

OMERS Administration Corporation

BOARD MEMBER ROLE DESCRIPTION

Overview

This mandate for members of the AC Board is based on the AC Board's responsibilities as established in the Ontario Municipal Employees Retirement System Act, 2006 (OMERS Act), the Pension Benefits Act (PBA) and the Business Corporations Act (OBCA). The role of the AC Board is one of stewardship, which is generally defined as the responsibility to oversee the conduct and affairs of AC as plan administrator. In their individual capacities as Directors, each Board member contributes to this joint oversight role which, among other things, means decisions made by individual Directors must be first and foremost driven by the objective of maintaining the credibility and vitality of AC as a corporation in order to serve all plan members. Although AC Board members may be appointed from among members of a specific stakeholder group in the OMERS Pension Plans (the Plans), they must place the best interests of AC ahead of any other interest or stakeholder or their own self-interest.

Fiduciary Responsibility

As fiduciaries, each Director has a responsibility to oversee the affairs of AC which, as the administrator of the Plans and trustee of the corresponding funds, has broad fiduciary duties. As a vital component of their fiduciary duties as Directors of AC, Board members must avoid conflicts of interest of any kind (or any appearance of conflict of interest), act exclusively for AC (which means the best interests of the Plans as a whole), and conduct themselves in a manner that is prudent, reasonable, responsible and impartial.

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

- act honestly and in good faith with a view to the best interests of AC;
- exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances;
- not receive any benefit as a result of being a Director that is not fully disclosed in accordance with approved Board policies;
- exercise the care, diligence and skill in the administration and investment of the pension funds that a person of ordinary prudence would exercise in dealing with the property of another person; and
- use in the administration of the pension plans and in the administration and investment of the pension fund all relevant knowledge and skill that the Director possesses or, by reason of the Director's profession, business or calling, ought to possess.

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

Directors may also be personally responsible for failing to take reasonable care, in all the circumstances, to prevent a breach by AC 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 AC must not conflict with responsibilities as AC Directors;
- the PBA requires that each Director act in such a way as to not knowingly permit the Director's interests to conflict with the Director's duties and powers in respect of the pension plans; and
- if a conflict of interest arises, it must be declared, and a Director is not permitted to vote.

To avoid any conflict of interest, or appearance of a conflict of interest, and to ensure complete independence in the process, an AC Board member wishing to apply for employment with AC must permanently and unconditionally resign from the AC Board prior to making application for employment. The AC Board member must inform the Board Chair accordingly in writing and shall so inform the appropriate appointing authority.

Leadership

AC Board members are expected to demonstrate leadership, particularly the modeling of AC's core values of:

- Fairness: being consistent, equitable and balanced
- Integrity: conducting business honestly and ethically
- Respect: treating each other with dignity and trust
- Service: exceeding our members' expectations
- Teamwork: working together to achieve results

Decision-Making Standards

AC 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 Directors to support or oppose a matter because of the business acumen of the Directors 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

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

- a. consistent meeting attendance;
- b. thorough meeting preparation in order to participate knowledgeably in AC Board deliberations;
- c. 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);
- d. active Board and Committee meeting participation, including:
 - o being familiar with and adhering to protocol that promotes meeting effectiveness;
 - o asking appropriate and constructive questions;
 - o providing relevant and helpful counsel and advice;
 - o bringing skills and experience to bear in appropriate ways to the decision-making process;
 - o encouraging thorough and objective discussion of key issues;
 - o refraining from interfering with operational matters;
 - o respecting Management's role and those with whom the AC Board interacts;
 - o holding Management accountable for achieving agreed-upon objectives;
 - o acting with integrity and maintaining the confidentiality of Board deliberations;
 - o complying with formal codes of conduct;
 - o participating in The Directors College (or equivalent);
 - o promoting needed change;
 - o working to build consensus;
- e. attending and participating in other AC Board meetings and events (e.g., strategy sessions, new director orientation and ongoing education and development opportunities);
- f. focusing on matters of strategic significance to AC and the Plans; and
- g. representing AC publicly in a manner that is consistent with AC's corporate 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 corporate documents.
2. Keep informed about OMERS as a whole and AC specifically, its strategic direction and possess a genuine interest in pension and investment matters and OMERS success.
3. Attend to the extent reasonably possible all AC 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 AC Board.
5. Maintain solidarity with fellow Directors in support of a decision that has been made in good faith at a legally constituted meeting.
6. Maintain confidentiality with respect to all matters in the boardroom and otherwise with respect to the confidential affairs of AC. Board members must return all copies of Board Documents to the Corporate 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 AC 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 Director 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 AC, or speak on behalf of the AC Board, but to be part of a collective body that makes decisions. The Board Chair speaks publicly on behalf of the AC Board. Individual Directors should feel free, from time to time, to contact the AC Board external legal advisor, duly appointed by the AC Board, to discuss issues that may be relevant to individual Directors in relation to their relationships and activities involving the AC Board or other AC Board Directors or members of Management for advice and counsel on matters of concern of an ethical, integrity, conflict of interest or personal nature, that such source of advice be non-binding in nature and that, to the extent possible under the Rules of Professional Conduct and other applicable standards, the AC Board external legal advisor shall be entitled to keep such discussions and matters private and confidential.
12. With respect to Section 11 above, in the event that a Director is asked by a member of Management to undertake a specific material business task that a Director would not as a matter of usual practice undertake, such Director shall advise the Board Chair (or the Chair of the Governance & Risk Committee, if the Director is the Board Chair), copying the Chief Executive Officer, with the planned activity.

HISTORY

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