

# Report on Governance Practices

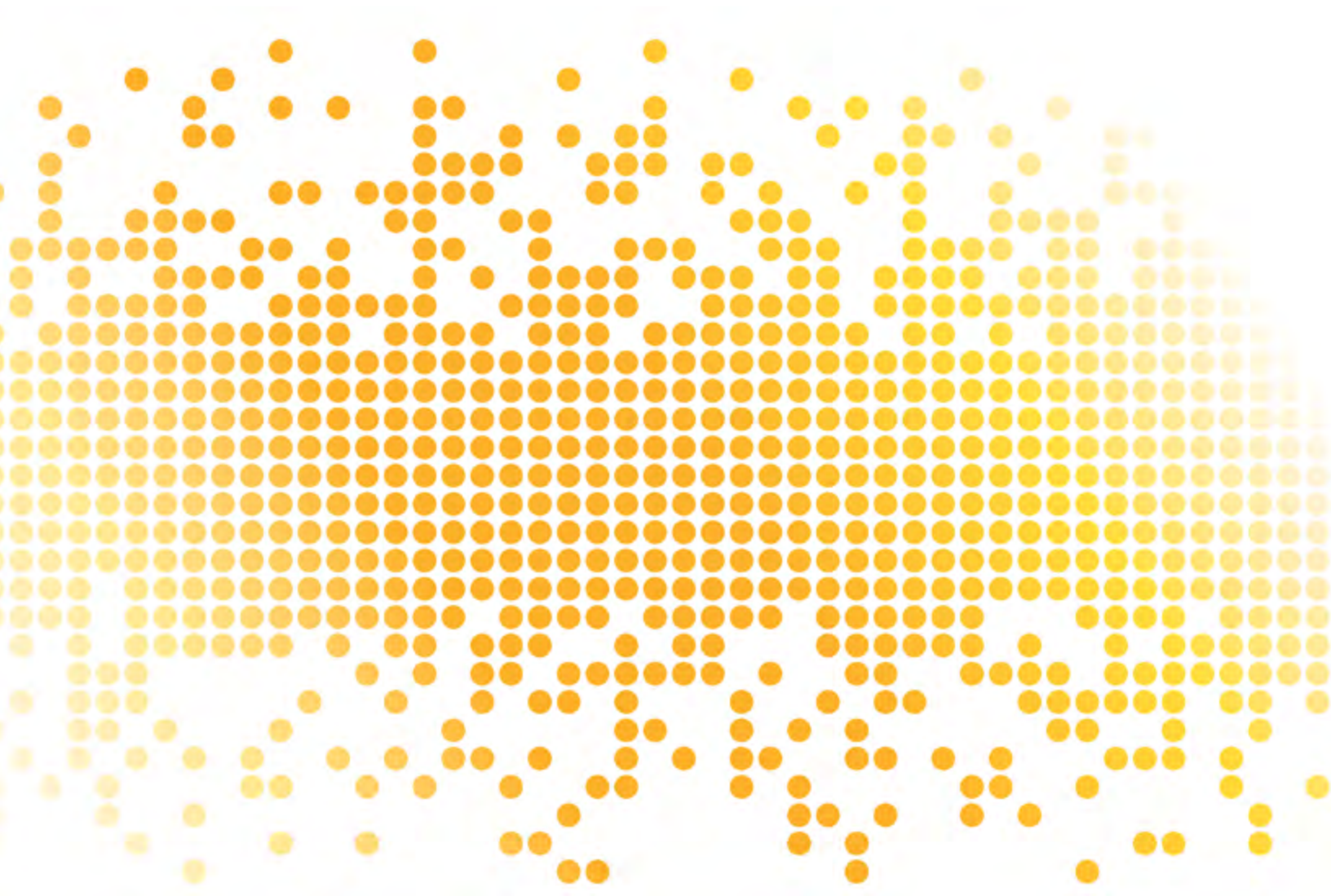
Prepared by the Financial and  
Consumer Services Commission

June 2021



**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 and Treasury Board (Minister) for the proper administration of New Brunswick's financial and consumer services legislation for which the Commission is responsible. In addition to their responsibilities with respect to management oversight, regulatory policy making and governance, Members review the Commission's annual strategic direction and supporting business plan, annual budget, resource allocation, risk management, financial reporting and the effectiveness of internal controls and 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 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 2020-2021 were:



## Peter Klohn (Chair)

### Residence: Rothesay

Mr. Klohn was appointed Chair of the Financial and Consumer Services Commission on January 1, 2014 for a five-year term, which was renewed in January 2019 for an additional five years. Prior to his appointment, he was a Senior Partner at the Stewart McKelvey law firm with a diverse national practice in securities law, regulated industries, corporate law and corporate finance.

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 Commission's predecessor organization, 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. He has also recently served as a member of 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). In March 2019 and February 2020, he was awarded certificates of completion for the Strategic Management of Regulatory and Enforcement Agencies and Leadership Decision Making: Optimizing Organizational Performance, respectively, from the John F. Kennedy School of Government, Harvard University, Executive Education.

**Appointed:** January 1, 2014  
**Reappointed:** January 1, 2019  
**Term ends:** December 31, 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
- ICD.D, Corporate Director



## Yves Gagnon (Vice Chair)

**Residence:** Campbellton

Mr. Gagnon is the Chief Executive Officer at Allen, Paquet & Arseneau LLP, a chartered accounting firm, and is also 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 non-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 has also served as a 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:** February 6, 2014  
**Reappointed:** August 16, 2018  
**Term ends:** August 15, 2021

**Committee:**

- Audit and Risk Management

**Professional and industry experience:**

- Financial
- Accounting
- Auditing
- Management

**Education:**

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



## Michael D. Wennberg

**Residence:** Rothesay

Mr. Wennberg practised law with Stewart McKelvey law firm or its predecessor firm for 30 years. He served as the firm’s corporate-commercial practice manager, managing partner and was on the firm’s Atlantic Canada Partnership Board. He conducted a diversified practice in most commercial, major business/industrial contracting, insolvency and technology law areas. He is a member of the Canadian Bar Association, American Bar Association, Law Society of New Brunswick, Law Society of Upper Canada (1976 to 2018) and Saint John Law Society.

Mr. Wennberg is the author of numerous articles on commercial law matters, and he has been active in the Law Society of New Brunswick, serving as counsel to a number of its committees, as a lecturer in its Bar Admission program, as 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, Sculpture Saint John and ArtsLink NB, past chair and board member of Saint John Community Arts Board and current board member of Symphony New Brunswick. In 2012, Mr. Wennberg was awarded the Queen Elizabeth II Diamond Jubilee Medal.

**Appointed:** August 21, 2013  
**Reappointed:** August 21, 2018  
**Term ends:** August 20, 2022

**Committee:**

- Human Resources and Governance (Chair)

**Professional and industry experience:**

- Commercial
- Business / Industrial Contracting
- Insolvency
- Technology / Outsourcing

**Education:**

- B. Comm., University of Toronto
- LL.B, Osgoode Hall Law School, York University



## Vincent L. Duff

**Residence:** Hampton

Mr. Duff worked as a chartered accountant with the firm Grant Thornton LLP for more than 50 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 Way 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:** August 16, 2018

**Term ends:** August 15, 2021

**Committee:**

- Human Resources and Governance

**Professional and industry experience:**

- Accounting
- Auditing
- Insolvency
- Automobile Insurance
- Governance

**Education:**

- Chartered Accountant
- Trustee in Bankruptcy



## Donald French

**Residence:** Dieppe

Mr. French is a retired professional accountant with more than 40 years of experience. For more than 20 years, Mr. French has worked at the Université de Moncton in both administrative and lecturing positions, in accounting and assurance subjects. In addition to his accounting background, he previously held the position of Superintendent of credit unions and Director of Examinations, which at the time also included responsibilities for the regulation of other financial institutions in the province, including insurance and trust companies. He also worked as the Chief Executive of the Credit Union Stabilization Fund. With extensive experience in both the public and private sector, his expertise in accounting, auditing, governance, regulation of financial institutions and related fields has been attained through his professional development initiatives, work experience and board and committee work.

Mr. French has served as Member and Chair for the New Brunswick Credit Union Deposit Insurance Corporation Board (NBCUDIC), as well as for the Office de stabilisation de la *Fédération des caisses populaires acadiennes*. In addition to these responsibilities, he was a member of the Deposit Insurance and Stabilization Funds of Canada (now the Credit Union Prudential Supervisors Association) and participated in numerous other boards and committees.

**Appointed:** October 31, 2019

**Term ends:** October 30, 2023

**Committee:**

- Human Resources and Governance

**Professional and industry experience:**

- Accounting
- Financial Institutions
- Insurance
- Audit
- Governance
- Human Resources

**Education:**

- FCPA, FCA, Institute of Chartered Professional Accountants
- CA, NB Institute of Chartered Accountants



## Norma Kelly

**Residence:** Saint John

Ms. Kelly is an experienced professional accountant and internal auditor, having held numerous positions in these professional capacities with private companies and as a current manager of internal audit at a provincial Crown corporation. She brings a wealth of knowledge in corporate governance and in the area of credit unions, having served as President and Vice-President for the Bayview Credit Union Ltd., and on the board of directors for the Brunswick Credit Union Stabilization Board Limited (RMA). She has also served as Treasurer for Saint John Kings Adult Learning Inc. and as well as Treasurer for Fundy Funeral Home Cooperative, as well as serving on numerous boards in the province.

**Appointed:** October 31, 2019

**Term ends:** October 30, 2022

**Committee:**

- Audit and Risk Management (Chair)

**Professional and industry experience:**

- Accounting
- Internal Audit
- Risk Management

- Credit Unions
- Management
- Corporate Strategy

**Education:**

- Chartered Professional Accountants (CPA) designation
- COSO Enterprise Risk Management Program
- Certified Internal Auditor (CIA) designation

- Certificate of Professional Development for Credit Union Directors
- Certified Management Accountant (CMA) designation
- Advanced Certificate in Accounting – University of New Brunswick
- Diploma in Business Technology (Automation) (Honours) N.B. Community College



## Paul Van Iderstine

**Residence:** Moncton

Mr. Van Iderstine is a former audit partner of a national chartered professional accounting firm and served as the Chief Information Security Officer for a national insurance company. His experience in the financial, audit and cybersecurity fields is supported by his strong analytical skills and understanding of governance practices garnered from 30 years of working with various boards and audit committees.

Mr. Van Iderstine has extensive volunteer experience in the community and is a past president of the Moncton West and Riverview Rotary Club and the Windsor and District Board of Trade. He has also served as a Treasurer for the Codiac Regional Police Association, Moncton Headstart Inc., and various other organizations.

**Appointed:** October 31, 2019

**Term ends:** October 30, 2021

**Committee:**

- Audit and Risk Management

**Professional and industry experience:**

- Accounting
- Auditing
- Insurance

- Strategic Planning
- Financial Advisory
- Cybersecurity
- Risk Management

**Education:**

- B. Eng. – Technical University of Nova Scotia
- Chartered Professional Accountant (CPA, CA) – CPA Nova Scotia

- Certified Information Systems Security Professional (CISSP) – ISC2
- GIAC Security Essentials Certification (GSEC) – SANS Institute
- GIAC Critical Controls Certification (GCCC) – SANS Institute



## Marilyn Evans Born

**Residence:** Fredericton

Ms. Evans Born has had an extensive career working for the government of New Brunswick. She retired as the Assistant Deputy Minister of Courts and Chief Sheriff for the Province of New Brunswick. She brings a wealth of knowledge in the policy area and the credit union industry through her former role as Director of Legislation and Policy for the Department of Health, which she occupied for 21 years, and as Executive Director, Policy and Education Branch in the Department of Environment, as well as her service on the board of the New Brunswick Credit Union Deposit Insurance Corporation (NBCUDIC). She also has experience in the consumer affairs sector, having previously occupied the position of Chief Residential Tenancies Officer and Director of Consumer Affairs.

In addition to her experience in public service, her community involvement has included time spent on the York Care Centre Board, the New Brunswick Association of Occupational Therapists and the Canadian Deafblind Association-NB.

**Appointed:** October 30, 2019, effective January 1, 2020

**Term ends:** December 31, 2021

**Committee:**

- Audit and Risk Management

**Professional and industry experience:**

- Public Policy
- Credit Unions
- Legal
- Consumer Affairs

**Education:**

- BA, University of New Brunswick
- LL.B, University of New Brunswick Faculty of Law



## I. Gérald Lévesque

**Residence:** Saint-Basile

Mr. Gérald Lévesque has been practising law in the Edmundston area for more than 30 years. He is skilled in civil and criminal litigation, having appeared at all levels of court, including the Court of Appeal of New Brunswick. He has also served in various capacities on numerous administrative tribunals and boards, including the New Brunswick Branch of the Canadian Bar Association, the New Brunswick Law Foundation, the Law Society of New Brunswick and the Madawaska Law Society, among others.

Mr. Lévesque is an active member of his community and has been involved with many local organizations, including the Foundation Centre Maillet, Hockey New Brunswick, the Children's Wish Foundation and the Knights of Columbus.

**Appointed:** January 21, 2021

**Term ends:** January 20, 2024

**Committee:**

- Human Resources and Governance (since February 24, 2021)

**Professional and industry experience:**

- Civil and Criminal Law
- Tax Law
- Arbitration, Adjudication and Mediation
- Legislation and Decision Writing
- Damages, Disability and Injury Insurance

**Education:**

- LL.B, Faculty of Law - Université de Moncton
- BBA, Université de Moncton

The term of Ms. Céline Robichaud-Trifts, who had been a member for a total tenure of 10 years, ended on January 21, 2021.

# 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 potential 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*.

The Commission also publishes on its website the [Memorandum of Understanding](#) entered into with the Minister, which sets out the responsibilities of each party and the accountabilities expected. In accordance with the *Accountability and Continuous Improvement Act*, the Commission prepares and publishes its Strategy and Business Plan, setting out the goals and objectives to deliver on the strategic and operational direction of the government in the area of the Commission's mandate, as communicated by the Minister in its annual Mandate Letter.



# 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 public sector workplace, the Commission is required to have and has adopted a written procedure to receive disclosures and conduct investigations. In January 2021, all Commission staff received training on the topic of public interest disclosure, the Commission's procedure and alternative reporting options available under the *PID Act*.

As a Crown corporation, the Commission is also required to disclose in its 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 2020-2021.

## 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, the Commission policies, including its Privacy Policy and the Commission's directives and procedures.

The Commission's Privacy Policy incorporates the 10 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 Privacy Officer is responsible for ensuring proper procedures are in place for compliance with the policy.

## New Board Portal

To maximize the security of information exchanged between management and Members, the Commission uses a board portal as a repository for information intended for the board. This past year, the Commission transitioned to a new portal with enhanced features as part of our ongoing efforts to simplify and streamline access to documents. Members and staff received individual training with the service provider's support team, which contributed to an effective transition.

## 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 is led by senior management and includes a detailed overview of our legal framework, strategic direction, operations, key initiatives, financial affairs, governance practices, as well as information technology and cybersecurity. One new Member underwent an orientation in the 2020-2021 fiscal year, which was held through a series of virtual sessions in March. Detailed documentation about the organization and the industries we regulate was made available to the Member in preparation for and throughout the program.

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 to enhance their knowledge of the areas regulated by the Commission and their governance skills.

A description of the common education sessions offered to Members during fiscal year 2020-2021 is set out below:

## Common Education Sessions

Date	Topic	Presenters	Attendees
December 10, 2020 (0.5 hour)	Overview of current initiatives of the Saint John Human Development Council to address social issues and the impact on some of the regulated sectors.	Randy Hatfield, Executive Director of the Saint John Human Development Council	Peter Klohn Michael D. Wennberg Yves Gagnon Céline Robichaud-Trifts Vincent L. Duff Marilyn Evans Born Norma Kelly Paul Van Iderstine Donald French
January 20, 2021 (1.5 hours)	Overview of the roles, responsibilities and current initiatives of Atlantic Central	Michael Leonard, Chief Executive Officer of Atlantic Central	Peter Klohn Michael D. Wennberg Yves Gagnon Céline Robichaud-Trifts Vincent L. Duff Marilyn Evans Born Norma Kelly Paul Van Iderstine Donald French

The total amount of hours allocated to group sessions for fiscal 2020-2021 was two hours.

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 \$4,000 per Member to support Members' learning activities. Below is a list of the courses that Members attended throughout the year:

## Individual Learning Initiatives

Member	Date	Course
Peter Klohn	November 4, 2020	Ontario Securities Commission (OSC) Dialogue
Norma Kelly	June 2, 2020	Public Sector Network - Cyber Security Roadshow
	June 16, 2020	Institute of Internal Auditors - Ransom Attack - What happens next?
	June 18, 2020	Chartered Professional Accountants of Canada - Mastering Your Ethical Intelligence
	August 13, 2020	Institute of Internal Auditors - Auditing Organizational Culture
	September 24, 2020	CFA Institute Investment Foundations Program (consisting of 7 modules over 20 weeks)
	October 16, 2020	Chartered Professional Accountants of Canada - Ethics Technology
	November 18, 2020	Institute of Corporate Directors - Getting to Good Governance
	December 8-9, 2020	Chartered Professional Accountants of Canada - 2020 Conference for Audit Committees
Paul Van Iderstine	September 24, 2020	CFA Institute Investment Foundations Program (consisting of 7 modules over 20 weeks)
	October 6 to November 30, 2020	Chartered Professional Accountants New Brunswick - Fall CPD Virtual Program (consisting of 8 sessions)
	December 8-9, 2020	Chartered Professional Accountants of Canada - 2020 Conference for Audit Committees
Marilyn Evans Born	September 24, 2020	CFA Institute Investment Foundations Program (consisting of 7 modules over 20 weeks)
	December 8-9, 2020	Chartered Professional Accountants of Canada - 2020 Conference for Audit Committees

Member	Date	Course
Michael D. Wennberg	September 24, 2020	CFA Institute Investment Foundations Program (consisting of 7 modules over 20 weeks)
	October 8, 2020	Institute of Corporate Directors - Getting Talent on the Board
	October 27, 2020	NASAA Virtual Fintech and Cybersecurity Symposium
	October 29, 2020	Institute of Corporate Directors - The Board's Role in Advancing Organizational Equity, Diversity & Inclusion
	November 18, 2020	Institute of Corporate Directors - Getting to Good Governance
Céline Robichaud-Trifts	May 28, 2020	Institute of Corporate Directors - Next Level Governance for the New Normal
	September 24, 2020	CFA Institute Investment Foundations Program (consisting of 7 modules over 20 weeks)
	October 27, 2020	Alberta Securities Commission - Adapting to New Market Realities and Fostering Resilience
	October 29, 2020	Institute of Corporate Directors - The Board's Role in Advancing Organizational Equity, Diversity & Inclusion
	November 18, 2020	Institute of Corporate Directors - Getting to Good Governance
Vincent L. Duff	October 28, 2020	Governance Solutions - Board and CEO Succession: Building the Optimal Board
	November 18, 2020	Institute of Corporate Directors - Getting to Good Governance
Donald French	June 2, 2020	Cybersecurity Virtual Roadshow
	September 9-14, 2020	Chartered Professional Accountants Canada - The One Conference
	September 24, 2020	CFA Institute Investment Foundations Program (consisting of 7 modules over 20 weeks)
	October 27, 2020	NASAA Virtual Fintech and Cybersecurity Symposium
	November 18, 2020	Institute of Corporate Directors - Getting to Good Governance

## Diversity

The Commission believes that diversity among members and employees enriches both the board's decision-making process and the Commission's regulatory role by bringing a variety of perspectives to discussion. The Commission supports the appointment of candidates who reflect the gender and linguistic representation as well as the cultural and geographic diversity of the province.

Since 2015, staff at the Commission have been monitoring developments on the topic of diversity. The resulting research is presented on an annual basis to the Members of the Commission. This topic is a standing item for yearly discussion as part of our commitment to maintain best practices in corporate governance. The Commission is committed to diversity and inclusion at all levels of the organization. This report keeps Commission Members apprised of developments in Canada of the trends with respect to diversity on boards, as well as the importance of diversity and inclusion generally in the workplace to attract and retain a more diverse pool of candidates for Member and staff positions.

## Governance review

This past year, the Commission engaged an external consultant to review the governance practices of the organization. The review is intended to identify best practices while considering the nature, scope and complexity of the Commission's mandate, its risk profile and the need for administrative sustainability for an organization of its size.

## 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 2021-2022. 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. Finally, a report on the results of the assessment is provided to the Chief Executive Officer so that any 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. The peer review component will take place in fiscal 2021-2022.

## **Commission Chair and CEO Assessments**

The HRG Committee conducts an annual evaluation of the Commission Chair. The HRG Committee circulates a formal questionnaire to all Members, which covers the Commission Chair's leadership skills with both the Members and senior management. It also evaluates the Commission 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 ongoing 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	Commission Meetings (11) <sup>1</sup>	Audit and Risk Management Committee Meetings (5) <sup>2</sup>	Human Resources and Governance Committee Meetings (6) <sup>3</sup>	Joint Committee Meetings (1)	Auditor Selection Committee Meetings (1) <sup>4</sup>
Peter Klohn	11	5	6	1	N/A
Yves Gagnon	11	5	N/A	1	N/A
Michael D. Wennberg	11	2	6	1	N/A
Céline Robichaud-Trifts <sup>5</sup>	9	2	5	1	N/A
Vincent L. Duff	11	2	6	1	N/A
Norma Kelly	11	5	N/A	1	1
Donald French	11	2	6	1	N/A
Paul Van Iderstine	11	5	N/A	1	1
Marilyn Evans Born	11	5	N/A	1	N/A
I. Gérald Lévesque <sup>6</sup>	2	N/A	N/A	N/A	N/A

1. Commission meetings include special meetings as well as a strategy and business planning session.
2. A special Audit and Risk Management Committee meeting was held on September 2, 2020. Non-Committee Members were invited to attend the May 19 and June 19, 2020 Audit and Risk Management Committee meetings to review the Annual Audit Report and appoint the Auditor respectively.
3. Special Human Resources and Governance Committee meetings were held on June 10, August 22, October 22, 2020 and on February 9, 2021.
4. An Auditor Selection Committee was formed and a single meeting was held on October 2, 2020 to review the responses to the Request for Proposals process. Mr. Van Iderstine participated as representative of the New Brunswick Credit Unions Deposit Insurance Corporation and Ms. Kelly participated as the representative of the Commission.
5. Ms. Céline Robichaud Trifts' term was scheduled to end on September 26, 2020. However, as permitted under the *Financial and Consumer Services Commission Act*, she continued to serve until her position was filled on January 21, 2021. She was a member of the Human Resources and Governance Committee until such date.
6. Mr. Gérald Lévesque was appointed to the Commission on January 21, 2021 and appointed to the Human Resources and Governance Committee on February 24, 2021.



# 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 and non-voting 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 six meetings during the fiscal year, consisting of four regular meetings, one special meeting and one joint meeting with the Human Resources and Governance Committee. The Committee's work covered nine major areas:

#### 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

This year, due to the COVID-19 pandemic, the Committee undertook a more focused risk monitoring review related to business continuity. A Pandemic Response Risk Register was first created for the period March to June 2020 and a second one was created for the period subsequent to June 30, 2020. The Pandemic Response Risk Register lists the risks identified during the

pandemic and business continuity planning process, assesses their impact on the Commission's ability to meet strategic and operational objectives and considers risk mitigation strategies. The Pandemic Response Risk Register was updated on a regular basis and reviewed by the Committee at its regular meetings and now compliments the traditional perpetual risk matrix, which is used by the Committee to review financial, reputational, operational and human capital 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 staff's report on 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 2019-2020 audit period, the Committee met with representatives of PricewaterhouseCoopers LLP (PWC) to review the Commission's audited financial statements and, in accordance with the Commission's governance practice, met with PWC without management. Following the completion of the Commission's 2019-2020 audit, the Committee, with input from management, undertook an assessment of its external auditors using an auditor assessment tool modeled after guidelines published by Chartered Professional Accountants of Canada, the Canadian Public Accountants Board and the Institute of Corporate Directors, and personalized for the Commission's structure.

With the restructuring of the credit union system that occurred January 1, 2020, the Committee also undertook the review of the Brunswick Credit Union Stabilization Board (Risk Management Agency)'s year-end audit for December 31, 2019 and met with representatives of Deloitte LLP (Deloitte).

### **Auditor Selection**

In September 2020, the Commission issued a joint Request for Proposal with the New Brunswick Credit Union Deposit Insurance Corporation (NBCUDIC), for external auditor services. A selection committee was formed with representatives

of the boards for both FCNB and NBCUDIC. Submissions were reviewed by the selection committee, and a proponent was selected for recommendation to the Auditor General. In November 2020, the Auditor General approved the recommendation and appointed Deloitte LLP as the external auditors of the Commission and NBCUDIC commencing for the year-end of March 31, 2021, for a period of five consecutive years.

### **Insurance Assessment**

The Committee reviewed the annual assessment for 2019-2020 for the insurance sector, as prepared by staff of the Commission's Insurance Division, and recommended its approval to the Commission.

### **Credit Union Annual Levies**

In May 2020, the Committee reviewed the costs and expenses to administer the *Credit Unions Act* for the period of January 1 to March 31, 2020, as prepared by staff of the Financial Institutions Division. The Committee recommended their approval to the Commission and that they be recovered from the Deposit Protection Fund. In 2020, the Committee reviewed the proposed amount of money to be levied and collected from the New Brunswick's credit union system for maintaining the Deposit Protection Fund during the calendar year 2020 and recommended its approval to the Commission.

### **Financial Policies**

The Committee completed a review of the Commission's Financial Policies. Changes included terminology updates and updates to reflect funds received by new regulatory areas at the Commission and a new position title as a result of an internal reorganization at the Commission.

### **Commission's IT Systems, Projects and Cybersecurity**

The Committee received quarterly reports from the chief information officer (CIO) concerning the Commission's cybersecurity posture identifying areas of potential risk and associated controls. Additionally, the Committee received regular updates from the CIO concerning the Commission's Information Technology and Regulatory Informatics Division operations and ongoing projects as well as a report from the CIO on the Commission's controls related to common scams that impact organizations and how to mitigate the risk of falling prey to these scams.

## Human Resources and Governance Committee

The Human Resources and Governance Committee is responsible for setting management's compensation structure and for human resources policies. It is also responsible for the Commission's 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 seven meetings during the fiscal year, consisting of two regular meetings, four special meetings and one joint meeting with the Audit and Risk Management Committee. The Committee's work covered seven major areas:

#### Appointment of New Committee Member

The Committee recommended to the Commission the appointment of Mr. Gérald Lévesque to the Human Resources and Governance Committee and his appointment became effective February 24, 2021.

#### 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 Financial and Consumer Services 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, the term of one member expired and one new member was appointed to the Commission for a term of three years.

Vacancies and detail of appointments to the Tribunal are included in the Tribunal's Annual Report available on the Tribunal's [website](#).

#### Salary and Benefits Review

In June 2020, the Commission issued a Request for Proposals for the periodic review of the compensation and benefits for employees performed every four years. A selection committee was formed, including the chair of the Commission and the chair of the Committee; submissions were reviewed; and an external compensation consultant was retained to conduct the review. The consultant's report was presented to the Committee in February 2021. Based on the findings, the Commission has retained the consultant to assist further in updating tools and processes needed to allow the Commission to continue to attract, retain and motivate employees.

## **Review of Governance Practices**

The Committee developed the scope of work for a comprehensive review of the governance practices of the Commission. On recommendation of the Committee, the Commission retained the services of an external governance consultant to perform the review. The review included individual interviews with staff, executive management, board members and representatives from government, all intended to assist with the audit of the Commission's current governance practices and policies. The Commission received the preliminary findings report in February 2021, which contained several recommendations. The consultant will facilitate a series of sessions with both the board and executive management in the coming fiscal year to address the implementation of some of the recommendations.

## **Diversity**

The Committee undertook its fifth annual review of trends on the topic of diversity, with a focus on female representation on boards and in senior management roles, as well as the importance of diversity and inclusion generally in the workplace. 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 intends on undertaking a fulsome review of the Human Resources policies once the recommendations from the consultant with respect to the compensation and benefits review are received.

The Committee received for information an update on amendments made to the following: *Hours of Work Directive* and *Leave From Work Directive*. They were also advised of the implementation of the new *Working Remotely Directive*.

## **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:

Position	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 April 1, 2020 to March 31, 2021. 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 per cent of the total annual compensation earned for the period to a maximum of 50 per cent 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 \$368.

## Members' Remuneration and Expenses

The Members' retainers, service fees and expenses related to travel, meals, hotel, parking and education for the fiscal year 2020-2021 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 <sup>1</sup>	Total remuneration <sup>1</sup>	Expense reimbursement and allowances
Michael D. Wennberg (Rothesay)	August 21, 2013, reappointed on August 21, 2018	August 20, 2022	\$12,000	\$11,900	N/A	\$23,900	\$92
Yves Gagnon (Campbellton)	February 6, 2014; reappointed on August 16, 2018	August 15, 2021	\$12,000	\$10,150	N/A	\$22,150	\$0
Céline Robichaud-Trifts (Moncton)	September 27, 2017	January 21, 2021	\$8,083	\$9,275	N/A	\$17,358	\$100
Vincent L. Duff (Hampton)	August 16, 2018	August 15, 2021	\$10,000	\$11,200	N/A	\$21,200	\$281
Norma Kelly (Saint John)	October 31, 2019	October 30, 2022	\$12,000	\$10,675	N/A	\$22,675	\$607
Donald French (Dieppe)	October 31, 2019	October 30, 2023	\$10,000	\$11,025	N/A	\$21,025	\$219
Paul Van Iderstine (Moncton)	October 31, 2019	October 30, 2021	\$10,000	\$10,325	N/A	\$20,325	\$1,419
Marilyn Evans Born (Fredericton)	January 1, 2020	December 31, 2021	\$10,000	\$9,975	N/A	\$19,975	\$595
I. Gérald Lévesque (Edmundston)	January 21, 2021	January 20, 2024	\$1,944	\$2,275	N/A	\$4,219	\$0

1. All meetings were held virtually due to the pandemic. Therefore, no allotment for travel time was made during the fiscal year.