

REPORT ON GOVERNANCE PRACTICES

Prepared by the Financial and
Consumer Services Commission

May 2019



**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 Commission Members.

Commission Members, led by the independent Chair, are accountable to the government through the Minister of Finance for the proper administration of the financial and consumer services legislation. In addition to their responsibilities with respect to management oversight, regulatory policy making and governance, Members 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. The Chair is also responsible to ensure that a number of legislated annual deliverables which form part of a work plan are approved by Members and submitted to the Minister and Treasury Board within the set 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 2018-2019 were¹:

PETER KLOHN (CHAIR), LL.B, ICD.D

Residence: Rothesay



Mr. Klohn was appointed Chair of the Financial and Consumer Services Commission on 1 January 2014 for a five-year term and his term was renewed in January 2019. 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, and has 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. He is a former member of the Council for the NB Branch of the Canadian Bar Association and is active in community affairs. 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 continues to recuse himself from securities regulatory matters involving FCNB during his term on the CMAIO\CMRA board.

Appointed: 1 January 2014;
Reappointed: 1 January 2019
Term ends: 31 December 2023

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

1. On 16 August 2018 an additional member was appointed to the Commission but the appointment was later revoked by the Lieutenant-Governor in Council due to a conflict of interest that could not be resolved.

PAULETTE ROBERT (VICE CHAIR until 31 December 2018)

Residence: Losier Settlement



Ms. Robert serves on the Board of Governors of the Université de Moncton, and has served on the board of several business development and financial organizations, as well as 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.

Ms. Robert retired in 2008 from her position as Executive Director of the Community Business Development Corporation of the Acadian Peninsula. Prior to this she was Assistant Manager at two branches of the National Bank of Canada, responsible for both individual and commercial banking.

Appointed: 21 August 2013;
Reappointed: 27 September 2017
Term ends: 26 September 2019

Committees:

- Audit and Risk Management

Professional and industry experience:

- Banking
- Securities

Education:

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

YVES GAGNON, PMP, ICD.D (VICE CHAIR from 1 January 2019)

Residence: Campbellton



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

project management consultant.

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

Appointed: 6 February 2014;
Reappointed: 16 August 2018
Term ends: 15 August 2021

Committees:

- Audit and Risk Management (Chair until 23 October 2018)

Professional and industry experience:

- Financial
- Accounting
- Auditing
- Management

Education:

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

MICHAEL D. WENBERG, B. Com., LL.B

Residence: Rothesay



Mr. Wennberg practised law with Stewart McKelvey or its predecessor firm for thirty years. He served as the firm's corporate-commercial practice manager, managing partner and was on the firm's Atlantic Canada Partnership Board.

Mr. Wennberg has been active in the Law Society as a lecturer, chair of its Articling Committee and as a Provincial Reviewing Officer. He is the past chair of the Heritage Preservation Review Board for the Town of Rothesay.

Among his many cultural involvements, Mr. Wennberg 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.

Appointed: 21 August 2013;
Reappointed: 21 August 2018
Term ends: 20 August 2022

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

GINETTE VERRET-MORIN, BBA

Residence: Edmundston



Ms. Verret-Morin holds over 35 years of experience in general accounting, bookkeeping and strategic planning. She is currently the Chair of Les services CompForm plus Inc., in Edmundston. As a director and an officer, she applies her widespread knowledge of corporate governance, including the development of business plans and strategic priorities for small and medium enterprises.

Over the years, Ms. Verret-Morin has served as chief accountant for Le Madawaska Ltée, Québecor Inc., and the New Brunswick Housing Corporation. In a managerial capacity, Ms. Verret-Morin led the Management Services Department at the Edmundston branch of the Business Development Bank of Canada. She has also devoted numerous hours towards various non-profit organizations, namely the Réseau échange femmes en affaires du Madawaska (RÉFAM), the Edmundston Chamber of Commerce and the Club Richelieu "Les Ambassadrices".

Appointed: 12 July 2016
Term ends: 11 July 2019

Committees:

- Human Resources and Governance

Professional and industry experience:

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

Education:

- BBA, Université de Moncton

JIM DUNLAP

Residence: St. Stephen



Mr. Dunlap owns and operates an automotive rental and sales business in St. Stephen. He also founded three financial services agencies.

Mr. Dunlap previously served as a board member and vice chair of Service New Brunswick, and as Chair of the Motor Vehicle Dealers Licensing Board. He has also served as chair or president

of a number of non-profit organizations including the Eastern Charlotte Lions Club, the St. George Minor Baseball Association, and the Fundy Transition House (St. Stephen).

Appointed: 12 July 2016

Term ends: 11 July 2019

Committees:

- Human Resources and Governance

Professional and industry experience:

- Financial Services
- Hospitality
- Automotive sales

Education:

- Carleton University, Ottawa
- Algonquin College, Ottawa

LISA TAYLOR, CPA, CA

Residence: Upper Kingsclear



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 cofounding 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.

Appointed: 27 September 2017

Term ends: 26 September 2022

Committees:

- Audit and Risk Management (Chair from 23 October 2018)

Professional and industry experience:

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

Education:

- Post Graduate Certificate in Higher Education Management, University of Bath
- Bachelor of Administrative Studies, York University

Céline Robichaud-Trifts, MBA, ICD.D

Residence: Moncton



Ms. Robichaud-Trifts is a retired pharmacist, manager, and 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 both 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 Rexton and Area Health Care Foundation, the Kent County Regional Planning Commission, and the New Brunswick Securities Commission. She is currently a member of the Capitol Theatre Foundation. Ms. Robichaud-Trifts is an accredited corporate director (ICD.D) of the Institute of Corporate Directors, Rotman School of Management (2019).

Appointed: 27 September 2017
Term ends: 26 September 2020

Committees:

- Audit and Risk Management

Professional and industry experience:

- Governance and Human Resources
- Risk Management
- Strategic Planning
- Healthcare
- 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.

Vincent L. Duff, CA

Residence: Hampton



Mr. Duff worked as a Chartered Accountant with the firm Grant Thornton LLP for over fifty years. In addition to his extensive accounting experience, Mr. Duff brings a wealth of knowledge in corporate governance having previously served as vice chair of the New Brunswick Insurance Board and as a board member of the New Brunswick Museum. In 2017, Mr. Duff

was appointed to the Judicial Remuneration Commission. Mr. Duff has also served as a director, treasurer and president of several non-profit organizations including his church, Keep Saint John Beautiful, the United Ways of Greater Saint John Inc. and Teens Against Drinking and Driving (TADD N.B. Inc.). Mr. Duff currently serves as chair and vice chair of the board of directors of the Atlantic Baptist Senior Citizens' Homes Inc. and the Kenneth E. Spencer Memorial Home Inc. respectively.

Appointed: 16 August 2018
Term ends: 15 August 2021

Committees:

- Human Resources and Governance

Professional and industry experience:

- Accounting
- Auditing
- Insolvency
- Automobile insurance

Education:

- Chartered accountant

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 documents 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 on its website its various governance-related policies, including the *Governance Policy* and the *Conflict of Interest Rule*.

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. The *PID Act* protects employees from reprisal for disclosing these wrongdoings and provides a fair and objective process for those employees who are alleged to have committed a wrongdoing.

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

We are pleased to report that there were no disclosures or claims made against any employee of the Commission under the *PID Act* in 2018-2019.

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 and mandatory orientation program. This 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, as well as current trends and issues in the financial and consumer services marketplaces. The two-day session is provided in half-day modules for flexibility. Members receive detailed documentation about the organization in preparation for and throughout the program. They also meet senior management and tour our offices. One new Member underwent an orientation in the 2018-2019 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.



A description of the common education sessions offered to Members during fiscal year 2018-2019 is set out below:

Continuing Education			
Date	Topic	Presenters	Attendees
15 May 2018 (3 hours)	Insights Discovery Personal and Team Effectiveness Session	Isabelle Butler, <i>Insights Atlantic</i>	Peter Klohn Paulette Robert Michael D. Wennberg Yves Gagnon Ginette Verret-Morin Jim Dunlap Céline Robichaud-Trifts
17 May 2018 (3.6 hours)	Report on Vulnerable Investors: Elder Abuse, Financial Exploitation, Undue Influence and Diminished Mental Capacity	Marian Passmore, <i>Canadian Foundation for Advancement of Investor Rights (FAIR Canada)</i> and Laura Tamblyn Watts, <i>Canadian Centre for Elder Law/CARP</i>	Peter Klohn Paulette Robert Michael D. Wennberg Yves Gagnon Ginette Verret-Morin Jim Dunlap Céline Robichaud-Trifts
	NB Seniors' Advocate Office	Norman Bossé, <i>Seniors' Advocate for New Brunswick</i>	
	Current Status of Various Canadian and International Seniors' Initiatives	Deborah Gillis, <i>Senior Legal Counsel - FCNB</i>	
24 January 2019 (3 hours)	Fintech and Cryptocurrency	Jake van der Laan, <i>Chief Information Officer - FCNB</i>	Peter Klohn Paulette Robert Michael D. Wennberg Yves Gagnon Ginette Verret-Morin Jim Dunlap Lisa Taylor Céline Robichaud-Trifts Vincent Duff
	Cannabis in the Workplace	Deborah Gillis, <i>Senior Legal Counsel</i> and Fiona Boffa, <i>Human Resources Officer - FCNB</i>	

The total amount of hours allocated to group sessions for fiscal 2018-2019 was 9.6 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 \$4,000² 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	23-28 April 2018	City Week Conference – The International Financial Services Forum
	26-27 June 2018	Investment Industry Regulatory Organization of Canada (IIROC) Board of Directors' Regulators Discussion
	25-28 July 2018	International Credit Union Regulators' Network (ICURN) Conference
	22-27 September 2018	North American Securities Administrators Association (NASAA) Annual Meeting
	6-9 November 2018	Ontario Securities Commission (OSC) Dialogue Day
	6 December 2018	KPMG's 27 th Annual Insurance Conference
	29-30 January 2019	The Canadian Institute – 14 th National Forum on Crown Corporate Governance (participant and keynote speaker)
11-15 March 2019	Harvard Kennedy School of Government – Strategic Management of Regulatory and Enforcement Agencies	
Paulette Robert	1-2 October 2018	Chartered Professional Accountants Canada (CPA) – The One National Conference
	11 October 2018	Institute of Corporate Directors – A Critical Collaboration – The Relationship Between the Board and the CEO
	21 May 2019	Institute of Corporate Directors – Board Oversight of Harassment
Yves Gagnon	8 November 2018	Institute of Corporate Directors – The Digital Director: Cybersecurity and Social Media for Directors

2. On 24 January 2019, the Commission approved an increase in the yearly allotment for Members' learning activities from \$3,500 to \$4,000, effective as of that date.

Member	Date	Course
Lisa Taylor	27 April 2018	Institute of Corporate Directors - Role of Board and the CEO: Testing the Limits of Board Governance Noses In and Fingers Out
Michael D. Wennberg	27 April 2018	Institute of Corporate Directors - Role of Board and the CEO: Testing the Limits of Board Governance Noses In and Fingers Out
	11 October 2018	Institute of Corporate Directors - A Critical Collaboration - The Relationship Between the Board and the CEO
	27 November 2018	Institute of Corporate Directors - How Cannabis is Changing the Workplace
	29-30 January 2019	The Canadian Institute - 14 th National Forum on Crown Corporate Governance.
	5 February 2019	Institute of Corporate Directors - Cannabis and Boards - What Every Director Needs to Know
	18-19 March 2019	Governance Professionals of Canada - A Course on Governance Creating a Best Practice Framework for Board and Organization Effectiveness
Céline Robichaud-Trifts	1 January 2018 - 31 December 2018	Institute of Corporate Directors - Director's Education Program
	11 October 2018	Institute of Corporate Directors - A Critical Collaboration - The Relationship Between the Board and the CEO
	5 February 2019	Institute of Corporate Directors - Cannabis and Boards - What Every Director Needs to Know
Vincent Duff	4 March 2019	Institute of Corporate Directors - Board Oversight of Harassment

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 next assessment will take place in fiscal 2019-2020. As part of the process, 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. In recent years, the assessment has included feedback from Executive Management, which is provided verbally in private meetings between the Executive Management members and the Chair. Finally, a report on the results of the assessment is provided to the Chief Executive Officer so that concerns and opportunities for improvement are considered 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 formal discussion with individual Members on a yearly basis. This discussion is guided by a series of questions which are shared with Members ahead of the meeting and which also ensure consistency in the assessment process. The process is also intended to assist in identifying the educational needs of the Members. Every second year, the content of the private meetings with Members is expanded to include a peer assessment component guided by a set of pre-established questions which are also shared with members ahead of the meeting.

Chair and CEO Assessments

The HRG Committee conducts an annual evaluation of the Chair. The HRG Committee circulates a formal questionnaire to all Members which 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 a profile for the ideal composition of the Commission as a whole which is regularly updated. 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 ¹ (8)	Audit and Risk Management Committee (4) ⁶	Human Resources and Governance Committee (HRG) (5)	Joint Committee (1)
Peter Klohn	8	4	5	1
Yves Gagnon ²	7	4	N/A	1
Vincent Duff ³	5	N/A	1	1
Paulette Robert ⁴	8	4	N/A	1
Michael D. Wennberg	8	1	5	1
Ginette Verret-Morin	8	1	5	1
Jim Dunlap	8	1	5	1
Lisa Taylor ⁵	8	4	N/A	1
Céline Robichaud-Trifts	8	4	N/A	1

1. Commission meetings include the strategic planning session and for Mr. Duff, who was appointed on 16 August 2018, two New Member Orientation sessions.
2. Mr. Gagnon was unable to attend the December meeting due to a scheduling conflict.
3. Mr. Duff was appointed to the Human Resources and Governance Committee on 23 October 2018.
4. Ms. Robert served as vice-chair of the Commission until 1 January 2019, followed by Mr. Gagnon.
5. Ms. Taylor became chair of the Audit and Risk Management Committee on 23 October 2018.
6. Non-Committee Members were invited to attend the June 2018 Audit and Risk Management Committee Meeting to review the Annual Audit Report.

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 from the Commission. The Commission 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 of the Commission. It meets at least five times each year.

The Members of the Audit and Risk Management Committee are required to be financially literate and able to understand the financial statements of the Commission.

Annual Report of Audit and Risk Management Committee

The Audit and Risk Management Committee ("Committee") held a total of five meetings during the fiscal year 2018-2019; one meeting was a special joint meeting with the Human Resources and Governance Committee (November 2018), and one meeting involved a discussion with the external auditors to review the audit plan (January 2019). In October 2018, Ms. Lisa Taylor was appointed as Chair of the 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 in the areas of financial, reputational, operational (including systems security/cyber), and human capital along with management's plan to address risks, using a perpetual risk matrix showing the likelihood of occurrence, potential impacts and strategic responses to mitigate the risks. 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 2017-2018 audit period, the Committee met with representatives of Pricewaterhouse Coopers LLP ("PWC") to review the Commission's audited financial statements, and in accordance with the Commission's governance practice, met with PWC without management, other than the Chair, and then without the Chair.

Insurance and Credit Union Assessments

The Committee reviewed the annual assessments from 2017-2018 for the insurance and credit unions, as prepared by staff of the Commission's Insurance and Financial Institutions Divisions respectively and recommended their adoption to the Commission.

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, and noted that cybersecurity should be added as an item to monitor going forward in the Committee's terms of reference and forward-looking agenda. The Committee also completed its annual review of the Commission's 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 governance-related matters. It meets at least four times each year.

Annual Report of the Human Resources and Governance Committee

The Human Resources and Governance Committee (the “Committee”) held a total of six meetings during the fiscal year, consisting of three regular meetings, two special meetings and one joint meeting with the Audit and Risk Management Committee. The Committee’s work covered seven major areas:

Appointment of new Commission Vice-Chair and Audit and Risk Management Committee Chair

Mr. Yves Gagnon was appointed Vice-Chair of the Commission with an effective date of 1 January 2019 and Ms. Lisa Taylor was appointed Chair of the Audit and Risk Management Committee effective 23 October 2018.

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 Commission 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.

During the fiscal year, two new Members were appointed to the Commission, each for a term of three years. On 30 January 2019, the appointment of one Member was revoked by the Lieutenant-Governor in Council due to a conflict of interest that could not be resolved. The terms of two existing Members which were scheduled to end in the Summer of 2018 were renewed for periods of three and four years. The Committee also considered the term of the chair which was scheduled to expire on 31 December 2018. The Committee and the Commission formulated a recommendation to government and the Chair was reappointed commencing 1 January 2019 for a period of five years.

The Committee also considered the terms of members set to end in the coming year. In doing so, the Committee followed the processes outlined in the Governance Policy relating to the renewal of positions and/or filling of vacancies. Vacancies and detail of appointments to the Tribunal are included in the Tribunal’s Annual Report.

Review of Governance Practices

The Committee reviewed a *Discussion Paper on Governance Practices* prepared by staff which offered an overview of the current trends for governance best practices in seven areas of governance: Transparency and Accountability; Independence; Size of Board; Board Compensation; Professional Development; Board Evaluation and Risk Management. The Committee considered the existing governance practices of the Commission in order to identify opportunities for maintaining an effective and relevant governance framework.

Board Diversity

The Committee undertook its third 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. The Committee shared the information with the Executive Council Office and the Women's Equality Branch.

Review of Commission Policies

The Committee considered and the Commission implemented changes to the *Governance Policy* to better reflect the degree of required expertise from the chair and members. The Committee also recommended and the Commission implemented changes with respect to the yearly allotment to support members' learning initiatives under the *Professional Development for Members Policy*.

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 provided comments on a proposed *Alcohol and Drug Free Workplace Directive* developed in response to the legalization of cannabis. The Committee was also informed of changes to the *Leave from Work Directive* to include the optional 18-month parental leave, consistent with recent amendments to federal legislation. 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.

Chair Assessment

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.

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 an annual compensation of \$137,000 for his services for the period 1 April 2018 to 31 March 2019. 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 annual expenses, which mainly include business travel and training, were in the amount of \$18,825.

Members' Remuneration and Expenses

The Members' retainers, service fees and expenses related to travel, meals, hotel, parking and education for the fiscal year 2018-2019 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	26 September 2019	\$11,500	\$8,750	\$1,700	\$21,950	\$5,679
Michael D. Wennberg (Rothesay)	21 August 2013, reappointed on 21 August 2018	20 August 2022	\$12,000	\$11,550	\$700	\$24,250	\$5,773
Yves Gagnon (Campbellton)	6 February 2014; reappointed on 16 August 2018	15 August 2021	\$12,000	\$8,050	\$1,900	\$21,950	\$5,178
Ginette Verret-Morin (Edmundston)	12 July 2016	11 July 2019	\$10,000	\$9,800	1,800	\$21,600	\$3,398
Jim Dunlap (St. Stephen)	12 July 2016	11 July 2019	\$10,000	\$9,450	1,300	\$20,750	\$2,395
Lisa Taylor (Upper Kingsclear)	27 September 2017	26 September 2022	\$10,880	\$8,750	1,200	\$20,830	\$2,211
Céline Robichaud-Trifts (Moncton)	27 September 2017	26 September 2020	\$10,000	\$8,750	\$800	\$19,550	\$5,423
Vincent Duff (Hampton)	16 August 2018	15 August 2021	\$6,250	\$5,600	\$700	\$12,550	\$2,001

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