

Vestcor Inc.

Director Orientation and Education Policy

1. Introduction and Purpose

The field of governance is rapidly evolving. New regulatory changes are complex and, in many instances will only be clarified over time. The *Vestcor Act* provides that “all decisions and actions of the Board of Vestcor Inc. are to be based on sound business practice.”¹

While it is expected that directors will possess sufficient knowledge, experience and expertise at the time of their appointment to serve in such capacity, it is recognized that they will not be experts in all disciplines or in all aspects of governance. Therefore, ongoing director development is a continuing responsibility of the Board, the Board Chair, the Governance Committee and individual directors.

The purpose of this Policy is to establish board norms relating to director orientation and ongoing education.

2. Orientation

All new directors will receive a comprehensive orientation about Vestcor Inc.’s mandate, its nature and operations, the role of the board, and the expectations for individual directors. The orientation’s objective should be to help new directors become as effective as possible, as soon as possible.

The orientation should:

- ◆ Ensure that each new member of the board has a good understanding of Vestcor Inc.’s formal governance structure, its constitution, bylaws, the role of the board, its supporting committees, and the expectations in respect to individual performance as set out in the Board’s Terms of Reference;
- ◆ Build an understanding of the organization’s nature, its operations and working environment including:
 - The investment management programs and services
 - The pension and benefit administration programs and services
 - Summary details of corporate assets, liabilities, major contracts and major stakeholder and client relationships
 - The organizational structure
 - The major risks and risk management strategies, including its Enterprise Risk Management Framework
 - Key performance indicators
 - Operational or regulatory constraints

¹ Sections 43 and 75

- Requirements for reporting and public disclosure
- ◆ Build a link with the individuals who make up the organization, including:
 - Opportunities to meet and get to know fellow directors
 - Meetings with senior management
 - Site visit to view the organization's operations and to meet employees
- ◆ Build an understanding of the organization's main relationships, including those with:
 - Vestcor Inc.'s clients
 - The Vestcor Corp. owners group
 - Key Government representatives who deal with the organization
 - People served by the organization
- ◆ The orientation will provide a comprehensive set of briefing materials that directors may use as reference materials. These materials will normally include:
 - Biographical and contact information for all board members and the senior management team
 - The *Vestcor Act*, regulations, Members' Agreement and by-laws
 - The organization's governance policies, including the Board and Committee terms of reference
 - The current annual business plan
 - The current strategic plan
 - The most recent annual and/or quarterly financial reports
 - An explanation of the organization's key performance indicators
 - A summary of director's liability insurance and indemnity
 - Details of any major litigation involving the organization
 - A restricted mobile hardware device and instructions for accessing the confidential Board and Committee reporting website
 - A schedule of dates for upcoming board meetings

Each orientation program may be customized to take into account the background and skills displayed by individual directors.

The President and Chief Executive Officer ("CEO") will ensure that an orientation for new directors takes place. The Board Chair will attend if possible and existing directors will be encouraged to attend. External expertise may be included in the program as required. The Governance Committee will review the Board Orientation and Education Policy every 3 years.

3. Ongoing Education

In recognition of the evolving nature of a director's responsibilities, ongoing education will be necessary. **In most cases, all directors should be exposed to the same education.**

In light of the unique nature of Vestcor Inc.'s mandate, it is likely more appropriate that education will normally be delivered in-house and not via general seminars / conferences. Effective use of available governance literature will also support the ongoing personal and professional development of directors.

3.1 Ongoing Education Program

On an annual basis, the Governance Committee and the CEO will develop an education agenda for the entire board based on a consideration of:

- ▶ Suggestions from directors as part of the annual board evaluation
- ▶ Key strategic directions of the organization
- ▶ Major decisions on the horizon
- ▶ Appropriate and significant risk management themes, and
- ▶ The market environment in which Vestcor Inc. operates

The topics included on the ongoing education agenda will be addressed at:

- ▶ Education sessions at regular board meetings
- ▶ Special meetings devoted to education, as appropriate

The delivery of the educational program will primarily be done in-house, drawing upon external resources where appropriate.

3.2 Governance Literature

As part of board packages, relevant articles or book summaries will be included. Such information may be accompanied by a management commentary on the implications for Vestcor Inc., where applicable.

3.3 Seminars/Conferences

Requests from individual directors to attend specific seminars or conferences will be considered on a case by case basis, at the discretion of the Board Chair. In cases where the request comes from the Board Chair, the Chairperson of the Governance Committee will consider the request. Expenses associated with such attendance will be drawn from the general board expenses budget.