

# OMERS Administration Corporation

## AUDIT & ACTUARIAL COMMITTEE MANDATE

### Purpose

The purpose of the Audit & Actuarial Committee (the Committee) is to assist the OMERS Administration Corporation (AC) Board of Directors (AC Board) in meeting its fiduciary oversight and related obligations by overseeing:

- A. the integrity of the financial reporting process and financial statements;
- B. the funding and actuarial matters;
- C. the system of internal control and disclosures;
- D. the risk management and risk reporting for risks within the purview of the Committee;
- E. the internal audit function;
- F. the external audit and review of AC's financial statements;
- G. the organization's processes for monitoring compliance with policies, laws and regulations and the Code of Conduct and Ethics; and
- H. whistleblower mechanisms and special investigations.

### Composition

The Committee is to be comprised of up to seven Directors, the majority of whom should meet the standard of financial literacy. The Committee should also possess relevant actuarial or pension experience. A member shall be considered "financially literate" if, in the view of the AC Board, he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by AC's consolidated financial statements.

Committee members will be recommended for Board approval by the Board Chair after consultation with the Governance & Risk Committee. Members will serve for one-year terms. The AC Board may reappoint any or all members of the Committee for additional one-year terms.

### Meeting Schedule and Frequency

The Committee will meet four times per year and additional times as needed to carry out its duties effectively as determined by the Committee Chair.

## Responsibilities

The Committee fulfills its purpose by:

### A. Integrity of the Financial Reporting Process and Financial Statements

1. Approving, or recommending to the AC Board, on a periodic basis AC's accounting, financial reporting and other related policies designated in this Mandate.
2. Reviewing with Management and the External Auditor significant accounting principles and standards and disclosure issues, including complex or unusual transactions, highly judgmental areas such as reserves or estimates (e.g. significant subjective investment valuations) and alternative treatments under Canadian Accounting Standards for Pension Plans and IFRS for material transactions.
3. Reviewing with Management the effect of any off-balance-sheet transactions, arrangements, obligations and other relationships with unconsolidated entities or other persons that may have a significant current or future effect on financial condition, changes in financial condition, financial results, liquidity, expenditures, or any other significant financial statement item.
4. Reviewing with Management all significant related party transactions for the purposes of appropriate disclosure.
5. Recommending to the AC Board the financial information and other disclosure to be posted on the corporate website with respect to each of the annual and mid-year financial statements.
6. Recommending to the AC Board the annual audited financial statements and mid-year statements of AC, and the annual audited financial statements of the Administered Funds, in each case prepared by Management.
7. Bi-annually reviewing with Management the valuations of OMERS "Level 3" assets for financial statement purposes.
8. Recommending to the AC Board the Highlights for our Members and Management's Discussion and Analysis content to be included in the OMERS Annual Reports and other material public announcements regarding financial matters.
9. Annually reviewing and recommending to the AC Board the Corporate and Pension Operating Plan.
10. Quarterly reviewing AC's full-year financial forecast and results against budget and any other financial information required by AC's policies.

### B. Funding and Actuarial Matters

11. At least once every five years, recommending to the AC Board the appointment of the External Actuary to the AC Board to undertake annual valuations of the OMERS Pension Plans, and the general terms of engagement and remuneration of the External Actuary.
12. Recommending to the AC Board actuarial methods and assumptions of all OMERS Pension Plans.
13. Recommending to the AC Board annual actuarial valuations of all OMERS Pension Plans.
14. Recommending to the AC Board funding policies of all OMERS Pension Plans.

15. Monitoring plan/funding risk through trend analysis, sensitivity and stress testing, forecasts, asset/liability studies and evaluation of the long-term real discount rate target, prepared by Management and reporting to the AC Board and Sponsors Corporation (SC) on key risks and options (including, where appropriate, valuation filing recommendations) to manage them.
16. Reviewing plan design and contribution rate proposals and decisions made by SC regarding their impact on plan funding.
17. Reviewing with Management and the External Actuary relevant changes to actuarial and funding principles and standards, and emerging trends.
18. Reviewing the Management Letter from the External Actuary on the effectiveness of controls and risk management functions related to the valuation data and report.
19. Annually evaluating the performance of the External Actuary and, if appropriate, confirming the continued appointment of the External Actuary.

**C. System of Internal Control and Disclosures**

20. Monitoring internal control over financial reporting and the related IT general control (including access management), including by receiving the CEO and CFO certifications and obtaining an overview of the process leading up to the certifications.
21. Reviewing with the Global Head of Internal Audit the scope and results of the Internal Audit evaluation of AC's internal control over financial reporting and the related IT general controls (including access management).
22. Reviewing with the External Auditor the scope and results of their evaluation of AC's internal controls, including controls over disclosures.
23. Approving, or recommending to the AC Board, on a periodic basis AC's internal control policies designated in this Mandate.

**D. Risk Management and Risk Reporting**

24. Monitoring the Fraud Risk Program and approving the Anti-Fraud Framework.
25. Reviewing the executive risk insurance program and insurance coverage of significant business risks implemented by Management.
26. Reviewing the Pension Risk Report annually and Operational Risk assessments bi-annually (including reporting on Legal & Regulatory Risk, Financial Reporting & Tax Risk and Process & Initiative Risk), in each case as described in the AC RiskFramework, and monitoring relevant risks.
27. Reviewing the Pension Risk Appetite Statement and the Legal & Regulatory Risk, Financial Reporting & Tax Risk and Process & Initiative Risk categories in the Operational Risk Appetite Statement and recommending changes thereto, as required, to the Governance & Risk Committee for further recommendation to the AC Board.

**E. Internal Audit Function**

28. Approving the mandate of Internal Audit every two years.

29. Annually approving the Audit Plan of Internal Audit, including annual operating plan and annual resource plan.
30. Approving the hiring, dismissal, succession recommendations and compensation awards/payments for the position of the Global Head of Internal Audit.
31. Reviewing the objectives and performance of the Global Head of Internal Audit.
32. Monitoring the independence of the Global Head of Internal Audit and ensuring there are no restrictions or limitations placed on the Global Head of Internal Audit in access to information or in the conduct of the work of Internal Audit.
33. Reviewing summaries of audit reports prepared by Internal Audit, together with Management's responses, and follow-ups to significant issues arising from these reports.
34. Ensuring open communication occurs between the Audit & Actuarial Committee, the External Auditor and the Global Head of Internal Audit.

**F. External Audit of the Financial Statements**

35. At least once every five years, recommending to the AC Board the appointment of the External Auditor to the AC Board to audit the consolidated financial statements of AC, and the general terms of engagement and remuneration of the External Auditor.
36. Annually approving the fee and engagement letter for the External Auditor for the upcoming audit year.
37. Approving the annual audit plans of the External Auditor.
38. Monitoring the independence of the External Auditor and pre-approving non-audit assignments performed by the External Auditor, in each case, in accordance with the External Auditor Independence Policy.
39. Reviewing with the External Auditor the findings of the annual audit and mid-year review of OMERS and its consolidated subsidiaries and entities.
40. Reviewing the representation letter provided by Management to the External Auditor in conjunction with the annual audit.
41. Annually evaluating the performance of the External Auditor and, if appropriate, confirming the continued appointment of the External Auditor.
42. Approving, or recommending to the AC Board, on a periodic basis, AC's external audit-related policies designated in this Mandate, including the External Auditor Independence Policy.

**G. Organization's Processes for Monitoring Compliance with Policies, Laws and Regulations and the Code of Conduct and Ethics**

43. Overseeing the monitoring of compliance with legal and regulatory requirements and management of compliance risk.
44. Approving, or recommending to the AC Board, on a periodic basis, AC's compliance-related policies designated in this Mandate, including the Code of Conduct and Ethics.
45. Reviewing the mandate of Compliance & Ethics on a biennial basis.

**H. Whistleblower Mechanisms and Special Investigations**

46. Conduct in camera session after every quarterly meeting with the CRO and the CEO to review complaints or tips from employees or others relating to matters within the general scope of the Committee arising through appropriate whistleblower mechanisms or otherwise and to ensure that action is taken in a timely manner.

**I. Miscellaneous**

47. Reviewing and assessing Management's and Internal Audit's responses to material information requests from government and regulatory authorities other than ordinary course requests.
48. Annually reviewing reports summarizing Director travel and expense claims that have already been processed by Management.
49. Quarterly reviewing expenses incurred by SC reimbursable by AC that have already been processed by Management.
50. Approving investment performance reports prior to delivery to SC.
51. Reviewing material legal claims against AC including pension-related claims.
52. Annually reviewing tax-related matters across the enterprise throughout the year.
53. Reviewing reports on OMERS Investment Management financial reporting.
54. Reviewing and recommending the Committee's mandate to the AC Board via the Governance & Risk Committee and approving a work plan for the Committee.

**J. Other Matters**

55. Retaining independent advisors to provide accounting, audit, legal, actuarial and any other expertise the Committee deems appropriate or necessary.
56. Ensuring members are provided with the appropriate resources and education to fulfil the Committee's responsibilities.
57. Conducting separate in camera sessions after every quarterly meeting with each of the External Auditors, the Global Head of Internal Audit, the CFO, the CEO, the Committee alone and any other party the Committee determines. The Committee will also meet in camera with the External Actuary annually and otherwise as required.

**Committee Leadership**

The role of the Committee Chair is to:

- foster a constructive tone so that the Committee works as a cohesive team;
- assist the Board Chair in developing and fostering a healthy Board culture;
- ensure that the informational needs of Committee members are met;
- promote the independent thinking and decision-making of the Committee;
- build consensus among Committee members;
- ensure meeting time is used effectively;
- monitor Committee activities to ensure the work undertaken is consistent with its mandate;
- work in conjunction with Management to ensure that the Committee fulfills its mandate and completes its work plan efficiently and effectively;

- move the Committee’s discussion towards a constructive and timely resolution; and
- promote a culture of integrity, compliance, ethical decision-making and conduct, and inclusion.

### Reporting and Accountability to the AC Board

The Committee will report to the AC Board on its activities, findings, recommendations and approvals. This will be accomplished by:

- the distribution of meeting materials and minutes of all Committee meetings to all Directors;
- an oral report from the Committee Chair at the next regularly scheduled quarterly AC Board meeting; and
- annually evaluating the Committee’s performance in fulfilling its mandate and reporting its findings to the AC Board via the Governance & Risk Committee.

### Applicable Policies

The Committee is responsible for approving the following policies:

- Anti-Bribery & Corruption
- Anti-Fraud Framework
- Anti-Terrorist Financing & Money Laundering
- External Auditor Independence
- Financial Disclosure
- Institutional Trading
- Personal Trading
- Valuation of Investments
- Workplace Investigations (formerly Investigation of Complaints)

The Committee is responsible for recommending the following policies to the AC Board:

- Code of Conduct and Ethics
- Funding Policy – Primary Plan
- Funding Policy – RCA

### HISTORY

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Effective Date:	May 18, 2023
Approval Dates:	November 23, 2007; November 20, 2008; December 17, 2008; December 17, 2009; October 21, 2010; December 16, 2010; December 15, 2011; December 14, 2012; December 13, 2013; December 12, 2014; February 26, 2015; December 10, 2015; May 19, 2016; December 15, 2016; December 14, 2017; December 13, 2018; December 12, 2019; November 19, 2020; December 9, 2021; December 8, 2022; May 17, 2023