

OMERS Administration Corporation

BOARD OF DIRECTORS MANDATE

Introduction

OMERS Administration Corporation (“OAC” 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 pension plans. The OAC is also the administrator of the OMERS pension plans for the purposes of the *Pension Benefits Act* (Ontario) (“PBA”).

The Board of Directors of the OAC (the “OAC 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 the OAC as the administrator. Consistent with its oversight duties, the OAC Board has appointed a management team (“Management”) to conduct the affairs of the OAC and delegated to Management broad responsibilities for ensuring that the OAC discharges its statutory and related responsibilities to plan members.

This document (“Board Mandate” or “Mandate”) sets out the roles and responsibilities of the OAC Board in the context of its stewardship obligations. It is subject to the overriding requirements of the OMERS Act and the by-laws adopted by the Corporation from time to time. It deals with the internal relationships between the Board and Management and does not address the relationship between the Corporation and the OMERS Sponsors Corporation, which is addressed elsewhere.

Governance Framework

This Mandate has been prepared to reflect principles and processes viewed as being important by the Board and Management to ensure that each discharges its duties and obligations 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 Board; (iii) processes to ensure accountability; and (iv) the pre-eminence of integrity and ethical leadership. These principles and processes and the Mandate terms which follow are supportive of the vision and mission of the OAC which is to be a leader in the pension industry, 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 Responsibilities and Duties

This Mandate describes the key specific responsibilities of the OAC Board and how the Board interfaces with Management with respect to them. The OAC Board, either directly or through its Committees, is responsible for performing the duties set out in this Board Mandate.

Appointment of Leadership Team and Succession Planning

The OAC Board is responsible for identifying and appointing the Chief Executive Officer. The OAC Board will also, on the recommendation of the Chief Executive Officer, appoint the Chief Investment Officer, Chief Financial Officer, Chief Operating Officer, Chief Legal Officer and Chief Pension Officer of the Corporation and the chief executive officers of Oxford Properties, Borealis Infrastructure, OMERS Private Equity and OMERS Strategic Investments, as well as the CEO of OMERS Capital Markets (who, together with the Chief Executive Officer, are collectively, the “Leadership Team”). The Chief Executive Officer will be responsible for the appointment of all other employees and will at least annually share with the Board the Corporation’s personnel plan. Because of the unique responsibilities and reporting relationships of the Vice President, Internal Audit, the OAC Board also is responsible for selecting and appointing the Vice President, Internal Audit.

The OAC Board is responsible for approving succession planning with respect to the Chief Executive Officer and overseeing the Chief Executive Officer’s succession plan for the Leadership Team.

In connection with succession planning for the Chief Executive Officer, the OAC Board assesses the capabilities of the Leadership Team, other than the Chief Executive Officer, with a view to identifying and developing future leaders who might be suitable for succession to the position of Chief Executive Officer.

Evaluation of Performance

The OAC Board is responsible for assessing the performance of the Chief Executive Officer and Vice President, Internal Audit on an ongoing basis. Consistent with these responsibilities, the OAC Board establishes annual performance expectations, goals and objectives for the Chief Executive Officer and Vice President, Internal Audit of the Corporation and monitors progress against those expectations. The OAC Board provides periodic feedback to the Chief Executive Officer and Vice President, Internal Audit with respect to performance.

The Chief Executive Officer assesses performance of the balance of the Leadership Team and reviews the results with the OAC Board.

Compensation Matters

The OAC Board determines the compensation of the Chief Executive Officer and, on the recommendation of the Chief Executive Officer through the Leadership Resources and Compensation Committee, approves the compensation strategy, policy structure and annual compensation for the other members of the Leadership Team. The Chief Executive Officer will be responsible for compensation within the organization otherwise, but provides to the OAC Board at least annually an overview of the philosophy and framework of compensation within the organization.

Investments

The OAC Board is responsible for investing and managing the funds of the OMERS Pension Plans so that the obligations of the Plans will be met. Its responsibilities include:

- approving the funding policy for the Plans;
- approving an investment policy in the form of a statement of investment policies and procedures;
- approving categories of investment and related funds allocations among various approved categories of investment;
- amending the OAC's statement of investment policies and procedures on a timely basis as investment categories change to ensure that investments are authorized by a statement of investment policies and procedures; and
- ensuring that investments are made in a manner consistent with such policy and applicable laws.

Subject to specified limits, the OAC Board has through documented processes delegated to the Chief Executive Officer of the Corporation the responsibility for investment of the assets of the OMERS Pension Plans with the power to sub-delegate. Such responsibilities include identification and selection of appropriate managers. The OAC Board has not delegated all investment responsibilities to Management. Significant transactions are approved by the OAC Board or the Investment Committee of the OAC Board.

The OAC Board monitors and obtains reports on a regular basis from the Chief Executive Officer on delegated investment authorities, including investments made, processes followed to ensure investments are compliant and investment performance. This monitor function is undertaken in accordance with a monitoring and reporting plan developed in consultation with Management and approved by the OAC Board.

Strategic Planning

The OAC Board is responsible for approving the Corporation's strategic planning process, approving the Corporation's strategic plan and monitoring the implementation of the strategic plan and related operating plans including annual budgets.

Management, under the direction of the Chief Executive Officer, is charged with developing the strategic plan for the Corporation within the framework of the Board-approved planning process and the action plans necessary to implement the Board-approved plan. The strategic planning process includes opportunities for the OAC Board to discuss issues and options.

Management is responsible for establishing an ongoing government relations strategy in areas material to the affairs of the Corporation and reports on such matters to the OAC Board on a periodic basis.

Financial Oversight and Stewardship

The OAC Board reviews and approves the audited financial statements for the Corporation on the recommendation of the Audit Committee of the OAC Board and oversees financial and related internal controls relating to financial reporting. The financial statements are prepared by Management, and Management is responsible for their content. The OAC Board is responsible for appointing an external auditor to audit the financial statements and the external auditor reports to the OAC Board.

Management is responsible to maintain a system of internal controls and supporting procedures designed to ensure the integrity and fairness of the financial statements and related reporting. The OAC Board oversees the Corporation's internal controls through Management's reporting on the nature of such controls and with the assistance of the Internal Audit Department within the Corporation which reports, through the Vice President, Internal Audit, to the Audit Committee of the OAC Board on the effectiveness of the internal controls.

Management prepares an annual report which includes the financial statements, reporting on investment categories and performance and pension services, and the OAC Board approves the financial statements and the management discussion and analysis (MD&A) that are included in the annual report.

Plan Valuation and Administration

The OAC Board annually undertakes an actuarial valuation of the OMERS Pension Plans and the OMERS Retirement Compensation Arrangement including determining the actuarial methods and assumptions and the funding policies for the Plans. The OAC Board appoints an actuary to carry out annual valuations of the actuarial liabilities of the OMERS Pension Plans and the OMERS Retirement Compensation Arrangement, and the actuary reports to the OAC Board. Once the valuation is approved by the OAC Board, it is submitted to the Sponsors Corporation for filing.

The OAC Board establishes an Appeals Sub-Committee to hear appeals from decisions of the President regarding questions of entitlement to pension benefits.

Identification and Management of Business Risks

The OAC Board receives and approves an annual report from Management on the principal risks to the business and the systems and controls that have been established to manage such risks. Through this report, the OAC Board approves Management's assessment of the risks and the risk tolerance of the organization. The OAC Board has delegated to Management responsibility for

1. identifying, assessing and managing key business risks;
2. designing control systems to optimize risk; and
3. providing information on risk optimization effectiveness.

Compliance with Regulatory Matters

The OAC Board has delegated to Management responsibility for ensuring compliance with regulatory requirements, including those applicable to the PBA and ITA.

Communications

The OAC Board approves a communications policy for the Corporation which sets out the framework for how the Corporation communicates with plan members and other constituents on issues such as financial results and investment performance. The objective of the OAC Board is to ensure timely disclosure to plan members of material developments affecting them.

It is the responsibility of the management team under the direction of the Chief Executive Officer to establish and procure appropriate involvement in pension associations and related organizations where there are benefits to the Corporation in maintaining such associations for communications and professional purposes.

Management is responsible for establishing a plan for ensuring two-way communications with: (i) the organizations holding nominating authority to name members of the OAC Board; (ii) employers participating in the OMERS Pension Plans; (iii) plan members; and (iv) the Sponsors Corporation. The Chief Executive Officer reviews such plan periodically with the OAC Board against objectives.

In order to provide support and assistance to the Sponsors Corporation, the OAC Board will liaise through the Board Chair and the Chair of the Governance Committee with counterparts at the Sponsors Corporation on a regular basis while the Chief Executive Officer will coordinate and oversee the provision of actual services and support to the Sponsors Corporation.

Generally Board members will not make formal public presentations on behalf of the OAC without consultation with the Chief Executive Officer and Chair of the OAC Board. Such presentations are to be distinguished, however, from meetings that may routinely occur with the organizations or bodies that appoint individual Directors where Board member comments are limited to discussion of publicly available information consistent with the fiduciary duties of members of the OAC Board.

Conduct and Integrity

The OAC Board is responsible for approving policies relating to conflict of interest, business conduct and ethics that apply to the Corporation, its employees, officers, directors and consultants. Such policies will include appropriate systems for bringing concerns on the part of employees or others to the attention of the Corporation and, where appropriate, the OAC Board.

Board Effectiveness

The OAC Board regularly assesses the needs of the Board from the point of view of the mix of skills and competencies required to enable the Corporation to meet its objectives. The OAC Board shares its findings with the Sponsors Corporation and the sponsors generally. The OAC Board consults with Management on these matters.

Board effectiveness is also supported by:

- Management ensuring that Board materials are distributed to directors well in advance of regularly scheduled meetings to allow for sufficient review of materials;
- the conduct of periodic effectiveness assessments of the OAC Board through a self-assessment or other form of assessment process which includes taking into account the views of Management;
- establishing Board committees and approving their mandates and the authorities as well as considering and affirming on a periodic basis the mandate of the OAC Board;
- establishing practices for the evaluation of committee effectiveness;
- Management efforts to assist members of the OAC Board in understanding the nature of the Corporation's business which is part of a broader orientation program approved by the OAC Board for new directors; and
- ongoing education and training for members of the OAC Board and the Leadership Team with respect to governance and related subjects.

The OAC Board is responsible for: appointing the Chair of the Board, the Chairs of Committees of the Board, establishing appropriate structures to allow the Board to function independently of Management, and establishing and approving position descriptions for the Chair of the Board, the Chair of each of the Committees and, in consultation with the Chief Executive Officer, the position of the Chief Executive Officer.

Other Matters

This Board Mandate is not intended to limit the plenary power of the OAC Board of the Corporation to deal with matters determined by the OAC Board to be significant and material and to generally oversee and monitor Management and the many responsibilities that the management team bears within the Corporation. The OAC Board is cognizant of accountability thresholds and the need to maintain clear lines of responsibility.

Applicable Policy

- Primary Plan Funding

HISTORY

Effective Date: *January 1, 2010*

Approval Dates: *August 24, 2007, amended April 10, 2008, November 20, 2008, December 17, 2008, December 17, 2009, February 25, 2010*