

# OMERS Administration Corporation

## MANAGEMENT MANDATE

### Introduction

OMERS Administration Corporation (AC or the Corporation) is the administrator of the OMERS Pension Plans as provided for in the *Ontario Municipal Employees Retirement System Act, 2006* (OMERS Act) with responsibility for discharging the duties of the administrator under the OMERS Act including paying pensions, making payments under retirement compensation arrangements, establishing investment policies and managing and allocating the assets of the primary pension plan. AC is also the administrator of the OMERS Pension Plans for the purposes of the *Pension Benefits Act* (Ontario) (PBA).

The Board of Directors of AC (AC Board) has overall stewardship responsibility for the Corporation which is generally defined as the responsibility to oversee the conduct and management of the business and affairs of AC as the administrator. Consistent with its oversight duties, the AC Board has appointed a management team (Management) to conduct the business and affairs of AC and delegated to Management broad authorities and responsibilities for ensuring that AC discharges its statutory and related responsibilities to plan members and implementing the Board approved strategy.

### Governance Framework

This Management Mandate has been prepared to reflect principles and processes viewed as being important by the AC Board and Management to ensure that each, in discharging its duties and obligations, does so in a way that maximizes results from the point of view of plan members. Those principles and processes include: (i) clarity around authority and responsibility; (ii) recognition of the value of regular performance reviews of both Management and the AC Board; (iii) processes to ensure accountability; and (iv) the pre-eminence of integrity and ethical leadership and the promotion of a culture of integrity, compliance, ethical decision-making and conduct, and inclusion. These principles and processes and the Management Mandate terms which follow are supportive of the vision and mission of AC which is to be a leader in the pension industry, in delivering sustainable, affordable and meaningful defined benefit pensions, an organization committed to providing high-quality service to plan members and employers and built around a culture of excellence, and an organization committed to earning superior returns for plan members with due regard for risk.

## **Mandated Duties and Responsibilities**

This Management Mandate describes the key specific duties, authorities and responsibilities of Management and how Management interfaces with the AC Board with respect to such duties and responsibilities. Management is responsible for performing not only the following duties as set out in this Mandate but also such other duties as may be necessary or appropriate for it to fulfill its broad operational responsibilities referred to above.

## **Mission and Vision**

Management is responsible for playing a leadership role in promoting AC's mission, vision and values throughout the organization and with key stakeholders.

## **Strategy Execution**

Management is charged with ensuring the implementation of the Board-approved corporate strategy. Management facilitates the development of the strategic plan and ensures appropriate AC Board engagement in the process, working in conjunction with OMERS Sponsors Corporation (SC). Management develops annual operating goals and objectives and performance targets aligned with AC's strategic priorities and regularly reports to the AC Board on the status of strategy implementation.

## **Investment Management**

Management ensures that AC invests plan funds in a prudent manner at acceptable risk levels in the context of liabilities for present and future pension payments, and structures investment transactions to meet regulatory requirements. Management is responsible for assessing portfolio quality and ensuring appropriate asset quality is maintained and that new investment opportunities are assessed appropriately; for monitoring investment performance; for selecting and overseeing the performance of external investment managers; and for monitoring the asset mix and proposing any changes considered necessary and implementing investment and risk management policies.

## **Plan Administration**

Management provides essential front-line services to plan members and employers and all other operational matters relating to effective plan administration. These services include enrolment of members, maintenance of accurate and up-to-date active member and pension records, the accurate and timely calculation and payment of benefits and communication of the Plans to all concerned, together with the development of systems and processes to manage these services. The administration of the Plans is done in partnership with participating employers and service level objectives are of the highest standards. Management is also responsible for the effective and efficient implementation of plan design changes as required.

### **Plan Funding**

Management provides a key role in the development of funding policies, coordination and overseeing the valuation reports for the AC Board's approval, preparing experience studies, assumption reviews and methodology approvals. Management assists SC in the development and delivering of projection valuation reports, contribution rate studies, reserve reviews and other matters relating to plan design and contribution levels.

### **Financial Reporting and Risk Management Reporting**

Management is required to provide accurate and timely financial reporting to the AC Board and plan members and for identifying and reviewing key business risks and designing internal controls and monitoring systems and tools to manage such risks and provide information on risk control effectiveness within the context of risk appetite statements approved by the AC Board from time to time. Risk management extends to applicable regulatory, corporate, PBA and other compliance matters. Management is also responsible for day-to-day compliance matters including regulatory compliance and regulatory reviews and control systems testing.

### **Internal Audit**

Management ensures that the Internal Audit function can perform independent assessment activities.

### **Compliance**

Management ensures that the Compliance function can perform independent monitoring activities within AC, its legal entities and affiliated organizations as a means of ensuring compliance with legislative and regulatory requirements. Compliance Management oversees the regulatory compliance management program and provides support to facilitate reviews by the Financial Services Regulatory Authority of Ontario and other regulatory authorities.

### **Organizational Effectiveness**

Management is delegated the responsibility for ensuring that AC has the required leadership and intellectual capital to deliver on its mandate. The CEO is directly responsible for identifying key management positions which report to the CEO and assessing effectiveness of that management team on an ongoing basis. Management develops, implements and monitors programs and plans (such as a senior management succession plan), policies, employee morale and evaluation processes aimed at achieving the goals of the organization through the efforts of its employees at all levels.

## Stakeholder Relations

Management is responsible for maintaining and enhancing relations with sponsors and stakeholders in SC and for establishing a plan and policies for ensuring two-way communications with: (i) the organizations holding nominating authority to name members of the AC Board; (ii) employers participating in the OMERS Pension Plans; (iii) plan members; (iv) SC; and (v) other affiliated organizations (e.g. non-sponsor unions and associations). The Chief Executive Officer reviews such plan periodically with the AC Board against objectives.

Management is also responsible for establishing a supportive, ongoing government relations strategy in areas material to the affairs of the Corporation.

Additionally, Management is expected to play an active role in industry affairs and pension-related associations and for developing and implementing an effective government relations program.

## Governance Support

Management provides executive and administrative support to the AC Board, including the provision of secretarial functions that document the AC Board's decision-making processes at all meetings of the AC Board and its Committees.

Management plays a key role in proactively assisting the AC Board in discharging its responsibilities which include providing relevant information to the AC Board and its Committees to enable them to make informed decisions with respect to their respective areas of responsibility and recommending processes and systems to the AC Board to assist the AC Board in discharging its monitoring and review functions.

## SC Support

Management provides technical assistance and support to SC to assist SC in meeting its statutory obligations.

## Evaluation of Performance

Management is responsible for assessing its performance according to key performance targets and expectations established by the AC Board. Management will regularly report to the AC Board on progress achieved in meeting those expectations and for assessing the effectiveness of programs and services provided to plan members.

## Conduct and Integrity

Management is responsible for developing, seeking AC Board approval of and administering and adhering to policies relating to conflict of interest, business conduct and ethics that apply to AC, its directors, officers, employees, and consultants. Management will report on concerns on the part of employees or others to the attention of the Corporation and, where appropriate, the AC Board.

**HISTORY**

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Effective Date: January 1, 2023

Approval Dates: December 14, 2007; November 20, 2008; November 20, 2009; March 23, 2011; March 21, 2012; December 8, 2015; November 15, 2017; December 13, 2018; December 12, 2019; November 19, 2020; December 9, 2021; December 8, 2022