

Report on Governance Practices

Prepared by the Financial and
Consumer Services Commission

June 2018



FINANCIAL AND
CONSUMER SERVICES
COMMISSION

regulation • education • protection

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 annual deliverables which 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 2017-2018 were:

Peter Klohn (Chair), LL.B, ICD.D



Residence: Rothesay

Appointed: 1 January 2014

Term ends: 31 December 2018

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

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.

Paulette Robert (Vice-Chair)



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.

Residence: Losier Settlement

Appointed: 21 August 2013

Reappointed: 27 September 2017

Term ends: 27 September 2019

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

Michael D. Wennberg, LL.B



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 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.

Residence: Rothesay

Appointed: 21 August 2013

Term ends: 20 August 2018

Committees:

- Human Resources and Governance (Chair)

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



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).

Residence: Campbellton
Appointed: 6 February 2014
Term ends: 5 February 2018

Committees:

- Audit and Risk Management (Acting Chair from 3 October 2017)

Professional and industry experience:

- Financial
- Accounting
- Auditing
- Management

Education:

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

Ginette Verret-Morin



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".

Residence: Edmundston
Appointed: 12 July 2016
Term ends: 11 July 2019

Committees:

- Audit and Risk Management (until 3 October 2017)
- Human Resources and Governance (from 3 October 2017)

Professional and industry experience:

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

Education:

- BBA, Université de Moncton

Jim Dunlap



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).

Residence: St. Stephen
Appointed: 12 July 2016
Term ends: 11 July 2019

Committees:

- Human Resources and Governance

Professional and industry experience:

- Financial services
- Hospitality
- Automotive sales

Education:

- Carleton University, Ottawa
- Algonquin College, Ottawa

Lisa Taylor



Ms. Taylor, CPA, CA, has over 25 years of progressive professional experience, starting as an accountant in a private firm and then taking on senior financial management roles in the private corporate sector. She is currently Vice-President Finance and Administration at the New Brunswick Community College (NBCC) with responsibility for the finance, information technology, facilities, and risk management portfolios. Prior to joining NBCC, she was most recently the Chair of Financial, Office and Legal Studies for Algonquin College.

Ms. Taylor brings a wealth of experience as a board member in various not for profit community organizations promoting local economic development. She was the co-founding volunteer member and inaugural Chair of the Grenville County Business Development Corporation, and continued with her involvement in Community Futures activities at various levels for almost 25 years. With a keen interest in financial literacy, she is the Fredericton area region leader and presenter for CPA Canada's financial literacy program. This program aims to improve the state of financial literacy in Canada by delivering education sessions developed for a wide range of ages and audiences in their communities.

Residence: Upper Kingsclear
Appointed: 27 September 2017
Term ends: 27 September 2022

Committees:

- Audit and Risk Management

Professional and industry experience:

- Accounting
- Auditing
- Management
- Corporate governance
- Conflict resolution
- Business planning

Education:

- currently completing Doctor of Business Administration (Higher Education Management), University of Bath
- Bachelor of Administrative Studies, York University

Céline Robichaud Trifts



Ms. Robichaud-Trifts is a retired pharmacist/manager/lecturer, having worked for more than 30 years in the health care sector. She is a Past President of the New Brunswick Branch of the Canadian Society of Hospital Pharmacists and was a member of the Task Force on Standards for Hospital Pharmacy Practice, and the Task Force for Membership Structure for the Canadian Society of Hospital Pharmacists. She is also a former member of the board of directors of the Rexton and Area Health Care Foundation, the Kent Regional Planning Commission and the New Brunswick Securities Commission. She is currently a member of the Capitol Theatre Foundation.

Residence: Moncton

Appointed: 27 September 2017

Term ends: 27 September 2020

Committees:

- Audit and Risk Management

Professional and industry experience:

- Governance and human resources
- Risk management
- Strategic planning
- Health care
- Regulation

Education:

- HRCCC, Director's College, McMaster University
- M.B.A., Université de Moncton, Moncton, N.B.
- B.Sc. (Pharmacy) Dalhousie University, Halifax, N.S.

The term of Mr. J. Douglas Baker, who had been a member of the Commission since 2014, ended on 27 September 2017.

The term of Mr. Ian S. Purvis, Q.C., who had been a member of the Commission since 2013, ended on 27 September 2017.

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 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 Ombud 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 2017-2018.

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 and right to information, 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 in Saint John and Fredericton. Two new Members underwent an orientation in the 2017-2018 fiscal year.

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.

In May 2017, the Commission hosted the 2017 Directors' Forum. This inaugural event brought together leading governance experts and practitioners; as well as, directors of Crown agencies, boards and commissions from across the province of New Brunswick for a full day of education and collaboration. This distinctive event provided an opportunity to exchange ideas on current governance topics and offer guidance in addressing challenges that may be encountered within a board's governance structure. All members of the Commission attended this event.

A description of the common education sessions offered to Members during fiscal year 2017-2018 is set out below:

Continuing Education			
Date	Topic	Presenters	Attendees
10 May 2017 (1 hour)	Embedded Commissions and the Best Interest Standard	Monica Kowal, OSC	Peter Klohn Paulette Robert Michael D. Wennberg Yves Gagnon Ginette Verret-Morin Jim Dunlap Ian S. Purvis, Q.C. J. Douglas Baker
11 May 2017 (2017 <i>Directors’ Forum – Full Day</i>)	A chief information officer’s view on cybersecurity and a director’s view on the “digital director”	Jake van der Laan Yves Gagnon, Gagnon Strategix Consulting	Peter Klohn Paulette Robert Michael D. Wennberg Yves Gagnon Ginette Verret-Morin Jim Dunlap Ian S. Purvis, Q.C. J. Douglas Baker
	Privacy and Risk Management	Bruce Lowe, PwC	
	Update on board composition and diversity	Carol Hansell, Hansell LLP Amanda Harpelle, ABCs Unit GNB Cathy Simpson, NBIF Monica Kowal, OSC Charles Gervais, Assumption Life	
	Newest trends in governance	Carol Hansell, Hansell LLP	
	What Everyone Needs to Know About Reputation, Risk Management and Crisis Response	Jamie Watt, Navigator Ltd.	
	The view from the boardroom and the cabinet room	Manon Losier Camille Thériault, Former Premier Aldéa Landry, Landal Inc. and former Deputy Premier and Cabinet Minister (NB) Claudette Bradshaw, Former Cabinet Minister (Can)	
26 January 2018 (3 hours)	EDC Trends & SBITC Program	Jeff Harriman	Peter Klohn Paulette Robert Michael D. Wennberg Yves Gagnon Ginette Verret-Morin Jim Dunlap Lisa Taylor Céline Robichaud-Trifts
	The Impact Economy and Social Ventures	Karina LeBlanc, Pond-Deshpande Centre	
	Cybersecurity 101, Trends, Regulatory Landscape & Managing Cyber Risk	David Shipley, Beauceron Security	
	Cybersecurity Best Practices, Frameworks & FCNB Strategy	Jake van der Laan	

The total amount of hours allocated to group sessions for fiscal 2017-2018 was 10 hours and is in addition to educational topics, which are also covered from time to time at regular Commission meetings.

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	4–6 April 2017	CSA Joint Forum
	8 May 2017	NACO Conference
	23–25 May 2017	London City Week
	30 May–1 June 2017	2017 Biennial CSA Commissioners Conference
	11–15 July 2017	ICURN Conference
	15–17 November 2017	Northwind Conference
Paulette Robert	11 October 2017	CPA New Brunswick - Directors & Officers Liability Insurance Best Practices and Horror Stories
	12 October 2017	CPA New Brunswick – Revue des concepts fondamentaux en contrôle interne
Michael D. Wennberg	17 October 2017	Institute of Corporate Directors – Boards and Diversity
	21 February 2018	Institute of Corporate Directors – Board of Directors and Conflicts of Interest
J. Douglas Baker	1–3 June 2017	Institute of Corporate Directors – Enterprise Risk Oversight for Directors
	8 June 2017	Institute of Corporate Directors – Directors & Officers Liability Insurance Best Practices
	21 July 2017	CPA New Brunswick – Trends and Key Issues in Corporate Governance
Lisa Taylor	28–29 March 2018	CPA Canada – Canadian Conference on IT Audit Governance and Security
Céline Robichaud-Trifts	1 January 2018 – 31 December 2018	Institute of Corporate Directors – Directors Education Program
	2 October 2017	Learning the Ropes – Community Economic Development Corporations (CEDC)
Ginette Verret-Morin	2 October 2017	Learning the Ropes – Community Economic Development Corporations (CEDC)
Yves Gagnon, PMP, IAS.A/ICD.D*	1–3 November 2017	Institute of Corporate Directors – Directors Education Program Alumni Course

*Mr. Gagnon is enrolled in the HEC Montreal, « École des dirigeants - enjeux et défis de la gouvernance créatrice de valeurs » conference, which took place 2–4 May 2018.

Assessments

The Human Resources and Governance Committee (HRG 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. For this fiscal year, the HRG Committee carried out the long form assessment. 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 HRG Committee who prepares a report for the HRG Committee which ultimately reports back to the Commission. For 2017-2018, the assessment was expanded to include feedback from Senior Management of the Commission. This feedback was provided verbally in private meetings between the Executive Management Committee members and the Chair. Finally, results of the Member questionnaire's results were shared with management in order for management to develop an action plan to address concerns and opportunities for improvement in the coming year's work plan.

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 2017-2018 the content of the private meetings was expanded to include for the first time a peer assessment aspect. Prior to the individual meeting with the Chair, each member was provided a copy of the Individual Member Evaluation Questions and Member Peer Evaluation Questions.

Chair and CEO Assessments

The HRG Committee conducts an annual evaluation of the Chair. The HRG 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	Meetings				
	Commission (6)	Special (5) ¹	Audit and Risk Management Committee (4)	Human Resources and Governance Committee (HRG) (7)	Joint Committee (1)
Peter Klohn	6	5	4	7	1
Paulette Robert	6	5	4	n/a	1
Ian S. Purvis, Q.C. ²	2	3	0	2	n/a
Michael D. Wennberg ³	6	5	n/a	6	1
Yves Gagnon ⁴	5	4	4	n/a	1
J. Douglas Baker ⁵	3	3	2	n/a	n/a
Ginette Verret-Morin ⁶	6	5	3	4	1
Jim Dunlap	6	5	n/a	7	1
Lisa Taylor	2	2	1	0	1
Céline Robichaud-Trifts	3	2	1	0	1

1. Special meetings included ad hoc Commission meetings and strategic planning sessions. In addition to these sessions, Ms. Taylor and Ms. Robichaud-Trifts were appointed on 27 September 2017 and, as a result, also attended three New Member Orientation sessions.
2. Mr. Purvis's term expired on 27 September 2017. For the period of 1 April 2017 to 27 September 2017, Mr. Purvis attended two Commission meetings, three special meetings and two HRG Committee meetings. Mr. Purvis was unable to attend the September Commission meeting.
3. Mr. Wennberg did not attend a Special HRG Committee meeting to avoid a Conflict of Interest.
4. Mr. Gagnon became acting chair of the Audit and Risk Management Committee in October 2017.
5. Mr. Baker's term expired on 27 September 2017. For the period of 1 April 2017 to 27 September 2017, Mr. Baker attended three Commission meetings, three special meetings and two Audit and Risk Management committee meetings.
6. Ms. Verret-Morin attended her last Audit and Risk Management Committee meeting in October 2017 before becoming a member of the HRG Committee.



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

The Audit and Risk Management Committee (“Committee”) held five meetings during the fiscal year 2017-2018; one meeting involved a meeting with the external auditors to review the audit plan, and one was a special 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. 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 legislative compliance 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 2016-2017 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 Human Resources and Governance Committee (the “Committee”) held a total of nine meetings during the fiscal year, consisting of four regular meetings, four special meetings and one special joint meeting with the Audit and Risk Management Committee. The Committee’s work covered seven major areas:

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 27 September 2017 the terms of Mr. Baker and Mr. Purvis ended. On that same day, Ms. Paulette Robert was reappointed for a term of 2 years, Ms. Céline Robichaud-Trifts was appointed for a term of 3 years, and Ms. Lisa Taylor was appointed for a term of 5 years.

This year, the Committee also considered the terms of members coming to an end in 2018. 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 recommendations for the Commission’s consideration to be submitted to government. Vacancies and detail of appointments to the Tribunal are included in the Tribunal’s Annual Report.

Review of Members’ Remuneration

The Committee conducted its biennial review of the Commission Members’ remuneration model. Under the direction of the Committee, staff conducted research of similar organizations in the Province of New Brunswick and presented the report to the Committee. The Committee considered the results of this comparative analysis of different compensation models and levels used by other New Brunswick agencies, boards and commissions and determined that the members’ remuneration model remains competitive.

Board Diversity

In May 2017, the Committee had its second annual review of trends on the topic of Board Diversity, with a focus on gender diversity. The analysis considered advances in Canada with proposed legislative changes, regulatory developments and industry trends. With the new member appointments in October 2017, the Commission attained equal representation of male and female members.

Commission Evaluation

A fulsome Commission evaluation process, led by the Committee, was conducted this year. This process is undertaken every other year and consists of evaluating the performance of the Commission as a whole, its members and its standing committees.

While the performance of the Commission and its standing committees is evaluated through the Members' Questionnaire, the Commission members are assessed through private meetings with the Chair. This year, the Committee revised the process to include two new steps: feedback from senior management of the Commission as well as a member peer review component, in addition to existing self-evaluation process for members.

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.

Evaluation of CEO

The Chief Executive Officer's performance is assessed by the chair of the Commission, in consultation with the Members. The chair of the Commission conducted the annual assessment based on the Chief Executive Officer's goals set at the beginning of the fiscal period. The chair of the Commission assembled the results which were then presented to the Committee and the Commission and communicated to the Chief Executive Officer.

Human Resources Matters

The Committee conducted its annual review of the Human Resources Policies. This year, as part of the review, the Committee considered and the Commission implemented a pre-retirement work reduction option for staff along with the associated application process and also updates to the Code of Conduct to reflect recent amendments to the New Brunswick Human Rights Code. Updates were also made to policies and processes to improve the tracking of human resources metrics. 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, Vice-Chair 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 Vice Chair and 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 2017 to 31 March 2018. 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 \$15,695.

MEMBERS' REMUNERATION AND EXPENSES

The Members' retainers, service fees and expenses related to travel, meals, hotel, parking and education for the fiscal year 2017-2018 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 remuneration ¹	Expense reimbursement and allowances
Paulette Robert (Losier Settlement)	21 August 2013, reappointed on 27 September 2017	27 September 2019	\$12,000	\$10,850	\$1,800	\$24,650	\$5,405
Ian S. Purvis, Q.C. (Woodstock)	21 August 2013	27 September 2017	\$5,000	\$4,550	\$500	\$10,050	\$1,157
Michael D. Wennberg (Rothesay)	21 August 2013	20 August 2018	\$12,000	\$12,250	\$800	\$25,050	\$2,788
Yves Gagnon (Campbellton)	6 February 2014	5 February 2018 *continuing until reappointed, resigns or replaced	\$10,989	\$9,450	\$1,600	\$22,039	\$8,997
J. Douglas Baker (Riverview)	6 February 2014	27 September 2017	\$6,000	\$5,250	\$400	\$11,650	\$2,968
Ginette Verret-Morin (Edmundston)	12 July 2016	11 July 2019	\$10,000	\$11,900	\$1,000	\$22,900	\$2,278
Jim Dunlap (St. Stephen)	12 July 2016	11 July 2019	\$10,000	\$11,900	\$1,600	\$23,500	\$2,707
Lisa Taylor (Upper Kingsclear)	27 September 2017	26 September 2022	\$5,109	\$5,250	\$500	\$10,859	\$3,172
Céline Robichaud-Trifts (Moncton)	27 September 2017	26 September 2020	\$5,109	\$6,650	\$1,000	\$12,759	\$5,533

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

