

WCB BOARD OF DIRECTORS

Terms of Reference

1. **PURPOSE**

The Board of Directors is required by *The Workers Compensation Act* (the Act) to:

- (a) Approve and supervise the policies and direction of the WCB, including policies respecting compensation, rehabilitation, assessment, prevention and investment of the accident fund;
- (b) Consider and approve operating and capital budgets of the WCB; and
- (c) Plan for the future of the compensation system.

2. **COMPOSITION**

2.1 The Board of Directors is composed of:

- (a) The Chair of the Board of Directors;
- (b) Three members representative of workers;
- (c) Three members representative of employers;
- (d) Three members representative of the public interest; and
- (e) The Chief Executive Officer (non-voting).

2.2 With the exception of the Chief Executive Officer, members of the Board of Directors are appointed by the Lieutenant Governor in Council.

3. **CHAIR OF THE BOARD OF DIRECTORS**

3.1 The Chair of the Board of Directors is appointed by the Lieutenant Governor in Council, on the recommendation of the Board of Directors.

3.2 The Board of Directors may appoint one member as an acting chair on a standing basis.

4. RESPONSIBILITIES

4.1 Committees

- (a) The Board of Directors will, in accordance with the Act, establish the Audit Committee.
- (b) The Board will also establish such other committees as it considers necessary to carry out its business, and which currently include:
 - i. The Governance Committee;
 - ii. The Investment Committee;
 - iii. The Finance Committee;
 - iv. The Nominating Committee; and
 - v. Digital Modernization Oversight Committee.
- (c) The Board of Directors will:
 - i. Supervise and monitor the activities of the committees;
 - ii. Consult from time to time with stakeholders and the public;
 - iii. Approve and annually review the terms of reference and membership of each committee;
 - iv. Appoint additional members to such committees as it considers necessary;
 - v. Fix the remuneration of committee members who are not members of the Board of Directors; and
 - vi. Appoint and annually review the Chairs of each committee.

4.2 The Chief Executive Officer

The Board of Directors will:

- (a) Appoint and fix the duties and remuneration of the President & Chief Executive Officer (CEO) in accordance with Section 59(1) of the Act;
- (b) Monitor and annually evaluate the President & CEO's performance. The President & CEO monitoring and evaluation process is as follows:
 - (i) Participants and Roles
 - The Board Chair is ultimately responsible for completion of the President & CEO Evaluation Process report.
 - The President & CEO is an active participant in the process and is responsible for completing certain portions of the report, where indicated, and for signing the report upon completion.
 - The Governance Committee will provide input to the process and act as a resource to the Board Chair throughout the process. The Chair will report to the Board about the evaluation.

- Conduct CEO compensation reviews as required by the employment contract of the CEO;

(ii) Timelines

- The President & CEO will report to the Board as required, including providing strategic measures reports quarterly.
- The President & CEO evaluation will be completed before June 30 of each year.

4.3 Policy

The Board of Directors will, from time to time:

- Approve and supervise the policies and direction of the WCB, including policies respecting prevention, compensation, rehabilitation, assessment, investment of the accident fund and operations;
- Direct its committees to consider, develop, revise or rescind policy relevant to the committees' mandates and Terms of Reference;
- Review the procedures, programs and policies of the WCB in connection with the Board's administration of the Act; and
- Receive and consider recommendations regarding procedures, programs and policies from the committees of the Board.

4.4 Strategic Planning

The Board of Directors will:

- Communicate to the administration clear strategic direction and vision, with the administration translating that vision into operational planning, decision-making and implementation;
- Review and approve the WCB's annual strategic plan;
- Review and approve the focus and direction of the annual strategic planning exercise.
- Review and approve the WCB's Annual Report narrative;
- Review and approve the Five Year Plan narrative including Prevention activities; and
- Review and monitor progress reports on major projects undertaken to achieve a significant business objective.

4.5 Financial Matters

The Board of Directors will:

- Approve the annual budgets for revenue and expenses, administration expenses, capital expenditures and investment revenue and expenses, including the budgets for the Board of Directors, Internal Audit and Fair Practices Advocate departments;

- (b) Approve annual assessment rates, changes to the rate model and related policies;
- (c) Approve significant changes in accounting policies consistent with those established by the Accounting Standards Board;
- (d) Approve changes to the WCB's Funding Policy;
- (e) Approve key actuarial valuation assumptions for the benefit liabilities;
- (f) Approve the appointment, termination or replacement of underperforming investment managers and consultants;
- (g) Determine the value of such contracts as must be approved by the administration, Board-Committees and the Board of Directors;
- (h) On the recommendation of the Audit Committee, appoint the External Auditor and determine its fee;
- (i) Approve the annual financial statements, Annual Report and Five Year Plan of the WCB;
- (j) Receive reports, taking into account the advice of the Audit Committee, of the Director of Internal Audit; and
- (k) On recommendation from the Audit Committee, at least once every five years appoint an independent auditor to review the cost, efficiency and effectiveness of at least one program provided under the Act. The minister may determine which program is to be reviewed.

4.6 Prevention

The Board of Directors will:

- (a) Approve policy for the prevention of workplace injury and illness, including incentive programs;
- (b) Approve operating and capital budgets for prevention activities;
- (c) Receive regular updates about prevention activities;
- (d) Ensure that the WCB has reasonable processes for coordination of activities with Workplace Safety and Health; and
- (e) Approve strategic plans for prevention initiatives.

4.7 Internal Control and Risk Management

The Board of Directors will satisfy itself that the administration has in place adequate systems and processes to identify, monitor, mitigate and manage significant financial, business and regulatory risks including fraud.

4.8 Auditor General of Manitoba

The Board of Directors will, taking into account the advice of the Audit Committee, consider any relevant reports and/or recommendations from the Auditor General of Manitoba.

4.9 Fair Practices Office

The Board of Directors will:

- (a) Approve the appointment of the Director, Fair Practices Office;
- (b) Establish policy respecting the operation of the Fair Practices Office; and
- (c) Review and approve the Fair Practices Office Annual Report for publication.

4.10 Governance

The Board of Directors will ensure that it abides by such governance policies as it may develop and approve, in accordance with current leading governance practices.

4.11 Employee Retirement Plan

The Board of Directors, as Plan sponsor will:

- (a) Approve Objectives of the Plan;
- (b) Approve Plan Amendments;
- (c) Approve the Funding Policy;
- (d) Approve the Statement of Investment Policies and Objectives;
- (e) Approve key actuarial valuation assumptions for the funding valuations;
- (f) Approve the Finance Committee's recommendation about when to file the valuation with the Manitoba Pension Commission in cases where the filing is not a mandatory legal requirement;
- (g) Approve other financial matters that may arise from time to time;
- (h) Approve the annual financial statements and Retirement Plan Annual Newsletter of the WCB Retirement Plan;
- (i) Approve the appointment of the External Auditor and its fees; and
- (j) Approve the appointment, termination or replacement of investment managers and consultants.

4.12 Other

The Board of Directors will:

- (a) Regularly perform a self-assessment of its performance;
- (b) Review its terms of reference annually; and
- (c) Upon recommendations of its committees, make amendments to committee terms of reference as necessary.

HISTORY:

1. Board of Directors Terms of Reference approved by Board Order 01/06 on January 31, 2006.
2. Revised March 14/08 by Board Order 15/08. Changes included amending the Purpose section to refer to the WCB's role in prevention; revised the Policy section to reflect that various Board Committees have a role in policy development related to the Committee's mandate. For example, investment policies are within the mandate of the Investment and Finance Committee; and a change to Section 4.5, Financial Matters: Subsection 4.5(h) amended to reflect the title of the Director of Internal Audit (previously known as Internal Auditor).
3. Terms of Reference amended on August 24, 2009 by Board Order No. 18/09. Revisions included:
 - The Board of Directors may appoint one member to act as Chairperson during the temporary absence of the Chairperson on a standing basis.
 - Section 4.1: Amended to reflect that Policy, Planning, and Governance Committee has been combined with the Service and Human Resources Committee.
 - Section 4.2: Amended to include the CEO Evaluation process and timelines.
 - Section 4.11: Amended to reflect that Board evaluations are conducted regularly, instead of annually.
4. Terms of Reference confirmed on December 17, 2009 by Board Order No. 40/09.
5. Terms of Reference amended on December 16, 2010 by Board Order No. 43/10. Revision was to Section 4.5(i) Financial Matters to include responsibility for selection of an independent auditor to conduct a program audit under the Act.
6. Terms of Reference amended on January 31, 2012 by Board Order No. 05/12. Section 4.7 Internal Control was expanded to include risk management.
7. Terms of Reference amended on January 30, 2013 by Board Order 03/13. Revisions include: Deleting Section 4.6 Review of Actuarial Functions - the WCB no longer uses an External Actuary. The WCB's Chief Actuary is now responsible for the valuation of the benefit liabilities. The Chief Actuary's work is reviewed by a Peer Actuary. Section 4.10 Employee Pension Plan is added to reflect which aspects of the governance and administration of the WCB Employee Pension Plan must be reviewed and approved by the Board of Directors.
8. Terms of Reference amended on April 30, 2014 by Board Order No. 14/14. Revisions include the splitting of the Investment and Finance Committee to form two Committees and the establishment of a Prevention Committee. Section 4.5 (e) was added to reflect responsibility for overseeing investment managers, Section 4.6 Prevention was added.

Section 4.11 (h) & (i) were added to reflect the Board's responsibilities relating to the Retirement Plan.

9. Amended on January 22, 2015 by Board Order No. 07/15. Revisions include adding subsection 4.5(e) relating to approval of key actuarial valuations assumptions and expanding Section 4.6 Prevention and adding Section 4.12 Accessibility Plan.
10. Amended on January 28, 2016, 2015 by Board Order No. 03/16 to update Section 4.5 Financial Matters - subsection (a) to clarify current practice that the Board of Directors separately approves the budgets of the Board of Directors, Internal Audit and Fair Practices Advocate departments and Section 4.7 Internal Control and Risk Management to include fraud as a risk.
11. Amended on April 19, 2017 by Board Order No. 13/17 to clarify responsibility relating to Section 4.5 (k) and the Legislated Program Audit and to delete Section 4.12 Accessibility Plan as this is the Administration's responsibility. Oversight will be provided by the Policy, Planning, Governance and Service Committee.
12. Amended on April 19, 2018 by Board Order No. 17/18 to clarify Section 4.11 (f) to explain under what conditions the Board of Directors would approve the filing of valuations.
13. Amended on June 21, 2018 by Board Order No. 25/18 to change the name of the Policy, Planning, Governance and Service Committee to the Governance Committee.
14. Amended on June 20, 2019 by Board Order No. 22/19 to update Section 4.2 to clarify the composition and role of the CEO Evaluation Committee, Section 4.3 to clarify the Board's role relating policy oversight, Section 4.4 Strategic Planning to reflect the new process for the Annual Report and 5 Year Plan approval, Section 4.9 to update the name and the reporting process for the Director, Fair Practices Office and to clarify Section 4.11 (f) regarding the filing of Retirement Plan valuations.
15. Amended on June 18, 2020 by Board Order No. 18/20 to update Sections 4.5 and 4.11 to clarify the Board's responsibilities and role to approve the appointment, termination or replacement of both investment managers and consultants for the Accident Fund and the Retirement Plan, on the recommendations of the Investment Committee.
16. Amended on December 14, 2021 by Board Order No. 54/2021. Sections 3.1, 4.1, 4.2(b), 4.5(h) and 4.6(d) were updated to reflect the revisions brought about by legislative change and changes to the Committees' Terms of Reference. The legislative changes and the revised Terms of Reference are effective January 1, 2022.
17. Amended on December 15, 2022 by Board Order No. 44/22. Section 4.1 Committees was updated to reflect that the only required Committee under the Act is the Audit Committee. Section 4.2 (b) (ii) second bullet - timing is broaden to by June 30 annually.

18. Amended on December 7, 2023 by Board Order No. 50/23. Section 4.1 (b) was updated to include the Digital Modernization Oversight Committee as a committee that has been established to oversee the Digital Modernization program.
19. Amended on November 28, 2024 by Board Order No. 50/24. Section 4.2 (b) (i) was removed.