



Charter of the Board of Directors

A. PRIMARY ROLE OF THE BOARD

“OPA” means the “Ontario Pharmacists Association”, a corporation existing under the Ontario Corporations Act.

The Board of Directors (the “Board”) of “OPA” is charged, on behalf of its members, with the responsible oversight of OPA and, as such, is the highest decision making authority within the organization. This responsibility of the Board consists primarily of

- the duty to steward & oversee, guide and provide leadership to those who manage the business and affairs of OPA, and
- the duty to set strategic plan and policies for the Association.

As such, the overarching role of the Board of Directors focuses on governance and stewardship rather than on running the day-to-day operations of OPA – the latter of which is the responsibility of management. The Board is further authorized to delegate to an officer or officers of OPA certain powers to manage the business and affairs of OPA. As such,

- a) the Board has delegated to the chief executive officer of OPA (the “CEO”) the powers and authority to manage the business and affairs of OPA; and
- b) the Board has assumed the duty to steward & oversee the CEO’s management of the business and affairs of OPA (the “Supervision Duty”).

As directors of OPA, their governance goal is to enhance executive decision making for the purpose of improving the performance of the organization and achieving its goals and objectives. Accordingly, every member of the Board (a “Director”) must, in discharging his or her Supervision Duty and other duties,

- c) act honestly and in good faith with a view to the best interests of OPA in its entirety; and
- d) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

The Board of Directors is accountable to the Corporation’s members.

B. THE STEWARDSHIP & OVERSIGHT DUTY

Without limiting the scope or nature of the Supervision Duty, the Board acknowledges and accepts that the Supervision Duty includes the following obligations and duties of the Board:

B.1 Financial Reporting and Disclosure

- a) The Board must gain and maintain reasonable assurance that OPA meets all financial reporting and disclosure obligations imposed on OPA by applicable law and



applicable regulations, rules, policies and other requirements relating to financial reporting and disclosure promulgated by governments and regulatory agencies (“Financial Reporting Obligations”). The Board recognizes that the most significant Financial Reporting Obligations are as follows:

1. OPA’s annual and interim financial statements must present fairly OPA’s financial position, the results of its operations and its cash flows in accordance with Canadian generally accepted accounting principles (“Canadian GAAP”);
 2. OPA’s annual financial statements must be audited and reported on by a firm of chartered accountants (as “external auditor”) which is objective and independent; and
 3. material financial information concerning OPA must be disseminated to its members in a timely manner and all financial information concerning OPA which is disseminated to its members must be accurate, complete and fairly presented.
- b) The Board must also:
1. appoint and maintain an audit and finance committee (the “AFC”) to assist the Board in discharging its duty to gain reasonable assurance that OPA meets the Financial Reporting Obligations;
 2. nominate a firm of chartered accountants for appointment as the external auditor by the members of OPA;
 3. set the compensation of the external auditor appointed; and to gain and maintain reasonable assurance that the Audit and Finance Committee has a process to recruit an external auditor at a competitive service fee every four years; and
 4. adopt policies governing OPA’s hiring of former partners and employees of the present and any former external auditor.

B.2 Strategic Planning

- a) The Board, in conjunction with the CEO, must develop a statement of the strategy which OPA intends to pursue in carrying on business (the “Strategic Plan”). Strategy involves: (1) the determination of those long term goals (i.e. mission, vision and values) and objectives which reflect an organization’s sources of competitive advantage and which address important stakeholder needs; and (2) the identification of scope (or domain) of business activities within which those goals and objectives are to be achieved.
- b) If at any time the Board is of the opinion that the then-existing Strategic Plan is no longer appropriate, the Board – in conjunction with the CEO - must develop a revised Strategic Plan.



- c) After the Board has approved the Strategic Plan, the Board must monitor at each regularly scheduled Board meeting, OPA's implementation of the Strategic Plan and OPA's progress toward achieving the Strategic Plan.

B.3 Risk Management

Risk Management is one of the Board's supervision duties. The Board is responsible for identifying risks and must gain and maintain reasonable assurance that the risks confronting OPA ("Risks") are identified, monitored and managed by the CEO of OPA.

In particular, the Board must gain and maintain reasonable assurance that:

- a) The CEO has identified the most significant Risks currently confronting OPA ("Current Principal Risks");
- b) New significant Risks which confront OPA ("New Principal Risks") will be identified in a timely manner and brought to the attention of the Board; and
- c) The CEO directly and effectively monitors and manages OPA's Principal Risks and reports at each regularly scheduled Board meeting.

B.4 Human Resources

- a) The Board must gain and maintain reasonable assurance by hiring external expertise when necessary, that there exists within OPA effective policies and practices to enable OPA to attract and retain the people required by OPA to meet the Strategic Plan. In particular, the Board must gain and maintain reasonable assurance that:
 - 1. OPA's overall compensation guidelines for all senior managers balances the objectives of (i) attracting and retaining highly competent employees, (ii) appropriately and fairly rewarding strong performance by employees, (iii) maintaining OPA's employee costs at competitive levels, and (iv) linking managers' compensation to the achievement of OPA's strategic objectives;
 - 2. the compensation program for members of Management *as a group* consists of an appropriate combination of base salary, performance based rewards and other benefits (Note: Management is defined as being comprised of the CEO and those reporting directly to the CEO.)
 - 3. OPA establishes and maintains effective policies and practices for training and continuously improving the skills of high-potential managers and employees; and
 - 4. OPA establishes and maintains a succession plan which identifies the potential successors to the holders of all Management positions in OPA.
- b) The Board must also:

- 1. establish and maintain a job description for the CEO which reflects the Board's delegation to the CEO of the powers and authority to manage the business and



affairs of OPA;

2. after a thorough selection process, appoint as the CEO a person whom the Board believes is capable of managing the business and affairs of OPA in a manner which will enable OPA to achieve the Strategic Plan;
3. discharge the CEO when the Board believes he or she is no longer capable of managing the business and affairs of OPA;
4. establish and approve the terms and conditions of the CEO's employment by OPA;
5. establish, maintain and communicate to the CEO a policy which defines the limits of the CEO's powers, authority and accountability to the Board in managing the business and affairs of OPA;
6. review and approve the appointment of all other 'Officers' (CFO) of OPA upon the recommendation of the CEO;
7. establish a formal process for annually assessing the performance of the CEO;
8. establish and approve a comprehensive compensation program for the CEO;
9. establish the criteria against which the performance of OPA and the CEO will be evaluated for the purposes of receiving any performance based rewards;
10. evaluate the performance of the CEO against the criteria approved by the Board; and
11. consider delegating to a Board committee the responsibility to perform any of the tasks (a1) through (b10) in this section and to make recommendations to the Board concerning them.

B.5 Miscellaneous Supervision Duties

The Board must also:

- a) adopt and use reasonable efforts to monitor compliance with a written code of business conduct and ethics (the "Code") *applicable* to Directors, Officers and employees of OPA; the Code must include standards designed to deter wrongdoing and must address the following issues:
 1. conflicts of interest;
 2. protection and proper use and exploitation of OPA's assets and opportunities;
 3. fair and ethical dealing with OPA's members, suppliers, employees and other stakeholders;
 4. compliance with applicable laws, rules and regulations; and
 5. reporting of any illegal or unethical behavior;



- b) require every Director, member of Management and employee to annually sign an attestation acknowledging acceptance of the Code of Conduct;
- c) require waivers of compliance with the Code which shall be granted only by the Board or an appropriately empowered Board committee;
- d) gain and maintain reasonable assurance as to the integrity, comprehensiveness and effectiveness of those elements of OPA (including its resources, systems, processes, culture, structure and tasks) which, taken together, support OPA's personnel in meeting OPA's objectives and obligations, including the Financial Reporting Obligations;
- e) adopt an external communications policy for OPA; and
- f) gain and maintain reasonable assurance (i) as to the integrity of the CEO, and (ii) that the CEO creates and maintains a culture of integrity throughout OPA.

C. OTHER DUTIES

The Board also acknowledges and accepts the following duties and obligations of the Board:

C.1 Governance Structures and Practices

- a) The Board must gain and maintain reasonable assurance that the Board's composition, structures and practices enable the Board to discharge the Supervision Duty and the Board's other duties in a highly effective manner. In particular, the Board must gain and maintain reasonable assurance that:
 - 1. all Directors except the student, the non-pharmacists at large members and the pharmacy technician, are registered pharmacists and in good standing in Ontario;
 - 2. all Directors are independent. For the purposes of this mandate, a Director is independent if the Director has no relationship with OPA which, in the view of the Board, could reasonably be expected to interfere with the exercise of the Director's independent and objective judgment;
 - 3. the Chair of the Board is not a member of Management;
 - 4. OPA staff are not members of Board committees;
 - 5. the Board, as a whole, possesses the competencies and skills required to enable the Board to discharge the Supervision Duty and the Board's other duties;
 - 6. the number of Directors constituting the Board facilitates effective decision-making by the Board; and
 - 7. as a part, or by means, of regularly scheduled meetings of the Board, hold separate meetings of the Directors at which no member of Management or ex officio



attendees are present;

b) The Board must also:

1. develop OPA's approach to corporate governance, including a set of governance principles and guidelines specifically applicable to OPA;
2. take responsibility for identifying the criteria and skills that would make individuals *qualified* to become new Directors and, allow to stand, those *qualified* (i) as nominees for election to the Board, or (ii) for appointment by the Board to fill casual vacancies in the Board;
3. appoint and maintain any committees of the Board as the Board deems necessary or desirable to assist the Board in discharging the Supervision Duty and the Board's other duties;
4. develop and maintain written position descriptions for (i) the Chair of the Board, (ii) the Vice Chair of the Board (iii) the CEO (iv) the Chairs of Board Committees, (v) an individual Director; and (vi) ex officio individuals appointed or invited to attend meetings of the Board;
5. develop and maintain a written mandate for the Board and each committee of the Board;
6. develop and implement processes for annually assessing (i) the effectiveness of the Board, taking into account the Board's mandate, (ii) the effectiveness of the Chair of the Board, the Vice Chair of the Board and the Committee Chairs taking into account their position descriptions (iii) the effectiveness and contribution of each Board committee, taking into account such committee's mandate, and (iv) the effectiveness and contribution of each individual Director, taking into account the position description for an individual Director as well as the competencies and skills which such Director is expected to bring to the Board;
7. identify (i) the competencies and skills which the Board, as a whole, should possess, and (ii) the competencies and skills which each existing Director possesses;
8. use reasonable efforts to cause each new Director to engage in an orientation process directed to enabling the new Director to understand fully (i) the role of the Board and all Board committees, (ii) the contribution that every Director is expected to make to governing OPA, including the commitment of time and energy expected of every Director, and (iii) the nature and operation of OPA's business and affairs;
9. use reasonable efforts to provide to all Directors continuing education opportunities to maintain and enhance Directors' skills and abilities as Directors and to further Directors' knowledge and understanding of the nature and



operation of OPA's business and affairs;

10. advisors to provide advice to the Director with respect to the Director's liabilities or the discharge of his or her duties as a Director.

11. consider delegating to a Board committee (the "Governance and Nominating Committee" or "GNC") the responsibility to perform any of the tasks (1) through (10) in this section and to make recommendations to the Board concerning them.

C.2 Governance Culture

The Board must use its best efforts to establish and sustain amongst all Directors a culture which incorporates the following values, and convictions:

- a) acceptance of the Board's accountability for OPA's performance;
- b) the conviction that Directors owe each other their best efforts in carrying out their duties and exercising their authority;
- c) upholding the trust of the members with due regard to the interests of all stakeholders;
- d) accepting the responsibility for meeting the spirit as well as the letter of applicable laws;
- e) contributing objective views on critical issues of strategy, business development, major capital expenditures and the choice and motivation of senior Management after thorough preparation;
- f) recognizing the importance of solidarity ("the board speaks only with one voice") when decisions are taken;
- g) committing to exercising the Board's fiduciary duties only in the interests of the OPA and free of personal objectives;
- h) exercising business judgment in decision making objectively after exercising appropriate due diligence;
- i) openly engaging constructive dialogue to diligently expose moral as well as financial risks, liabilities and opportunities;
- j) holding each other responsible for fostering a board environment that:
 - 1. invites and respects differing points of view
 - 2. deals rigorously with alternatives, and
 - 3. demands compelling rationales for choices;
- k) practicing personally, and within the Board, the accountabilities that are demanded of executives and employees;



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- l) “policing” oneself and ensure compliance to all other governance policies and/or protocol, for example, conference calling and communicating among Board members in between Board meetings, etc.;
- m) insisting on the highest level of honesty and integrity in all actions of the Board, Management and employees of OPA; and
- n) encouraging and fostering conditions which build and enhance trust and respect amongst all of the Directors.

Approved by the Board of Directors: April 2009
Updated by the Governance and Nominating Committee: April 28, 2015
Updated by the Governance and Nominating Committee: September 10, 2015