the President and CEO succession plan.

Reporting Reviews

The Corporation has significant reporting obligations to Canadian Heritage under the terms of the Contribution Agreement. The Corporation also reports to its stakeholders and to its funders. The Board oversees and monitors the Corporation's reporting. Financial reporting is reviewed through the Audit Committee and governance reporting is reviewed through the Governance and HR Committee.

Risk Management

Through its Audit Committee, the Board reviews and ratifies the Corporation's systems of risk management, internal compliance and control, and legal compliance to ensure appropriate compliance frameworks and controls are in place. The Board ensures that management has implemented and is maintaining effective internal controls.

Day-to-day Management and Administration

Responsibility for the day-to-day management and administration of the Corporation is delegated by the Board to the President and CEO and executive management of the Corporation.

IV. Position Descriptions

The Board has approved written position descriptions for the Board Chair, Committee Chairs and the President and CEO. These position descriptions are available on the website. The position descriptions are reviewed on a bi-annual basis by the Governance and HR Committee, and any changes are approved by the Board. The responsibilities of directors are set out in the Board Charter.

V. Director Development and Continuing Education

Orientation

The Governance and HR Committee oversees the director orientation process to assist new directors in fully understanding the nature and operation of the Corporation, the role of the Board and its committees and the contribution that individual directors are expected to make. New directors meet with the Board and committee chairs, and executive management to discuss the Corporation's functions and activities.

A comprehensive Director's Guide is available to new and existing directors on the Corporation's board portal, and includes information on the following:

- The legal framework of the Corporation including its by-laws, the Contribution Agreement with Canadian Heritage and the Services Agreement with Telefilm Canada;
- Key governance and policy documents including the CMF Code of Business Conduct and the structure and charters of the Board and its committees;
- Operational documents such as the Corporation's organization chart, its annual business plan and Annual Report.
- Administrative information including policies on travel, compensation and continuing development.

Director Development and Continuing Education

The Governance and HR Committee oversees a director development policy and a continuing education program to ensure that directors have the information and skills needed to fulfil their responsibilities. Through the director development policy each director has an annual professional development allowance. Courses and/or training undertaken must be directly related to their duties as a CMF board member. The continuing education program is delivered usually through speaker presentations at board meetings.

VI. Accountability

The Board considers one of its primary responsibilities to be the responsible management of the funds contributed by its funders to the CMF Program. As such, the Board strives to be transparent in its governance of the CMF Program and accountable to its funders and to industry stakeholders.

The Board believes it to be of fundamental importance that any risks to the management of the funds be identified and actions taken to mitigate such risks. The Board has developed a comprehensive on-going risk-based audit plan for both internal audits and audits of its file administrator, Telefilm Canada. In addition, reviews are conducted of select applicants who have received funding from the CMF Program. The Corporation has retained external firms to conduct these reviews. The Board regularly receives reports from the Audit Committee.

Measures for Receiving Stakeholder Feedback

The Corporation also has adopted a number of measures for receiving stakeholder feedback. One of the principal measures is set out in the Corporation's Consultation Policy, which requires

that the Corporation conduct meaningful, formal, ongoing and inclusive consultations with its stakeholders. Each year the consultation plan is evaluated to ensure that it has complied with the policy. A consultation plan is prepared annually which sets out the process for the year ahead following the principles set out in the consultation policy.

In addition, the Corporation has a formal appeal process for applicant issues, and a formal broadcaster dispute resolution process.

VII. Code of Business Conduct

The Corporation is committed to conducting its activities with integrity, in accordance with the highest ethical standards and in full compliance with the terms of the Contribution Agreement and all laws, rules and regulations applicable to the Corporation or its activities. The Board has adopted a Code of Business Conduct (the **Code**) to promote:

- honest, responsible and ethical conduct, including the ethical and responsible handling of personal and professional relationships;
- compliance with the terms of the Contribution Agreement and all applicable laws, rules and regulations;
- full, fair, accurate and timely disclosure in the reports that the Corporation files with Canadian Heritage in accordance with the Contribution Agreement and all other public communications;
- prompt reporting of any known or reasonably suspected violations of the Code; and
- accountability for adherence to the Code.

The Code applies to all of the Corporation's directors, officers, employees and consultants.

The Code establishes a communication channel for employees and other associates of the Corporation to raise concerns about possible violations of laws, unethical conduct, conflicts of interest or other non-compliance with the provisions of the Code.

The Code is reviewed at least once every two years by the Governance and HR Committee to ensure that it continues to reflect best practices. Compliance with the Code is monitored by the Audit Committee.

VIII. Compensation Governance

The Governance and HR Committee oversees the compensation of the Corporation's executive management. In regards to the President and CEO, the committee oversees the Board's process for setting goals and objectives, evaluating performance annually in light of these goals and objectives, and determining annual remuneration.

For the rest of the Corporation's executive management, the committee reviews the compensation plans and the structure of executive management.

The compensation for directors is determined by the Members.

IX. Board Committees

To assist it in exercising its responsibilities, the Board has established the Audit Committee and the Governance and HR Committee. Membership of the committees is decided annually by the Board following the Annual Meeting of Members at which directors are elected. Each committee, through its chair, reports to the Board following each meeting with respect to its activities and with such recommendations as are deemed appropriate in the circumstances.

Committees may engage external advisors at the Corporation's expense. The committees regularly review and assess the adequacy of the charters and recommend changes for approval by the Board. Committee charters are posted in the Governance section of the Corporation's website.

Each committee annually reviews its achievement against the obligations set out in its charter. Each committee chair reviews the results and proposed action plans with the Board. Each committee monitors its activities to address goals and objectives throughout the year.

Each committee also reports on its activity during the year to the Annual Meeting of Members, and a report is also included in the Corporation's Annual Report.

X. Assessments

The Board's approach to assessment is meant to be constructive and to ensure that the right programs are in place to encourage continual improvement in directors' individual skills and the Board's and its committees' functioning and effectiveness.

Board and Individual Director Feedback

Directors complete an annual survey on board effectiveness and performance. Directors are asked to consider what the Board could do differently, and what the Board's priorities in the coming year should be. Consolidated results are reviewed by the Governance and HR Committee with the Chair to identify trends and possible actions.

The Chair then leads a discussion of the results and the proposed action plans with the Board. The Governance and HR Committee monitors the implementation of the action plans throughout the year.

Committees

Each committee conducts an assessment of their performance, the objective being to ensure that the committee is working effectively. The results of the assessments are reported to the Board.

XI. Governance Disclosure

The following information is available on the Corporation's governance section of its website at <http://www.cmf-fmc.ca/about-us/governance/board-activities>

- Code of Business Conduct
- CMF By-Laws
- Statement of Corporate Governance Principles
- Board and Committee Charters
- Summary of Position Descriptions for Board Chair, Committee Chairs and President & CEO

***Approved by the Board of Directors
on February 21, 2019***

This document may have been translated from the language in which it was originally drafted. In the event of a discrepancy between the English and French language versions of this document, the version in the original language of drafting shall prevail.