

New Brunswick Investment Management Corporation (NBIMC)

Terms of Reference – Board of Directors

1. Introduction and Purpose

The *New Brunswick Investment Management Corporation Act* (the “Act”) establishes the Corporation with the objects to:

- Act as a trustee for certain funds specified in the Act
- Provide investment counseling services and other services
- Promote the development of the financial services industry and capital markets in New Brunswick, and
- Carry out such other activities or duties as may be authorized or required by the Act or the Lieutenant-Governor in Council.

The Act also establishes a Board of Directors. Section 10 provides that “The Board shall administer the affairs of the Corporation on a commercial basis and all decisions and actions of the Board are to be based on sound business practices.”

These terms of reference are designed to clarify the Board’s responsibilities.

2. Board Responsibilities

In addition to meeting the requirements established by the *New Brunswick Investment Management Corporation Act* and our by-laws, the Board of Directors of the NBIMC will provide effective stewardship and strategic leadership for the organization by fulfilling the following key governance responsibilities:

2.1 Mission, Vision and Values

- Periodically review and continually support the Mission, Vision and Values of the NBIMC
- Ensure NBIMC values are clearly stated, widely shared and provide a framework for decision-making throughout the organization, e.g. code of conduct and conflict of interest policies in place to support values

2.2 Relationship with the President

- Select and recommend the appointment of the President
- Monitor and evaluate the President’s performance annually
- Approve the President’s compensation (including salary adjustments and Incentive Compensation Awards) annually
- To the extent feasible, ensure itself as to the integrity of the President and that the President and senior management are fostering a culture of integrity throughout the organization
- Provide advice and counsel to the President in the execution of the President’s duties

2.3 Corporate Plans and Performance

- Provide strategic direction in the development, and final approval of the strategic plan for the NBIMC
- Approve the process for the development and approval of strategic and annual business plans
- Ensure alignment between the NBIMC Strategic Plan and the Annual Business Plan through the approval of each Annual Business Plan (including allocation of resources in the budget)
- Monitor the performance of the NBIMC against its plan(s)
- Review results of external reviews of operations and monitor appropriate follow-up plans
- Monitor compliance of the organization with legal requirements

2.4 Investments

- Set the investment policy for the funds outlined in the Act
 - Approve delegation of risk limits to Management and approve transactions exceeding those delegated authorities

2.5 Financial Oversight

- Monitor and review financial results on a quarterly basis
- Approve annual audited financial statements
- Review and approve the annual plan and budget for the expenditure and fee recovery structure of the Corporation
- Review and approve material transactions as required under the by-laws and the Key Vendor Selection Policy
- Ensure the financial performance of the NBIMC is adequately and promptly reported and the financial results are reported fairly and in accordance with generally accepted accounting principles
- Appoint external auditor annually

2.6 Risk Management

- Understand the principal risks facing the NBIMC and the systems that management has put into place to mitigate/manage those risks

2.7 Internal Controls and Management Information Systems

- Ensure, through the President, that effective management information systems, processes and internal controls are in place at all levels of the organization

2.8 Human Resources Oversight

- Approve any changes to the compensation framework for the NBIMC's management and employees

- Review employee benefits and approve material changes¹ when warranted
- Approve salary ranges for all positions and review and approve the President's proposed salary adjustments for and Incentive Compensation Awards to all employees within the organization
- Review and approve the executive compensation disclosure in the Annual Report
- Approve major changes to organizational structure
- Review and approve (a) position descriptions for officers and (b) the appointment of officers
- Ensure, through the President, that the NBIMC develops and maintains a long-term, comprehensive, human resource plan
- Ensure that policies and systems are in place to foster a work environment that attracts and retains talented people
- Ensure that a succession plan is in place for the President's position and that the President, in turn, has a succession plan in place for senior leadership and other key positions within the organization

2.9 Communications, Stakeholder Relations and Accountability

- Ensure that the NBIMC has policies and systems in place to:
 - protect and continuously enhance the NBIMC's brand and reputation
 - maintain strong and effective relations with all stakeholders, including the provincial government and fund sponsor organizations
 - monitor the effectiveness of the NBIMC stakeholder relations and communications policies and systems
- Approve the Annual Report which contains the information required by the Act and regulations

2.10 Board Effectiveness and Efficiency

- Contribute to the nomination of high quality, diverse and competent leadership for the Board, through a rigorous nominations process, supported by an annual skills gap assessment
- Ensure that directors have a thorough initial orientation followed by ongoing opportunities to increase their capabilities as directors of the NBIMC
- Annually establish goals for the work of the Board and organize/adapt the Board committees and meeting agendas to accomplish these goals
- Annually evaluate the performance of the Board, its Chair and its Committees
- Foster an effective relationship with the President and recognize the distinct roles
- Regularly review By Laws, Governance Policies and Board practices in the context of evolving standards of governance

¹ Material for these purposes means any change that produces a change in the relevant costs that exceeds the lower of 10% of current costs and \$200,000, as well as any change of strategic importance to the organization.

3. Delegation

3.1 Delegation to Management

The Board operates by delegating to Management certain of its authorities, including spending authorizations, and by reserving certain powers to itself.

3.2 Delegation to Board Committees

Subject to the by-laws and the Act, the Board may constitute, seek the advice of, and delegate powers, duties and responsibilities to Board Committees.

The Board may not delegate to Board Committees the power to:

- (a) Adopt, amend or repeal by-laws
- (b) Establish the NBIMC Investment Policies.
- (c) Fill a vacancy in a Board Committee or in the office of the auditor of the NBIMC
- (d) Appoint officers and/or fix their remuneration pay ranges.
- (e) Approve NBIMC's annual financial statements and any other financial statements issued by the organization

3.3 Crisis Management

The Board delegates the responsibility to manage immediate crises affecting the leadership and reputation of the organization to an ad hoc committee comprised of the Board Chair and each of the Committee Chairs. It is understood that the entire Board will be advised of the situation as soon as reasonably practicable and that every effort will be made to respect the collective decision-making authority of the full Board.

3.4 Risk Management

Management is responsible for ensuring that there is a robust and reliable framework and system in place to identify, evaluate, manage, monitor and report risks facing the Corporation.

The Board's role is to understand the Corporation's principal business risks and the systems that have been put into place by Management to protect the organization against damage or loss due to risks. The Board will:

- (a) review and approve the risk management framework, principles and policies recommended by Management
- (b) review on a regular basis the Corporation's risk management process
- (c) obtain reasonable assurance by discussions with and comprehensive reports from Management, the internal auditor and external advisors as appropriate, that:
 - (i) the Corporation has adequate and reliable systems and procedures for the identification, evaluation, management and monitoring of risks facing the Corporation, and that

- (ii) the risk management systems and procedures are properly designed and effectively implemented.

The Board as a whole provides overall risk oversight. In addition, the various Board Committees provide oversight with respect to categories in the Corporation's Risk Management Framework that fall within their mandates.

The Board, as a whole, retains risk management oversight in the following areas:

- ▶ Mission and Vision
- ▶ Strategy, Corporate Plans and Performance
- ▶ Investments
- ▶ Quality
- ▶ Accountability

It is supported in its risk management oversight in the following areas by the following board committees:

<i>Stewardship Responsibility</i>	<i>Board Committee</i>
Relationship with the President	Human Resources and Compensation Committee
Financial Oversight	Audit Committee
Internal Controls and Information Systems	Audit Committee
Risk Management	Audit Committee
Human Resources Oversight	Human Resources and Compensation Committee
Communications and Stakeholder Relations	Governance Committee
Board Effectiveness and Efficiency	Governance Committee