

WCB INVESTMENT AND FINANCE COMMITTEE

Terms of Reference

1. **PURPOSE:**

The Investment and Finance Committee is established to assist the Board of Directors in fulfilling its oversight responsibilities in financial management and investment strategies.

In addition to its responsibilities with respect to the WCB's financial management, the Committee is responsible for monitoring the performance of the investments in the WCB's employee pension plan. *The Workers Compensation Act* also requires that the Committee:

- (a) develop policy for the consideration of the Board of Directors for the prudent investment of the Accident Fund.
- (b) regularly review and advise the Board of Directors about the investments in which the accident fund is invested.
- (c) make recommendations to the Board of Directors about the engagement of appropriate investment managers or advisors.
- (d) ensure the WCB has in place reasonable and prudent supervision of any investment managers and advisors.

2. **COMPOSITION**

2.1 The Investment and Finance Committee will be composed of the Chairperson of the Board of Directors, the Chief Executive Officer (non-voting) and an equal number of members of the Board of Directors representative of workers, employers and the public interest.

2.2 In recognition of the value of investment and financial expertise to the Investment and Finance Committee, the Board of Directors may also appoint up to three external voting members.

2.3 Appointments to the Investment and Finance Committee will be reviewed annually.

3. CHAIRPERSON OF THE INVESTMENT AND FINANCE COMMITTEE

3.1 The Chairperson of the Committee is selected from one of the members representing workers, employers or the public interest and is appointed by the Board of Directors.

3.2 The appointment of the Chairperson will be reviewed annually.

3.3 In the absence of the Chairperson of the Committee, the members will appoint an acting Chairperson.

3.4 The Chairperson of the Audit Committee may not chair this Committee except as an acting Chairperson.

4. RESPONSIBILITIES

The Investment and Finance Committee will make recommendations to the Board of Directors about investments and other financial matters.

4.1 Investments – Accident Fund

The Investment and Finance Committee will:

- (a) review the Statement of Investment Policies and Objectives annually, and make recommendations to the Board of Directors for amendments as the Committee deems necessary.
- (b) monitor the management of the investment fund. More specifically, the responsibility of the Committee is to ensure that the assets of the fund are managed in such a way as to:
 - i. identify assets which have characteristics similar to the liabilities being assumed;
 - ii. minimize the risk of negative returns for the fund; and
 - iii. generate the highest possible return with assets at a level of risk that is commensurate with the liabilities of the fund.

- (c) review the following, at least quarterly:
 - i. the investment performance of the fund for the previous period;
 - ii. the performance of the investment manager(s), for the same period; and
 - iii. any investment opportunities which are outside of policy or which require the approval either of the Committee or the Board of Directors.

4.2 Investments – Employee Pension Plan

The Investment and Finance Committee will:

- (a) review the Statement of Investment Policies and Objectives for the employee pension plan annually, and make recommendations to the Board of Directors for amendments as the Committee deems necessary.
- (b) monitor the management of the employee pension plan investment fund. More specifically, the responsibility of the Committee is to ensure that the assets of the funds are managed in such a way as to:
 - i. identify assets which have characteristics similar to the liabilities being assumed;
 - ii. minimize the risk of negative returns for the fund; and
 - iii. generate the highest possible return with assets at a level of risk that is commensurate with the liabilities of the funds.
- (c) review the following, at least quarterly:
 - i. the investment performance of the fund for the previous period;
 - ii. the performance of the investment manager(s), for the same period; and
 - iii. any investment opportunities which are outside of policy or which require the approval either of the Committee or the Board of Directors.

4.3 Financial Matters

The Investment and Finance Committee will, from time to time, review the financial position of the WCB and make recommendations to the Board of Directors for:

- (a) approval of the annual budgets for revenue and expenses, operating expenses, capital expenditures, investment revenue and expenses and Board of Directors' departmental budget.
- (b) approval of annual assessment rates, changes to the rate model and related policies.
- (c) approval of the financial projections in the Five Year Plan.
- (d) approval of significant changes in accounting policies.
- (e) approval of changes to the WCB's Funding Policy.

In addition, the Committee will:

- (f) review and approve contracts with significant value, as determined by the Board of Directors.
- (g) review and consider the quarterly and annual financial statements and other financial reports as necessary.
- (h) review and consider the Management Discussion and Analysis and Statistical sections of the Annual Report.
- (i) review and approve significant actuarial adjustments to the benefit liabilities.

4.4 Other

The Investment and Finance Committee will:

- (a) periodically perform a self-assessment of its performance as a committee.
- (b) review its terms of reference annually, and make recommendations to the Board of Directors for amendments as the Committee deems necessary.

History:

1. Investment and Finance Committee Terms of Reference approved by Board Order 01/06 on January 31, 2006.

2. Revised on March 16, 2007 by Board Order No. 11/07. Changes included: Removal of the restriction that the Chairperson of the Audit Committee cannot be a member of the Investment and Finance Committee, addition that the Chairperson of the Audit Committee may not chair another Board Committee except on an acting basis and the revision to Section 4 to address the review of the Statement of Investment Policies and Objectives on an annual basis and the monitoring of the management of both the investment fund and the WCB employee pension plan investment fund.
3. Revised on February 28, 2008 by Board Order No. 08/08. Change was to Section 1 to enhance the role of the Committee with respect to the Employee Pension Plan; In Section 4.1(b)(ii) Investments – Accident Fund and Section 4.2(b)(ii), Investments – Employee Pension Plan: Minimizing the risk of “capital loss” is replaced with minimizing the risk of “negative returns for the fund”; and new Section 4.3(i) added to Clarify the Committee’s roles with respect to review and approval of the significant changes in actuarial adjustments to the benefit liabilities.
4. Terms of Reference confirmed on August 24, 2009 by Board Order No. 18/09.
5. Terms of Reference confirmed on December 17, 2009 by Board Order No. 40/09.