

Report on Governance Practices

Prepared by the Financial and
Consumer Services Commission

September 2020



**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 direction and supporting business plan, 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 2019-2020 were:



Peter Klohn (Chair)
Residence: Rothesay

Mr. Klohn was appointed Chair of the Financial and Consumer Services Commission on 1 January 2014 for a five-year term, which 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.

Mr. Klohn 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 Commission's predecessor organization, the New Brunswick Securities Commission in 2004. He later 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, Nova Scotia, 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.

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. Throughout his career, Mr. Klohn has been active in community and legal affairs, including as a former member of the Council for the NB Branch of the Canadian Bar Association. In March of 2019 and February 2020, he was awarded a certificate for completing the Strategic Management of Regulatory and Enforcement Agencies and the Leadership Decision Making programs, respectively, from the Harvard Kennedy School of Government, Executive Education.

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
- ICD.D, Corporate Director



Yves Gagnon (Vice Chair)
Residence: Campbellton

Mr. Gagnon is the Chief Executive Officer at Allen, Paquet & Arseneau LLP 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 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

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 or its predecessor firm for 30 years. He served as the firm's corporate-commercial practice manager and 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

Committee:

- 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



Céline Robichaud-Trifts
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, the New Brunswick Securities Commission and 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 (until 11 December 2019)
- Human Resources and Governance (since 11 December 2019)

Professional and industry experience:

- Governance and Human Resources
- Risk Management
- Strategic Planning
- Health Care
- 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.
- ICD.D, Corporate Director



Vincent L. Duff
Residence: Hampton

Mr. Duff worked as a chartered accountant with the firm Grant Thornton LLP for over 40 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: 16 August 2018
Term ends: 15 August 2021

Committee:

- Human Resources and Governance

Professional and industry experience:

- Accounting
- Auditing
- Insolvency
- Automobile Insurance

Education:

- Chartered accountant



Donald French
Residence: Dieppe

Mr. French is a retired professional accountant with over 40 years of experience. For over 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, 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: 31 October 2019
Term ends: 30 October 2023

Committee:

- Human Resources and Governance (since 11 December 2019)

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 is the current Treasurer for Saint John Kings Adult Learning Inc. and has also served as Treasurer for Fundy Funeral Home Cooperative, as well as serving on numerous boards in the province.

Appointed: 31 October 2019
Term ends: 30 October 2022

Committee:

- Audit and Risk Management (Chair since 11 December 2019)

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: 31 October 2019
Term ends: 30 October 2021

Committee:

- Audit and Risk Management (since 11 December 2019)

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, as well as her experience as Executive Director, Policy and Education Branch in the Department of Environment, and 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 Rentalsman 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: 30 October 2019, effective 1 January 2020
Term ends: 31 December 2021

Committee:

- Audit and Risk Management (since 1 January 2020)

Professional and industry experience:

- Public Policy
- Credit Unions
- Legal
- Consumer Affairs

Education:

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

The terms of Ms. Ginette Verret-Morin and Mr. Jim Dunlap, who had been members since 2016, ended on 11 July 2019. The term of Ms. Paulette Robert, who had been reappointed to the Commission in 2017, ended on 31 December 2019. The term of Ms. Lisa Taylor, who had been a member since 2017, ended on 13 September 2019 as she resigned to pursue a professional opportunity outside of the province.

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, the Commission is 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 2019-2020.

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.

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 and key initiatives, financial affairs, governance practices, as well as information technology and cybersecurity. Four new Members underwent an orientation in the 2019-2020 fiscal year, which was held over two days in November. Members received detailed documentation about the organization 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 that 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 2019-2020 is set out below:

| Continuing Education | | | |
|----------------------------------|---|--|---|
| Date | Topic | Presenters | Attendees |
| 12-13 June 2019 (12.25 hours) | Risk-Based Regulation <ul style="list-style-type: none"> • Performance management and measurement in a risk-control setting • Management of Discretion • Executive Leadership and Member workshop | Professor Malcolm K. Sparrow, <i>Professor of the Practice of Public Management at Harvard's John F. Kennedy School of Government</i> | Peter Klohn Paulette Robert Michael D. Wennberg Yves Gagnon Ginette Verret-Morin Jim Dunlap Céline Robichaud-Trifts Lisa Taylor Vincent L. Duff |
| 26-27 June 2019 (4.75 hours) | Financial Institutions information sessions covering: <ul style="list-style-type: none"> • the credit union regulatory structure between FCNB, NBCUDIC, and RMA; and the deposit protection fund; • the role and mandate of Atlantic Central and League Savings; • the role and services of League Data; • the role of the Credit Union Managers Association; and • the roles of the Canadian Credit Union Association | Etienne LeBoeuf, <i>Director, Financial Institutions and Designate Superintendent of Credit Unions - FCNB</i> , Jean-Guy LeBlanc, <i>CEO - NBCUDIC</i> and Jeff Harriman, <i>Supervisor - RMA</i> Joe Malek, <i>VP Strategic Change - Atlantic Central and League Savings</i> Ian MacNeil, <i>CEO - League Data</i> Lisa Loughery, <i>Chair - Credit Union Managers Association</i> Jennifer English, <i>Director, Government Relations - (Atlantic) Canadian Credit Union Association</i> | Peter Klohn Paulette Robert Michael D. Wennberg Yves Gagnon Ginette Verret-Morin Jim Dunlap Céline Robichaud-Trifts Lisa Taylor Vincent L. Duff |

| Continuing Education | | | |
|------------------------------|--|---|---|
| 11 December 2019 (1 hour) | Human Resource Policies | Jackie Gomes, <i>Human Resources Officer - FCNB</i> | Peter Klohn Paulette Robert Michael D. Wennberg Yves Gagnon Céline Robichaud-Trifts Vincent L. Duff Donald French Paul Van Iderstine Norma Kelly |
| 4 February 2020 (3 hours) | Insights Discovery Personal and Team Effectiveness Session | Donald Arsenaault, <i>Insights Atlantic</i> | Peter Klohn Vincent L. Duff Donald French Paul Van Iderstine Norma Kelly Marilyn Evans Born |
| 5 February 2020 (1 hour) | Suitability and Licensing Decisions | Catherine Haines, <i>Deputy Director of Licensing - Insurance Division - FCNB</i> | Peter Klohn Michael D. Wennberg Céline Robichaud-Trifts Vincent L. Duff Donald French Paul Van Iderstine Norma Kelly Marilyn Evans Born |
| 6 February 2020 (1 hour) | Overview of the Senior's Initiative | Deborah Gillis, <i>Senior Legal Counsel, Legal Services - FCNB</i> | Peter Klohn Michael D. Wennberg Yves Gagnon Céline Robichaud-Trifts Vincent L. Duff Donald French Paul Van Iderstine Norma Kelly Marilyn Evans Born |

The total amount of hours allocated to group sessions for fiscal 2019-2020 was 23 hours.

In addition to the group sessions offered by the Commission, Members are encouraged to pursue individual learning initiatives 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:

| Member | Date | Course |
|-------------------------|---------------------|--|
| Peter Klohn | 16-17 April 2019 | 2019 Biennial Canadian Securities Administrators Commissioners Conference |
| | 21-22 January 2020 | The Canadian Institute – 15 th Annual Crown Corporate Governance Conference (Co-chair) |
| | 23-28 February 2020 | Harvard Kennedy School of Government – Leadership Decision Making |
| Paulette Robert | 15 May 2019 | Institute of Corporate Directors – Board Oversight of Harassment |
| | 19 September 2019 | Institut des administrateurs de sociétés – La gouvernance dans le modèle coopératif |
| Yves Gagnon | 16-17 April 2019 | 2019 Biennial Canadian Securities Administrators Commissioners Conference |
| | 15 May 2019 | Institute of Corporate Directors – Board Oversight of Harassment |
| | 21-22 January 2020 | The Canadian Institute – 15 th Annual Crown Corporate Governance Conference |
| Michael D. Wennberg | 20 November 2019 | Institute of Corporate Directors – Harassment, Social Media and the Fireworks When Both Intersects |
| | 21-22 January 2020 | The Canadian Institute – 15 th Annual Crown Corporate Governance Conference |
| Céline Robichaud-Trifts | 19 September 2019 | Institut des administrateurs de sociétés – La gouvernance dans le modèle coopératif |
| | 30 October 2019 | Institute of Corporate Directors – Cyber Time: Cybersecurity Crash Course for Directors and Executives |
| Vincent L. Duff | 21-22 January 2020 | The Canadian Institute – 15 th Annual Crown Corporate Governance Conference |

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. This assessment took 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. 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 took place this year.

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 through the Human Resources software utilized for all Commission staff performance reviews.

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 | Meetings | | | | |
|--------------------------------------|------------------------------|---|--|---------------------|---------------------------------------|
| | Commission (12) ¹ | Audit and Risk Management Committee (5) | Human Resources and Governance Committee (5) | Joint Committee (1) | CEO Search Committee (5) ² |
| Peter Klohn | 12 | 5 | 5 | 1 | 5 |
| Yves Gagnon | 12 | 5 | N/A | 1 | 5 |
| Paulette Robert ³ | 9 | 4 | N/A | 1 | N/A |
| Michael D. Wennberg ⁴ | 12 | 2 | 5 | 1 | 5 |
| Ginette Verret-Morin ⁴ | 2 | 1 | 1 | N/A | N/A |
| Jim Dunlap ⁴ | 2 | 1 | 1 | N/A | N/A |
| Lisa Taylor ⁵ | 4 | 3 | N/A | 1 | 4 |
| Céline Robichaud-Trifts ⁶ | 12 | 4 | 1 | 1 | 4 |
| Vincent L. Duff | 12 | 2 | 5 | 1 | N/A |
| Norma Kelly ⁷ | 5 | 1 | N/A | 1 | N/A |
| Donald French ⁷ | 5 | N/A | 1 | 1 | N/A |
| Paul Van Iderstine ⁷ | 5 | 1 | N/A | 1 | N/A |
| Marilyn Evans Born ⁸ | 3 | 1 | N/A | N/A | N/A |

1. Commission meetings include special meetings as well as the business planning session.
2. The CEO Search Committee was established in July 2019 in anticipation of the Spring 2020 CEO retirement.
3. Ms. Robert's term ended on 31 December 2019. She was a member of the Audit and Risk Management Committee until such date.
4. Non-Committee Members were invited to attend the June and October 2019 Audit and Risk Management Committee meetings to review the Annual Audit Report and Selection of the Auditor respectively. Ms. Verret-Morin and Mr. Dunlap's terms ended on 11 July 2019.
5. Ms. Taylor served as chair of the Audit and Risk Management Committee until she resigned effective 13 September 2019 to pursue other professional opportunities outside of the province. Mr. Klohn assumed the chairing responsibilities on an interim basis until Ms. Kelly took on the role on 11 December 2019.
6. Ms. Robichaud-Trifts was a member of the Audit and Risk Management Committee until she became a member of the Human Resources and Governance Committee on 11 December 2019.
7. Mr. Van Iderstine, Ms. Kelly and Mr. French were appointed to the Commission on 31 October 2019. On 11 December 2019, Mr. Van Iderstine and Ms. Kelly were appointed to the Audit and Risk Management Committee, with Ms. Kelly being appointed as Committee chair, and Mr. French was appointed to the Human Resources and Governance Committee.
8. Ms. Evans Born was appointed to the Commission with an effective date of 1 January 2020. She also became a member of the Audit and Risk Management Committee on 1 January 2020.

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 2019-2020, consisting of four regular meetings, one special meeting and one joint meeting with the Human Resources and Governance Committee. The Committee's work covered eight major areas:

Changes in Committee Members

Ms. Lisa Taylor resigned from her position with the Commission, including her role as Chair of the Committee, effective 13 September 2019 to pursue a professional opportunity outside of the province. In December 2019, Ms. Norma Kelly was appointed as Chair of the Committee and Mr. Paul Van Iderstine joined the Committee. Ms. Paulette Robert was a member of the Committee until 31 December 2019 and Ms. Marilyn Evans Born joined the Committee effective 1 January 2020. Ms. Céline Robichaud-Trifts was a member of the Committee until 11 December 2019. Mr. Yves Gagnon continued as a member of the Committee throughout all of 2019-2020.

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), 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. Additionally, the Committee received quarterly reports from the chief information officer concerning the Commission's cybersecurity posture identifying areas of potential risks and associated controls. 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 and 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 2018-2019 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, and then without the Chair. Following the completion of the 2018-2019 audit, the Committee, with input from management, undertook an assessment of its external auditors using an auditor assessment tool modeled after CPA guidelines, and adapted for the Commission's structure.

Insurance and Credit Union Assessments

The Committee reviewed the annual assessments from 2018-2019 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 forward-looking agenda. The Committee's terms of reference were modified to reflect the recent re-assignment of functions previously held by the Chief Financial Officer to now reference the Director of Corporate Services and to include added responsibilities with respect to the adequacy of the Deposit Protection Fund and new credit union regulatory regime under the responsibilities of the Committee.

Financial Policies

The Committee completed a review of its *Financial Authority Policy* to address changes to the Commission's management structure, including the removal of the CFO position and reassignment of duties to Vice Presidents or the Director of Corporate Services, as appropriate. The remaining annual review of the Commission's Financial Policies were deferred to later in 2020.

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 nine major areas:

Appointment of new Audit and Risk Management Committee Chair

The Committee recommended to the Commission the appointment of Ms. Norma Kelly as Chair of the Audit and Risk Management Committee and her appointment to that role became effective 11 December 2019.

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, four new Members were appointed to the Commission; these terms were for periods varying between two and four years. The terms of three members expired during the fiscal year and one member resigned.

Vacancies and detail of appointments to the Tribunal are included in the Tribunal’s Annual Report available on the Tribunal’s website.

Review of Members’ Remuneration

The Committee conducted its biennial review of the Commission Members’ remuneration model. Under the direction of the Committee, staff conducted research of similar organizations in the Province of New Brunswick and presented the report to the Committee. The Committee considered the results of this comparative analysis of different compensation models and levels used by other New Brunswick agencies, boards and commissions, and determined that the members’ remuneration model remains competitive. On the Committee’s recommendation, the review cycle was moved to every four years instead of two.

Organizational Structure Review

The Committee considered a proposed organizational structure to be implemented by the Commission in June 2019. The goal of the restructuring was to bring together core competencies, facilitate divisional collaboration through a more integrated model, leverage the power of information technology and better align with the business strategy. Among other changes, the new structure introduced the creation of vice president positions.

Board Diversity

The Committee undertook its fourth annual review of trends on the topic of board 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.

Commission Evaluation

A fulsome Commission evaluation process, led by the Committee, was conducted this year. This process is undertaken every other year and consists of evaluating the performance of the Commission as a whole, its members and its standing committees.

While the performance of the Commission and its standing committees is evaluated through the Members' Questionnaire, the Commission members are assessed through private meetings with the Chair. This year, the process also included a member peer review component, in addition to existing self-evaluation process for members.

Review of Commission Policies and By-laws

To correspond to staff's obligations under the *Alcohol and Drug Free Workplace Directive* developed in response to the legalization of cannabis, the Committee considered, and the Commission implemented, changes to the *Governance Policy* to include the obligation for Members to report fit for work when attending Commission meetings or related events such as conferences, networking events and training sessions. On the Committee's recommendation, the Commission also amended By-Law No. 1 to reflect best practices for chairs' voting rights, changes to the office of Chief Financial Officer resulting from the 2019 June reorganization, as well as changes required for consistency with the *Financial and Consumer Services Commission Act*.

Human Resources Matters

The Committee conducted its annual review of the Human Resources Policies. As part of the review, the Committee was informed of changes to the *Respectful Workplace and Harassment Prevention Directive* and the *Workplace Violence Prevention Directive*, which were implemented in response to changes to the General Regulation – *Occupational Health and Safety Act* mandating the adoption of a code of practice to address harassment as workplace health and safety hazards. The Committee also received the 2018-2019 report on staff’s training and performance reviews and recommended that a comprehensive employee salary and benefit program review be conducted in fiscal 2020-2021.

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.

CEO Search Committee and New CEO

In July 2019, the Commission established an ad hoc CEO Search Committee in response to the CEO’s planned retirement. The Committee consisted of Mr. Peter Klohn (Chair), Mr. Yves Gagnon (Vice-Chair), Ms. Lisa Taylor (Chair of the Audit and Risk Management Committee) and Mr. Michael Wennberg (Chair of the Human Resources and Governance Committee). Mr. Wennberg acted as Committee Chair and Ms. Manon Losier (VP, Legal, Education & Regulatory Support Services) acted as Committee Secretary. Following the announcement of Ms. Taylor’s departure scheduled for September 2019, Ms. Céline Robichaud-Trifts joined the Committee in July 2019. The Committee met five times and developed the selection criteria and a position description based on required competencies. The position was advertised both internally and externally at a national level. The Committee reviewed applications, conducted interviews and made a recommendation to the Commission for appointment of a CEO. The successful candidate, Mr. Kevin Hoyt, was appointed CEO on 1 November 2019 with an effective date of 1 January 2020.

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

The *Act* bifurcates the positions of Chair and Chief Executive Officer to align more closely with modern corporate governance practices. At the time of the establishment of FCNB in 2013, based on its mandate and the requirement to oversee the integration of diverse regulatory units and a large complement of employees from different parts of Government, FCNB retained a Chair who would assume a hybrid role with elements of an executive chair position. This governance design is unique among New Brunswick Crown entities, which follow a non-executive chair model.

Mr. Klohn received an annual compensation of \$137,000 for his services for the period 1 April 2019 to 31 March 2020. 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 \$17,993.

Members' Remuneration and Expenses

The Members' retainers, service fees and expenses related to travel, meals, hotel, parking and education for the fiscal year 2019-2020 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 | 31 December 2019 | \$7,500 | \$8,750 | \$2,300 | \$18,550 | \$6,669 |
| Michael D. Wennberg (Rothsay) | 21 August 2013, reappointed on 21 August 2018 | 20 August 2022 | \$12,000 | \$19,775 | \$300 | \$32,075 | \$5,349 |
| Yves Gagnon (Campbellton) | 6 February 2014; reappointed on 16 August 2018 | 15 August 2021 | \$12,000 | \$13,475 | \$2,900 | \$28,375 | \$12,726 |
| Ginette Verret-Morin (Edmundston) | 12 July 2016 | 11 July 2019 | \$2,826 | \$3,500 | \$1,100 | \$7,426 | \$2,868 |
| Jim Dunlap (St. Stephen) | 12 July 2016 | 11 July 2019 | \$2,826 | \$2,975 | \$600 | \$6,401 | \$2,195 |
| Lisa Taylor (Upper Kingsclear) | 27 September 2017 | 13 September 2019 | \$5,446 | \$5,075 | \$400 | \$10,921 | \$1,482 |
| Céline Robichaud-Trifts (Moncton) | 27 September 2017 | 26 September 2020 | \$10,000 | \$14,175 | \$1,500 | \$25,675 | \$8,106 |
| Vincent L. Duff (Hampton) | 16 August 2018 | 15 August 2021 | \$10,000 | \$13,475 | \$500 | \$23,975 | \$7,331 |
| Norma Kelly (Saint John) | 31 October 2019 | 30 October 2022 | \$4,799 | \$5,600 | \$200 | \$10,599 | \$1,254 |
| Donald French (Dieppe) | 31 October 2019 | 30 October 2023 | \$4,185 | \$5,600 | \$600 | \$10,385 | \$2,022 |
| Paul Van Iderstine (Moncton) | 31 October 2019 | 30 October 2021 | \$4,185 | \$5,600 | \$600 | \$10,385 | \$2,158 |
| Marilyn Evans Born (Fredericton) | 1 January 2020 | 31 December 2021 | \$2,500 | \$3,850 | \$400 | \$6,750 | \$1,133 |

1. Variation in expenses reflects in part the distance to travel to Commission-related events.