

**Vestcor Inc.**  
**Guidelines for the Nomination of New Directors**

**1. Introduction and Purpose**

The *Vestcor Act* describes the Board of Directors of the Vestcor Inc.<sup>1</sup> as follows:

**Board of Directors**

The management and control of Vestcor Inc. is vested in the Board of Directors and the Board of Directors may, subject to this Act, the by-laws and any Members Agreement, exercise all of the powers of Vestcor Inc. (s. 41 & 73).

A person who is a director of Vestcor Corp. is not eligible to hold office as a director of Vestcor Inc. (s. 42 & 74).

The Board of Directors shall administer the affairs of Vestcor Inc. on a commercial basis, and all decisions and actions of the Board are to be based on sound business practice (s. 43 & 75).

The Board of Directors consists of such number of directors being not fewer than six appointed by Vestcor Corp (s. 44 & 76).

**Term of Directors**

Each director shall hold office for a term of up to three years and may be reappointed at the discretion of Vestcor Corp [s. 45(1) & 77(1)].

A director of Vestcor Inc. may be removed by Vestcor Corp [s. 45(2) & 77(2)].

Notwithstanding subsection (1) but subject to subsection (2), a director remains in office until the director resigns, is reappointed or replaced [s. 45(3) & 77(3)].

These guidelines are intended to provide a framework for Vestcor Inc's role in the nomination of new directors. The goal of any board nomination process is to promote the appointment of highly qualified directors with a diverse range of knowledge, experience and expertise related to aspects of the board's key governance responsibilities.

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<sup>1</sup> Vestcor Inc. was created through an amalgamation process on January 1, 2018 and therefore replaces the entities Vestcor Services and Vestcor Investments which are referenced in the original *Vestcor Act*.

## 2. The Nominations Process

The Secretary to the Board of Directors will develop and maintain a register of directors, their respective terms on the board, their specific identified competencies, and any applicable diversity attributes. This information will be reviewed by the Governance Committee at least annually (at a time in the year that is ideally 11-12 months, at minimum 90 days prior to the end of directors' terms).

The Governance Committee will identify the number and timing of upcoming vacancies on the board and subsequently form an Ad-Hoc Nominating Committee composed of Directors whose terms are not part of the upcoming vacancies, to coordinate Vestcor Inc's involvement in the appointment process. It will share this information with the Board and will draft a letter to the Co-Chairs of Vestcor Corp. advising them of the number and timing of upcoming vacancies on the Vestcor Inc. Board.

The Governance Committee will also review the preferred selection criteria for directors (Appendix A of these guidelines) to ensure their ongoing relevance to the Vestcor Inc. Board. The Governance Committee has the authority to modify the preferred selection criteria, in consultation with the Board Chair.

The Governance Committee will evaluate the current composition and skills of "remaining board members" against the preferred criteria using a "Competency Matrix" (Appendix B). This exercise will help the Ad-hoc Nominating Committee to identify potential gaps in knowledge, experience, expertise and diversity (e.g. gender, demographic and geographic) that could usefully be filled by new appointments to the board. Vestcor Inc. believes that having a diverse Board of Directors, who fulfill our preferred selection criteria, enhances Board operations and leads to better governance.

The Ad-Hoc Nominating Committee will then prepare a draft preferred candidate profile(s) and recruitment strategy for review and discussion by the board. Once finalized, the preferred candidate profile(s) will be utilized with respect to any publication / distribution recruitment strategy requirements. The Ad-Hoc Committee will coordinate with the Vestcor Inc. Board the applicable candidate review and recommendation process, and provide a formal final appointment(s) recommendation to the Vestcor Corp. Board for approval.

The Board Chair, or a delegated Director, will coordinate any advice or questions regarding potential appointments that may be received from the Vestcor Corp. Board.

## Appendix A – Preferred Selection Criteria

Potential nominees to the Board of Directors of Vestcor Inc. should be evaluated in terms of the following preferred selection criteria:

### Personal Attributes:

- ▶ Demonstration of prior exposure to investment issues at a strategic level
- ▶ A track record of being able to work co-operatively with others and to provide leadership in a group setting
- ▶ An ability to exercise sound judgment and to problem-solve in the execution of their fiduciary responsibilities
- ▶ Capacity to exercise independent judgment in the best interests of the Funds (versus individual view points)
- ▶ Display a strategic perspective/orientation (vs. detail/micro orientation)
- ▶ A high standard of personal values and ethics and an ability to respect the confidentiality of the Board's deliberations
- ▶ Appreciation of public policy considerations
- ▶ An ability to effectively communicate orally and use current forms of electronic communications
- ▶ Ability and willingness to raise potentially controversial issues in a manner that encourages dialogue
- ▶ Ability to be flexible, responsive and willing to consider others' opinions
- ▶ Commitment to devoting the time and being available to attend to the duties required of a director
- ▶ Commitment to personal development and to participation in training and continuing education required to be an effective director
- ▶ A track record of demonstrated prudence, discretion and intelligence (requirements under the *Trustees Act*)
- ▶ No direct or indirect conflict of interest with the director's responsibility to the organization
- ▶ Prior experience on a board or a committee operating in a complex and demanding board and committee environment

### Specific Competencies

The following areas of knowledge, experience and expertise should be represented within the collective board competencies:

- Institutional investment practices
- Financial
- Accounting
- An aptitude for statistics, mathematics and probabilities
- Internal controls/audit and risk management processes
- Legal and regulatory
- Information technology
- Human resources
- Government functioning and public policy
- Governance trends and best practices
- Previous leadership/management experience

## Appendix B – Competency Matrix – Vestcor Inc.

COMPETENCY	Desired #	D1	D2	D3	D4	D5	Current #
<b>Personal Attributes</b>							
Exposure to strategic institutional investment							
Collaboration and group leadership skills							
Sound judgment and problem-solving							
Independent judgment							
Strategic mind-set							
High standards – values and ethics (incl. confidentiality)							
Appreciation of public policy							
Oral and electronic communications							
Ability to raise controversial matters and promote dialogue							
Flexible, responsive and willing to listen to others							
Commitment – time and availability							
Demonstrated prudence, discretion and intelligence							
No conflict							
Prior board or committee experience in complex demanding environment							

<b>Knowledge, Experience or Expertise</b>	<b>Desired #</b>	<b>D1</b>	<b>D2</b>	<b>D3</b>	<b>D4</b>	<b>D5</b>	<b>Current #</b>
Institutional Investment Practices							
Financial							
Accounting							
Aptitude for statistics, mathematics and probabilities							
Internal controls/audit and risk management processes							
Legal and regulatory							
Information technology							
Human resources							
Government functioning and public policy							
Governance trends and best practices							
Previous leadership/management experience							
Enterprise risk management							
Pension plan management experience – Administration / Design / Funding							
Customer service							
Other:							
<b>Diversity</b>							
Demographic (i.e. gender)							
Geographic							