



Approved #6(a) June 22, 2016, Page 7428

**TITLE: Corporate Governance Policy**

**OWNER: Strategy**

**STATUS: Approved**

## Table of Contents

BACKGROUND .....	4
PURPOSE.....	4
APPLICATION AND SCOPE .....	4
POLICY STATEMENT .....	4
DEFINITIONS .....	4
REQUIREMENTS .....	5
<b>SECTION A: RELATIONSHIP BETWEEN THE MINISTRY OF LABOUR AND THE WSIB.....</b>	<b>5</b>
1. <i>Composition of the Board of Directors.....</i>	<i>5</i>
2. <i>Remuneration for Members of the Board of Directors.....</i>	<i>5</i>
3. <i>Responsibilities and Accountabilities of the Board of Directors.....</i>	<i>5</i>
<b>SECTION B: WSIB BOARD OF DIRECTORS – OVERVIEW.....</b>	<b>6</b>
1. <i>Roles and Responsibilities.....</i>	<i>6</i>
2. <i>Duty and Standard of Care.....</i>	<i>7</i>
3. <i>Conduct of Board Members.....</i>	<i>7</i>
<b>SECTION C: WSIB BOARD COMMITTEES .....</b>	<b>7</b>
1. <i>Establishment of Committees.....</i>	<i>7</i>
2. <i>Composition of Committees.....</i>	<i>7</i>
3. <i>Appointment of External Advisors.....</i>	<i>8</i>
4. <i>Committee Roles and Mandates .....</i>	<i>8</i>
5. <i>Delegated Powers and Duties .....</i>	<i>9</i>
6. <i>Advice and the Role of Executive Leads.....</i>	<i>9</i>
<b>SECTION D: ROLE OF THE CHAIR, VICE-CHAIR, PRESIDENT, AND CORPORATE SECRETARY.....</b>	<b>9</b>
1. <i>Role of the Chair .....</i>	<i>9</i>
2. <i>Appointment and Role of the Vice-Chair.....</i>	<i>10</i>
3. <i>Role of the President.....</i>	<i>10</i>
4. <i>Role of the Corporate Secretary.....</i>	<i>11</i>
<b>SECTION E: MEETINGS OF THE BOARD OF DIRECTORS .....</b>	<b>12</b>
1. <i>Frequency of Meetings .....</i>	<i>12</i>
2. <i>Notice and Place of Meetings.....</i>	<i>12</i>
3. <i>Chairing Meetings.....</i>	<i>12</i>
4. <i>Participation in Meetings.....</i>	<i>12</i>

5.	<i>Voting, Quorum, and Vacancies</i> .....	13
6.	<i>Resolutions in Writing</i> .....	13
7.	<i>Meeting Minutes</i> .....	13
8.	<i>Rules of Order</i> .....	14
<b>SECTION F: MEETINGS OF BOD COMMITTEES</b> .....		14
1.	<i>Frequency of Meetings</i> .....	14
2.	<i>Voting and Quorum</i> .....	14
3.	<i>Meeting Minutes</i> .....	14
<b>SECTION G: ASSESSMENT OF THE BOARD OF DIRECTORS AND BOARD COMMITTEES</b> .....		15
1.	<i>Board of Directors</i> .....	15
2.	<i>Board Committees</i> .....	15
<b>SECTION H: EDUCATION OF MEMBERS OF THE BOARD OF DIRECTORS</b> .....		15
<b>SECTION I: INDEMNIFICATION FOR BOARD MEMBERS AND EXTERNAL ADVISORS</b> .....		15
<b>SECTION J: WSIB EXECUTIVE MANAGEMENT – OVERVIEW</b> .....		16
1.	<i>Board of Directors’ Relationship with the Executive Officers</i> .....	16
2.	<i>Board of Directors’ Relationship with the Executive Management Team and WSIB Staff</i> .....	17
3.	<i>Executive Committee</i> .....	17
<b>POLICY MAINTENANCE</b> .....		18
<b>EFFECTIVE DATE</b> .....		18
Appendix A: Documents approved by the Board of Directors .....		18
Appendix B: Appointment of an External Advisor to the BOD or BOD Committee .....		19
<b>BOARD OF DIRECTORS APPROVAL</b> .....		<b>Error! Bookmark not defined.</b>

## **BACKGROUND**

The Workplace Safety and Insurance Board (WSIB) is a statutory corporation continued under the *Workplace Safety and Insurance Act, 1997* (WSIA). The WSIB administers and enforces the WSIA.

The Corporate Governance Policy synthesizes the requirements for Board of Directors (BOD) from various sources to ensure appropriate strategic direction and management oversight. In the event an inconsistency is found between this policy and the applicable statute (WISA), any Ontario Government directive (e.g. Agencies & Appointments Directive - AAD) or the Memorandum of Understanding between the Minister of Labour and the Chair of WSIB (MOU), the statute, the directive or the MOU will govern.

The Corporate Governance Policy is not the mandate for the WSIB BOD.

## **PURPOSE**

The purpose of this policy is to describe the WSIB's BOD-level governance structure and outline the roles, responsibilities, and accountabilities that apply.

## **APPLICATION AND SCOPE**

This policy applies to the WSIB, particularly members of the BOD and, BOD Committees as well as External Advisors and Executive Leads.

## **POLICY STATEMENT**

Ensures that the WSIB has a strong Board-level governance structure in place to carry out its mandate effectively and comply with statutory and other obligations.

## **DEFINITIONS**

- BOD-level Governance: structures and processes according to which WSIB is directed and controlled as well as laying out the rules for BOD-level decision-making
- Executive Leads: executives who are responsible for supporting a BOD committee
- External Advisors: contract appointments to support the BOD or BOD committees

## **REQUIREMENTS**

### **Section A: Relationship between the Ministry of Labour and the WSIB**

The WSIB is an arm's length classified trust agency and is accountable to the Ontario government through the Minister of Labour.

#### **1. Composition of the Board of Directors**

The BOD consists of the Chair, the President, and a minimum of seven and a maximum of nine members who are representative of workers, employers, and such others as the Lieutenant Governor in Council considers appropriate.

All members of the BOD are appointed by the Lieutenant Governor in Council through an Order-in-Council. On the advice of the BOD Governance Committee, the Chair recommends appointments and reappointments of members of the BOD to the Minister of Labour.

Before appointing the President, the Lieutenant Governor in Council is required to consult with the Chair and the external members of the BOD.

#### **2. Remuneration for Members of the Board of Directors**

Members of the BOD receive remuneration, benefits, and reimbursements for reasonable expenses in accordance with any applicable Orders-In-Council and Management Board of Cabinet Directives and Guidelines as well as remuneration Guideline for BOD Members. Board members are remunerated for their services as a member of the BOD, including their services as a member of any BOD committee.

#### **3. Responsibilities and Accountabilities of the Board of Directors**

The Ontario Government's Agencies & Appointments Directive sets out the process that must be followed with respect to the Memorandum of Understanding (MOU). Every five years the Chair of WSIB BOD and the Minister of Labour are required to enter into a new MOU that defines and clarifies responsibilities and accountabilities and establish the necessary management and administrative practices to support those responsibilities and accountabilities. In the event that there is a new Minister or a new Chair, the AAD sets out the process that must be followed with respect to the MOU.

The BOD, including the Chair and the President, is accountable to the Ontario government through the Minister of Labour in the exercise of its mandate. Individual members of the BOD are accountable to the Chair. The Chair speaks to the Minister on behalf of the WSIB and its BOD; this includes keeping the Minister informed of issues or events that may concern the Minister in the exercise of the Minister's responsibility.

## **Section B: WSIB Board of Directors – Overview**

The BOD is constituted to exercise the powers and perform the duties of the WSIB under the WSIA and in accordance with the WSIB's mandate. The WSIB's BOD must act in a financially responsible and accountable manner in exercising its powers and performing its duties.

### **1. Roles and Responsibilities<sup>1</sup>**

The BOD oversees the management of the WSIB's business affairs, sets overall priorities, and provides leadership to WSIB management. In this role, the BOD focuses on issues related to overall objectives, strategic direction, and major policy and program initiatives rather than issues related to the day-to-day management of the WSIB.

The Board of Directors:

- establishes goals and objectives consistent with the WSIB's mandate and government policies
- ensures compliance with government directives and policies
- establishes policies concerning the premiums payable by employers under the insurance plan
- makes regulations under the WSIA, subject to the approval of the Lieutenant Governor in Council
- conducts policy reviews pursuant to referrals from the Appeals Tribunal under s.126 of the WSIA.

The BOD oversees WSIB's significant risks in terms of the Corporate Risk Management Policy.

The BOD is responsible for managing the financial affairs of the WSIB. This includes an obligation to manage the Insurance Fund and ensure that the Insurance Fund is maintained in order to achieve partial sufficiency and sufficiency as prescribed in O. Reg. 141/12.

The BOD is the administrator of the WSIB Employees' Pension Plan and the Supplementary Pension Plan pursuant to the *Pension Benefits Act* as well as the Plan Sponsor of the WSIB Employees' Pension Plan. As Plan Sponsor, the BOD makes employer-related decisions in matters relating to the pension plan and pension fund.

As part of their role, the BOD reviews and approves a number of documents, including those outlined in Appendix A.

---

<sup>1</sup> Note: The WSIA sets out powers and duties of the Board of Directors. The roles, responsibilities, and duties outlined here are not intended to be an exhaustive list.

## 2. Duty and Standard of Care

In carrying out the roles and responsibilities of the WSIB, members of the Board of Directors owe a fiduciary duty to the WSIB, both by statute and at common-law, to act honestly and in good faith with a view to the best interests of the WSIB. They are required to exercise the care, diligence, and skill that a reasonably prudent person would exercise in comparable circumstances.

## 3. Conduct of Board Members

Members of the BOD and external advisors to the BOD must comply with this policy and the WSIB's Ethics Framework including the Code of Business Ethics and Behaviour, the Disclosure of Wrongdoing Policy, and the "Conflict of Interest Policy for Current and Former WSIB Employees and Members of the Board of Directors" that is published on the website of the Conflict of Interest Commissioner pursuant to the *Public Service of Ontario Act, 2006*.

Each member of the BOD must maintain the confidentiality of all information obtained as a result of his or her position as a member of the BOD and must not divulge confidential information unless legally required to do so. Each member of the BOD recognizes the Chair and President as principal spokespersons for the WSIB.

## **Section C: WSIB Board Committees**

### 1. Establishment of Committees

To meet its obligations to the Minister under the MOU and to facilitate the conduct of its business, the BOD has established a number of committees including an Audit and Finance Committee, an Investment Committee, a Health and Safety Committee, a Governance Committee, and a Human Resources & Compensation Committee.

The BOD may establish other committees as needed for effective management, governance, and accountability. The establishment of a committee shall not have an impact on the authority or the responsibilities of the members of the BOD. Committees may appoint advisory sub-committees as needed.

### 2. Composition of Committees

Each committee is composed of a minimum of three members of the BOD. The BOD appoints all committee members and will fill vacancies on a Committee by appointment from among the members of the BOD or by appointing an external advisor. The BOD may by resolution specify which member of a committee is the Committee Chair.

Any committee member can be removed or replaced at any time by the BOD. When a person ceases to be a member of the BOD, he/she also ceases to be a member of any BOD committee.

The Chair of the BOD is an ex officio member of all BOD Committees and is the Chair of the Governance Committee. The President is a member of the BOD and is a member of the Investment Committee and the Governance Committee.

Committee members shall possess the requisite expertise and experience to provide insight and experience aligned to the mandate of the committee. Committee mandates specify the skills and competencies required for each committee, based on the purpose and deliverables of the committee. If the mandate of a committee changes, the skills and competencies required for that committee will be updated accordingly. The Governance Committee is responsible for maintaining a matrix of skills and competencies of current members of the BOD.

### 3. Appointment of External Advisors

Committee Chairs, in consultation with the Chair, will identify any skill or competency gaps within a committee. If any gaps are identified, the Chair will determine whether the gap can be filled by a current member of the BOD or whether an external advisor is needed. In addition, committees may recommend to the BOD that an external advisor be engaged to assist the committee.

The procedure for the appointment of an external advisor is outlined in Appendix B. The appointment of an external advisor to a committee is determined by the BOD. Unless otherwise specified, an external advisor who is a member of a BOD committee has the same rights and responsibilities as a member of the BOD serving on the committee.

A term limit of three-years shall be imposed on the appointment of all external advisors. An external advisor can be re-appointed twice, however, each appointment period cannot exceed three years.

During this policy's transition period (June 2016 to December 2017), a current external advisor who exceeds the new term limits, may be reappointed for one more term.

### 4. Committee Roles and Mandates

Each committee has a mandate that defines the responsibilities and functions of the committee. Committee members may recommend changes to their committee mandate including items such as purpose, scope, skills and competencies, and responsibilities. The Committee Chair will discuss any proposed changes to the mandate with the Chair. Agreed upon suggestions are submitted to the Governance Committee.

The Governance Committee shall regularly review the structure and mandates of all committees and make a recommendation to the BOD regarding changes to the

mandates. Committee mandates are reviewed and approved by the BOD annually and posted on the WSIB's website.

BOD committees thoroughly review material prepared for the BOD and perform the due diligence necessary to make an informed recommendation to the BOD. In addition, BOD Committees will assess any risks that are specific to their mandate and address those risks or forward them to the Governance Committee for consideration.

## 5. Delegated Powers and Duties

In addition to responsibilities assigned to BOD committees in their mandate, the BOD may decide to delegate specific powers or duties to a committee. Any such delegation shall not have an impact on the authority or the responsibilities of the members of the BOD.

No committee has any power other than to make recommendations to the BOD unless the BOD makes a resolution delegating certain powers or duties to the committee. Such delegations will be recorded by the Corporate Secretary and any associated tasks will be included in the committee's mandate and added to the committee's annual work plan.

The BOD is ultimately accountable for any decisions made pursuant to decision-making authority it has delegated.

## 6. Advice and the Role of Executive Leads

Committee members may obtain the advice of officers and employees of the WSIB through the President. In addition, each committee has an Executive Lead (who is a member of senior management) assigned to support the committee. The Executive Lead, working with the Committee Chair and the Corporate Secretary, ensures that committee materials and action items are prepared and provided to the Office of the Secretary for delivery to the committee. These materials become a permanent record of materials considered by the committee in reaching its decision.

## **Section D: Role of the Chair, Vice-Chair, President, and Corporate Secretary**

### 1. Role of the Chair

The Chair provides leadership and direction to the BOD in carrying out its responsibilities and duties. The Chair also fosters relationships among the members of the BOD and ensures that the Board operates as a cohesive unit. With respect to decision-making by the BOD, the Chair encourages full participation, facilitates consensus, and ensures clarity. In addition, the Chair shall:

- ensure the BOD and BOD committees work efficiently and allocate responsibility to individual members of the BOD
- create the best possible working conditions for members of the BOD and BOD committees, individually and collectively
- ensure that members of the BOD and BOD committees become acquainted with and improve their knowledge of the WSIB to the extent needed and expected for them to perform their duties
- ensure that the expertise and skill of each member of the BOD is used in the best possible manner to benefit the WSIB
- promote good and constructive relations among members of the BOD, members of the BOD committees, and members of senior management
- promote efficient communication to and with the stakeholders of the WSIB
- ensure compliance with the WSIB's legislative and Treasury Board/Management Board of Cabinet policy obligations
- send a letter to the Minister attesting to the WSIB's compliance with legislation, directives, and accounting and financial policies

In the event that any issues arise regarding conflicts of interest, the Chair acts as the Ethics Executive for members of the BOD (except for the President), pursuant to the WSIB's "Conflict of Interest Policy for Current and Former WSIB Employees and Members of the Board of Directors", published on the Conflict of Interest Commissioner's website in accordance with the *Public Service of Ontario Act, 2006*.

The Chair acts as the liaison between the BOD and WSIB management and provides leadership to WSIB executives.

In addition to the powers and duties in the WSIA, the Chair shall have such other powers and perform such other duties as may from time to time be prescribed by resolution of the BOD.

## 2. Appointment and Role of the Vice-Chair

The Chair may select a member of the BOD to serve as Vice-Chair for a term approved by the BOD.

If the Chair is unable to attend a BOD and/or a BOD Committee meeting, the Vice Chair shall act on the Chair's behalf.

## 3. Role of the President

The President shall serve as Chief Executive Officer and shall exercise general supervision over the affairs of the corporation. The President is responsible for:

- providing leadership and vision to the senior management team and WSIB staff
- establishing an organizational and management structure for the effective and efficient operation and administration of the WSIB's business

- establishing operational plans and activities to meet the goals, objectives, and strategic direction as determined by the BOD
- advising the Chair of the requirements of applicable government directives, policies, guidelines, and procedures and ensuring that the WSIB meets the requirements outlined in the Agencies & Appointments Directive. In addition, the President should attest to the Chair that the WSIB is in compliance with mandatory requirements

The President is accountable to the BOD in the exercise of his or her responsibilities.

The President is required to ensure that the BOD is equipped to discharge its duties by providing timely, accurate, and relevant information. The President and the senior management team provide the BOD and its committees with analyses and options, recommendations, and the necessary data and context to enable them to reach informed decisions.

The President may appoint an executive officer to perform the President's duties during the President's absence. If the President fails to appoint someone, the Chair shall appoint an executive officer to act during the President's absence or inability or refusal to act. This appointment shall be in effect no longer than until the next meeting of the BOD, at which time the BOD shall, if necessary, appoint an officer to act during the President's absence or inability or refusal to act.

#### 4. Role of the Corporate Secretary

The Corporate Secretary shall give all notices required to be given to members of the BOD and members of BOD committees. The Corporate Secretary shall keep written records of all proceedings of meetings of the BOD and BOD committees.

The Corporate Secretary shall ensure that the following are prepared and maintained at the WSIB's head office: the by-law(s); minutes of meetings of the BOD and BOD committees; and a register of members of the BOD and former members, with the dates on which each became and ceased to be a member. The Corporate Secretary shall be the custodian of the seal of the corporation.

## **Section E: Meetings of the Board of Directors**

### **1. Frequency of Meetings**

The BOD meets at the call of the Chair. The BOD shall hold at least six meetings annually in accordance with the requirements of the WSIA. In no case may more than two months elapse between meetings of the BOD. The Chair may convene further meetings of the BOD when necessary.

### **2. Notice and Place of Meetings**

Meetings of the BOD are generally held at the offices of the Workplace Safety and Insurance Board, but may be held at another venue in Ontario designated by the Chair.

The Chair may fix a day or days in any month or months for the holding of regular meetings. A copy of a notice specifying the time and place for the holding of regular meetings of the BOD shall be sent by the Corporate Secretary to every member of the BOD at least two days before the first of such regular meetings and no other notice shall be required for any of such regular meetings.

Notice of an adjourned meeting of the BOD is not required to be given if the time and place of the adjourned meeting is announced at a prior meeting.

Meetings of the BOD may be held at any time without formal notice if all the members are present or if all the members who are not present waive notice or signify their consent to the meeting being held without formal notice.

Notice of any meeting or any irregularity in any meeting or in the notice thereof may be waived by any member either before or after such meeting. Attendance of a member at a meeting of the BOD is a waiver of notice of the meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

### **3. Chairing Meetings**

The Chair shall organize, convene, and chair the meetings of the BOD. In his or her absence, the Vice-Chair shall chair the meeting. If both the Chair and the Vice-Chair will be absent, the Chair of the BOD will decide who will chair the meeting.

### **4. Participation in Meetings**

In principle, it is the expectation of BOD that every member attend all meetings of the BOD and each BOD committee on which he or she serves. Members of the BOD are encouraged to participate fully in discussions before a decision is made. Once a decision is made, members of the BOD will support them.

A member of the BOD participating in a meeting by telephone or other electronic means is deemed to be present in person at that meeting for the purpose of the WSIA and this policy.

## 5. Voting, Quorum, and Vacancies

All questions arising at any meeting of the BOD shall be decided by a majority of votes of those members attending. In case of an equality of votes, the chair of the meeting shall not have, in addition to his or her original vote, a second or casting vote. In the event of a tie vote, the motion is lost. Votes shall be recorded in the minutes by the Corporate Secretary.

The majority of the members of the BOD holding office constitute a quorum for the transaction of business at meetings of the BOD and a decision of a majority is the decision of the BOD.

In the event that the BOD has any vacancy in its membership, the BOD may act despite the vacancy. In such a case, a majority of the members of the BOD holding office shall constitute a quorum. In the event that a vacancy causes there to be less than seven members of the BOD in addition to the Chair and the President, the BOD may act despite the vacancy. However, any resolutions passed by the BOD in such a case shall be ratified as soon as the BOD once again has a minimum of seven members in addition to the Chair and the President.

## 6. Resolutions in Writing

A resolution in writing signed by all the members of the BOD entitled to vote on that resolution at a meeting of the BOD is as valid as if it had been passed at a meeting of the BOD.

## 7. Meeting Minutes

The Corporate Secretary shall prepare and keep minutes of the business transacted at the meetings of the BOD. The minute books shall be held by the Corporate Secretary.

Minutes shall (at a minimum) contain the names of members of the BOD present and absent as well as other participants; the agenda and a summary of the discussions and resolutions passed for each item; and a record of any recorded vote disagreeing or objecting to a resolution passed by the BOD.

## 8. Rules of Order

The rules contained in the current edition of Robert's Rules of Order, Newly Revised shall govern the conduct of meetings of the BOD in all cases to which they are applicable, except in any cases where the rules are inconsistent with this policy or any by-law or resolution the BOD may adopt.

### **Section F: Meetings of BOD Committees**

Many of the provisions of Section E of this policy will apply, with necessary modifications, to Board committees. Any notable exceptions where there are rules specific to BOD committees are outlined in this section.

#### 1. Frequency of Meetings

The frequency of meetings held by the BOD committees shall be decided by the relevant committee subject to a minimum of four meetings a year for the Audit and Finance Committee, the Governance Committee, and the Investment Committee and three meetings per year for the Human Resources and Compensation Committee and the Health and Safety Committee.

Meetings of a BOD committee may be requested by any committee member upon consultation with the Committee Chair and BOD Chair.

#### 2. Voting and Quorum

For all BOD committees, other than the Investment Committee, the majority of members of the committee shall constitute a quorum for the transaction of business at a meeting and a decision of the majority is the decision of the BOD committee. However, any committee that has delegated decision-making authority whose membership includes one or more external advisors shall require that at least 50% of committee members present for any vote must also be members of the BOD.

With respect to the Investment Committee, the majority of the BOD members appointed to the Investment Committee and a minimum of one external advisor constitutes a quorum for the transaction of business. A decision of the majority is the decision of the Investment Committee.

#### 3. Meeting Minutes

The Corporate Secretary is the secretary of every committee, and he or she shall be responsible for the taking of minutes of all committee meetings. The Corporate Secretary may delegate responsibility for taking minutes at a committee meeting to an officer or employee of the WSIB.

All committee minutes, reports, where required, or recommendations as approved by the committee are to be placed on the agenda of the next BOD meeting.

## **Section G: Assessment of the Board of Directors and Board Committees**

### 1. Board of Directors

The BOD conducts regular assessments of its effectiveness as a whole and the performance of all members individually, including the Chair and the President.

### 2. Board Committees

The Committee Chair, committee members, and the Executive Lead shall conduct a regular evaluation of the committee's performance. The evaluation of the effectiveness of the committees is intended to identify areas for improvement. This evaluation is also an opportunity for committee members to provide feedback regarding the committee's mandate. All committee evaluations are reviewed by the Governance Committee.

The performance of committee members and Executive Leads is not evaluated. Committee Chairs will meet with the Chair of the BOD to discuss the committee's assessment including the committee's performance over the prior period, the plans for the upcoming period (including next year's workplan), and any gaps in the committee's skills and competencies.

## **Section H: Education of members of the Board of Directors**

The BOD is committed to ensuring that new member of the BOD receive appropriate orientation and education. Recognizing the importance of ongoing development for members, the BOD will maintain a development program of continuing education.

## **Section I: Indemnification for Board Members and External Advisors**

The WSIB indemnifies a member of the BOD, or a former member, to the extent permitted by law against any liability and all costs, charges, and expenses, including any amount paid to settle an action or satisfy a judgment that the member actually and reasonably sustains or incurs in respect of any action or proceeding (including a civil, criminal, or administrative action or proceeding) that is proposed or commenced against him or her by reason of being or having been a member of the BOD of the WSIB, as long as the WSIB is given prompt written notice of any such action or proceeding and an opportunity to participate in or defend the same if the WSIB so elects.

BOD committee members will be provided with documentation of indemnification on an annual basis.

The indemnity does not apply in any claim, issue, or matter where:

- the member acted dishonestly or in bad faith, not considering the best interests of the WSIB;
- the member's conduct is considered to be wilful misconduct or gross negligence; or
- in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, the member did not have reasonable grounds for believing that the conduct was lawful.

The indemnity also extends to the member's heirs and legal representatives.

Costs, charges, and expenses actually and reasonably sustained or incurred by the member in defending an action or proceeding shall be paid by the WSIB, as incurred, in advance of the final disposition of such action or proceeding, provided that the WSIB first receives from the member an undertaking that he or she will repay such amount if it is ultimately determined that the member is not entitled to be indemnified under this provision.

All matters and questions arising regarding indemnification shall be determined:

- by the Chair, or
- where the Chair is involved in the matter, by the remaining members of the BOD who are not involved, or
- where all members of the BOD are involved in the matter, by the General Counsel.

## **Section J: WSIB Executive Management – Overview**

### 1. Board of Directors' Relationship with the Executive Officers

The President may, subject to the ratification of the BOD by resolution, create new executive offices and appoint or terminate a Chief, Deputy Chief, the Chief Actuary, the General Counsel and the Internal Auditor/VP Internal Audit.

The remuneration of all executive officers shall be determined by the President within ranges approved by the BOD on the recommendation of the Human Resources and Compensation Committee, the majority of whose members are not the Chair and the President.

In case an executive officer is unable to fulfill his/her responsibilities, the President may, subject to the ratification of the BOD, delegate the powers of such officer to any other executive officer or to any employee of the WSIB for the time being.

Executive officers may be invited by the Chair of the BOD or a BOD Committee Chair to participate in meetings.

## 2. Board of Directors' Relationship with the Executive Management Team and WSIB Staff

Under the WSIA, the BOD exercises all the powers and duties of the WSIB but may, in writing, delegate a power or duty to an individual member of the BOD or an officer or employee of the WSIB. While the BOD reserves overall supervisory and stewardship authority, it has delegated day-to-day operations and administration functions to the President, the executive management team, and WSIB staff.

The President and his/her executive management team oversee and direct the day-to-day management of the WSIB, within the authority delegated to them by the BOD. The BOD and management have established a corporate vision and key corporate values that guide their approach to exercising their delegated authority and carrying out corporate initiatives.

The President acts as the link between the BOD and WSIB management. The President speaks to the BOD on behalf of the WSIB management and staff.

## 3. Executive Committee

Executive Committee (EC) is composed of the President, Chiefs and Deputy Chiefs of each of WSIB's clusters as well as General Counsel.

The EC provides advice and support to the President and CEO in executing his/her Delegated Authority from the BOD. EC regularly reviews and discusses the strategic direction and performance of the organization and provides consensus executive direction to business units.

EC reviews and recommends all BOD and BOD committee submissions, resolves escalated operational and project issues, and discusses performance results, enterprise risks and other developments that could impact WSIB's strategic and business objectives.

## **POLICY MAINTENANCE**

1. Only the Board of Directors may approve changes to this policy.
2. This policy shall be reviewed on an annual basis.
3. Any questions relating to the administration or interpretation of this policy should be directed to the Executive Lead, Governance Committee

## **EFFECTIVE DATE**

The Effective Date of this policy is June 23, 2016.

## **Appendix A: Documents approved by the Board of Directors**

As part of its responsibilities, the Board of Directors reviews and approves a number of documents, including the following:

- The Corporate Governance Policy
- The corporate by-law(s)
- The 5-year strategic plan – This includes development and making recommendations with respect to the plan and an annual review to update the plan as necessary. Every three years, or if the Minister requests it, or if there has been a significant change in circumstances, the Board of Directors will approve a new comprehensive five-year strategic plan after a full assessment of all factors that are relevant to promoting the purposes of the WSIA and the mandate of the WSIB
- The annual report and its transmission to the Minister
- The annual statement setting out proposed priorities for administering the WSIA and the regulations and its transmission to the Minister (including the annual budgets and the Corporate Business Plan)
- The annual statement of investment policies and goals and its transmission to the Minister
- The sufficiency plan and its transmission to the Minister
- The annual Statutory Delegation of Powers and Duties document
- The annual Statutory Compliance Report – This report focuses on corporate compliance with key legislative and regulatory requirements. The purpose of the report is to apprise the Board of Directors of areas where there may be increased risk of liability exposure and provide information about the measures taken by the WSIB to manage and mitigate the risk
- The annual Stakeholder Compliance Report
- The annual financial statements issued by the WSIB
- The annual financial statements and actuarial valuations of the insurance fund and the pension fund
- Ratification of Collective Agreements
- The Ethics Framework – This includes the Code of Business Ethics and Behaviour, the Workplace Violence, Discrimination & Harassment Policy, the

## **Appendix B: Appointment of an External Advisor to the BOD or BOD Committee**

From time to time, it may be determined that an external advisor should be appointed to support the Board or Board committees to achieve their mandates.

The Chair of the Board will determine whether the external advisor is required to (a) achieve the purpose of the committee, or (b) augment available skills and competencies. Generally speaking, an external advisor who is appointed because his/her skills and competencies are critical to achieving the committee's mandate will be a voting member of the committee, whereas an external advisor who is appointed to augment the skills and competencies of the committee will be a non-voting member of the committee.

The procedures for the appointment of an external advisor are as follows:

- An Executive Lead defines the skills and competencies required to fill the current gap;
- With input from Chair of the Committee, committee members, and WSIB executives, the Executive Lead identifies people who are willing and able to offer the WSIB the required skills and competencies;
- A shortlist of at least three potential candidates is prepared;
- An interview panel comprising the Chair of the Board of Directors, a Committee Chair, and an Executive Lead interview the candidates and makes a decision on who will be nominated;
- The Corporate Secretary and the Executive Lead discuss the terms and conditions of a possible appointment with the successful candidate, including remuneration and voting rights;
- If the candidate accepts the offer, the Executive Lead updates the Membership and Advisors Schedule;
- The updated Membership and Advisors Schedule is submitted to the Governance Committee;
- The Governance Committee reviews the appointment and makes a recommendation to the Board of Directors; and
- The Board of Directors appoints all external advisors to the Board and Board committees.

Ideally, external advisors are appointed when committee mandates are reviewed and recommended to the Board of Directors; however, if the need for an external advisor

arises at any other time, the same procedures need to be followed.