

## DEFENCE CONSTRUCTION (1951) LIMITED

### BOARD OF DIRECTORS COMPETENCY PROFILE

#### REVISION 2 (Short Form)

APPROVED BY THE BOARD OF DIRECTORS March 30, 2009

(Amends and shortens Profile dated November 20, 2006)

#### Corporate Mandate

DCC was created pursuant to the *Defence Production Act* for the specific purpose of carrying out the acquisition and delivery of defence projects. It was incorporated pursuant to the *Companies Act* of 1934 and was granted continuance under the *Canada Business Corporations Act* of 1978.

DCC's Letters Patent established its mandate: to carry out a wide range of procurement, disposal, construction, operation, maintenance and professional activities required to support the defence of Canada, particularly related to real and personal property, lands, and buildings.

#### Roles and Responsibilities of DCC's Board of Directors

The key roles and responsibilities of DCC's Board are as follows:

- **Governance:** Develop the Corporation's governance framework and assess performance.
- **Strategic Planning:** Identify emerging trends and issues affecting construction and realty asset management activities within Canada and provide input to management; identify emerging trends and issues affecting government defence policies and activities and provide input to management; approve for recommendation to the responsible Minister the annual five-year Corporate Plan, including performance targets as well as the Corporation's financial objectives, plans and actions; and approve for recommendation to the Minister responsible, proposed significant capital expenditures.
- **Risk Assessment and Management:** Review the Corporation's Risk Management Framework and assist management in identifying emerging factors that may act as principal strategic risks to the organization.
- **Internal Controls:** Ensure the adequacy and integrity of the Corporation's internal control system as well as its management information system, and ensure that management is undertaking business activities in an ethical manner and in compliance with the various pieces of legislation that affect the Corporation.

- **Performance Management and Evaluation:** Monitor the strategic performance of the Corporation against the Corporate Plan; assess operating results to evaluate whether the business is being properly managed; assess the effectiveness of the Board in fulfilling its responsibilities; develop indicators to measure the President & CEO's (CEO) performance and assess the performance of the CEO and make recommendations to the Minister for performance rating and awarding of "at-risk" pay; and approve appointments for Officers of the Corporation (the Executive) and review their annual performance and salary recommendations.
- **Management Continuity:** Ensure an adequate level of succession planning for senior management positions and officers is in place, including the CEO.
- **Personal Integrity of Board Members:** Ensure personal integrity in all dealings with and on behalf of the Corporation, including an ongoing responsibility to disclose conflicts of interest.
- **Committees:** Participate in, or chair, Committees of the Board, as appropriate.

### **Challenges, Issues and Initiatives for DCC**

There are currently several internal and external situations requiring the attention of DCC's Board and which may impact on the Board's role:

1. The DND/CF conduct operations in a rapidly changing environment and their infrastructure and environmental support requirements change frequently. DCC must be agile and flexible to support these operational needs in a timely manner. DCC response must include the scope and nature of services required and the locations of service delivery in Canada and abroad. The Board of Directors must stay aware of DCC's response to CF/DND requirements in order to support the Corporation's mission.
2. DCC will continue to exercise its mandate by responding to the need for specialty services. DND can take advantage of a wide range of DCC's capabilities, and the Corporation stands ready to use the full scope of its mandate to respond to the government's evolving defence requirements. In many cases, mandate issues associated with such work may be referred to the Board for discussion. Emerging requirements will be reflected in the Corporation's strategic direction and the Corporate Plan that must be developed and approved by the Board for approval by the Government.
3. Governance initiatives for Crown Corporations continue to be important for DCC. Since DCC's Board oversees these issues, the Board must continue to focus on the design and execution of an effective plan for internal audit, on the performance of ongoing oversight of risk management within the Corporation and on ensuring that the Corporation is well served by efficient and effective information systems and management practices.

## **Core Attributes, Competencies and Experience Required of the Board**

The following are the core attributes, competencies and experience that have been identified as necessary for DCC's Board of Directors:

*Informed Judgment:* The ability to provide wise, thoughtful counsel, to analyze, ask relevant questions at the strategic level, consider different stakeholders' perspectives, and to identify and address problems, situations and underlying issues that could impair the effective functioning of the Corporation.

*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 rules of the Board, see oneself 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 Literacy:* The ability to read and assess financial statements.

*Public Policy:* Experience in or knowledge of public policy.

*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.

## **Specific Skills, Knowledge and Experience**

The nature of the Corporation and the challenges it faces will dictate the overall mix of skills and knowledge required for the Board as a whole.

In order to be effective, there must be a balance of skills and experience within the Board. This will allow the Board to function effectively with different members bringing their own experience and perspective to the fulfillment of the Board's roles and responsibilities. This list should also reflect the diversity required to deal with the wide range of issues of interest to the Corporation's stakeholders.

The following table outlines the key skills that are required of one or more members of the Board, and possible sources of potential members that would possess them:

<b>Specific Skill, Knowledge Area or Experience</b>	<b>Possible Source of Board Member</b>
Senior corporate management (CEO/COO/CFO)	Private or public sector/Crown corporation
Business/corporate/contract law	Private sector (corporate/contract lawyer)
Construction, architecture or consulting engineering industry	Private sector (company owner, senior partner or officer, or association representative)
Federal public policy or administration	DND Assistant Deputy Minister or former public servant
Human resources management	Private sector
Financial management/audit	Private or public sector chief/senior financial officer with professional financial accreditation or equivalent.
DND infrastructure and environmental program	DND (ADM Infrastructure & Environment)

Directors from the construction, architecture or consulting engineering industries bring excellent knowledge of the Corporation's business to the Board. However, due to the potential for conflicts of interest, retired individuals would be most appropriate. Also, since the Canadian Forces and Department of National Defence are the sole clients of the Corporation, they should be represented on the Board.

### **Representation**

Since DCC is an instrument of government policy, the shareholder's needs should reflect a mix with respect to regional, stakeholder and gender representation.

### **Working Conditions**

DCC's Directors are expected to prepare for and actively participate in Board and Committee meetings. The Board of Directors normally meets four times per year and the Board Committees, of which there are currently three, usually meet once or twice a year. Most meetings are held in Ottawa. Remuneration and expenses are set according to the Treasury Board guidelines.