

OTTAWA CARLETON REGIONAL
TRANSIT COMMISSION
EMPLOYEES' PENSION PLAN

*GOVERNANCE
PLAN*

December 5, 2023

Signed: _____

Name: Isabelle Jasmin

Title: Deputy City Treasurer Corporate Finance

Date: _____

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Section 1: Mission Statement

The Mission of Ottawa Carleton Regional Pension Plan (the Plan) is to contribute to the financial security of Members and Beneficiaries by efficiently delivering lifetime pensions during retirement with a high degree of security, and Principles.

The pursuit of this mission will be supported by:

1. Complying with the Plan Text, the Custodian Agreement and all relevant provisions of the applicable Collective Agreements between the City and Union Representatives, as well as statutory and fiduciary obligations
2. Establishing a funding policy
3. Setting an investment policy to ensure a high level of security of benefits while maximizing the investment risk/reward trade-off
4. Providing accurate and timely Plan administration services to Members and Beneficiaries, and
5. Communicating with the City of Ottawa Elected City Council Members (the "Council"), the Finance and Corporate Services Committee (the "FCSC"), the Senior Leadership Team (the "SLT"), the SLT Delegates (the "SLT Delegates"), Pension Advisory Committee ("PAC"), Plan Members and the Union Representatives in an open and timely manner.

Section 2: Statement of Governance Objectives and Principles

A. GOVERNANCE OBJECTIVES

The objectives of the governance policy are to:

1. Ensure compliance with the Plan Text, relevant provisions of the applicable Collective Agreements, applicable legislations, and the custodian agreement;
2. Ensure all fiduciaries and agents of the Plan meet their obligations;
3. Conduct the Plan's operations in a prudent, equitable and efficient manner; and
4. Ensure a high level of security of benefits.

B. THE SCOPE OF PLAN GOVERNANCE

The scope of Plan governance includes:

1. The administration of benefits;
2. Management of the Plan;
3. The investment of the assets of the Plan; and
4. Communication Strategy.

C. GOVERNANCE PRINCIPLES

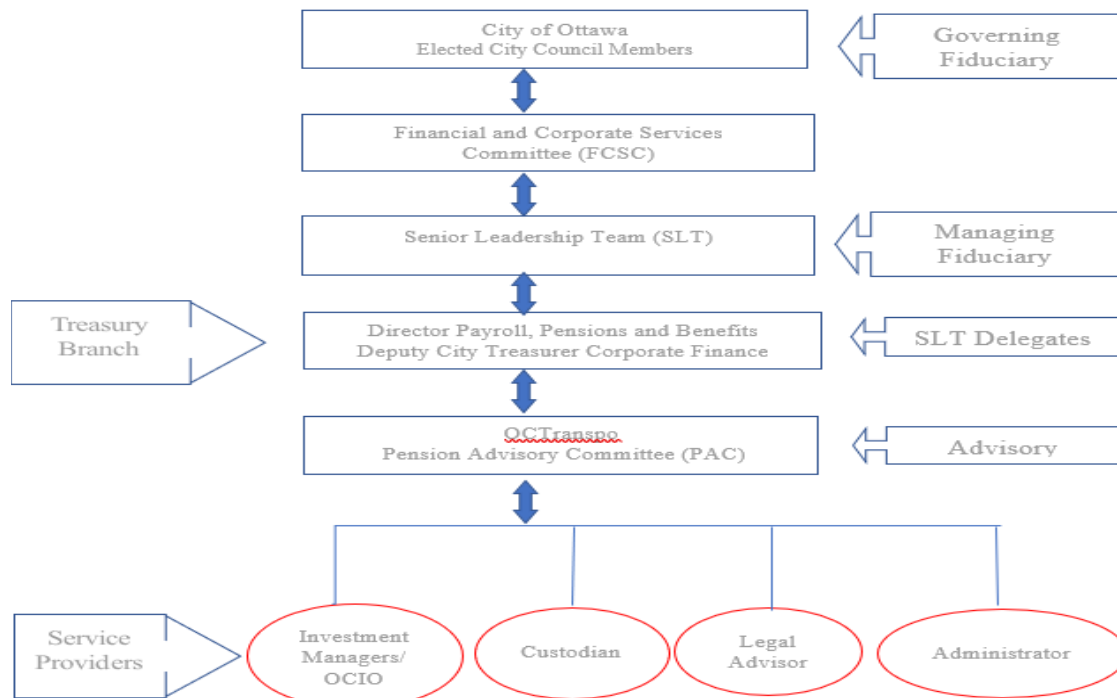
The following principles are employed in the design of the governance structure and the on-going governance of the Plan:

1. The Plan should have a clear mission;
2. The primary fiduciary duty of the Council is to Plan Members and Beneficiaries. This includes a duty of loyalty to the Plan Members and Beneficiaries over and above loyalties to other parties;
3. Responsibilities and accountabilities should be allocated clearly. Each participant in the governance, management and operation of the Plan shall have a clearly defined and documented role, and an identified party to whom he/she is accountable. Accountability is enhanced by disclosure;
4. Performance should be measured and reported; and

- There shall be a periodic assessment of the Plan's governance processes. These governance processes must be reviewed and modified over time to ensure their effectiveness.

D. THE GOVERNANCE POLICY

- The Council is responsible for adopting policies that govern the Plan as well as the City's relationship with the Members and the Beneficiaries of the Plan, the Union Representative and the service providers.
- In order to effectively manage and fulfill its responsibilities of supervision and governance of the Plan, the Council has implemented the following governance Structure:



E. GOVERNANCE REVIEW

1. The Council will periodically, but not less frequently than every three years, conduct an assessment of the governance and performance of the Plan.
2. The review will include topics such as:
 - a. The achievement of Terms of Reference of each of the parties;
 - b. The degree of adherence to the governance principles; and
 - c. The effectiveness of:
 - i. The governance process;and
 - ii. Relations with the Beneficiaries of the Plan, the Council, the SLT, the Union Representatives and the Operating Fiduciaries.

Section 3: The Council and the FCSC Term of Reference

A. GENERAL

The Council has the authority to create, Amend, govern, manage, and operate the Plan. However, it has delegated most of its responsibilities to the different entities presented in Section 2.

B. RESPONSIBILITIES OF THE FCSC

1. The FCSC serves as the Council liaison with the other pension governance entities.
2. The FCSC has delegated tasks to the SLT, including the adoption of non-material amendments to the Plan, changes in governance principles and the management, and operation of the Plan.

C. OBJECTIVES OF THE COUNCIL AND THE FCSC

1. To safeguard the long-term financial interest of the Members and Beneficiaries of the Plan.
2. To ensure that the governance structure is relevant and optimal so the investment and administrative functions of the Plan comply with the terms of the Custodian Agreement, Plan Text, all policies adopted by the Council, applicable legislations in a manner which fulfills the fiduciary obligations of all parties who are fiduciaries in relation to the Plan.

Section 4: The SLT, its Delegates and the Treasury Staff Terms of Reference

A. GENERAL

The SLT has received authority from the FCSC to manage and operate the Plan, on behalf of the Council. To ensure an efficient Plan administration, the SLT has delegated all its responsibilities to the SLT Delegates which are the Director, Payroll and Benefits and the Deputy City Treasurer, Corporate Finance.

The SLT Delegates are also members of the PAC, whose purpose is to assist the SLT Delegates.

B. ROLE OF THE SLT DELEGATES

1. The SLT Delegates were given the authority to manage and operate the Plan including signing authority for services retained to manage the Plan; and
2. The SLT Delegates may, as it sees fit in order to meet its responsibilities, retain the services of service providers, such as Outsource Chief Investment officer (OCIO), investment managers, custodian, external advisors and an Administrator. In this event, the SLT Delegates shall oversee the performance of such service providers.

C. OBJECTIVES OF THE SLT DELEGATES

1. To safeguard the financial interests of the Members and Beneficiaries of the Plan;
2. To ensure that the investment and administrative functions of the Plan comply with the terms of the Custodian Agreement, Plan Text, all policies, applicable legislations in a manner which fulfills the fiduciary obligations of all parties who are fiduciaries to the Plan; and
3. To achieve the Results, while adhering to the Limitations specified in this section.

D. RESPONSIBILITIES OF THE SLT DELEGATES

1. General Responsibilities
 - a) Formulate a Mission Statement;
 - b) Consider special cases or requests from Members, Beneficiaries and Union Representatives;

- c) Ensure that letters of engagement or contracts exist with all external service providers;
- d) Appoint and/or replace OCIO, Investment Managers, Custodian, Actuary, Investment Consultant, Legal Advisor, Auditor, Administrator. and any other service providers;
- e) Approve performance measures, reward systems and standards for service providers;
- f) Assign or delegate duties to the Administrator, Actuary, OCIO, Consultant, and any other service providers;
- g) Ensure controls are in place to prevent material errors, inefficiencies, and fraud and to detect these quickly if they occur;
- h) Oversee review of structure of the PAC and create or remove committees as necessary;
- i) Determine the composition of members for the committees; and
- j) Develop guidelines and rules for the attendance by the PAC members to conferences or educational seminars as set forth in the Educational Policy at Appendix A.

2. Investment Related Responsibilities

- a) Approve, adopt and review, at least annually, the Statement of Investment Policies and Procedures (“SIP&P”);
- b) Approve OCIO/Investment recommendations; and
- c) Approve performance objectives and benchmarks.

3. Valuation Related Responsibilities

- a) Review and approve funding strategy including actuarial funding method;
- b) Review and approve actuarial assumptions; and
- c) Receive and approve actuarial reports.

4. Administration Related Responsibilities

- a) Interpret Plan provisions and establish administrative policies;
- b) Review and approve any changes to existing administrative policies;

- c) Review and approve payments from the fund including payment of benefits, expenses, and disbursements; and
 - d) Review and approve audited financial statements.
- 5. Communication Related Responsibilities
 - a) Set Plan communication strategy;
 - b) Oversee ongoing Plan communications; and
 - c) Review changes to Plan communication material.
- 6. Governance Responsibilities
 - a) Oversee the governance processes involved in managing and operating the Plan;
 - b) At least once every three years, assess the governance structure and processes, including performance of the PAC, OCIO and service providers and report or make recommendations to the SLT; and
 - c) Oversee issues relating to level of general Plan expenses and the adequacy of the Expense Policy set forth in Appendix B.

E. RESULTS EXPECTED FROM THE SLT DELEGATES

- 1. Enhanced security of Plan assets;
- 2. Compliance of the investment and administrative services, with the Custodian Agreement, Plan Text, all policies adopted by the SLT Delegates or the Council, and all applicable legislations; and
- 3. Efficient delivery of Benefits to Plan Members and Beneficiaries.

F. LIMITATIONS ON THE METHODS UTILIZED BY THE SLT DELEGATES

In the pursuit of its objectives and results, the SLT Delegates shall at all times:

- 1. Operate in compliance with the Custodian Agreement and Plan Text and all policies adopted by the SLT Delegates;
- 2. Utilize only methods and processes which comply with applicable legislation and the requirements of regulatory authorities;
- 3. Utilize only methods and processes which are prudent;
- 4. Maintain title or other appropriate records to all assets of the Plan in the name of, or for the account of, the Plan;

5. Maintain the integrity of financial reporting and administration systems and associated records; and
6. Utilize methods or processes that are consistent with the fulfillment of fiduciary obligation arising from the Plan.

Section 5: The PAC Terms of Reference

A. ROLE OF THE PAC

1. Perform the duties specified under Section B below, required for the successful management and operation of the Plan in a manner consistent with the terms of the Plan and applicable legislations.
2. Assist the SLT Delegates relative to its responsibilities concerning the management and operation of the Plan.

B. RESPONSIBILITIES OF THE PAC

1. General Responsibilities
 - i. Advise the SLT Delegates on any issue that needs to be reviewed;
 - ii. Provide reports to the SLT Delegates as required; and
 - iii. Advise on Plan compliance issues.
2. Valuation Related Responsibilities
 - a) Review actuarial reports.
3. Administration Related Responsibilities
 - a) Oversee administration services, including of changes in legislation;
 - b) Oversee maintenance of Plan records including, Plan Text with all amendments, Custodian Agreement with all amendments, all minutes of meetings, all financial statements, SIP&P, all data, documentation and correspondence related to Plan administration including correspondence with Actuary, OCIO or investment Manager(s) and audit of Members in receipt of a monthly benefit from the Plan as requested by the SLT Delegates;
 - c) Review financial statements including custodial financial statements and extracts of audited financial statements;
 - d) Review year-end report reconciling contributions, benefit payments, Plan membership, expenses, and other pertinent information for the SLT Delegates to review;
 - e) Make recommendations with respect to the appointment or replacement of the Administrator; and

- f) Report promptly to the SLT Delegates any failure to appoint members to the PAC that would result in the PAC not being properly constituted, including conflict of interest situations.
- 4. Plan Design/Official Documents Related Responsibilities
 - a) Review and recommend Plan amendments; and
 - b) Review and recommend amendments to Custodian Agreement.
- 5. Communication Related Responsibilities
 - a) Review and recommend Plan communications including contents of annual Member statements and educational seminars.

C. RESULTS EXPECTED FROM THE PAC

- 1. Timely and accurate provision of the foregoing services
- 2. Effective assistance to the SLT Delegates in achieving:
 - a) The Plan's administration objectives;
 - b) Oversight of the external administration agents;
 - c) Compliance with the terms of the Plan, applicable legislation and the requirements of regulatory authorities and fiduciary obligations; and
 - d) Compliance with financial/funding rules established by the SLT Delegates.

D. LIMITATIONS ON THE METHODS UTILIZED BY THE PAC

In the pursuit of these objectives and results, the PAC members shall at all times:

- 1. Utilize only methods and processes which:
 - a) Comply with applicable legislation and the requirements of regulatory authorities and regulations;
 - b) Are prudent; and
 - c) Are consistent with the fulfillment of fiduciary obligations arising under the Plan;
- 2. Operate in compliance with the Plan and all policies adopted by the Council or its delegates;
- 3. Maintain the integrity of financial reporting and other systems; and

4. Maintain documentation of major Plan administration procedures found in the attachments to this document.

Section 6: The Administrator Terms of Reference

A. ROLE OF THE ADMINISTRATOR

1. Perform the duties specified under Section B below, required for the successful management and operation of the Plan in a manner consistent with the terms of the Plan, applicable legislation and the requirements of regulatory authorities;
2. Provide optimal Plan administration services to the Plan and Plan Members; and
3. Assist the SLT Delegates relative to the management and operation of the Plan.

B. RESPONSIBILITIES OF THE ADMINISTRATOR

1. General Responsibilities

- a) Follow procedures established by the SLT Delegates;
- b) Provide reports to the PAC as required;
- c) Respond to queries from Union Representatives, Members and Beneficiaries of the Plan;
- d) Respond to queries and provide information to the SLT Delegates, PAC and, Actuary, Strategic Consultant, Auditor, Investment Manager(s)/OCIO, Investment Consultant, Custodian, Legal Counsel and other agents that may be retained from time to time;
- e) Where required, submit claims or requests to the SLT Delegates for approval; and
- f) Assist the Committee members in keeping contracts current and monitoring compliance where appropriate.

2. Administration Related Responsibilities

- a) Establish and maintain Member records required for administration including spousal, beneficiary, address, service, contributions, earnings, and accrual of service credits data on Master Record-Keeper system or provide same accurate information to Master Record-Keeper to update the system;
- b) Maintain Pensioner, Beneficiary, Limited Member and Former Member records on the Administration system;

- c) Enroll new Members and obtain missing data;
- d) Calculate and process all Member benefits (terminations, death, retirement, LTD, marriage breakdown, etc.);
- e) Authorize benefit related payments from the pension Fund subject to PAC approval;
- f) Produce a year-end report reconciling contributions, benefit payments, Plan membership and other pertinent information for the PAC to review as required;
- g) Record and reconcile monthly pension payment registry from Custodian and reconcile contributions remitted to Collective Agreement and report any discrepancies;
- h) Assist Auditor, as needed, in its preparation of annual financial statements for the Plan;
- i) Recommend and implement systems changes;
- j) Ensure that appropriate resources are allocated to the administration activities;
- k) Recommend course of action to correct inefficiencies or administrative policies to deal with exceptional cases;
- l) Set administrative policies for day-today activities;
- m) Complete Annual Information Returns;
- n) Provide operation and administration services for payment of general Plan expenses as set forth in Appendix B;
- o) Process all Plan expenses through the Chairman of the SLT Delegates and/or the Custodian;
- p) Provide a summary of expenses for approval by the SLT Delegates;
- q) Oversee reconciliation of expenses paid by Custodian and report any discrepancies;
- r) Coordinate audit of Members in receipt of a monthly benefit from the Plan when requested by the SLT Delegates; and
- s) Make application for GST/HST rebate.

3. Valuation Related Responsibilities

- a) Provide the Actuary any requested information required for actuarial purposes.

4. Meeting Related Responsibilities

- a) Assist SLT Delegates in making arrangements for meetings, and notify each committee member and other appropriate parties as necessary of details relating to the meetings;
- b) Assist SLT Delegates in preparing meeting agendas and binders containing relevant material; and
- c) Act as administrative secretary all meetings and prepare minutes.

C. RESULTS EXPECTED FROM THE ADMINISTRATOR

- 1. Timely and accurate provision of the foregoing services.
- 2. Effective assistance to the SLT Delegates and the PAC in achieving:
 - a) The Plan's administration objectives;
 - b) Oversight of the external administration agencies;
 - c) Compliance with the terms of the Plan, applicable legislation and the requirement of regulatory authorities and fiduciary obligations, including the filing of all documents required by applicable legislation and the requirements or regulatory authorities; and
 - d) Cost efficient operation of the Plan.

D. LIMITATIONS ON THE METHODS UTILIZED BY THE ADMINISTRATOR

In the pursuit of these objectives and results, the Administrator shall at all times:

- 1. Utilize only methods and processes which:
 - a) Comply with applicable legislation and the requirements of regulatory authorities and regulations;
 - b) Are prudent; and
 - c) Are consistent with the fulfillment of fiduciary obligations arising under the Plan;

2. Operate in compliance with the Plan and all policies adopted by the Council or its delegates;
3. Maintain the integrity of financial reporting and other systems; and
4. Maintain documentation of major Plan administration procedures.

Section 7: The Investment Managers/OCIO Terms of Reference

A. ROLE OF THE INVESTMENT MANAGERS/OCIO Provider

1. Perform the duties specified under the following sections, required for the successful investment of the Plan assets in a manner consistent with the terms of the Plan, the Statement of Investment Policies and Procedures ("SIP&P"), applicable legislation and the requirements of regulatory authorities;
2. Provide optimal Investment services to the Plan and Plan Members and Beneficiaries; and
3. Assist the PAC and SLT Delegates relative to its responsibilities concerning the investment of the Plan assets.

B. RESPONSIBILITIES OF THE INVESTMENT MANAGERS/OCIO Providers

1. General Responsibilities

- a) Responsible for day-to-day investments of Plan assets in accordance with SIP&P;
- b) Ensure investments made adhere to the SIP&P established and maintained by the Treasury Staff and approved by the SLT Delegates;
- c) Exercise discretion over investments within established guidelines;
- d) Report to on the PAC Chair investment performance with frequency of meetings as established in the SIP&P (i.e. semi-annually);
- e) Ensure that investments comply with the Income Tax Act and pension regulation as well as any other pertinent regulations;
- f) Notify the PAC Chair of any issue that may impact investment performance;
- g) Notify PAC Chair if there is a significant market place adjustment that might impact the Plans investments;
- h) Advise PAC Chair if the SIP&P is adversely affecting performance or if benchmarks are no longer appropriate or are unattainable;
- i) Monitor the issues that the PAC should consider as significant for a change to the current investment policy and report on same to the PAC Chair; and

- j) Ensure Custodian properly carries out all instructions given to it by the Investment Manager.

2. Investment Consulting/OCIO

- a) Assist SLT Delegates in formulating the SIP&P;
- b) Bring forward new developments in investments and implementation;
- c) Prepare SIP&P based on discussions with the SLT Delegates;
- d) Provide information for the review of Investment Managers performance relative to appropriate benchmarks;
- e) Provide information for the review and monitoring of Fund performance;
- f) Assist in assessment of Investment Managers and Custodian;
- g) Advise SLT Delegates on investment related matters;
- h) Co-ordinate the implementation of funding strategy;
- i) Review financial statements and audited financial statements;
- j) Resolve discrepancies between Investment Managers and Custodian; and
- k) Prepare asset liability studies as required to assist in determining the appropriate asset mix.

C. RESULTS EXPECTED FROM THE POSITION

- 1. Timely and accurate provision of the foregoing services;
- 2. Cooperation with all other entities to ensure all work performed for the Plan is timely and accurate; and
- 3. Effective assistance to the Treasury in achieving:
 - a) The Plan's investment objectives; and
 - b) Compliance with the terms of the Plan, the SIP&P, applicable legislation and the requirements of regulatory authorities and fiduciary obligations, including the filing of all documents required by applicable legislation and the requirements of regulatory authorities.

D. LIMITATIONS ON THE METHODS UTILIZED BY THE INVESTMENT MANAGERS

In the pursuit of these objectives and results, the Investment Manager shall at all times:

1. Utilize only methods and processes which:
 - a) Comply with applicable legislation and the requirements of regulatory authorities and regulations;
 - b) Are prudent; and
 - c) Are consistent with the fulfillment of fiduciary obligations arising under the Plan;
2. Operate in compliance with the Plan and all policies adopted by the Council or its delegates, which may include the Standards of Conduct of the Association of Investment Management and Research; and
3. Maintain the integrity of financial reporting and other systems.

E. PERFORMANCE MEASUREMENT CRITERIA

Achievement of the results set out in Section C will be measured best on the criteria and performance benchmarks set out in the SLP&P as well as any service agreements that may exist between the Investment Managers/OCIO provider and the Plan.

Section 8: Other Service Providers Terms of Reference

A. ROLE OF SERVICE PROVIDERS

1. Perform the duties specified under the following sections, required for the successful investment of the Plan assets in a manner consistent with the terms of the Plan, the Statement of Investment Policies and Procedures ("SIP&P"), applicable legislation and the requirements of regulatory authorities; and
2. Assist the PAC relative to its responsibilities concerning the administration of the Plan and the investment of the Plan assets as appropriate.

B. RESPONSIBILITIES OF SERVICE PROVIDERS

1. Custodian
 - a) Responsible for safekeeping of pension Fund assets;
 - b) Receive contributions from the Administrator and invest these as per Investment Managers' instructions;
 - c) Provide monthly, quarterly, and annual financial Statements to the SLT Delegates;
 - d) Provide information on request to the Administrator, Auditor, SLT Delegates, PAC, Treasury, Actuary, Strategic Consultant, Investment Manager(s), OCIO, Legal Counsel or other Agents of the Plan;
 - e) Payment of benefits authorized by the Administrator or the SLT Delegates;
 - f) Payment of expenses or transfer of assets within the Fund as authorized by the Administrator or the SLT Delegates;
 - g) Prepare annual T4A's for all members who have received a benefit paid from the Fund;
 - h) Transfer assets from the Fund as authorized by the SLT Delegates;
 - i) Withhold income tax on benefit payments and remit to Canada Customs and Revenue Agency;
 - j) Carry out securities lending program in accordance with written agreements;

- k) Attend SLT Delegates, PAC and/or OCIO meetings as required;
and
- l) Notify the PAC in a timely manner of any issue that needs to be addressed by the SLT Delegates.

2. Auditor

- a) Audit the annual financial statements of the Fund and provide audit opinion thereon;
- b) Communicate to the SLT Delegates (or Treasury) certain matters as required by generally accepted auditing standards;
- c) Prepare a letter advising the SLT Delegates (or Treasury) of any significant issues in internal controls that come to the auditor's attention in conjunction with performing the audit and make recommendations for improvements;
- d) Provide special audit services if requested by the SLT Delegates;
and
- e) Attend meetings as required.

3. Legal Counsel

- a) Assist SLT Delegates, PAC and/or Administrator with any legal issue surrounding contract negotiations, investment related legal issues, conflicts of interest, compliance issues, legislation interpretation, and any other legal issue as required;
- b) Review all contracts and letters of engagement;
- c) Pursue reimbursement to the Plan;
- d) Review Plan amendments, if required;
- e) Review Custodian Agreement and prepare amendments to the Custodian Agreement as requested;
- f) Review Custodian Agreement and advice on any required amendments to the Custodial Agreement;
- g) Provide legal opinions as required;
- h) Advise on trust related legal questions; and
- i) Advise on administrative legal issues.

4. Actuary

- a) Establish all actuarial assumptions and methods to be used for actuarial valuations;
- b) Review and provide input for the Auditor's report on Plan's financial statements;
- c) Provide advice and counsel on all matters that would affect the Plan;
- d) Coordinate all work required in connection with the Plan with the Administrator and Investment Consultant/OCIO;
- e) Complete and file actuarial valuations using data provided by Administrator, Custodian and Auditor;
- f) Report to SLT Delegates on results of valuation;
- g) Provide cost estimates on proposed benefit and Plan design changes on request;
- h) Provide estimates of the Plan's financial position on request;
- i) Monitor Plan experience;
- j) Review and approve calculation methods used by Administrator;
- k) Attend meetings and review minutes of meetings for accuracy;
- l) Respond to questions and/or provide direction to the Administrator, OCIO, Investment Consultant, Auditor, Investment Managers, Custodian, Legal Counsel, PAC, Treasury and SLT Delegates; and
- m) Provide estimated projected cash flows to Investment Managers when required for implementing investment policy.

5. Investment Consultant as required

- a) Assist SLT Delegates in formulating the SIP&P;
- b) Bring forward new developments in investments and implementation;
- c) Prepare SIP&P based on discussions with the SLT Delegates; and
- d) Provide information for the review of Investment Managers performance relative to appropriate benchmarks.

- e) Provide information for the review and monitoring of Fund performance;
- f) Assist in assessment of Investment Managers, OCIO and Custodian;
- g) Advise SLT Delegates on investment related matters;
- h) Co-ordinate the implementation of funding strategy;
- i) Review financial statements and audited financial statements;
- j) Resolve discrepancies between Investment Managers and Custodian; and
- k) Prepare asset liability studies as required to assist in determining the appropriate asset mix.

C. RESULTS EXPECTED FROM SERVICE PROVIDERS

- 1. Timely and accurate provision of the foregoing services;
- 2. Coordination with all other fiduciaries and agents to ensure all work performed for the Plan is timely and accurate; and
- 3. Effective assistance to the SLT Delegates in achieving their objectives.

D. LIMITATIONS ON THE METHODS UTILIZED BY SERVICE PROVIDERS

In the pursuit of these objectives and results, the service provider shall at all times:

- 1. Utilize only methods and processes which:
 - a) Comply with applicable legislation and the requirements of regulatory authorities and regulations;
 - b) Are prudent; and
 - c) Are consistent with the fulfilment of fiduciary obligations arising under the Plan; and
- 2. Operate in compliance with the Plan and all policies adopted by the council to its delegates.

E. PERFORMANCE MEASUREMENT CRITERIA

Achievement of the results specified in C, will be monitored by the SLT Delegates or any other entity appointed by the SLT Delegates in relation to any service agreements entered into between the service provider and the SLT Delegates.

Appendix A: Education Policy

- A. PURPOSE: To define the orientation and ongoing education policy and guidelines for members of the PAC.
- B. RESPONSIBILITY FOR APPROVAL AND AMENDMENTS: The SLT Delegates
- C. DATE APPROVED
- D. APPLICATION: This Education Policy applies to the members of the Treasury and the PAC.
- E. ORIENTATION EDUCATION POLICY AND GUIDELINES

Each new PAC member should receive an Orientation Binder and Orientation Training.

1. The Orientation Binder should consist of the following materials:
 - a) Latest restatement of the Plan text and all subsequent amendments;
 - b) Custodian Agreement and latest Actuarial Valuation;
 - c) SIP&P;
 - d) Latest Audited Financial Statements;
 - e) Prior Minutes of the Board Meetings for the last two years; information on where to find previous minutes;
 - f) information on the liability insurances; and
 - g) Information on where to find the applicable legislations.
2. The Orientation Training should consist of a 3-hour training session during which new PAC members will receive education on the basics of their pension plan and legislation provided by an external service provider.

Appendix B: Expense Policy

- A. **PURPOSE:** To define the expense chargeback policy that will govern the types of expenses that will be paid from the assets of the Plan and any successor arrangements thereto.
- B. **RESPONSIBILITY FOR APPROVAL AND AMENDMENTS:** The SLT Delegates
- C. **INTRODUCTION:** The Expense Policy concerning the payment of expenses from the Plan is established by the SLT Delegates, which is responsible for ensuring that the Policy is kept up-to- date with the decisions of the courts, changes in applicable legislations and the rulings of the appropriate pension regulator.
- D. **POLICY:**
1. The product or service being paid must primarily benefit Plan Members and Beneficiaries, or support the compliance of the Plan with applicable legislations;
 2. The product or service must be necessary for the administration and operation of the Plan,
 3. The amount of the expenditure must be reasonable and appropriate considering the potential financial benefit to Plan members and beneficiaries;
 4. Expenses charged against the Plan shall be in accordance with any written contracts, substantiated by original invoices (and receiving reports for products) and approved in writing;
 5. In instances where there is any question about the compliance of an expense with the first four rules stated above, the SLT Delegates shall be responsible for the interpretation and application of this policy;
 6. The SLT Delegates is responsible for the compliance of all expenses paid from the Plan with this policy; and
 7. Expenses which do not qualify under this policy for payment from the Plan shall be paid from the parties incurring such expenses.
- E. **EXPENSES WHICH MAY BE PAID FROM THE PLAN:** The following chart gives description of the types of expenditures that may be paid from the Plan.

Products and services concerning the Plan and the Trust Fund	Payable	Not Payable
NORMAL PLAN OPERATIONS		
Plan Administration Services		
Plan record-keeping		X
Pension administration		X
Preparation of annual member statements		X
Production of plan summary (i.e. member booklet)		X
Member communications (with respect to the pension plan only)		X
Communications meetings with groups of members		X
External communications - preparation and distribution		X
Consulting re interpretation of Plan text and applicable legislation	X	
Travel by, and training for, members of the PAC, the Sub-Investment Committee, as approved by EMC Delegates	X	
Preparing annual reports/filings		
AIR filing fee	X	
Data reconciliation for year-end work	X	
Penalties	X	
Actuarial and Audit		
Preparing the actuarial valuation	X	
Calculation or verification of required contributions	X	
Preparation of the Plan's audited financial statements	X	
Any task required under applicable Legislation for the benefit of Plan members and beneficiaries	X	
Plan governance		
Creating the governance structure (education and best practices research)	X	
Orientation and education of governance participants, including subscriptions, attendance at conferenc.es, association meetings for fiduciaries, management and staff	X	
Conduct of meetings	X	
Out-of-pocke1 personal travel expenses for attending Board meetings (including any loss of salary or wages actually suffered by a Board Member), as set out in Section 2.12 of the Joint Administration Agreement	X	
Reviews of the governance system	X	

Products and services concerning the Plan and the Trust Fund	Payable	Not Payable
Third-party performance reviews (of the pension governance system)	X	
Surveys. opinions etc.	X	
ASSET SERVICES		
Reviewing investment policy, adopting and documenting	X	
Selecting/evaluating investment managers, custodian. measurement Services and other Investment suppliers	X	
Asset/Liability studies	X	
Investment management and custodial services	X	
Investment performance evaluation	X	
Supplier evaluation	X	
Plan Amendment Drafting	X	
Plan Termination		
Planning	X	
Execution/administration	X	
Assisting in labour negotiations		
Actuarial costings for benefit increases for collective bargaining		X
LITIGATION		
Litigation involving claims against the Plan. the fiduciaries, management and staff and either plan members or regulators		X
Litigation between the employer and either plan members or regulators		X
OTHER		
Entertainment		X
Contributions to a political party, union or other organization		X
Trips for personal business		X
Unexplained. unapproved or undocumented expenditures		X

It is the responsibility of the SLT Delegates to assess the facts of each situation and decide how the charges should be handled.

F. COST OF GOVERNANCE GUIDELINES

Because poor governance costs more than learning to govern well, the SLT Delegates will invest in their governance capacity.

1. Committee members skills, methods and supports will be sufficient to assure governing with excellence.

Consequently:

- a) Training and retraining will be used liberally to orient new committee members, as well as to maintain and increase existing member skills and understandings as set out in the Education Policy set in Appendix A; and
 - b) Outside monitoring assistance will be arranged so that the SLT Delegates can exercise confident control over the performance of its pension governance system. This includes but is not limited to audit of the Plan and periodic evaluations of the pension governance system.
2. Costs will be prudently incurred, though not at the expense of endangering the development and maintenance of superior capability, up to limits adopted by the SLT Delegates.