

Governance

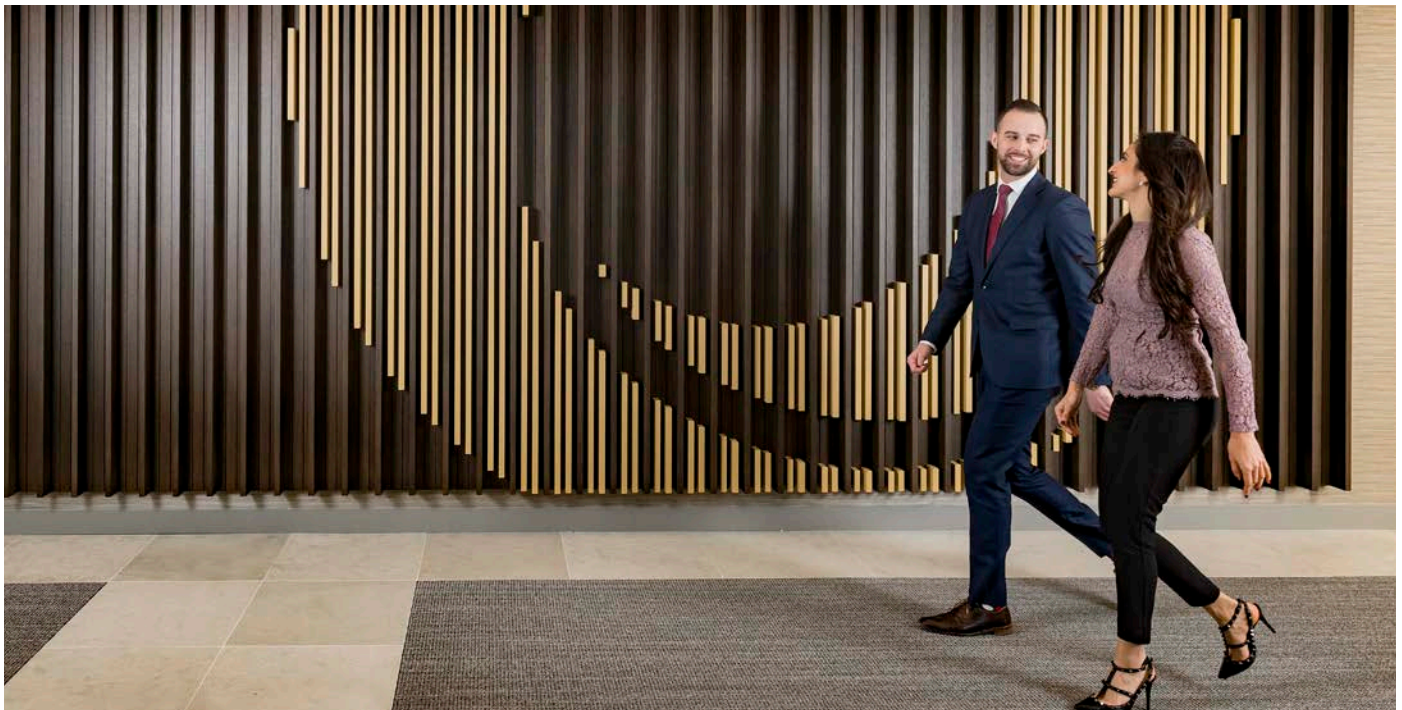
Effective and transparent governance is fundamental in fulfilling the pension promise. Throughout our history, OMERS has focused on achieving high standards in governance and has continued to evolve our governance model and practices.

The OMERS Act of 2006 created OMERS Sponsors Corporation to give members and employers more direct control over the OMERS Pension Plans. OMERS Sponsors Corporation and its Board provide for strategic oversight and decision-making by sponsors representing members and employers on major policy directions, including benefits and contribution levels.

The Act also provides that OMERS Sponsors Corporation determines the composition of the two OMERS Boards, including the nomination and appointment process for Directors. While a process

for the nomination and appointment of Directors has been in place for some time, in 2017, an updated Competency Framework process for the OMERS Administration Corporation Board was developed.

The Competency Framework outlines the necessary personal attributes that each Director must possess and identifies competencies that the OMERS Administration Corporation Board requires as a whole. It is expected that each Director will contribute specific competencies to the Board's overall requirements. The OMERS Administration





Corporation Board's Governance Committee evaluates each Director's self-assessment and approves a consolidated Skills Matrix. The Competency Framework and the Skills Matrix are communicated to the OMERS Sponsors Corporation annually, together with a gap analysis to assist the OMERS Sponsors Corporation in the recruitment of new OMERS Administration Corporation Directors.

This approach continues the evolution of OMERS governance framework and supports the continued development of a high-capacity Board where members have demonstrable skills and experience in areas that are critical to the business and success of OMERS.

In furtherance of its 2020 Strategy implementation work, the OMERS Administration Corporation Board has established a Risk Oversight Committee. The mandate of this Committee includes oversight of the development of a *Risk Appetite Statement* and further enhancement of the risk framework, which provides guidance on the risks the organization needs to actively understand, manage and monitor to further its business objectives, both from an asset (investments) and liability (pensions) perspective. Under the OMERS Act, OMERS Administration Corporation is responsible for pension administration (including collecting contributions and paying pensions), providing for valuation of the accrued pension obligation and investment of the pension funds. In carrying out these responsibilities, OMERS Administration Corporation has a fiduciary obligation to Plan members.

For the past decade, OMERS Sponsors Corporation and OMERS Administration Corporation have collaborated to help ensure the long-term sustainability of the Plan. In 2015, the two corporations worked together to develop one joint Strategy for OMERS. Each Board approved those aspects of the 2020 Strategy related to their respective roles and responsibilities, and endorsed the overall direction. Similarly, the Boards are both responsible for monitoring the implementation and effectiveness of the 2020 Strategy.

In 2017, the two Boards commenced joint planning for the development of OMERS 2030 Strategy. These sessions demonstrate a continuing commitment to working together to provide OMERS with strong leadership in good governance.

Further details about the specific governance practices of OMERS Sponsors Corporation are found at www.omerssc.com/Sponsors/Governance, while more details about the specific governance practices of OMERS Administration Corporation are located at www.omers.com/governance.