

Policy Sponsor: CLO and Legal

Summary: Describes educational requirements for Directors individually and guidelines for development programs for the OAC Board as a whole, including courses, in-house sessions and conferences. **This policy must be approved by the Governance Committee.**

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1. INTRODUCTION

OMERS Pension Plans are complex and their investment strategies are highly sophisticated. Director education and board development programs are intended to assist Directors and the OAC Board in discharging their responsibilities and in meeting fiduciary duties.

Educational opportunities include multi-day formal programs for individuals offered by organizations such as The Directors College leading to a Chartered Director designation, as well as a multitude of specialty conferences to allow Directors to improve their skills, professional qualifications and experience.

Board development involves the OAC Board as a unit in an education context. It is intended to assist the Board in understanding changing economic conditions and circumstances and numerous other investment and operational factors affecting Board decision-making to strengthen the OAC Board as a team.

2. OBJECTIVE

The objective of director education and board development is to ensure that Directors are equipped to give effective oversight in a dynamic and changing environment. The program requires OAC Board ownership and leadership, timely and relevant opportunities and the commitment and active support of individual Directors.

3. EDUCATION AND DEVELOPMENT SUB-COMMITTEE

To provide active and operational leadership to and accountability for the OAC Board’s educational and training commitment, the Governance Committee of the OAC Board annually appoints a representative from the Governance Committee (the Committee Vice Chair where possible) and from Senior Management to form an *ad hoc* sub-committee (the Education and Development Sub-Committee to oversee Director education opportunities and OAC Board development programming for the year. In undertaking its work, the Sub-Committee takes into account comments from Directors on programs attended, including orientation programs, examines new program literature to determine whether the programs are suitable for Director education or OAC Board development, and plays an active role in organizing OAC Board development sessions.

4. RECOMMENDED BASIC DIRECTOR EDUCATION

In addition to the OAC Director Orientation Program, basic Director education includes the following minimum formal components which Directors have either already obtained at the time of their appointment or have committed to obtaining after appointment:

Course	Course Provider	Completion Time following Appointment	Budget for Course Registration Fees
The Directors College Base Program or equivalent (including recertification)	External	3.5 years	Board budget
School of Pension Investment Management	Mercer/Schulich School of Business	As soon as practical	Board budget
Financial literacy training <i>* for Audit Committee members</i>	External	12 -24 months	Board budget

4.1 The Directors College

The Directors College offers a director certification program designed to meet the rising standards for directors. New Directors who have already obtained this certification (or an equivalent such as from the Institute of Corporate Directors (“ICD”)) must provide information to the Corporate Secretary relating to existing certifications. Otherwise they must advise of their plans for enrolling in The Directors College.

4.2 School of Pension Investment Management

This two-day course on pension investment management is sponsored by Mercer and The Schulich School of Business, York University (Schulich). The course focuses on the role and obligations of pension plan fiduciaries to assist Directors in the overall governance and management of the OMERS Pension Plans. Attendance at the School permits Directors to meet with their peers from other pension plans as well as independent investment advisors to discuss issues, options and solutions that are being experienced by other pension plans and trustees. This is an important part of Director education because it is independent of OAC management and processes and promotes the independence of the OAC Board.

4.3 Financial Literacy Training

Training in this area is helpful for all Directors. It is critical, however, for Directors serving on the Audit Committee as good governance practice. Financial training courses are offered by a number of organizations including The Directors College, ICD, The Canadian Management Centre and Schulich. These courses are typically three days in length and focus, in the case of The Directors College and ICD, on financial literacy for Directors whereas The Canadian Management Centre and Schulich programs offer a broader perspective on what non-financial managers need to know about financial statements and financial accounting. After having achieved base level certification, Directors are expected to maintain their certifications through designated recertification programs which are often offered as an adjunct to the base training.

5. BOARD DEVELOPMENT

OAC Board meetings and dinners often provide an opportunity for Board development programming, which focuses on the needs of the OAC Board as a unit. Team-based development is intended to improve Board decision-making by providing equal information to all Directors on important subjects, including the state of the economy at the time, capital markets developments, market risk and political risk. Board development programs allow Directors to interact on key subjects which can often be critical to pending decisions, reinforcing key issues the Board faces in the context of its role and responsibilities as a board.

The Education and Development Sub-Committee is responsible for developing the Board development program each year. Directors are encouraged to make recommendations to the Sub-Committee on appropriate topics.

Topics which Directors have pointed to as important for Board development in the past include:

- use of derivatives and trading strategies such as short selling;
- portfolio volatility management; and
- governance considerations for investee companies – proxy voting strategies.

The Sub-Committee will undertake an annual process of polling directors as a means of identifying issues or topics for which Directors believe they need to be better equipped in order to fulfill their responsibilities. Prioritized topics will then be the focus of educational sessions as soon as they can be scheduled, either as part of regularly scheduled Board meetings or as part of Board dinners or other suitable events.

Other education events that constitute OAC Board development may be planned by OAC Board Committees. For example, the Leadership Resources and Compensation Committee annually provides a session for all Directors which examines compensation principles in depth through its external advisors. Similarly, Directors annually attend a review of the valuation of the Primary Plan and the RCA to better understand actuarial liabilities and related assets.

6. DIRECTOR COMMITMENT TO EDUCATION AND DEVELOPMENT

Directors may apply to the Chair of the Governance Committee for recognition of equivalent courses already taken instead of taking basic courses again.

In addition to these programs, Directors are expected to spend at least 15 hours each year in Board development sessions offered in-house or by recognized providers such as Director education or conference organizers.

7. CONFERENCE SELECTION AND RELATED GUIDELINES

Costs of attending conferences are covered as provided for in this Policy. Conference attendance guidelines are set out below:

- Conferences must be directly related to organizational governance, board effectiveness and related topics or the responsibilities of Directors of a public pension system.
- Attendance at a conference is discouraged if it conflicts with a regularly scheduled Board meeting unless there are exceptional circumstances.
- No more than five Directors may attend any one conference. (Conference organizers may impose further restrictions on the number of attendees from any one plan.)
- Directors may attend only one World Pension Forum conference per calendar year.
- Directors must provide a written report to the OAC Board on conferences attended and their value to future attendees as soon as reasonably practicable after their return. Directors may file a joint report if more than one director has attended the conference.
- Directors shall not be reimbursed for registration at any future conferences until they have filed a report (which may be a joint report) for any conferences they have already attended.
- Directors may not attend further conferences once they are aware that their tenure is being terminated; however, where a Director has committed to attending a conference and substantial funds have been expended for that purpose prior to the tenure information coming forward, the OAC Board may determine on a case-by-case basis whether attendance of the Director would be appropriate and on what terms.

8. EDUCATION EXPENSES

Travel and other expenses of a Director attending a conference or other educational program, other than registration fees charged to the Board's general education budget, are reimbursed in accordance with the OAC Director Remuneration and Expense Reimbursement Policy, subject to the following:

- Directors must submit actual expenses supported by original receipts;
- Directors will be reimbursed for course textbooks and other teaching aids; and
- in any one calendar year, the educational expenses of an individual Director may not exceed \$12,000 (Canadian), including all foreign exchange charges.

9. ADMINISTRATION AND REPORTING

The Director, Board Secretariat arranges for Directors to attend courses and conferences and refers policy exemptions to the Chair of the Governance Committee for decision. A Director may appeal a decision of the Chair to the Governance Committee.

Consistent with high standards of governance transparency and the objectives of Plan members to secure qualified Directors, the Governance Committee will consider information to be included in the OAC Annual Report each year consisting of a brief outline of OAC Director educational activity and the steps taken by the Directors to comply with the OAC continuing education standards.

The Governance Committee provides an annual report to the OAC Board setting out the educational events completed by each Director.

The Education and Development Sub-Committee will provide a standing report to the Governance Committee at each of its meetings on Director education and OAC Board development matters.

The Financial Services group provides an annual summary to each Director setting out his or her year-to-date education-related expenses.

HISTORY

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