

Policy Sponsor: CLO and Legal

Summary: Sets out the basis for remunerating Directors and reimbursing their expenses pursuant to SC By-law No. 6 enacted under Section 33(6) of the OMERS Act. **This policy must be approved by the Governance Committee.**

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1. DEFINITIONS

“Authorizing Authority” in this policy means the person who has authority to approve another person’s expenses pursuant to the OAC Travel and Business Expense Policy.

“DBS” in this policy means the Director, Board Secretariat.

“Meeting” means a meeting of three (3) hours or more in duration, including preparation time, of the OAC Board or its Investment Committee, Audit Committee, Governance Committee, Leadership Resources and Compensation Committee or Appeals Sub-Committee, as well as a meeting of the Joint Council between the OAC and the SC. The OAC Board may designate meetings of an ad hoc committee or sub-committee to be a “Meeting” for the purpose of this policy.

“Retainer” in this policy means the annual remuneration paid to an individual serving as a Director as compensation for his or her contribution to the effective oversight of OAC business and affairs. The annual retainer is established in the amended and restated By-law No. 6 enacted by the SC on April 22, 2009, with effect on July 1, 2009.

2. MAXIMUM REMUNERATION

Directors will be compensated for attendance at meetings of the OAC Board and at meetings of Committees and Sub-Committees thereof through a combination of an annual retainer and Meeting fees.

3. POSITION REMUNERATION

3.1 Variable remuneration

Directors will receive remuneration from the OAC in accordance with the following scale:

Position	Annual Retainer	Meeting Fee
Chair	\$70,000.00	\$0.00
Committee Chair	\$17,800.00	\$750.00
All other Directors	\$12,800.00	\$750.00

A Director whose status changes during a fiscal year (for example, a Director appointed to be a Committee Chair or a Director who relinquished a Chair position) will receive the remuneration for his/her appointment pro rated to the date of the change in status.

Directors may receive remuneration for only one position at any given time. For example, a Director who is a Committee Chair will receive only the Committee Chair remuneration stipulated above and not also the “All Other Directors” remuneration stipulated above.

Only one Meeting fee shall be paid for one day, regardless of the number of Meetings that are held on that day. If a Meeting extends to the next day, a Meeting fee may be paid for the second day.

3.2 Date of payment

Remuneration shall be paid quarterly, in four equal installments, subject to statutory withholdings, on the last business day of each quarter.

3.3 Maximum Meetings

Subject to Section 3.4, Meeting fees shall only be paid for up to twenty-four (24) Meetings in a year. For the period from July 1, 2009 to December 31, 2009, up to only (12) Meeting fees may be paid.

3.4 Appeals Sub-Committee

The limit on the number of Meeting fees shall not apply to Meetings of the Appeals Sub-Committee when this sub-committee sits as a tribunal for the purpose of hearing appeals from the determination of the CEO.

3.5 Travel and Conference Time

Time spent by Directors travelling to Meetings or attending offsite training programs or conferences is not compensable.

3.6 Process for Exceptions

The Board Chair or a Committee Chair, as the case may be, may declare a meeting of the OAC Board or one of its Committees, of less than three (3) hours to be a “Meeting” for the purpose of this policy where the circumstances warrant such a declaration, provided that the Board Chair’s or Committee Chair’s justification must be included in the minutes of that Meeting. Circumstances that may warrant such a determination include the amount of preparation time involved, completing a Meeting that was scheduled for more than three hours in a time that is less than three hours, or dealing with a material transaction or event that is of significant importance to the OAC to justify calling a Meeting prior to the next scheduled OAC Board or Committee Meeting, as the case may be.

3.7 Direction of Remuneration

Directors may elect to direct any remuneration they may be entitled to receive to the sponsoring organization that nominated such Director to the SC for appointment to the OAC Board. The Director must provide written notice of such election to the DBS. The OAC will make such payment to the sponsoring organization only upon receipt of invoices from that sponsoring organization.

3.8 Outside Remuneration

Accepting anything of material value such as salary, commissions, fees, benefits or payments for discharging OAC related responsibilities or for any purpose having to do with the OAC from external parties seeking to do business with or influence the OAC, which includes sponsor organizations, may compromise or appear to compromise an individual Director's ability to make fair and objective business decisions, as well as the OAC's credibility and is, therefore, not permitted.

4. REIMBURSEMENT OF EXPENSES

Each Director will be entitled to reimbursement by the OAC of reasonable and necessary expenses incurred by him/her in connection with business travel which has been approved by the Authorizing Authority and/or in connection with other activities (e.g. entertainment) approved by the Authorizing Authority, including:

- (a)
 - (i) meals, including reasonable meal expenses for meetings (in or out of Toronto) or while traveling;
 - (ii) the cost of a modest amount of alcoholic beverages at reasonable prices consumed in the course of OAC business; and
 - (iii) reasonable tips/gratuities in connection with the foregoing;
- (b) car rental and fuel costs for business travel, provided the Director ensures he/she has a minimum of \$1,000,000 liability coverage under the rental car agreement (additional costs incurred to purchase additional short term insurance coverage are reimbursable) and provided further that a car rental may be for only 30 consecutive days or less and must be used only when clearly more economical or convenient than the use of taxis or other public transportation;
- (c) flights at economy class rates for business travel and related service/cancellation fees and costs;
- (d) train travel at club car rates (VIA 1) for business travel and related service/cancellation fees and costs;
- (e) airport limousines to and from airports, taxis, bus fare and parking (airport, hotel and other in-town) for rental or private vehicle used in connection with business travel;
- (f) reimbursement for use of private vehicles for business travel at rates to be set by OAC from time to time (and reviewed at least once annually). Costs for operating repairs or damage to the vehicle incurred while being used in connection with business travel will be deemed included in the approved rate. Directors will be responsible for confirming with their auto insurer that they have adequate personal insurance in place to cover occasional business use;
- (g) reasonable hotel accommodation (based on Canadian standards) provided that a Director will seek a corporate/government rate and verify it on check-in;
- (h) telephone calls while traveling on OAC business; and
- (i) communication line expenses with respect to operating communication devices which are used in whole or in part for OAC business (provided that no expenses specifically attributable to calls or other communications unrelated to OAC business shall be reimbursable).

Directors traveling on business will be covered under OAC corporate insurance that includes:

- accidental death and dismemberment benefits;
- out of country medical costs;
- travel assistance;
- rental car collision damage for travel in Canada; and
- excess liability (>\$1 million) claims for rental cars.

Such insurance will not cover:

- flight cancellation;
- personal property damage, including damage to private vehicles; or
- rental car collision damage outside of Canada.

In addition, in recognition that Directors will incur minor expenses when conducting OAC business that are otherwise not reimbursed, Directors will be entitled to a monthly allowance of \$50.00 to cover incidental expenses. No receipts will be required to claim this allowance. Claim for the allowance should be made in the expense claim submitted by each Director to the appropriate Authorizing Authority for reimbursement. Aside from this monthly allowance, all other expenses which are reimbursable pursuant to this Policy will be reimbursed only upon presentation of receipts. Cash advances against future expenses will not be provided.

All Directors seeking reimbursement of expenses are required to:

- (a) obtain all necessary approvals;
- (b) submit all original receipts and other forms required for reimbursement promptly;
- (c) exercise integrity, prudence and good judgement in their business expenditures; and
- (d) try at all times to incur expense at the most economical cost that meets business needs while allowing flexibility to reasonably accommodate travelers.

For certainty, the following expenses will not be reimbursable:

- (a) medical appointments or health assessments;
- (b) personal expenses, whether or not incurred as a result of, during or in connection with business travel, including but not limited to:
 - Babysitter fees, barbers and hairdressers, birthday cakes, gum, candy, tobacco products, magazines and books, movies and theatre tickets, parking or traffic tickets, hotel charges for in-room mini-bar or movies, personal care activities such as massages, spas, personal property insurance, membership fees for loyalty programs, pet care, souvenirs/personal gifts, hotel/meal/travel or other charges for friends, spouses or other family members, laundry/dry cleaning/tailoring expenses, unless in the opinion of the Authorizing Authority (in the case of laundry/dry cleaning/tailoring expenses only), travel circumstances (e.g. duration of trip, lost luggage, etc.) so warrant; and
- (c) wage replacement.

In addition, Directors are responsible for booking their own travel.

5. TECHNOLOGY TOOLS

Directors may require certain equipment to effectively and efficiently carry out their responsibilities. As such, upon appointment to the Board and at the Director's request, the OAC will provide a laptop and printer, PDA (personal digital assistant, e.g. blackberry), cell phone and/or fax machine. All such equipment remains the property of the OAC and must be returned to the OAC upon retirement from the Board.

6. PROCESSING AND REPORTING

The DBS is responsible for processing payments of remuneration and expenses under this policy.

Financial Services will provide an annual summary to the OAC Board of the remuneration and expenses paid to each Director.

HISTORY

Effective Date:	November 17, 2010
Approval Dates:	April 22, 2005, June 30, 2006, November 24, 2006, December 14, 2007, May 21, 2009, November 17, 2010
Next Scheduled Date for Review:	The earlier of December 2012 or notice of enactment of a new by-law under s.33(6) of the <i>OMERS Act</i>