

OMERS Administration Corporation

MANAGEMENT MANDATE

Introduction

OMERS Administration Corporation (the “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 primary pension plan. 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 (“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.

The overall operational responsibility delegated to Management means the responsibility to conduct the business and affairs of the OAC including implementing the Board-approved strategy for the organization and ensuring that the OAC discharges its statutory and related responsibilities to plan members.

Governance Framework

This Management Mandate has been prepared to reflect principles and processes viewed as being important by the OAC 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 OAC Board; (iii) processes to ensure accountability; and (iv) the pre-eminence of integrity and ethical leadership. These principles and processes and the Management 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 Duties and Responsibilities

This Management Mandate describes the key specific duties and responsibilities of Management and how Management interfaces with the OAC 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 appropriate in order for it to fulfill its broad operational responsibilities referred to above.

Mission and Vision

Management is responsible for playing a leadership role in promoting the OAC'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 OAC Board engagement in the process. Management develops annual operating goals and objectives and performance targets aligned with the OAC's strategic priorities and regularly reports to the OAC Board on the status of strategy implementation.

Investment Management

Management ensures that the OAC invests plan funds in a prudent manner at acceptable risk levels in the context of liabilities for present and future pension payments and in such a way as to ensure the structuring of investment transactions so as 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. 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 OAC Board's approval, preparing experience studies, assumption reviews and methodology approvals. Management assists the Sponsors Corporation in the development and delivering of projection valuation reports, contribution rate studies, reserve reviews and etc.

Financial Reporting and Risk Management Reporting

Management is required to provide accurate and timely financial reporting to the OAC 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. 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.

Compliance

Management ensures that the internal audit function is able to perform independent assessment activities within the OAC, its legal entities and affiliated organizations as a means of ensuring compliance with investment policies and procedures and regulatory and legislative requirements. Management is responsible for completing all regulatory filings and for providing the necessary support to facilitate reviews by the Financial Services Commission of Ontario.

Organizational Effectiveness

Management is delegated the responsibility for ensuring that the OAC 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. The CEO recommends appointment of such persons to the OAC Board for its approval. 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 the Sponsors 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 OAC Board, including the provision of secretarial functions that document the OAC Board's decision-making processes at all meetings of the OAC Board and its Committees.

Management plays a key role in proactively assisting the OAC Board in discharging its responsibilities which include providing relevant information to the OAC 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 OAC Board to assist the OAC Board in discharging its monitoring and review functions.

In addition, Management provides technical assistance and support to the Sponsors Corporation to assist the Sponsors Corporation 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 OAC Board. Management will regularly report to the OAC 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 OAC Board approval of and administering and adhering to policies relating to conflict of interest, business conduct and ethics that apply to the OAC, 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 OAC Board.

HISTORY

Effective Date: *March 23, 2011*

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