

REPORT ON GOVERNANCE PRACTICES

Prepared by the Financial and Consumer Services Commission

June 2017



**FINANCIAL AND
CONSUMER SERVICES
COMMISSION**

regulation • education • protection

REPORT ON GOVERNANCE PRACTICES

ROLE OF COMMISSION MEMBERS

The Commission is a corporate entity created for the purpose of administering financial and consumer services legislation in New Brunswick. Commission staff discharge the responsibilities prescribed by legislation and are overseen by the Members.

Commission Members, through the independent Chair, are accountable to the government through the Minister of Finance for the proper administration of the financial and consumer services legislation, including policy matters and the governance of the Commission. Members apply their expertise in the areas of management oversight and policy development. They review the Commission's annual strategic business plan and annual budget, resource allocation, risk management, financial reporting policies and the effectiveness of internal controls and management information systems. Further details of this oversight are contained in the *Governance Policy*, which can be found on the Commission's website.

The Chair presides over Commission meetings and is ultimately responsible for providing strong leadership to the Members with respect to management oversight and policy development. The Chair is also responsible to ensure that a number of deliverables which are developed on an annual basis and form part of a work plan are approved by Members and submitted to the Minister and Board of Management within the legislated timeframes. The Chair's detailed responsibilities are contained in the *Governance Policy*.

INDEPENDENCE

Members, including the Chair, are independent of the staff of the Commission. Members do not have a direct or indirect association with the Commission's operations, which would interfere with exercising their independent judgment.

FINANCIAL AND CONSUMER SERVICES COMMISSION MEMBERS

The Commission’s Members for 2016-2017 were:

PETER KLOHN (CHAIR), LL.B, ICD.D - Residence: Rothesay



Mr. Klohn was appointed Chair of the Financial and Consumer Services Commission on 1 January 2014. Prior to his appointment, he was a Senior Partner at Stewart McKelvey with a diverse national practice in securities law, regulated industries, corporate law and corporate finance. He has established a number of public companies within New Brunswick. Mr. Klohn acted as consultant to the Government of New Brunswick in providing recommendations for new securities legislation. His report entitled *“Responding to the Challenge of Borderless Markets: Recommendations for Reform of Securities Law in New Brunswick”* resulted in the establishment of the New Brunswick Securities Commission in 2004. Mr. Klohn is an Accredited Corporate Director (ICD.D) of the Institute of Corporate Directors, Rotman School of Management (2011). In 2013 he was profiled in the Lexpert Directory as a leading practitioner in Canada in corporate finance and mergers and acquisitions. Mr. Klohn represented New Brunswick as a member of the advisory committee to the Canadian Securities Transition Office responsible for reviewing proposals for federal regulation of securities in Canada. In July 2016, he was appointed to the Board of Directors of the Capital Markets Authority Implementation Organization (CMAIO), the interim body established to assist in the transition and implementation of the Capital Markets Regulatory Authority (CMRA). The CMRA is an initiative of the governments of British Columbia, New Brunswick, Ontario, Prince Edward Island, Saskatchewan, Yukon and Canada intended to better protect investors, enhance Canada’s financial services sector, support efficient capital markets and strengthen the management of systemic risk. Mr. Klohn has recused himself from securities regulatory matters involving FCNB during his term on the CMAIO\CMRA board. He is a former member of the Council for the NB Branch of the Canadian Bar Association and is active in community affairs.

Appointed: 1 January 2014
Term ends: 31 December 2019

- Committees:**
- Audit and Risk Management (ex officio)
 - Human Resources and Governance (ex officio)

Professional and industry experience:

- Securities law
- Corporate law
- Franchise law
- Pension law

Education:

- BBA, University of New Brunswick
- LL.B, Osgoode Hall Law School, York University

PAULETTE ROBERT (VICE-CHAIR) - Residence: Losier Settlement



Ms. Robert has retired from her post as Executive Director of the Community Business Development Corporation of the Acadian Peninsula. Prior to that she was Assistant Manager at two branches of the National Bank of Canada, responsible for both individual and commercial banking. Ms. Robert currently serves on the Board of Governors of the Université de Moncton. She has served on the board of several business development and financial organizations and on the Georges Dumont Hospital Foundation. Ms. Robert is a former member of the New Brunswick Securities Commission and its Audit Committee. She served for three years as a member of the board of directors of the New Brunswick Credit Union Deposit Insurance Corporation and served for three years as the public representative on the board of the Law Society of New Brunswick.

Appointed: 21 August 2013
Term ends: 20 August 2017

Committees:
 • Audit and Risk Management

Professional and industry experience:

- Banking
- Securities law

Education:

- Université de Moncton, Campus de Shippagan
- Université du Québec
- Institute of Canadian Bankers

IAN S. PURVIS, Q.C., LL.B - Residence: Woodstock



Mr. Purvis is the founder of Purvis Culbert Law. He has practiced law for over 40 years and was appointed Queen’s Counsel in 1997. He served as solicitor for the Town of Woodstock, and for the Carleton Memorial Hospital, as a member and Chair of the Board of Trustees for School District #23 and is an active member of his church. Mr. Purvis has been active in the Law Society of New Brunswick as a founding member of the Carleton-Southern Victoria Barristers’ Society and as a past Council Member of the Law Society Governing Council. He is currently a Law Society Review Officer conducting peer reviews of lawyer’s accounts and previously sat as a representative on the Law Society Legal Assistance Program. Mr. Purvis’ practice focuses on commercial law, estate work and complex family financial litigation. He serves as corporate counsel to several larger businesses in the Woodstock area. Mr. Purvis has completed the Rotman School of Management Board Human Resources Committee Program.

Appointed: 21 August 2013
Term ends: 20 August 2017

Committees:
 • Human Resources and Governance

Professional and industry experience:

- Business law
- Mediation

Education:

- BBA (Accounting), University of New Brunswick
- LL.B, University of New Brunswick

MICHAEL D. WENNBERG, LL.B - Residence: Rothesay



Mr. Wennberg practised law with Stewart McKelvey or its predecessor firm for thirty years. He served as the firm’s Corporate-Commercial Practice Manager, Managing Partner and was on the firm’s Atlantic Canada Partnership Board. Mr. Wennberg has been active in the Law Society as a lecturer, Chair of its Articling Committee and as a Provincial Reviewing Officer. He is the past Chair of the Heritage Preservation Review Board for the Town of Rothesay. Among his many cultural involvements, he was past President and CEO of the Imperial Theatre, past President and current board member of the Imperial Theatre Foundation, past board member of Saint John 225 and Sculpture Saint John, past Chair and current board member of Saint John Community Arts Board and current board member of Symphony New Brunswick and ArtsLink NB. In 2012 Mr. Wennberg was awarded the Queen Elizabeth II Diamond Jubilee Medal.

Appointed: 21 August 2013
Term ends: 20 August 2018

Committees:

- Human Resources and Governance (Member from 25 April 2016 and Chair from 9 September 2016)
- Audit and Risk Management (until 9 September 2016)

Professional and industry experience:

- Commercial
- Business / industrial contracting
- Insolvency
- Technology / outsourcing

Education:

- B. Com., University of Toronto
- LL.B, Osgoode Hall Law School

YVES GAGNON, PMP, ICD.D - Residence: Campbellton



Mr. Gagnon is the President of Consultation Gagnon Strategix Consulting Inc. He has a Project Management Professional (PMP) designation as well as a major in accounting. He has worked as an auditor and has served for many years as Chief Administrative Officer for the City of Campbellton. He has worked in the resources sector and in the private, public and not-for profit sectors as a project management consultant.

Mr. Gagnon has volunteered extensively and has served as a member of the Board of Governors of the Université de Moncton and chaired its Audit Committee; he is also an ex officio member of the board of directors of the Port of Dalhousie; and member of the Board of Directors for the Project Management Institute of New Brunswick. Mr. Gagnon is an accredited corporate director (ICD.D) of the Institute of Corporate Directors, Rotman School of Management (2015).

Appointed: 6 February 2014
Term ends: 5 February 2018

Committees:

- Audit and Risk Management (from 9 September 2016)
- Human Resources and Governance (Chair) (until 9 September 2016)

Professional and industry experience:

- Financial
- Accounting
- Auditing
- Management

Education:

- BBA, Université de Moncton
- PMP, Project Management Institute
- ICD.D., Accredited Corporate Director

J. DOUGLAS BAKER, CPA, CA - Residence: Riverview



Mr. Baker is a Chartered Accountant who has worked in public practice for over fifty years. He has served as manager of audit services and been a partner with KPMG. In more recent years he established an accounting practice focused on the needs of emerging New Brunswick entrepreneurs and businesses. He has specific knowledge of current corporate governance, risk and compliance practices. He has an interest in Business Valuations having graduated from the course of studies of the Chartered Business Valuators in 1976. Mr. Baker was awarded the Paul Harris Fellowship by the Moncton West / Riverview Rotary Club in recognition of his contributions as a volunteer on three occasions. He has served as a Director, Treasurer or President of a number of non-profit organizations including his church, the Rotary Club, Moncton Youth Residences Inc., Moncton Head Start Inc., the Greater Moncton Sewerage Commission, the Moncton Midland Junior Hockey Club, the Atlantic School of Accountancy, the New Brunswick Chartered Professional Accountants Association and the Canadian Chartered Professional Accountants Association.

Appointed: 6 February 2014
Term ends: 5 February 2017

Committees:

- Audit and Risk Management (Chair) (from 9 September 2016)

Professional and industry experience:

- Financial Planning
- Accounting
- Auditing
- Management
- Corporate Governance
- Business Planning

Education: Chartered Accountant

GINETTE VERRET-MORIN - Residence: Edmundston



Ms. Verret-Morin holds over 35 years of experience in general accounting, bookkeeping, and strategic planning. She is currently the Chair of Les services CompForm plus Inc., in Edmundston. As a Director and an Officer, she applies her widespread knowledge of corporate governance, including the development of business plans and strategic priorities for small and medium enterprises. Over the years, Ms. Verret-Morin has served as chief accountant for Le Madawaska Ltée, Québecor Inc., and the New Brunswick Housing Corporation. In a managerial capacity, Ms. Verret-Morin led the Management Services Department at the Edmundston branch of the Business Development Bank of Canada. Ms. Verret-Morin has also devoted numerous hours towards various non-profit organizations, namely the Réseau échange femmes en affaires du Madawaska (RÉFAM), the Edmundston Chamber of Commerce, and the Club Richelieu “Les Ambassadrices”.

Appointed: 12 July 2016
Term ends: 11 July 2019

Committees:

- Audit and Risk Management (from 9 September 2016)

Professional and industry experience:

- Accounting
- Auditing
- Management
- Corporate Governance
- Business Planning

Education:

- BBA, Université de Moncton

JIM DUNLAP - Residence: St. Stephen



Mr. Dunlap owns and operates an automotive rental and sales business and motel in St. Stephen. He also founded three financial services agencies. Mr. Dunlap previously served as a board member and Vice Chair of Service New Brunswick, and as Chair of the Motor Vehicle Dealers Licensing Board. He has also served as Chair or President of a number of non-profit organizations including the Eastern Charlotte Lions Club, the St. George Minor Baseball Association, and the Fundy Transition House (St. Stephen).

Appointed: 12 July 2016
Term ends: 11 July 2019

Committees:
Human Resources and Governance (from 9 September 2016)

Professional and industry experience:

- Financial Services
- Hospitality
- Automotive sales

Education:

- Carleton University, Ottawa
- Algonquin College, Ottawa

The term of Mr. Ken Savage, who had been a member of the Commission since 2007, ended on 30 June 2016.

CODE OF CONDUCT

The Commission's *Governance Policy* states that the highest ethical standards are expected of our Members and staff. In addition, the Commission has a *Conflict of Interest Rule* (CO 001) and a *Code of Conduct and Conflict of Interest Policy* in place. These stipulate that all Members and staff must act in a manner that ensures that public confidence and trust in the integrity, objectivity and impartiality of the Commission are conserved and enhanced.

Members and staff are exposed to confidential information. As such, they are required to immediately report actual or perceived conflicts that might be seen to influence decisions. Each year, Members and staff are provided with an annual reminder of the requirements contained in the rule and in the policy. They must provide written confirmation to their supervisor, or the Chair in the case of Members, that they have received the reminder and reviewed the rule and its supporting policy.

OFFICIAL LANGUAGES

We recognize our obligation under the New Brunswick *Official Languages Act*. We are committed to providing quality services to Members of the public in their official language of choice, and to promoting a balanced use of both official languages within the workplace. We are striving to meet the spirit of the Province of New Brunswick's Language of Work Policy and Guidelines. Although language of work and language of service have separate applications, we view their connection as essential to the overall commitment of the organization to official languages matters.

DISCLOSURE

The Commission places high value on transparent disclosure practices and has created this annual report on governance practices to reflect that value. In addition, the Commission also publishes its various governance-related policies, including the *Governance Policy* and *Conflict of Interest Rule*, as well as the Members' biographies.

PUBLIC INTEREST DISCLOSURE

The *Public Interest Disclosure (PID) Act* encourages employees in the provincial public service to report any wrongdoing that has occurred or is about to occur in the workplace that is potentially unlawful, dangerous to the public or harmful to the public interest. This *Act* protects employees from reprisal for disclosing these wrongdoings and provides a fair and objective process for those employees who are alleged to have committed a wrongdoing.

As a Crown corporation we are obligated to disclose in our annual report the number of complaints received and the action taken; the number of investigations begun as a result of a disclosure; the number of claims referred from the Ombudsman and the action taken; and, the number of investigations begun as a result of such claims.

We are pleased to report that there were no disclosures or claims made against any employee of the Commission under the *PID Act* in 2016-2017.

PRIVACY

The Commission is committed to respecting privacy and confidentiality. We manage and protect personal and confidential information according to New Brunswick's *Right to Information and Protection of Privacy Act*, the *Financial and Consumer Services Commission Act*, the various pieces of financial and consumer services legislation administered by the Commission, and Commission policies, directives and procedures.

The Commission's *Privacy Policy* incorporates the ten principles of the Canadian Standards Association *Model Code for the Protection of Personal Information* (CSA Model Code) which was published as a National Standard of Canada by the Standards Council of Canada. The Chief Executive Officer is the Commission's Privacy Officer and is responsible for ensuring proper procedures are in place for compliance with the policy.

MEMBER ORIENTATION AND CONTINUING EDUCATION

New Members must participate in an extensive orientation program. This mandatory orientation provides an overview of the Canadian and New Brunswick financial and consumer services regulatory, compliance and enforcement landscape. The program includes a detailed overview of our operations, financial affairs, legal framework, including privacy, governance practices and current trends and issues in the financial services marketplace. The two-day session is provided in half-day modules for flexibility. Members receive detailed documentation about our operations. They also meet senior management and tour our offices.

Two new Members underwent an orientation in the 2016-2017 fiscal year. In September 2016, the Chair of the Human Resources and Governance Committee was also provided with a specific orientation session pertaining to his new role as Chair of the committee.

The Commission places high value on continuing education and its programs are comprised of mandatory individual and common education sessions. Over the years, Members have taken courses that enhance their

knowledge of the areas regulated by the Commission and their performance in the boardroom.

A description of the common education sessions offered to Members during fiscal year 2016-2017 is set out below:

Continuing Education

Date	Topic	Presenters	Attendees
26 April 2016	Gift Cards Credit Union System Improvements Board Portals	Suzanne Bonnell-Burley Étienne LeBoeuf Manon Losier	Peter Klohn Paulette Robert Ken Savage Ian S. Purvis, Q.C. Michael D. Wennberg Yves Gagnon J. Douglas Baker
22 June 2016	FCNB Seniors' Initiative Legislative and Regulation Making Process Supervision of Insurance Market Conduct Human Development Council of Saint John	Susan Powell and Ella-Jane Loomis Manon Losier and Erin Toole Angela Mazerolle Randy Hatfield, HDCSJ	Peter Klohn Paulette Robert Ken Savage Ian S. Purvis, Q.C. Michael D. Wennberg Yves Gagnon J. Douglas Baker
5 October 2016	Risk Management Agency New Governance Structure of Vestcor Companies	Fred Hutchinson and Mark Flewwelling, RMA John Sinclair, Vestcor	Paulette Robert Ian S. Purvis, Q.C. Michael D. Wennberg Yves Gagnon J. Douglas Baker Ginette Verret-Morin Ian Dunlap
25 January 2017	I.T. Procurement System Commission's Communication Protocol Crown Corporation Relationship with Government	Jake van der Laan Rick Hancox Ed. Barrett, NB Power	Peter Klohn Paulette Robert Ian S. Purvis, Q.C. Michael D. Wennberg Yves Gagnon J. Douglas Baker Ginette Verret-Morin Ian Dunlap

The total amount of hours allocated to group sessions for fiscal 2016-2017 was 12.75 hours.

In addition to the group sessions offered by the Commission, Members are encouraged to pursue individual learning initiatives that are relevant to the work of the Commission. Our *Professional Development for Members Policy* provides a yearly allotment of \$3,500 per Member to support Members' learning activities. Below is a list of the courses that Members attended throughout the year:

Member	Date	Course
Peter Klohn	26 May 2016 19-20 September 2016	<ul style="list-style-type: none"> • TSX Equities Trading Conference • Financial Technology Conference

Paulette Robert	16 November 2016 13-14 July 2016 and 7 September 2016	<ul style="list-style-type: none"> • Canadian CED Network Webinar • Training - Securities regulation with Senior Legal Counsel, Securities Division.
Ian S. Purvis, Q.C.	26 September 2016	<ul style="list-style-type: none"> • ICD Webinar: The Board Evaluation Process - The Cornerstone of Board Effectiveness
Michael D. Wennberg	26 September 2016 15-17 November 2016	<ul style="list-style-type: none"> • ICD Webinar: The Board Evaluation Process -The Cornerstone of Board Effectiveness • Rotman's Institute: Board Human Resources Committee Program
J. Douglas Baker	20 June 2016 11-14 October 2016	<ul style="list-style-type: none"> • ICD Conference: Director's Insight • CPA's Fall Continuing Education Development Conference

ASSESSMENTS

The Human Resources and Governance Committee conducts a biennial assessment of the effectiveness of the Commission, its standing committees and its Members. The Commission's assessment process consists of performing an in-depth assessment every two years, complemented by a short-form version of the evaluation process on a yearly basis. A questionnaire asking for quantitative and qualitative ratings on a number of areas is circulated to the Members. The responses to the questionnaires from Members are submitted anonymously to the Chair of the Human Resources and Governance Committee who prepares a report for the committee which ultimately reports back to the Commission.

For the purposes of assessing individual Members, the Chair holds private meetings with each of the Members from time to time but also has a more formal discussion with individual Members on a yearly basis. This discussion is guided by a series of questions to ensure consistency and that all areas are covered and is also intended to assist in identifying the educational needs of the Members.

For this fiscal year, the Committee carried out the short-form assessment, which purpose is to evaluate the organization's performance against certain prioritized objectives.

CHAIR AND CEO ASSESSMENT

The Human Resources and Governance Committee conducts an annual evaluation of the Chair. The Committee circulates a formal questionnaire to all Members seeking an assessment of the Chair. The assessment covers the Chair's leadership skills with both the Members and senior management. It also evaluates the Chair's effectiveness in communicating, fostering a good board culture, reporting to the Minister and managing meetings as well as conflicts of interest.

In terms of the Chief Executive Office's performance, it is assessed by the Chair of the Commission, in consultation with Members. The annual assessment is based on the Chief Executive Officer's goals set at the beginning of the fiscal period.

SKILLS AND EXPERIENCE

The Commission maintains and regularly reviews a profile for the Commission as a whole. The profile sets out the mix of backgrounds, skills and experience required to guide the Commission's strategy and on-going business operations. When there is a vacancy, the skills for a replacement candidate are set by doing an analysis of that profile.

Attendance

Attendance at Commission and committee meetings is reflected in the chart below:

Members ¹	Meetings				
	Commission	Special	Audit and Risk Management Committee	Human Resources and Governance Committee	Joint Human Resources and Governance Committee and Audit and Risk Management Committee
	(9)	(1) ²	(6)	(13)	(1)
Peter Klohn	9/9	1/1	6/6	13/13	1/1
Paulette Robert	9/9	1/1	6/6	n/a	n/a
Ian S. Purvis, Q.C.	9/9	1/1	n/a	13/13	1/1
Michael D. Wennberg ³	8/9	1/1	2/6	9/13	1/1
Yves Gagnon ⁴	8/9	1/1	3/6	6/13	1/1
J. Douglas Baker	9/9	1/1	6/6	n/a	1/1
Ginette Verret-Morin ⁵	5/9	1/1	3/6	n/a	1/1
Jim Dunlap	6/9	1/1	n/a	6/13	1/1

¹ Mr. Savage's term expired on 30 June 2016. For the period of 1 April 2016 to 30 June 2016, he attended 3 Commission meetings and chaired

2 Audit and Risk Management Committee meetings.

² Special Meetings included ad hoc Commission meetings and strategic planning sessions.

³ Mr. Wennberg became a member of the Human Resources and Governance Committee in April 2016 and remained a member of the Audit and Risk Management Committee until September 2016.

⁴ Mr. Gagnon was unable to attend the December 2016 Commission meeting. He attended his last HRG meeting in September before becoming a member of the Audit and Risk Management Committee.

⁵ Ms. Verret-Morin was unable to attend the September Commission meeting.

COMMITTEES

The Commission's structure is comprised of two standing committees: Audit and Risk Management; and Human Resources and Governance. The terms of reference for each of the committees are available in our *Governance Policy*. Committee Members are expected to have the time, experience and education to serve on a committee. A member's ability to participate must not be compromised by service on other external boards or committees. Members of the standing committees are all independent. The Chair attends committee meetings as an *ex officio* member.

Audit and Risk Management Committee

The Audit and Risk Management Committee is responsible for financial reporting and public disclosure, internal controls, audits and risk management. It meets at least five times each year.

The Members of the Committee are required to be financially literate and have the ability to understand the financial statements of the Commission. All committee Members have attested to their financial literacy.

Annual Report of Audit and Risk Management Committee

During the fiscal year 2016-2017, the Audit and Risk Management Committee held a total of six meetings, consisting of four regular meetings, one special meeting with the external auditors to review the audit plan and one joint meeting with the Human Resources and Governance Committee.

Financial Review, Reporting and Public Disclosure

The Committee conducted regular reviews of the Commission's quarterly financial statements and recommended, for approval by the Commission, the year-end audited financial statements and management's discussion and analysis of the statements. The Committee also reviewed the draft budget for recommendation to the Commission, and reviewed Members' expense claims quarterly. The Committee reviewed and approved the Chair's and the Chief Executive Officer's expenses quarterly. The Committee received confirmation that any payments received on behalf of the Government of New Brunswick, such as assessments under the *Premium Tax Act*, *Medical Services Payment Act*, the *Hospital Services Act* and the *Family Services Act* have been deposited to the benefit of the Government of New Brunswick. All reviews and other activities of the Committee were reported to the Commission.

Risk Management

At each meeting the Committee undertook a review of risk exposures and of management's plan to address risks, using the current risk management tools. The Committee also reviewed financial and other risks of the Commission during the budget process and reassessed the risks during its periodic financial statement reviews.

Internal Controls & Legislative Compliance

The Committee reviewed management's annual report on internal controls and reported their findings to the Commission. The Committee confirmed with management during each of its meetings that the Commission remained current on all statutory withholdings and remittances.

External Auditors

For the 2015-2016 audit period, the Committee met with representatives of Price Waterhouse Coopers ("PWC") to review the Commission's audited financial statements, and in accordance with the Commission's governance practice, met with the PWC without management, other than the Chair, and then without the Chair.

Committee Operations and Financial Policies

The Committee completed its yearly review of the Committee's operations, terms of reference and work plan for the ensuing year. The Committee also reviewed its Financial Policies.

Human Resources and Governance Committee

The Human Resources and Governance Committee is responsible for compensation and human resources policies and procedures. It is also responsible for the following governance-related matters: Commission succession planning, performance assessment of the Commission, its committees and individual Members, including the Chair and corporate governance practices and procedures.

Annual Report of the Human Resources and Governance Committee

The Committee held a total of 14 meetings during the fiscal year, consisting of four regular meetings, nine special meetings and one joint meeting with the Audit and Risk Management Committee. The Committee's work covered seven major areas:

Appointment of New Committee Chair

On 9 September 2016, Mr. Michael Wennberg was appointed Chair of the Human Resources and Governance Committee, succeeding the previous Chair, Mr. Yves Gagnon.

Member and Tribunal Member Nomination Process

The Human Resources and Governance Committee and the Commission play an active role in the nomination process that leads to recommendations of candidates to be appointed by the Lieutenant Governor in Council as Members and Tribunal Members.

Candidates for Commission Member positions are recommended for appointment based on a profile contained in the *Governance Policy*. The profile reflects the need for appropriate skills and experience among Members as a group, as well as geographic, gender and linguistic representation.

On 12 July 2016, two new Members were appointed to the Commission: Ms. Ginette Verret-Morin and Mr. Jim Dunlap, each for a term of three years. On 1 September 2016, Tribunal Chair Louise Caissie resigned and on 2 November 2016, new Tribunal Chair Judith Keating was appointed for a term of five years.

During the fiscal year, the Committee also considered the terms of Commission and Tribunal members coming to an end in 2017. In doing so, the Committee followed the processes outlined in the *Governance Policy* relating to the renewal of positions and/or filling of vacancies. The main activities consisted of conducting a skills analysis, identifying required competencies, reviewing applications and formulating a recommendation for the Commission's consideration to be submitted to government.

Performance Management and Compensation Structure Review

The Committee carried-out its periodic review of the Commission's performance management and compensation structure for employees. An external compensation consultant was retained to conduct a Salary and Performance Audit. The consultant report was presented to the Committee in November. Based on the findings; the Committee tabled a number of recommendations for the Commission's consideration. The final recommendations were approved by the Commission in December 2016 and will lead to the implementation of a new performance management system in the next fiscal year.

Appointment of Members to external boards

As part of its mandate, the Commission has the responsibility pursuant to legislation to appoint Members to selected external boards within its regulatory areas. The Human Resources and Governance Committee is responsible to support staff in leading the nomination process. This year, the Committee supported the designate Superintendent of Credit Unions with a nomination process pertaining to the nomination of two Members to the board of *Brunswick Credit Union Stabilization Board Limited* (operating as Risk Management Agency). One Member was appointed in May 2016 and the other in January 2017, both for a term of 3 years.

Board Diversity

In April 2016, the Committee reviewed some research on the topic of Board Diversity, with a focus on gender diversity. At the request of the Committee staff conducted a research on the topic of board diversity, particularly as it relates to the representation of women. The analysis considered developments in Canadian securities regulation, as well as other regulatory requirements at the provincial, national and international levels. It also described initiatives developed within specific sectors, namely the banking, accounting and legal sectors.

Evaluation of Chair

The Committee led the annual Chair evaluation process. The Chair of the Committee circulated a questionnaire to all Members of the Commission to assess the Chair's competencies in four key areas: leadership; board culture; relationships/communication; and other responsibilities as set out in the *Governance Policy*. The Chair of the Committee assembled the results which were presented to the Committee and the Commission and communicated to the Chair of the Commission.

Human Resources Matters

The Committee conducted its annual review of the Human Resources Policies. The Committee also considered the yearly report on staff's training and performance reviews as well as the yearly report on Succession Planning for Staff.

REMUNERATION

FCNB Bylaw No. 3, *Commission and Tribunal Remuneration*, provides the remuneration, retainers and service fees, as applicable, for the Chair, Members, and committee Chairs as set out below:

	Remuneration	Annual Retainer	Service Fees
Chair	Up to \$137,000	N/A	N/A
Members	N/A	\$ 10,000	\$350

Note: The committee Chairs each receive an additional retainer of \$2,000 per year.

CHAIR

Mr. Klohn received a remuneration of \$137,000 for the period 1 April 2016 to 31 March 2017. He is eligible to be reimbursed by the Commission for a health and dental plan up to the amount that the Commission pays for an employee's participation in the Commission's health and dental plan. In lieu of pension, he received a payment of \$12,330 (on an annual basis, nine percent of the total annual compensation earned for the period to a maximum of 50 percent of the registered retirement savings plan annual contribution limit as established by the Canada Revenue Agency for the taxation year). The Chair's expenses, which mainly include business travel and training, were in the amount of \$15,668.

MEMBERS' REMUNERATION AND EXPENSES

The Members' retainers, service fees and expenses related to travel, meals, hotel, parking and education for the fiscal year 2016-2017 are included below. Members receive a service fee for each activity performed on behalf of the Commission which includes preparation for each Commission meeting.

Members	Appointed or reappointed	Term end	Retainer	Service Fees	Allotment for Travel time	Total Remuneration¹	Expense Reimbursement and Allowances
Paulette Robert (Losier Settlement)	21 August 2013	20 August 2017	\$12,000	\$11,200	\$2,100	\$25,300	\$3,853
Kenneth Savage (Fredericton)	16 August 2007 reappointed: 1 July 2015	30 June 2016	\$3,000	\$3,500	\$200	\$6,700	\$572
Ian S. Purvis, Q.C. (Woodstock)	21 August 2013	20 August 2017	\$10,000	\$12,950	\$1,400	\$24,350	\$3,033
Michael D. Wennberg (Rothesay)	21 August 2013	20 August 2018	\$11,120	\$13,475	\$600	\$25,195	\$6,239

Yves Gagnon (Campbellton)	6 February 2014	5 February 2018	\$10,880	\$10,850	\$2,200	\$23,930	\$6,378
J. Douglas Baker (Riverview)	6 February 2014	5 February 2017	\$11,120	\$10,500	\$1,400	\$23,020	\$4,367
Ginette Verret-Morin (Edmundston)	12 July 2016	11 July 2019	\$7,201	\$7,000	\$1,700	\$15,901	\$2,504
Jim Dunlap (St. Stephen)	12 July 2016	11 July 2019	\$7,201	\$9,450	\$1,600	\$18,251	\$1,758

¹ Variation in expense may reflect the location of the Commission member.