

## OMERS Sponsors Corporation

### BOARD MEMBER ROLE DESCRIPTION

#### Overview

This mandate for members of the SC Board is based on the SC Board's responsibilities as established in the Ontario Municipal Employees Retirement System Act, 2006 (OMERS Act) and the applicable provisions of the Business Corporations Act (OBCA). The role of the SC Board is primarily to make decisions on Plan design, contribution rates, reserves, filing of valuations, and AC and SC Board composition. In their individual capacities as Board members, each contributes to the Board's role which, among other things, means decisions made by individual Board members must be first and foremost driven by the objective of maintaining the credibility and vitality of the SC as a corporation in order to promote a sustainable, affordable and meaningful pension plan. Although SC Board members may be appointed from among members of a specific stakeholder group in the OMERS Pension Plans (the Plans), and, in that capacity, they may articulate the interests and views of the specific stakeholder group that appointed them during the decision-making process, in the end, they must place the best interests of the SC ahead of any other interest or stakeholder or their own self-interest.

#### Fiduciary Responsibility

Each Board member has a fiduciary responsibility to oversee the affairs of the SC which, as the sponsor of the Plans, has specific statutory obligations. As a vital component of their fiduciary duties as Board members of the SC, Board members must avoid conflicts of interest of any kind (or any appearance of conflict of interest), act exclusively in the best interests of SC even though they may have been appointed by a specific stakeholder group, and conduct themselves in a manner that is prudent, reasonable, responsible and impartial.

The best interests of the SC include governance and decision-making practices which support the health and long-term viability of the jointly sponsored Plans and give due consideration to the interests of the stakeholders and other relevant circumstances.

In performing their duties and exercising their authority, in accordance with the applicable provisions of the OMERS Act and the OBCA, every Board member must:

- act honestly and in good faith with a view to the best interests of the SC;
- exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances;
- ensure the SC meets its responsibilities;
- not receive any benefit as a result of being a Board member that is not fully disclosed in accordance with approved Board policies, and disclose any real or perceived conflict of interest; and
- use all relevant knowledge and skill that the Board member possesses or, by reason of the Board member's profession, business or calling, ought to possess.

Board members in their individual capacity are expected to comply with the OMERS Act and the relevant portions of the OBCA. Board members are potentially personally responsible for any breach that they individually cause, authorize, permit, acquiesce in or in which they participate.

Board members may also be personally responsible for failing to take reasonable care, in all of the circumstances, to prevent a breach by SC of such legislation in circumstances where they are aware of non-compliance.

Boards will generally delegate many responsibilities such as operational responsibility but retain strategic or otherwise critically important policy choices, transformational decisions and a range of other key responsibilities like CEO succession. Delegation is necessarily accompanied by monitoring the effectiveness of the delegation.

### **Conflict of Interest**

With respect to conflict,

- personal or professional interests outside of the SC must not conflict with responsibilities as SC Board members; and
- if a conflict of interest arises in respect of a matter under consideration by the SC Board, it must be declared, and a Board member is not permitted to vote on the matter. In certain situations, it may be appropriate for the Board member to recuse themselves from the discussion.

### **Leadership**

SC Board members are expected to demonstrate leadership, particularly the modeling of the SC's core values of integrity, respect, teamwork, fairness and service.

### **Decision-Making Standards**

SC Board members are expected to exercise good business judgment in decision-making, bring a strategic focus to Board deliberations, provide appropriate oversight to management through monitoring, and undertake their duties with a public service ethic.

Courts will generally defer to a Board's decision and the choices made by individual Board members to support or oppose a matter because of the business acumen of the Board members if the decision is made honestly, prudently, in good faith and on reasonable and rational grounds.

The legal principle behind this approach is the "business judgment rule" which in effect says that if a decision is taken within a range of reasonableness, the Court ought not to substitute its opinions for that of the Board members who are generally better placed to make business decisions even though subsequent events may cast doubt on the determination or decision. Perfection, therefore, is not demanded in the quality of a decision. The deference, however, implied in the business judgement rule depends on being able to show the decision taken was backed by diligence and good process.

### **Commitment and Conduct**

Board members are expected to demonstrate behavior and commitment that promote the effectiveness of the SC Board, including:

- consistent in person meeting attendance;
- thorough meeting preparation in order to participate knowledgeably in SC Board deliberations;

- treating Board colleagues, management and staff with courtesy, trust and respect;
- bringing forward issues of concern in an appropriate manner (e.g., advising the Chair of issues to be addressed in advance of regularly scheduled meetings, if possible);
- active Board and Committee meeting participation, including:
  - being familiar with and adhering to protocol that promotes meeting effectiveness;
  - asking appropriate and constructive questions;
  - providing relevant and helpful counsel and advice;
  - bringing skills and experience to bear in appropriate ways to the decision-making process;
  - encouraging thorough and objective discussion of key issues;
  - clearly and succinctly articulating the views of stakeholders and respectfully considering the views advanced by others;
  - refraining from interfering with operational matters;
  - respecting Management’s role and those with whom the SC Board interacts;
  - holding Management accountable for achieving agreed-upon objectives;
  - acting with integrity and maintaining the confidentiality of Board deliberations;
  - complying with formal codes of conduct;
  - promoting needed change;
  - working to build consensus;
- attending and participating in other SC Board meetings and events (e.g., strategy sessions, new Board member orientation and ongoing education and development opportunities);
- participating in Board member development sessions and programs provided by or required by the SC;
- focusing on matters of strategic significance to the SC and the Plans; and
- representing SC publicly in a manner that is consistent with SC’s values.

### Specific Duties

1. Be informed of and act according to all policies that pertain to the duties of a Board member including by-laws, legislation, mission, code of conduct, and other key policies and documents.
2. Keep informed about OMERS as a whole and SC specifically, its strategic direction and possess a genuine interest in pension matters and OMERS success.
3. Attend to the extent reasonably possible all SC Board meetings and applicable Committee meetings.
4. Voice clearly and explicitly, at the time a decision is being taken, any opposition to a decision being considered by the SC Board.
5. Respecting the final decisions of the SC Board.

6. Maintain confidentiality with respect to all matters in the boardroom and otherwise with respect to the confidential affairs of the SC, including complying with any confidentiality policy established by the SC Board. Board members must return all copies of Board Documents to the Board Secretary on the conclusion of their term of office or provide appropriate confirmation that the material has been disposed of in a secure manner.
7. Actively contribute to the fulfilment of the SC Board’s responsibilities and mandate.
8. Know and respect the distinction in the roles of Board and Management consistent with the principles underlying these governance policies.
9. Facilitate feedback from stakeholders in a constructive manner.
10. Devote time to serve effectively as a Board member by not over-committing to other responsibilities.
11. Respect the fact that the Board speaks with one voice and that the role of individual Board members is generally not to make decisions or give direction on their own that affects the SC, or speak on behalf of the SC Board, but to be part of a collective body that makes decisions. The Chair speaks publicly on behalf of the SC Board (when appropriate), and the CEO speaks on behalf of the SC generally. Subject to the corporate communication and confidentiality policies, individual Board members may speak with stakeholder organizations to provide updates about OMERS and receive input on matters of interest to the stakeholder.

## **HISTORY**

---

Effective Date:	<i>January 1, 2020</i>
Approval Dates:	<i>November 14, 2019</i>
Next Review Date:	<i>December 2021</i>