

DEFENCE CONSTRUCTION (1951) LIMITED

BOARD OF DIRECTORS PROFILE

APPROVED BY DCC's BOARD OF DIRECTORS ON DECEMBER 15, 2016

(Amends Profile dated December 8, 2015)

Corporate Mandate

Defence Construction (1951) Limited (operating as Defence Construction Canada or DCC) is a Crown corporation that carries out a wide range of procurement, disposal, construction, operation, maintenance and full lifecycle support activities required for the defence of Canada, particularly those related to real and personal property, lands and buildings. DCC was established pursuant to the *Defence Production Act*, was incorporated pursuant to the *Companies Act* of 1934 and was granted continuance under the *Canada Business Corporations Act* of 1978. DCC complies with the *Financial Administration Act*.

DCC operates on a fee for service basis and counts among its Client-Partners the Department of National Defence and the Canadian Armed Forces (DND/CAF), Communications Security Establishment (CSE), and Shared Services Canada (SSC). The corporation has five service lines: Construction Services, Contract Services, Environmental Services, Project and Program Management Services, and Real Property Management Services.

Roles and Responsibilities

The Board is responsible for the management of the businesses, activities and other affairs of the Corporation. The *Charter of the Board of Directors of DCC* is attached as Annex A, which is a standalone document.

In addition to reviewing and approving DCC's strategic direction, Corporate Plans, Annual Reports, and financial statements, the Board also reviews and provides input into DCC's frameworks and policies related to: risk management; financial management; performance management; integrity management; and succession planning.

Further, the Board:

1. Ensures a high standard of corporate governance
2. Evaluates DCC's financial statements, projections and audit results
3. Assesses and approves Executive Management compensation
4. Appoints Corporate Officers
5. Reviews DCC's record and information management systems

Challenges, Issues and Initiatives

DCC is dedicated to serving the requirements of its Client-Partners. Various internal and external situations exist that may potentially impact the role of the Board:

Mandate: DCC will continue to exercise its mandate by responding to the needs of its Client-Partners. Client-Partners have benefitted from DCC's wide range of capabilities, and the

Corporation stands ready to use the full scope of its mandate to respond to the Government of Canada's defence requirements.

Transformation: DCC must be agile and flexible to support these operational needs in a timely manner. DND/CAF conducts operations in a rapidly changing environment and their infrastructure and environmental support requirements change frequently.

Economy: DCC's Client-Partners face program fluctuations from time to time, based on, among other factors, the strength of Canada's economy and the potential of peacekeeping missions or conflicts.

Core Attributes, Competencies and Knowledge

To operate effectively, the Board of Directors requires members who, individually and collectively, possess core attributes and competencies. These include:

Informed Judgment: The ability to provide wise, thoughtful counsel, to analyze, ask relevant questions at the strategic level, consider different stakeholders' perspectives, and understand situations and problems by addressing underlying issues.

Integrity and Accountability: Demonstrate high ethical standards and integrity, be willing to act on and remain accountable for Board decisions, meet the accountabilities outlined in the law, By-Laws and Charters of the Board, and be seen as serving the interests of clients, taxpayers and the Crown.

Impact and Influence: The awareness of the impact of organizational issues, policies and decisions on public interest and concern. The capacity to be sensitive to the differing needs and agendas of multiple stakeholders and to act to convince or influence others in order to have a specific impact or effect.

Financial Acumen and Literacy: The ability to read and assess financial statements.

Public Policy: Experience in or knowledge of public policy. Commitment to do what is right for DCC, its mandate, and its role in the Government of Canada.

Stakeholder Knowledge: Experience in or knowledge of key current and emerging stakeholder issues, both within government and with industry partners that help deliver defence projects.

Mix of Skills, Knowledge and Experience

There must be a balance of skills and experience to contribute to the differing perspectives required to deliberate appropriately and to fulfill the Board's roles and responsibilities.

Professional or Managerial Qualifications:

The Board should include a mix of individuals with professional qualifications or senior level business experience relevant to the roles of DCC's Board, for example:

1. Senior management of corporations (Chief Executive Officer or Vice-President level) – human resources management, strategic planning, corporate governance, business development, and/or information technology)
2. Financial Management – the Chair of the Audit Committee should be a financial expert (hold a recognized accounting designation); finance, controls, and/or audit (Chief Financial Officer, accounting practice)
3. Construction, Engineering, Consulting Engineering, Architectural, or applied sciences
4. Project Management
5. Legal practice
6. Experience generally on Boards of Directors

Leadership Skills:

The constituency of the Board should include strong representation of all the following leadership skills:

- Strategic Thinking: thinking innovatively and broadly about the range of strategic, industry and other issues likely to affect DCC's ability to fulfill its role in the Government of Canada.
- Initiative: being able to recognize current and future needs of DCC and its Client-Partners.
- Building Organizational Capability: working towards DCC's long-term ability to produce and sustain excellent performance results.
- Passion for DCC's Mandate: having a strong commitment to do what is right for DCC, its public policy mandate, and its role in defence projects.

Specific Skills and Knowledge:

While not every Director can demonstrate all of the following skills, every one of these skills should be reflected in the overall make-up of the Board:

Strategic Planning: including the abilities necessary to provide input to management on emerging trends and issues, to review and provide input on corporate strategies and corporate plans, and to review and approve DCC's financial objectives, plans and actions, including investments and expenditures.

Business Management: including the ability to manage DCC's financial health and sustainability, as well as knowledge of standards and trends in the industry within which DCC operates.

Information Technology Management: the ability to manage the information technology (IT) function of a complex organization ; determine IT strategies in order to reach Corporate objectives, application development, management and software.

Risk Assessment and Risk Management: the ability to identify the principal risks of DCC's business and ensure that appropriate systems are in place to manage these risks.

Internal Controls: the abilities required to assess the integrity of DCC's internal control systems; to assess compliance with laws and regulations, with the governing documents of a

Crown corporation, and with audit and accounting principles; and to assess compliance with the ethics of DCC

Performance Management & Evaluation: experience in monitoring corporate performance against the strategic and business plans, including assessing operating results to evaluate whether the business is being properly managed; the ability to assess the effectiveness of the Board in fulfilling its responsibilities, including monitoring the effectiveness of individual directors; and experience in developing indicators to measure and assess the performance of the CEO.

Corporate Governance: knowledge of principles of good corporate governance, including familiarity with current developments and emerging practices with respect to duties of directors towards the corporation, such as the duty to disclose, duties with respect to conflicts of interest and other duties of a legal and ethical nature.

Government and Stakeholder Relations: the knowledge necessary to understand and take the interests and priorities of the Government of Canada into account in the decision making process, as well to understand and take the interests of different stakeholders, including Client-Partners and industry, into account in the decision making process.

Communications: Experience in providing guidance on communication strategies aligned with corporate mandate and priorities, and in considering the role of various media in the achievement of the corporate objectives.

Knowledge and experience relevant to DCC services: knowledge of industry standards and trends; experience in using technology and related business applications; familiarity with Canadian environmental issues and trends; understanding of domestic economic environment and trends; and ability to recognize opportunities to optimize existing DCC operations and develop corporate potential.

Representation

In addition to representation in terms of industry knowledge and experience noted above, DCC's Board should strive to remain diverse and representative of Canada's population, specifically in relation to gender, diversity, language, employment equity, and of Canada's geographic regions.

Individual Director Profile

An individual Director Profile is created as a vacancy arises or is foreseen. The Board Assessment Questionnaire serves as a survey of existing skills. The results assist in identifying gaps in requirements which, in turn, assist in seeking a potential director candidate who possesses the desired skill set.

Working Conditions

Membership on DCC's Board of Directors involves a significant commitment of time as well as a sharing of expertise to further DCC's objectives and work towards the fulfillment of its mandate. Members are expected to prepare for and actively participate in all meetings of the Board and in meetings of the Committee on which they sit. The Board of Directors normally meets four times

per year; the Audit Committee also meets four times per year, in conjunction with Board meetings (usually the day before the Board meeting); and the Governance and Human Resources Committee meets at least twice per year. Additional meetings may be held, as circumstances warrant. Meetings are held at DCC's Head Office Ottawa, as well as at DCC's offices across Canada. Meetings held at DCC offices across Canada will enable Board members to enhance their familiarity with DCC's Regional operations and matrix structure.