Administration et gouvernance

PRINCIPES FONDAMENTAUX
DE GESTION DES FIDUCIES

Fondation internationale
pour les avantages sociaux

Formateurs

Nathalie Joncas FCIA, FSA

Conseillère principale

Services actuariels SAI

Montréal, Québec

Geneviève Lussier, FCIA, FSA

Vice-présidente et Directrice de retraite

Segal

Montréal, Québec

2

Domaine de connaissance:
Administration et gouvernance

L'objectif du cours *Principes fondamentaux de gestion des fiducies* est :

1) d'accroître la connaissance et la compréhension de base des quatre domaines de connaissances clés, liés à la gestion efficace des fiducies;
2) de comprendre pourquoi ils sont importants;
3) d'identifier les sources d'informations supplémentaires.

3

Objectifs d'apprentissage
Environnement

Connaître l'environnement d'un conseil

- Les documents clés et de leurs termes pour satisfaire aux obligations fiduciaires
- Les pouvoirs des administrateurs dont celui de déléguer
- le rôle des principaux fournisseurs de services dans le soutien du conseil d'administration/du conseil de fiducie/du comité de retraite

4

Objectifs d'apprentissage
Administration

Connaître

- les principales fonctions du conseil d'administration/du conseil de fiducie/du comité de retraite en tant qu’**administrateur légal**
  - Gestion
  - Financement
  - Administration
- Le devoir de surveillance et de conformité

Objectifs d'apprentissage
Gouvernance

Comprendre

- les principes de base d'une gouvernance efficace et les meilleures pratiques
- Comment la bonne gouvernance aide les conseils d'administration à exécuter leurs principales fonctions et à s'acquitter de leurs obligations fiduciaires.
- La planification stratégique et la gestion des risques
- Les lignes directrices de l’ACOR en matière de gouvernance

6

Ce que nous allons couvrir

- **Leçon 1 : L’environnement d’un conseil**
  - Le point de départ
- **Leçon 2 : Fonctions, rôles et responsabilités**
  - Éléments pour bien administrer un régime
- **Leçon 3 : Principes de base d’une bonne gouvernance**
  - Approfondir la gouvernance
- **Leçon 4 : Orientations de l'ACOR en matière de gouvernance**
  - La ligne d'arrivée

Leçon 1

L’environnement d’un conseil d’administration

8

Administrateur judiciaire

- Le document fiduciaire établit l'administrateur judiciaire
- Peut être le conseil d'administration, l'employeur ou le comité fiduciaire, selon le type de régime.
- La loi peut aussi établir et encadrer l’administrateur
  - Comité de retraite

Terminologie

- Administrateur judiciaire
- Administrateur du régime
- Fiduciaire
- Comité de retraite
- Conseil d'administration

Ce n'est pas un travail facile !

- Les membres du conseil d'administration/comité fiduciaire/comité de retraite ne sont réunis que quelques fois par an.
- Vous n'en saurez jamais autant que le personnel ou les experts qui administrent le régime/la fiducie au quotidien.
- La structure, les politiques et les processus sont vos amis

11

Rappel de la loi

- En tant que fiduciaires, vous avez un devoir de loyauté envers les intérêts des bénéficiaires qui vous font confiance.
  - *c'est-à-dire* que les fiduciaires doivent garder à l'esprit les bénéficiaires (uniquement), et non ce qui est le mieux pour l'employeur ou le syndicat.

12

Obligations envers les « autres » parties prenantes

- Partie ayant un intérêt dans les décisions et les actions concernant la fiducie/le régime
  - Peut affecter ou être affecté par la manière dont la fiducie/le plan est gouverné(e) ou géré(e)
- Obligations différentes que celles envers les bénéficiaires du régime

13

Document clé - Contrat de fiducie

- Elle fait de la fiducie une « entreprise » ; elle établit les conditions d'administration et habilite les fiduciaires à prendre des décisions de « gestion » :
  - Adopter et gérer les politiques de la fiducie
  - Créer et gérer les documents du régime qui soutiennent les termes de la fiducie
  - louer ou acheter des locaux, des équipements, etc. pour les opérations de la fiducie
  - Recevoir les contributions et autres revenus
  - Protéger et investir les actifs de la fiducie
  - Verser les prestations et autres dépenses
  - conclure des contrats et des accords avec le personnel et les fournisseurs de services, etc.

Document clé – Texte du régime

- Généralement, identifie :
  1. les prestations fournies par le régime régi par la fiducie
  2. les personnes couvertes par le régime
  3. les conditions d’admissibilité
  4. les procédures à suivre pour obtenir des prestations
  5. les procédures de recours en cas de refus de prestations
  6. les définitions
  7. Les cotisations
- Détermine l’ensemble des règles de fonctionnement d’un régime, les entrées et sorties de fonds et les différentes conditions

Document clé – Autres documents

- Cadre de gouvernance
- Règles de régie interne
- Politique de placement
- Politique de financement
- Autres politiques pertinentes … conflits d’intérêts
- Évaluation actuarielle

16

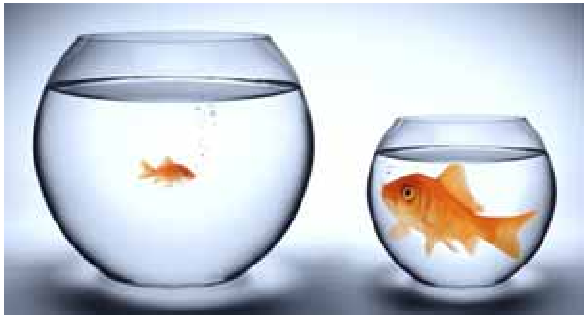
Ce qu'il faut savoir au niveau du conseil d'administration

- ✓ Définition de la mission et des objectifs
- ✓ Les opérations sont alignées sur la mission et les objectifs
- ✓ Pas de lacunes dans la structure, les processus, les outils et le personnel
- ✓ Les documents directeurs/politiques incluent tout
- ✓ Le personnel/les fournisseurs de services font leur travail selon des normes définies (par opposition aux détails de la manière dont ils font leur travail).
- ✓ Lorsque l'environnement évolue, et implications pour la gestion des risques (par *exemple*, FSRA, lignes directrices de l'ACOR, BSIF, etc.)
- ✓ **Peut confirmer que les choses sont « telles qu'elles devraient être »**

17

Pertinent pour tous les types de régimes

- L'administrateur judiciaire est responsable de toutes les fonctions
- L'étendue de ce que chaque fonction couvre varie selon
  - le type de régime
  - la complexité
  - la taille du régime



- Une « taille » unique ne convient pas à tous

18

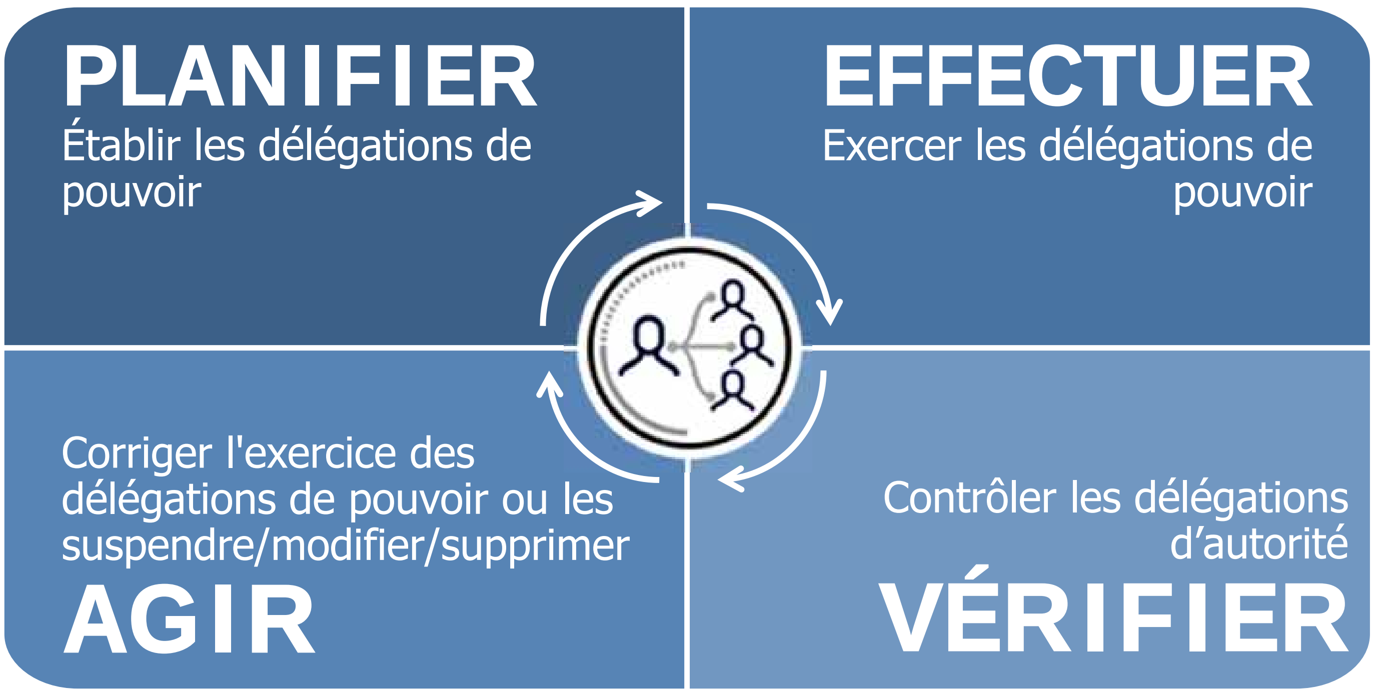
Vous avez le pouvoir de déléguer

- La plupart d'entre vous ont d'autres responsabilités professionnelles et ne sont généralement pas des experts en droit, en investissements, en administration, en audit ou dans d'autres domaines spécialisés nécessaires à la réalisation de l'objectif de la fiducie/du régime
- Document fiduciaire et/ou la loi . . .
  - Donne aux administrateurs/fiduciaires le pouvoir de retenir les services de fournisseurs de services et de leur verser une rémunération raisonnable.
  - Peut également établir les conditions nécessaires pour s'appuyer sur les conseils/travaux des fournisseurs de services

19

Garantir une délégation adéquate

Cycles de délégation d'autorité



Types de fournisseurs de services

- En fonction de la nature et de la taille de la fiducie/du régime, certains services ou conseils requis par le conseil d'administration dans le cadre du fonctionnement de la fiducie/du régime peuvent être délégués à d'autres :
  - Consultant en administration
  - Compagnie d'assurance
  - Gestionnaire de portefeuille
  - Consultant en investissement
  - Gardien de valeur
  - Actuaire
  - Auditeur
  - Conseiller juridique
  - Administrateur tiers
- Les accords conclus avec les fournisseurs de services définissent les rôles, les responsabilités, les rapports, les délais, etc.

Penser comme un administrateur / fiduciaire

- Vous conservez le contrôle final...
  - Vous avez toujours la responsabilité fiduciaire ultime de veiller à ce que toutes les fonctions essentielles à une gestion efficace de la fiducie soient exécutées.
  - Vous êtes responsable de la sélection adéquate des fournisseurs de services et du contrôle de leurs activités.

Les fournisseurs de services VOUS soutiennent !

- Les fournisseurs de services
  - Apportent des ressources expertes
  - Travaillent pour vous en tant que conseillers

22

Penser comme un administrateur / fiduciaire

- Utiliser la délégation pour vous permettre de vous concentrer sur la stratégie, la politique, la gestion des risques, la gestion du régime, le contrôle et la conformité et la gouvernance.
- Déléguer **vers le bas** et rendre compte **vers le haut**.
  - *Plus d'informations à venir dans le cadre de l'ACOR sur la gouvernance !*

Ce que nous avons appris

- L'importance des documents de la fiducie/du régime dans l'accomplissement de l'obligation fiduciaire
- Les pouvoirs des administrateurs dont celui de déléguer
- Les responsabilités des conseils d'administration/fiduciaires en tant qu'administrateurs légaux
- Le rôle des principaux fournisseurs de services dans le soutien du conseil d'administration/du conseil de fiducie/du comité de retraite

Testez vos connaissances

Qu’est-ce qui n’établit pas l’administrateur judiciaire ou légal ?

A. Le document fiduciaire

B. Les participants du régime de retraite

C. La loi

Testez vos connaissances

Lequel des énoncés suivants décrit le rôle du contrat de fiducie dans l'administration de la fiducie ?

A. Il permet aux fiduciaires de prendre des décisions de « gestion » concernant les opérations de la fiducie.

B. Les dispositions de la loi sur les fiduciaires prévalent toujours sur le contrat de fiducie.

C. Il décrit les montants des cotisations de l'employeur, les procédures et les procédures de recouvrement

26

Testez vos connaissances

Lequel des documents suivants définit généralement les prestations pouvant être fournies par un régime, les personnes pouvant être couvertes et les conditions d'éligibilité ?

A. Le cadre de gouvernance
B. Les règles de régie interne
C. Le texte du régime

27

Testez vos connaissances

La gestion et l'investissement des actifs de la fiducie conformément aux objectifs et aux politiques de la fiducie sont généralement effectués par le :

A. Gestionnaire de portefeuille
B. Consultant en investissement
C. Administrateur tiers
D. Administrateur judiciaire

28

Leçon 2

Fonctions, rôles et responsabilités

29

Fonction clé : Gestion du régime

- La gestion du régime comprend :
  1. La structure des prestations ou la conception du régime
  2. La méthode de financement
  3. L'administration du régime
  4. La surveillance et la conformité

1. Conception du régime

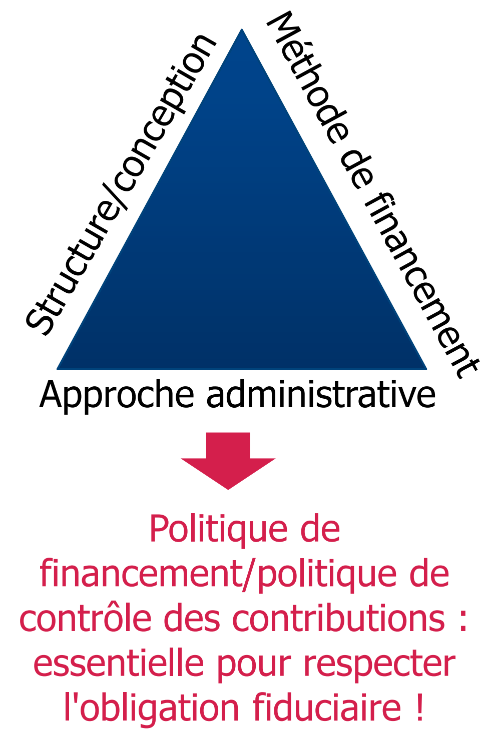
- Déterminer la structure des prestations ou les caractéristiques du régime et surveiller leur pertinence en fonction de l'environnement du régime :
  - Règles d'admissibilité pour la participation
  - Bénéfices et niveaux de prestations compatibles avec les ressources financières de la fiducie
  - Procédures de demande de prestations et conditions pour y avoir droit
  - Personnes couvertes par le régime

La politique en matière de prestations et le texte du régime sont essentiels pour satisfaire à l'obligation fiduciaire !

31

2. Financement du régime

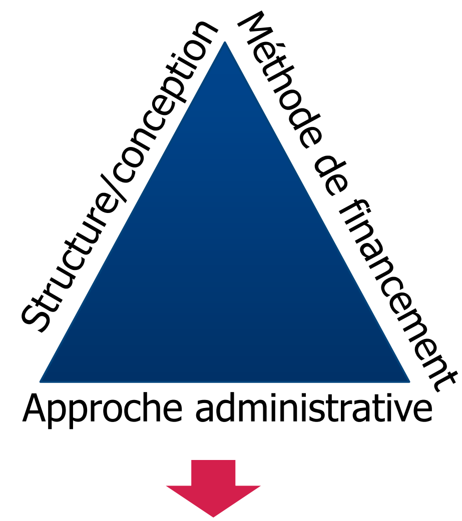
- Choisir la méthode de financement (comment accumuler des actifs pour payer les prestations au fur et à mesure qu'elles arrivent à échéance) et contrôler l'état du financement en cours
  en fonction de la situation du régime
- Niveau des contributions ou des primes
- *Plus d'informations à venir !*



32

3. Administration du régime

- Choisir la méthode ou la combinaison de méthodes appropriée pour mener à bien le large éventail d'activités quotidiennes afin de maintenir la confiance/le bon fonctionnement du régime.



Le respect des documents du texte du régime, des politiques, de toutes les lois et réglementations est essentiel pour satisfaire à l'obligation fiduciaire !

33

Quelques activités administratives clés

Contributions + Rendements = Bénéfices + Frais

- **Contributions** : Collecte, dépôt, comptabilisation
- **Rendements** : Examen et suivi de la réception des revenus de placement
- **Bénéfices** : Traitement de l'éligibilité, paiement des prestations, communication
- **Frais** : Suivi, négocier réviser et payer les frais

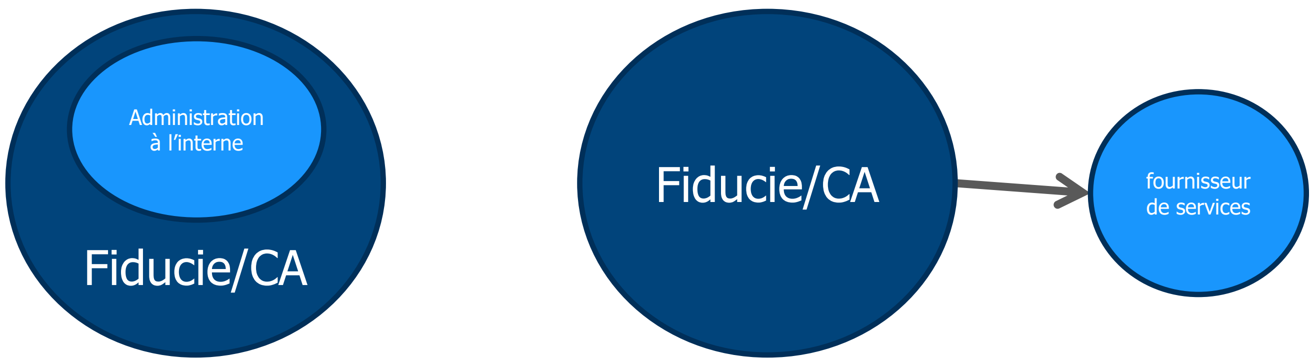
34

Autres activités administratives

- Agir en tant que propriétaire des documents, des dossiers et des biens de la fiducie, en assurant la sauvegarde, le stockage, la sécurité et le contrôle des données.
- Élaborer des procédures et des manuels d'exploitation pour mettre en œuvre les politiques que vous avez définies.
- Gérer le personnel chargé des tâches administratives quotidiennes.
- Communications avec les participants.

Options d'administration

1. Administration/gestion à l'interne (embauche de personnel)
2. Administration par un tiers (contrat avec un fournisseur de services)
3. Hybride



La décision est influencée par des facteurs tels que la taille et la complexité, la philosophie ou l'objectif de la fiducie ou du CA, etc.

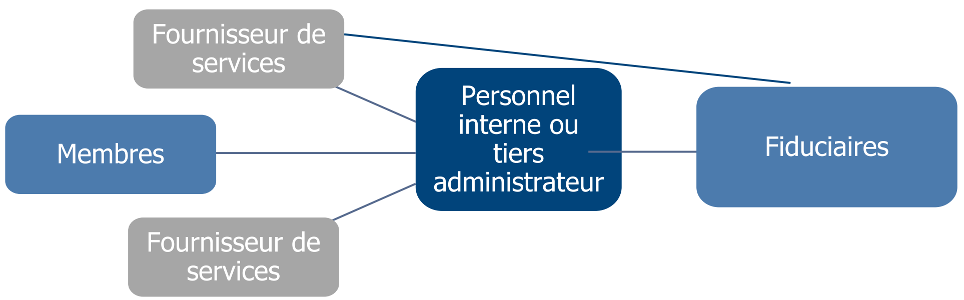
36

Administration à l’interne ou par un tiers ?

- Va dépendre de vos besoins
- Les personnes qui assument ce rôle doivent avoir les connaissances et les compétences nécessaires pour administrer la fiducie/le régime conformément au texte du régime, aux politiques, à toutes les lois et réglementations et aux meilleures pratiques.

Penser comme un administrateur / fiduciaire

- Qu'il s'agisse de personnel interne ou de tiers, les personnes chargées de l'administration quotidienne sont généralement :
  - Contact principale entre le conseil d'administration et les membres
  - Lien avec divers autres fournisseurs de services
- *Assurer la surveillance !*



38

4. Surveillance et conformité

- Mettre en place des mécanismes appropriés pour superviser la conformité du régime avec les exigences législatives.
- S'assurer que les documents et les politiques du régime, permettent d'exercer une bonne surveillance et permettent de s'assurer de la conformité.
- S'assurer de la conformité et du contrôle des activités administratives.

La surveillance et la conformité requièrent . . .

- Mettre en place une bonne structure et de bons processus de gouvernances
- Important de bien documenter ces processus
  - Rapports de conformité/listes de contrôle, audits des systèmes et des processus, vérification indépendante de la conformité, procès-verbaux complets et exacts des réunions du conseil d'administration, y compris décisions et les instructions données aux fournisseurs de services pour satisfaire à l'obligation fiduciaire
    - *Plus d'informations à venir dans les lignes directrices de l'ACOR sur la gouvernance !*

40

De « fonctions » à « gouvernance »

- Les fonctions couvrent ce dont vous êtes responsable
- La gouvernance est la structure, le processus, les outils, etc. qui imprègnent et améliorent la façon dont les choses sont faites et garantissent le devoir fiduciaire.

41

Ce que nous avons appris

- Les principales fonctions du conseil d'administration/du conseil de fiducie/du comité de retraite en tant qu’administrateur légal
  - Gestion
  - Financement
  - Administration
- Les options d’administration
- Le devoir de surveillance et de conformité

42

Testez vos connaissances

La fonction d'administrateur / fiduciaire de la gestion du régime est décrite de la meilleure façon possible :

A. Décider de la structure et/ou conception du plan
B. Décider de la structure et/ou conception et du financement du régime
C. Décider du financement du régime et de l'approche administrative
D. Décider de la structure et/ou conception du régime, du financement et de l'approche administrative

43

Testez vos connaissances

Lequel des rôles suivants est généralement dévolu à un administrateur tiers ou au personnel interne chargé de l'administration du régime ?

A. Déterminer les règles d'éligibilité pour la participation au régime

B. Élaborer des manuels de procédures et d'exploitation pour mettre en œuvre les politiques du régime

C. Élaborer une politique de sauvegarde des données, de stockage, de sécurité et de contrôle des documents et dossiers fiduciaires

Testez vos connaissances

Lequel des rôles suivants N'EST PAS typiquement une activité de l'administration du régime ?

A. Assurer la garde des documents, des archives et des biens du régime

B. Recouvrement des cotisations des employeurs et des cotisations personnelles des membres

C. Établir la politique de financement

D. Communication avec les participants

Testez vos connaissances

Lequel des rôles suivants ne fait PAS partie de la surveillance et conformité du régime ?

A. S’assurer de la conformité du régime avec les exigences législatives

B. Mettre en place et bien documenter les processus de gouvernance

C. Déterminer la structure des prestations

Leçon 3

Principes de base d’une bonne gouvernance

47

Obligations de gouvernance

- S'appliquent à tous les types de régimes, y compris
  - Vie et Santé
  - Indemnités de vacances
  - Indemnité complémentaire de chômage
  - La formation
  - Régimes d’épargne et de retraite

48

Pourquoi la gouvernance mérite-t-elle une attention particulière ?

- Fournit une structure, un processus et des outils pour :
  - Aider à rencontrer les obligations fiduciaires et éviter d’être tenu responsable
  - Soutenir l'exécution des principales fonctions de gestion
  - Aider à évaluer les points forts de l’organisation et à combler les lacunes
  - Augmenter la probabilité d'obtenir de meilleurs résultats
- Aider à éviter les faux pas

Parties prenantes à la gouvernance

- Le type de régime détermine l'administrateur judiciaire
  - Peut être le conseil d'administration, l'employeur ou le comité de retraite
- Le type de régime détermine les « autres » parties prenantes
  - Multi-employeurs, public, employeur unique
  - Pension vs. avantages sociaux vs. formation, etc.
  - Membres, fournisseurs etc.
- Quel que soit le type de régime, l'administrateur judiciaire est responsable et doit rendre des comptes.

50

Réunion

- Les réunions sont votre principal outil pour exécuter les fonctions clés de la gestion de la fiducie/du régime et respecter les obligations de gouvernance.
- C’est à cet endroit que l’on doit poser les questions !

Réunion

- Les opérations de la fiducie/du régime sont examinées et discutées
- Prise de décisions
- Instructions données au personnel/aux fournisseurs de services
- Les conflits d'intérêts doivent être déclarés

52

Protocole de réunion

- Avis de convocation
- Nombre de réunions requises
- Exigence d'une assemblée annuelle
- Quorum
- Rôles du président et du secrétaire de séance
- Processus de prise de décision
- Comment résoudre les blocages au sein du conseil d'administration ?

Utilisez efficacement votre temps de réunion

- Comprendre le contexte du régime/de la fiducie :
  - Bien comprendre les documents politiques pertinents qui traitent des responsabilités du fiduciaire, *par exemple* le contrat de fiducie, les politiques de fiducie, les accords de participation, le texte du régime d'avantages sociaux, etc.
- Exiger des informations pertinentes et se préparer :
  - S’assurer que des informations précises, complètes, pertinentes et opportunes sont fournies aux membres à l’avance
  - Temps suffisant pour se préparer (présentations) et poser des questions
  - Temps suffisant pour délibérer et documenter la prise de décision
  - Lire les documents de la réunion à l'avance !

Porter uniquement le chapeau d'administrateur / fiduciaire

- Reconnaître explicitement les conflits d'intérêts/ tensions potentiels qui peuvent exister entre les administrateurs/fiduciaires, en tant que représentants élus ou nommés, et les membres et/ou la direction.
  - Ne pas en parler
- Ne porter que le chapeau d'administrateur/ fiduciaire lors des réunions

55

S'assure d'avoir de bons procès-verbaux

- Des processus et des décisions correctement documentés sont des outils de gestion essentiels :
  - pour le suivi des responsabilités des fonctions clés
  - satisfaire aux obligations en matière de gouvernance
  - minimiser les risques en cas de litige

56

Assister aux réunions

L'absence ne dispense pas de la responsabilité des conséquences des décisions.

57

Fonction clé : Planification stratégique

- Généralement dans les fiducies de grande envergure.
- Fournir une orientation stratégique (c'est-à-dire faire des choix stratégiques) pour la gestion de la fiducie/du régime dans son ensemble afin d'atteindre l'objectif à long terme:
  - Approuver le plan stratégique
  - Assurer la surveillance, le suivi et sa mise en place

58

Rôle du plan stratégique

- Un résultat de la planification stratégique identifie généralement
  - les priorités et les lacunes
  - les projets/initiatives qui permettront de combler les lacunes
  - les résultats attendus et les produits à livrer
  - le calendrier, les ressources et les parties responsables
  - les exigences en matière de rapports aux parties prenantes.

Réfléchir en tant que administrateur / fiduciaire

- Quel est le contexte stratégique de chaque décision en cours ?
- La décision recommandée modifie-t-elle le choix stratégique ?
- Y a-t-il des éléments dans l'environnement qui remettent en cause l'exécution de la stratégie telle qu'elle a été approuvée sans autre considération ?

Tiré de *20 Questions que les administrateurs devraient poser pour être impliqués et efficaces,* CPA

Fonction clé : Définition des politiques

- Élaborer des politiques, des statuts, des règles ou des règlements, si nécessaire, pour administrer la fiducie, conformément aux dispositions de l'accord de fiducie, de la convention collective, du texte du régime et aux exigences de la législation provinciale et fédérale applicable.
  - Responsable de la rédaction, de la mise en place, de l'interprétation, de la modification et de la surveillance des politiques et des règlements

Quelques politiques clés

Contributions + Rendements = Bénéfices + Frais

Contributions
- Politique de financement
- Politique de contrôle des cotisations

Rendements
- Politique d’investissement
- Politique ESG

Bénéfices
- Texte du régime
- Politique sur les plaintes

Frais
- Politique de délégation et de surveillance des délégataires

Lors de la rédaction / révision d'une politique

- ✓ Contenu et champ d'application clairs (à qui cela s'applique)
- ✓ La ligne de conduite attendue est claire :
  - Doit : Action obligatoire
  - Devrait : Action recommandée et encouragée, mais non obligatoire
  - Peut : (terme facultatif) action discrétionnaire
  - Ne peut pas : Se réfère à l'interdiction obligatoire d'une ligne de conduite
- ✓ Approbation requise claire (par *exemple*, conseil ou comité)

63

Lors de la rédaction / révision d'une politique

- ✓ Définitions clés cohérentes dans toutes les politiques
  - NE sont PAS redéfinies dans la politique
- ✓ Rédigées dans un langage simple et concis
  - Pas de répétition d'un même point, de mots de remplissage (*par* exemple, certain, pertinent, approprié, applicable) et de jargon juridique (par exemple, termes latins, clauses contractuelles, citation de la législation).
- ✓ Liens vers des politiques connexes et des documents de référence
- ✓ Les politiques sont « lues ensemble »

64

Ce que nous avons appris

- les principes de base d'une gouvernance efficace et les meilleures pratiques
- Les parties prenantes à la gouvernance
- L’importance du protocole de réunion et de l'assiduité
- La planification stratégique et les politiques

Testez vos connaissances

Lequel des énoncés suivants concernant les procès-verbaux des réunions des administrateurs est correct ?

A. Le procès-verbal doit être rédigé par un administrateur

B. Seules les décisions finales doivent être enregistrées

C. Les administrateurs sont chargés de vérifier l'exactitude des procès-verbaux et de les approuver.

66

Testez vos connaissances

Lequel des énoncés suivants concernant les réunions des administrateurs n'est PAS correct ?

A. L'absence à une réunion vous dispense des responsabilités et des conséquences des décisions
B. C'est à cet endroit que l'on doit poser les questions
C. C'est à cet endroit que les conflits d'intérêt doivent être déclarés

Testez vos connaissances

Lequel des éléments suivants ne fait PAS partie du protocole des réunions ?

A. Les obligations en matière de gouvernance
B. Le quorum
C. Les processus de prise de décision

Testez vos connaissances

Lors de la rédaction / révision d'une politique, les termes qui communiquent une action obligatoire sont les suivants?

A. Devrait

B. Doit

C. Peut

69

Testez vos connaissances

Lequel des énoncés suivants concernant les politiques que les administrateurs sont chargés d'élaborer n'est PAS correct ?

A. Les définitions clés doivent être cohérentes dans toutes les politiques

B. Les politiques sont « lues ensemble »

C. Les politiques doivent être rédigées par des avocats dans un langage technique

Testez vos connaissances

Lequel des énoncés suivants concernant la fonction de planification stratégique des administrateurs/fiduciaires n'est PAS correct ?

A. Une fois approuvée, la stratégie est fixée et peut être déployée sans autre considération de la part des administrateurs/fiduciaires

B. La planification stratégique consiste à fournir une orientation stratégique pour la gestion de la fiducie/du régime dans son ensemble afin d'atteindre ses objectifs à long terme.

C. L'orientation stratégique comprend l'approbation du plan stratégique et le suivi de sa mise en œuvre.

71

Leçon 4

Orientations de l'ACOR en matière de gouvernance

72

Lignes directrices sur les meilleures pratiques

CAPSA/ACOR
Canadian Association of Pension Supervisory Authorities
Association canadienne des organismes de contrôle des régimes de retraite

L'ACOR est une association nationale d'organismes de réglementation des régimes de retraite dont la mission est de faciliter la création d'un système efficient et efficace de réglementation des régimes de retraite au Canada.

Ligne directrice n° 4
Gouvernance des régimes de retraite

Ligne directrice n° 7
Politique de financement des régimes

Ligne directrice n° 10
Gestion des risques à l'intention des administrateurs

73

Lignes directrices n° 4
Gouvernance des régimes de retraite

1. Obligations fiduciaires
2. Cadre de gouvernance
3. Rôles et responsabilités
4. Suivi de la performance
5. Connaissances et compétences
6. Renseignement sur la gouvernance
7. Gestion des risques
8. Supervision et conformité
9. Transparence et reddition de comptes
10. Code de conduite et conflits d'intérêts
11. Examen de la gouvernance

Voir lecture - Lignes directrices de l'ACOR sur la gouvernance des régimes de retraite et questionnaire d'auto-évaluation

Principe 1 : Obligations fiduciaires

- L'administrateur du régime a des obligations fiduciaires envers les participants et les bénéficiaires du régime
  - L'administrateur du régime peut également avoir d'autres responsabilités à l'égard d'autres parties prenantes.

Principe 2 : Cadre de gouvernance

- L'administrateur du régime doit mettre en place et documenter un cadre de gouvernance pour l'administration du régime

76

Renforcer les éléments constitutifs

- Structure, processus et outils pour l'administration efficace de la fiducie/du régime
- Application de processus, d'outils et de stratégies adaptées aux caractéristiques de la fiducie/du régime
- Documentation de la prise de décision
- Communication des documents pertinents relatifs au cadre de gouvernance

Exemple de cadre de gouvernance

- ✓ Contexte juridique
- ✓ Rôle des administrateurs/fiduciaires
- ✓ Rôle des comités
- ✓ Obligations et responsabilités des fournisseurs de services
- ✓ Procédures de contrôle du conseil d'administration
- ✓ Communications
- ✓ Plan de travail des administrateurs/fiduciaires
- ✓ Politiques

78

Principe 3 : Rôles et responsabilités

- L'administrateur du régime doit écrire clairement et documenter les rôles, les responsabilités et les obligations de reddition de comptes de toutes les parties prenantes du processus de gouvernance du régime.

79

Identifier et combler les fonctions en matière de gouvernance

- La responsabilité et l'obligation de rendre compte en dernier ressort incombent au conseil d'administration
- Le conseil doit confirmer que les fonctions requises sont assurées et comprendre qui est responsable

80

Rôles et responsabilités : Outils

- Mandats
  - Président, secrétaire de séance, sous-comités, etc.
- Schéma de responsabilité
  - Responsabilité et rapports
- Identifier les mesures de performance clés
  - Objectifs stratégiques
  - Objectifs tactiques
  - Objectifs opérationnels
- Processus de gestion, d'évaluation et de mise à jour

81

Principe 4 : Suivi de la performance

- L'administrateur du régime doit mettre en place et documenter des mesures du rendement afin de pouvoir suivre attentivement la performance des parties prenantes du processus de gouvernance et d'administration du régime.

82

Établir des mesures de performance

- Pour le personnel interne et/ou les fournisseurs de services
  - Mesures quantitatives
    - Risque d'investissement, rendement, performance par rapport aux normes de service.
  - Mesures qualitatives
    - Relations entre le personnel/fournisseur et le conseil d'administration, crédibilité des conseils donnés au conseil d'administration.

Établir un processus de suivi

1. Évaluer régulièrement les résultats réels par rapport aux mesures de performance
2. Contrôler ce qui est mesuré
    a. Évaluer régulièrement la pertinence des mesures de performance
    b. Modifier pour répondre aux besoins du régime ; peut changer au fil du temps
3. Contrôler vos performances et celles du conseil d'administration - plus d'informations à venir
4. Prendre des mesures pour corriger les problèmes de performance
5. Documenter

84

Suivi des performances : Outils

- Rapports
  - Réguliers, clairs et concis
- Tableaux de bord
  - Mesures quantitatives et qualitatives
- Certifications
- Examen à 360 degrés et mise à niveau

85

Exemple de Tableau de Bord

Service de téléphonie

	Nombre d'appels	Durée d'attente (en minutes)	Durée moyenne des appels (en minutes)	Pourcentage des appels répondus par le premier intervenant
Appels entrants	38	0:53	3:24	100%
Appels sortants	7	n/a	2:59	n/a

Service par courriel

Nombre de courriels répondus	Durée moyenne avant le traitement (en heures)	Durée moyenne de réponse (en minutes)
13	01:42	4:00

Principe 5 : Connaissances et compétences

- L'administrateur du régime a le devoir de déployer, directement ou par l'intermédiaire de mandataires, les connaissances et les compétences nécessaires à l’exécution de ses obligations d’administration.

Évaluer les besoins

- Mettre en place un processus continu pour identifier les connaissances, les compétences et l'expérience nécessaires à une gouvernance efficace
  - Se référer au contrat de fiducie pour identifier les responsabilités
  - Évaluer les connaissances et les compétences existantes
  - Identifier les lacunes
    - Membres du conseil d'administration
    - Comités
    - Personnel/fournisseurs de services

88

Combler les lacunes

- Assurer l'accès à une formation et à un enseignement approprié
  - Membres du conseil d'administration
  - Comités
  - Personnel/fournisseurs de services
- Veiller à ce que le processus de diligence raisonnable pour l'ensemble de la sélection, de l'évaluation et du suivi reflète les exigences identifiées en matière de connaissances, de compétences et d'expérience.

Connaissances et compétences : Outils

- Séance(s) d'orientation
- Vecteur de qualification
  - Administrateurs
  - Professionnels
- Plan de formation annuel
  - Programmes de formation et certification de la Fondation internationale
  - Formation par des professionnels
- Répertoire de documents et d'informations
- Votre voix
  - Exprimez-vous si vous avez besoin d'une formation

Principe 6 : Renseignement sur la gouvernance

- L'administrateur du régime doit mettre sur pied et documenter un processus permettant d'obtenir et de fournir aux parties prenantes du processus de gouvernance l'informations nécessaire pour que soit remplies les obligations fiduciaires et autres responsabilités.

Types d'informations

- Législation, réglementation
- Conception du régime
- Données sur les participants, évolution démographique des affiliés
- Informations sur les cotisations au fonds
- Évaluations actuarielles
- Rapports sur la performance des investissements
- Autres rapports des fournisseurs de services (*par exemple*, normes de service)
- Rapports de conformité
- Rapports d'audit
- Rapports sur la communication avec les membres
- Statistiques sur les participants (*par exemple*, participants introuvable, participant dont les avoirs sont investis dans un fonds par défaut)
- Demandes de renseignements de la part des participants
- Développements en matière de gouvernance efficace
- Tout ce dont vous avez besoin pour prendre des décisions et assumer votre responsabilité fiduciaire

Qualité de l'information

- ✓ Pertinent/approprié à la décision prise
- ✓ En temps voulu
- ✓ Précision
- ✓ Complet
- ✓ Crédible
- ✓ Sans parti pris
- ✓ Dans le format que vous souhaitez
- ✓ Suffisante pour prendre une décision

Si le type ou la qualité NE correspondent PAS à vos besoins, adressez-vous au personnel / aux fournisseurs de services.

93

Information : Outils

- Cadre de gouvernance, politiques et mandats
- Audits (externes et internes)
- Budgets
- Réunions (régulières, de sous-comités, d'investissement, spéciales, etc.)
  - Ordres du jour et procès-verbaux
  - Rapports structurés
- Développements Documentation
  - Historique-Décisions/législation/réglementation
  - Juridique
  - Administratif

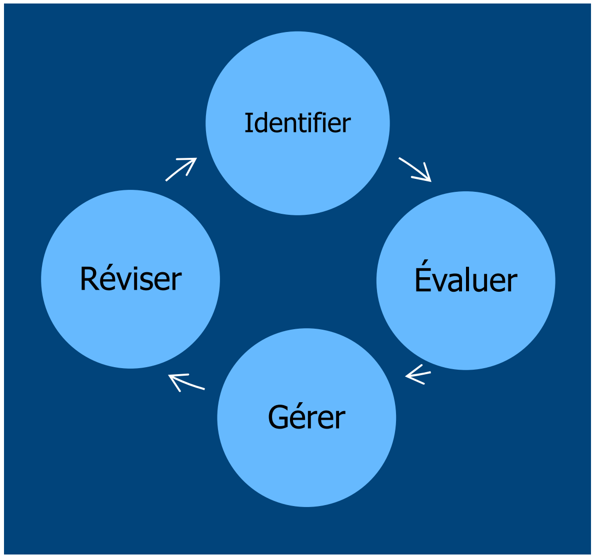
94

Principe 7 : Gestion des risques

- L'administrateur du régime doit établir et documenter un cadre et des processus permanents, adaptés au régime de retraite, afin d'identifier et de gérer les risques du régime.

La gestion des risques

1. Déterminer la nature et l'étendue des risques acceptables
2. Superviser les processus et les contrôles mis en place pour identifier, mesurer et gérer les risques
3. Prendre les mesures nécessaires pour atténuer les risques inacceptables
4. Examiner activement l'impact potentiel des risques sur la réalisation de l'objectif



96

La nature et l'importance des risques varient

97

Selon de la probabilité et de l'impact

Exemple de carte thermique

Gravité					
	4	4	8	12	16
	3	3	6	9	12
	2	2	4	6	8
	1	1	2	3	4
		1	2	3	4
		Probabilité			

Principaux risques liés à la réalisation de l'objectif de la fiducie / du régime

Financement. Les fonds disponibles couvrent-ils les prestations et les frais ?

Contributions + Rendements = Bénéfices + Frais

- **Contributions** : Sont-elles toutes reçues?
- **Rendements** : Ont-ils un rendement adéquat ?
- **Bénéfices** : Sont-elles durables ?
- **Frais** : Sont-ils raisonnables et compétitifs ?

99

Méthodes d'atténuation des risques

- Quatre méthodes généralement acceptées pour atténuer les risques
  - Éviter
  - Transférer
  - Réduire
  - Accepter

Éviter le risque

- L'objectif est de *réduire la probabilité* qu'un risque se produise en choisissant de ne pas entreprendre certaines activités.

Risque d'être renversé par une voiture en marchant sur la voie publique

- *Technique d'évitement du risque : Traverser aux feux et regarder d'abord des deux côtés*

101

Transférer le risque

- L'objectif est de *transférer l'impact financier* d'un risque (s'il se produit) à un tiers externe

Risque d'encourir des coûts importants en matière de soins de santé

- *Technique de transfert de risque : Souscrire une assurance maladie*

102

Réduire le risque

- L'objectif est de *réduire l'impact* d'un risque (s'il se produit) grâce à une détection précoce et à l'introduction de mesures préventives.

Risque de blessure grave lors d'un accident de voiture sur la neige

- *Technique de réduction du risque : Installer des pneus d'hiver sur le véhicule*

Accepter le risque

- L'objectif est d'accepter avec compréhension
  - Décider d'accepter les conséquences/l'impact d'un risque (s'il se produit)

Risque d'une contravention pour excès de vitesse afin d'arriver plus vite à destination

- Technique d'*acceptation du* risque : Décider que l'avantage d'arriver plus vite est supérieur à la combinaison du prix du billet et du risque de se faire prendre.

104

Doit être documenté

- Ce n'est que lorsqu'elle est appliquée correctement que l'acceptation du risque constitue véritablement une gestion du risque
  - (c'*est-à-dire* que le risque et la décision d'accepter toutes ses conséquences potentielles sont documentés)

Quelle est la meilleure méthode d'atténuation des risques ?

- Chaque méthode est applicable dans des circonstances différentes
- Plusieurs méthodes sont souvent utilisées simultanément
- Le type de régime, sa taille, sa complexité, etc, sont des facteurs de décision

Penser comme un administrateur / fiduciaire

- ✓ Maintenir une perspective stratégique
  - – Examiner en permanence l'évolution de l'environnement, les principaux risques et opportunités qui apparaissent, la manière dont ils sont gérés et les modifications de l'orientation stratégique à adopter.
  - – Inclure la planification de scénarios pour les meilleurs et les pires cas

Penser comme un administrateur / fiduciaire

✓ Contrôler les principaux risques affectant la réalisation de l'objectif défini dans le plan fiduciaire et les politiques connexes

- Revoir les niveaux d'appétit pour le risque ; les adapter aux conditions externes actuelles, à la capacité financière et à l'objectif de la fiducie/du régime
- Contrôler les documents de gouvernance

Définition : L'appétit pour le risque est le niveau de risque que la fiducie/ régime est prêt à tolérer.

Penser comme un administrateur / fiduciaire

- ✓ Contrôler les exigences en matière de connaissances, de compétences et de systèmes par rapport aux conditions externes actuelles, à la capacité financière et à l'objectif de la fiducie/du régime, et engager les ressources appropriées pour combler les lacunes.
- ✓ Contrôler et adapter les descriptions, la documentation et la communication des rôles, des responsabilités, des normes de performance et des rapports hiérarchiques de tous les fournisseurs de services afin de les aligner sur les conditions externes actuelles.

Gestion des risques : Outils

- Comité de conformité et des risques
- Analyses de l'environnement et SWOT (ou FFOM)
- Évaluation des risques
- Procédures de sécurité
- Accords d'assurance et d'indemnisation
- Plans d'intervention et d'urgence
- Évaluations technologiques et formation

Principe 8 : Supervision et conformité

- L'administrateur du régime de retraite doit mettre en place et documenter des processus appropriés pour assurer le respect des exigences prévues par la loi et des documents régissant le régime de retraite.

111

Supervision et conformité : Outils

- Comité de conformité et des risques
- Carte/liste de contrôle de la conformité réglementaire
- Audits des systèmes de suivi et des processus
- Évaluation des ressources en matière de risques
- Évaluations des performances
- Vérification indépendante de la conformité
- Évaluation des mises à jour et des révisions

112

Exemple de plan de travail

Tâches	Fréquence	Requis légal
<u>Réunions du comité de retraite</u>		
☐ Réunions du comité de retraite	4 fois par année au minimum	Nombre suffisant pour permettre aux membres d'exercer leurs fonctions
☐ Transmission de l'ordre du jour et, dans la mesure du possible, les documents pertinents	Par écrit, au moins 10 jours avant la tenue de la réunion	Aucun
☐ Adoption du procès-verbal de la dernière réunion	Chaque réunion régulière	Chaque réunion régulière
☐ Suivi par le secrétaire trésorier ou un sous-comité de vérification des délégations et autres tâches confiées au comité de retraite ou à un délégataire	Annuellement (Q1)	Nombre suffisant pour s'assurer que le délégataire rempli ses fonctions

113

Exemple de plan de travail *(suite)*

Tâches	Fréquence	Requis légal
<u>Réunions du comité de retraite</u>		
☐ Informer les membres du comité des éléments suivants o Cotisations perçues et dépenses encourues o Suivi du rendement de la caisse de retraite o Développements législatifs et jurisprudentiels	Sur base régulière	s.o.
☐ Offrir une session de formation aux membres du comité de retraite	En continue	Suffisamment pour que les membres acquièrent les connaissances utiles pour l'exercice de leurs fonctions et qu'ils comprennent la portée de leurs décisions.
☐ Chaque entité à qui des tâches ont été confiées par le comité doit faire rapport à ce dernier	Annuellement (T1)	Nombre suffisant pour s'assurer d'une saine gestion
☐ Suivi et évaluation des risques auxquels le régime est ou pourrait être confronté	Annuellement (T1)	Nombre suffisant pour s'assurer d'une saine gestion

114

Exemple de liste de contrôle de conformité

Tâches	Périodicité	Date de la dernière exécution	Date de la prochaine exécution
☐ Révision du règlement intérieur	Périodiquement	Septembre 2020	2025
☐ Révision des annexes du règlement intérieur	Régulièrement	Septembre 2020	2025
☐ Révision de la politique de placement	1 fois par année	Septembre 2021	
☐ Suivi périodique de certains risques du régime	Sur base régulière	Octobre 2024	Décembre 2025
☐ Renouvellement de la police d'assurance	1 fois par année	2025	2026

Modèle de déclaration de de conformité actuarielle

Nous confirmons que tous les conseils et informations fournis aux fiduciaires du régime, au cours de la période en question, étaient conformes à ce qui suit, à moins qu'il n'en ait été clairement indiqué autrement aux fiduciaires à ce moment-là ou comme indiqué ci-dessous ;

- les exigences des lois provinciales et fédérales régissant le régime
- toutes les normes de pratique actuarielle pertinentes publiées par l'Institut canadien des actuaires
- les principes actuariels généralement reconnus
- les documents régissant le régime, tels qu'ils nous ont été fournis
- les politiques des fiduciaires, telles qu'elles nous ont été communiquées
- les exigences de notre contrat avec les fiduciaires.

Exemptions notées...

Signé...

Date...

Principe 9 :
Transparence et reddition des comptes

- L'administrateur du régime doit mettre en place et documenter un processus de communication dans le but d'assure la transparence et la reddition de comptes auprès des participants et des bénéficiaires du régime et des autres parties prenantes.

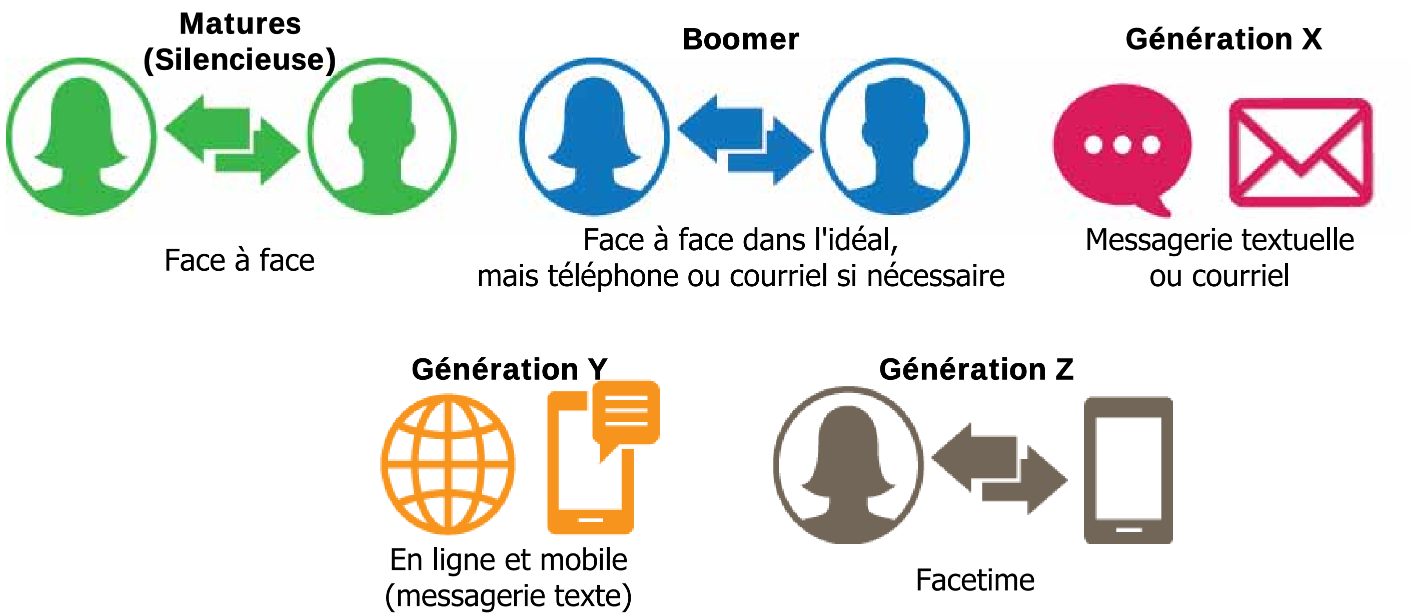
Penser en tant que administrateur / fiduciaire

- ✓ Contact pour les questions/requêtes des membres
- ✓ Délais de réponse aux demandes de renseignements
- ✓ Procédure d'escalade des questions des membres
- ✓ Processus d'information des membres sur les options possibles en cas de désaccord avec une décision
- ✓ Rapport sur les résultats, la satisfaction des membres et les problèmes non résolus
- ✓ Documentation de la demande et de la réponse

118

Tenir compte des préférences en matière de communication

- Les préférences en matière de médias varient selon les générations



Penser comme un administrateur / fiduciaire

- ✓ Veiller à ce que toutes les communications avec les parties prenantes soient transparentes
- ✓ Respecter les lignes directrices en matière de protection de la vie privée
- ✓ Documenter le processus et les décisions

Transparence et responsabilité : Outils

- Objectifs de communication
- Liste de diffusion de l'information
- Procédure de révision et d'appel
- Dépôt de documents et d'informations
  - Administrateurs/comités
  - Membres du régime/employés
  - Fiches pédagogiques
  - Rapport annuel de gouvernance
- FAQs

Principe 10 :
Code de conduite et conflit d'intérêts

- L'administrateur du régime doit mettre en place et documenter un code de conduite intégrant une politique de gestion des conflits d'intérêts.

Couvrir toutes les parties à la gouvernance

- Par exemple, le code de conduite s'applique à :
  - tous les membres du conseil d'administration, les dirigeants et les employés (réguliers et temporaires travaillant à temps plein ou à temps partiel)
  - les consultants désignés, les entrepreneurs indépendants et le personnel intérimaire.

123

Document sur le comportement attendu

- Par exemple, la confidentialité et le respect de la vie privée
- Ne pas afficher, examiner ou discuter d'informations confidentielles dans des lieux publics, en présence de tiers ou dans des endroits où vous pourriez être entendu.
- Ne pas transmettre d'informations confidentielles à des comptes de courrier électronique personnels, ne pas stocker ces informations sur des services de stockage de fichiers non approuvés, ne pas les retirer par le biais de copies papier ou les copier sur tout type de support numérique enregistrable.

124

Aborder le continuum du conflit

Réel	Potentiel	Perçu
Il existe un conflit d'intérêts direct. Par exemple, vous entretenez une relation personnelle étroite avec un employé de l'organisation dont vous êtes administrateur.	**Il pourrait y avoir un conflit d'intérêts.** Par exemple, vous êtes administrateur de deux organisations caritatives qui pourraient être en concurrence pour l'obtention de la même subvention à l'avenir.	**Il peut sembler y avoir un conflit d'intérêts.** Par exemple, vous êtes un investisseur dans une entreprise que votre conseil d'administration pourrait percevoir comme étant en mesure d'influencer.

125

Code de conduite et conflits d'intérêts : Outils

- Formation sur l'éthique, la conduite et les conflits d'intérêts
- Déclaration d'intention des nouveaux administrateurs/membres de comités
- Questionnaire annuel
- Certificat de conformité
- Divulgation confidentielle (dénonciation)

Principe 11 : Examen de la gouvernance

- L'administrateur du régime doit mettre en place et documenter un processus d’examen périodique du cadre de gouvernance et des processus connexes du régime de retraite.

127

Révision annuelle

- ✓ Système de gouvernance, y compris :
  - la description du poste de président
  - le mandat des comités permanents
  - en collaboration avec le président, les candidats à la présidence des comités
  - l'évaluation des compétences requises pour les membres du conseil d'administration et des comités, qu'ils soient potentiels ou nommés

Source : Tiré du Comité de gouvernance du RREO : Tiré de la description du Comité de gouvernance du RREO

Réaliser un examen annuel

- ✓ Efficacité des comités, des membres du conseil d'administration en tant que groupe et des contributions de chacun des membres du conseil d'administration, y compris une auto-évaluation régulière
- ✓ Efficacité de la procédure de sélection et de planification de la succession des membres de la direction et des cadres supérieurs, le cas échéant

Source : Tiré de la description du Comité de gouvernance du RREO

Exemple d'examen des performances

- L'évaluation des compétences du conseil d'administration est revue chaque année
- Le conseil d'administration évalue annuellement ses propres performances et utilise les résultats pour poursuivre son développement
- Le conseil d'administration évalue les fournisseurs de services à des moments précis en utilisant des matrices basées sur les rôles/responsabilités.
- Matrices des rôles/responsabilités révisées/mises à jour annuellement
- Liste de contrôle de l'examen de la gouvernance revue/mise à jour annuellement

130

Exemple d'examen du plan stratégique

- Plan stratégique en place
- Plan suivi et régulièrement revu par le conseil d'administration
- Plan mis à jour annuellement
- Plan communiqué aux parties prenantes

131

Exemple d'examen des réunions du conseil d'administration

- L'ordre du jour est axé sur les tâches du fiducie/régime
- Ordre du jour/procès-verbal circulé en avance
- Les administrateurs sont préparés à l'avance
- Processus de prise de décision clairement articulé
- Processus de gestion des conflits clairement défini
- Décisions documentées sous forme de motions
- Registre de l'historique des motions
- Temps consacré à l'examen du questionnaire d'auto-évaluation

Exemple de certificat de conformité

En tant que signataires autorisés et au nom du Fonds fiduciaire du régime d'invalidité de courte et de longue durée d'ABC, nous confirmons par la présente que le conseil d'administration a examiné les rapports et les certificats de conformité reçus des agents, conseillers et professionnels du Fonds pour la période allant du 1er janvier 20XX au 31 décembre 20XX.

Nous soumettons ce rapport à titre de compte rendu de l'examen annuel des rôles, des responsabilités et des obligations de rendre compte effectué par les administrateurs et, à ce titre, nous certifions que toutes les parties se sont conformées au plan de gouvernance du fonds fiduciaire susmentionné (toutes les exceptions étant notées ci-dessous), comme indiqué."

Auto-évaluation des membres du conseil d'administration

- Peut nécessiter l'avis d'un professionnel indépendant
- Il convient d'impliquer d'autres personnes dans le processus de gouvernance en posant des questions :
  - Qu'est-ce qui fonctionne ?
  - Qu'est-ce qui ne fonctionne pas ?
  - Comment puis-je m'améliorer ?
  - Comment pouvons-nous nous améliorer ?

134

Examen de la gouvernance : Outils

- Cadre de gouvernance et évaluation des politiques
  - Révision et mise à jour, y compris
    - initiatives stratégiques
    - politiques et mandats
    - rôles et responsabilités
    - etc.

135

Autres publications pertinentes de l'ACOR

Sujet	Document	Date de publication
Régimes à cotisations déterminées	Ligne directrice n° 8 Régimes à cotisations déterminées	28 mars 2014
Régimes de capitalisation	Ligne directrice n° 3 Régime de capitalisation	9 septembre 2024
Norme de prudence	Ligne directrice n° 7 Politique de financement du régime de retraite	Novembre 2020
Norme de prudence	Ligne directrice n° 6 Pratiques de placement d'investissement prudentes	15 novembre 2011
Titulaire du fonds	Ligne directrice n° 5 Dépositaires des caisses de retraites	1er mars 2011
Régimes de retraite de pension multi-juridictionnels	Guide de commentaires Accord 2020	20 mai 2011 octobre 2023

136

Ce que nous avons appris

- L'importance des documents de la fiducie/du régime dans l'accomplissement de l'obligation fiduciaire
- Principales fonctions des conseils d'administration/fiduciaires en tant qu'administrateurs judiciaires
- Rôle des fournisseurs de services dans le soutien aux conseils d'administration
- Importance du protocole de réunion et de l'assiduité
- Les erreurs de gouvernance les plus courantes
- Les parties prenantes de la gouvernance

137

Ce que nous avons appris

- Principes de base d'une gouvernance efficace
- Structures, processus et outils de gouvernance pour soutenir l'exécution des fonctions clés
- Sources de pratiques/outils efficaces

Testez vos connaissances

Lequel des énoncés suivants concernant l'intention des principes énoncés dans les lignes directrices de l'ACOR en matière de gouvernance est vrai?

A. Ils sont volontaires et visent à aider l'administrateur légal/le comité de retraite à atteindre et à maintenir une bonne gouvernance.

B. Ils exigent que tous les types de régimes, quel que soit leurs tailles, introduisent la même structure de gouvernance et suivent les mêmes pratiques de gouvernance

C. Elles sont obligatoires et imposent des obligations supplémentaires à l'administrateur légal.

Testez vos connaissances

Selon le principe 1 de la ligne directrice sur la gouvernance de l'ACOR : Obligations fiduciaires, lequel des énoncés suivants décrit LE MIEUX l'obligation fiduciaire de l'administrateur judiciaire ?

A. L'administrateur judiciaire a une responsabilité fiduciaire envers l'employeur et le syndicat.

B. L'administrateur judiciaire n'a de responsabilité fiduciaire qu'à l'égard des membres du régime.

C. L'administrateur judiciaire a une responsabilité fiduciaire envers les membres du régime et leurs bénéficiaires.

Testez vos connaissances

Lequel des énoncés suivants décrit correctement le principe 2 des lignes directrices de l'ACOR en matière de gouvernance : Cadre de gouvernance ?

A. Les conseillers professionnels engagés par l'administrateur légal sont chargés d'établir et de documenter le cadre de gouvernance du régime.

B. Un cadre de gouvernance peut inclure la description des rôles des administrateurs/fiduciaires, les devoirs et responsabilités des fournisseurs de services, les procédures de contrôle du conseil d'administration.

C. Le partage des documents du cadre de gouvernance au-delà de ce qui est légalement requis est découragé.

Testez vos connaissances

Si le conseil d'administration d'un régime de retraite (administrateur légal) documente clairement les rôles, les responsabilités et les obligations de reddition de compte de toutes les parties prenantes du processus de gouvernance, il applique quelle ligne directrice de l'ACOR sur la gouvernance ?

A. Principe 1 : Obligations fiduciaires

B. Principe 3 : Rôles et responsabilités

C. Principe 5 : connaissances et compétences

Testez vos connaissances

Si le comité de retraite d'un régime de retraite (administrateur légal) appliquait le principe 4 de la ligne directrice sur la gouvernance de l'ACOR : Suivi de la performance, il devrait

A. Superviser les activités quotidiennes du personnel interne et des fournisseurs de services pour s'assurer que les normes de rendement sont respectées.

B. Déléguer le contrôle de tous les fournisseurs de services à un fournisseurs de services indépendant.

C. Mettre en place et documenter des mesures de performance appropriées pour pouvoir suivre la performance des parties prenantes du processus de gouvernance et d'administration du régime.

143

Testez vos connaissances

Lequel des énoncés suivants décrit l'intention du principe 5 des lignes directrices sur la gouvernance de l'ACOR : Connaissances et compétences ?

A. L'administrateur légal doit posséder, parmi les membres de son conseil d'administration, toutes les connaissances et compétences requises pour la gouvernance du régime.

B. L'administrateur légal, a le devoir de déployer, directement ou par l'intermédiaire de mandataires, les connaissances et les compétences nécessaires pour assumer ses responsabilités en matière d'administration et de gouvernance.

C. Si des fournisseurs de services sont engagés pour aider l'administrateur légal dans son rôle de gouvernance, la responsabilité finale de la gouvernance incombe aux fournisseurs de services.

Testez vos connaissances

Si le conseil d'administration d'un organisme de santé et de prévoyance met en place un processus pour obtenir et fournir des informations aux parties prenantes, il applique quel principe des lignes directrices de l'ACOR sur la gouvernance

A. Principe 2 : Cadre de gouvernance

B. Principe 5 : Connaissances et compétences

C. Principe 6 : Renseignement sur la gouvernance

145

Testez vos connaissances

Lequel des énoncés suivants concernant la gestion des risques est exacte ?

A. La gestion des risques consiste à réduire les mesures nécessaires pour atténuer les risques

B. La gestion des risques consiste à déterminer la nature et l'étendue des risques acceptables

C. La gestion des risques consiste à augmenter les risques pour permettre la réalisation des objectifs

146

Testez vos connaissances

Il existe quatre stratégies de gestion des risques. Déplacer une partie des actifs du régime d'une classe de risque inférieure à une classe de risque supérieure après avoir effectué un contrôle préalable et sollicité des conseils professionnels documentés est le MEILLEUR exemple de

A. Accepter les risques

B. Éviter les risques

C. Réduire les risques

D. Transférer les risques

Testez vos connaissances

Il existe quatre stratégies de gestion des risques. NE PAS investir les fonds d’un régime de retraite dans des actifs à haut risque est le MEILLEUR exemple de

A. Accepter les risques
B. Éviter les risques
C. Réduire les risques
D. Transférer les risques

148

Testez vos connaissances

Il existe quatre stratégies de gestion des risques. S'assurer que les administrateurs/ fiduciaires ont une assurance responsabilité civile est le MEILLEUR exemple de

A. Accepter les risques

B. Éviter les risques

C. Réduire les risques

D. Transférer les risques

Testez vos connaissances

Il existe quatre stratégies de gestion des risques. L'embauche d'un consultant en investissement pour aider les administrateurs/fiduciaires à contrôler la performance des gestionnaires de portefeuille est le MEILLEUR exemple de

A. Accepter les risques

B. Éviter les risques

C. Réduire les risques

D. Transférer les risques

150

Testez vos connaissances

Si l'administrateur légal prévoit la mise en place de processus appropriés pour s'assurer de la conformité avec les exigences légales, les documents du régime et les politiques administratives, il applique quel principe des lignes directrices de l'ACOR en matière de gouvernance ?

A. Principe 8 : Supervision et conformité

B. Principe 9 : Transparence et reddition de comptes

C. Principe 11 : Examen de la gouvernance

Testez vos connaissances

Lequel des énoncés suivants concernant le principe 9 des lignes directrices de l'ACOR en matière de gouvernance, à savoir la transparence et la responsabilité, est exact ?

A. Toutes les informations relatives aux prestations et aux risques liés au régime devraient être immédiatement communiquées à tous les participants et à tous les bénéficiaires.

B. La transparence et la responsabilité ne sont requises que dans les communications imposées par la législation

C. Les FAQ, les listes de diffusion de l'information et les rapports annuels de gouvernance sont des exemples d'outils qui facilitent la transparence et la responsabilité.

Testez vos connaissances

Lequel des énoncés suivants concernant le principe 9 des lignes directrices de l'ACOR en matière de gouvernance, à savoir la transparence et la responsabilité, est exact ?

A. Toutes les informations relatives aux prestations et aux risques liés au régime devraient être immédiatement communiquées à tous les participants et à tous les bénéficiaires.

B. La transparence et la responsabilité ne sont requises que dans les communications imposées par la législation

C. Les FAQ, les listes de diffusion de l'information et les rapports annuels de gouvernance sont des exemples d'outils qui facilitent la transparence et la responsabilité.

Testez vos connaissances

Selon le principe 10 des lignes directrices sur la gouvernance de l'ACOR : Code de conduite et conflits d'intérêts, lequel est vrai ?

A. Un code de conduite ne doit traiter que des conflits d'intérêts réels.

B. Un code de conduite ne doit s'appliquer qu'au conseil d'administration et non aux fournisseurs de services.

C. Un code de conduite devrait inclure une politique de gestion des conflits d'intérêts réels, potentiels et perçus.

Testez vos connaissances

Lequel des énoncés suivants concernant le principe 11 des lignes directrices de l'ACOR en matière de gouvernance, à savoir l'examen de la gouvernance, est exact ?

A. Il n'est pas approprié de demander un avis professionnel indépendant pour l'évaluation individuelle d'un membre du conseil d'administration.

B. L'administrateur judiciaire devrait établir et documenter un processus d'examen régulier du cadre et des processus de gouvernance.

C. La description du poste de président est exclue de l'examen.

155

Vos commentaires sont importants.
Veuillez scanner le code QR.

Évaluation de la session

FTMS

Note to Participants Regarding Administration Readings

Strategic planning, policy setting, risk management, plan management (plan design, funding and choice of administration approach) as well as oversight and compliance functions are critical to effective management of pension and benefit trusts and plans. Numerous service providers support Trustees in the execution of these functions.

While the breadth and scope of the key functions and the range and extent of service provider services required will depend on plan circumstances (e.g., plan type, size and complexity), the basic principles and concepts apply to all types and sizes of trusts.

Note to Participants Regarding Governance Readings

Governance encompasses the fiduciary roles and responsibilities with respect to the operation of benefit trusts and plans. It further identifies structures and monitoring processes used to direct and manage a benefit trust and plan in the best interest of members, beneficiaries and other stakeholders—and to ensure compliance with provincial and federal regulations.

Please note that while these readings focus on pension plans, generally, the principles and practices apply to any type of trust or plan. Participants are encouraged to understand the principles of the guidelines and how they apply to their specific trusts and plans whether health and welfare, pension or other.

THE READINGS FOR THIS MODULE INCLUDE:

2A Key Functions of Boards of Trustees/Fiduciaries

2B Sample Pension Plan Third-Party Administration Services Agreement
(Reference only—not testable materials.)

2C Sample Welfare Plan Third-Party Administration Services Agreement
(Reference only—not testable materials.)

2D Selection and Management of Service Providers
(Reference only—not testable materials.)

- "When to Employ an RFP and What's Involved," Alex Diemer, January 26, 2011. © 2020 by Transcontinental Media G.P. This article first appeared in *Benefits Canada*.
- "Pension and Benefits Service Provider Agreements: Some Practical Thoughts," Mark Firman, August 13, 2014. © 2020 by Transcontinental Media G.P. Originally published on benefitscanada.com.

(continued)

2E Key Players in the Evolution of the CAPSA Governance Guidelines
(Reference only—not testable materials.)

2F CAPSA Guideline No. 4, Pension Plan Governance Guideline and Self-Assessment Questionnaire, 2016
This provides a broad, flexible outline of key governance principles that can be adapted to plans of various types and sizes.

2G Sample Pension Trust Governance Framework, Policies and Mandates
(Reference only—not testable material.)

2H Pension Trust Fund Governance Checklist
(Reference only—not testable material.) This is a tool for tracking the status of key regulatory findings.

2I XYZ Pension Plan Review and Appeal Policy
(Reference only—not testable material.)

2J XYZ Pension Plan Review and Appeal Process
(Reference only—not testable material.)

2K OTPP Code of Conduct Policy, January 1, 2020
(Reference only—not testable material.)

2L Sample Governance Framework for ABC Health and Welfare Fund/Plan
(Reference only—not testable material.)

2M Excerpt from British Columbia Financial Institutions Commission Information Bulletin PENS 15-004
(Reference only—not testable material.)

KEY FUNCTIONS OF BOARDS OF TRUSTEES/FIDUCIARIES

Legal Administrator

The trust document establishes the Legal Administrator. It may be a Board of Trustees, or an employer or committee, depending on plan type. The Legal Administrator has fiduciary responsibility and is responsible for the execution of all the functions required to make the trust/plan "work" to achieve its purpose.

Effective Management of Plans/Trusts

The following exhibit highlights two critical elements of effective management of trusts and plans.

1. **Key functions (*what* you as a Trustee/Fiduciary are responsible for).** Key functions include strategic planning, policy development, risk management, plan management as well as oversight and compliance. The scope of each function (i.e., the extent of the roles and responsibilities) varies by type of plan, complexity and size. One "size" of strategic planning does not fit all.

2. **Governance.** Governance is the structure, process, tools, etc. that permeate and improve ***how*** all things are done. Governance is attention-worthy because it helps you meet fiduciary obligations and avoid liability, supports you in execution of key plan/trust management functions and increases likelihood of better outcomes.

While carrying out these key functions effectively and providing good governance are highly interdependent, this reading focuses on key functions. The Canadian Association of Pension Supervisory Authorities (CAPSA) Guideline No. 4 "Pension Plan Governance Guideline", outlines governance principles informing the *how* that are easily adaptable to other plan types.

You have the authority to delegate. Many Boards of Trustees/Fiduciaries have other job responsibilities and are generally not experts in law, investments, administration, auditing or other specialized areas necessary to carry out the purpose of the trust/plan. The trust document gives a Board of Trustees/Fiduciaries authority to retain service providers and pay reasonable compensation. The trust document may also establish conditions necessary to rely on advice/work of service providers. The role of service providers in supporting a Board is discussed later in the reading.

Note that the terms *agent*, *delegate* and *service provider* are used interchangeably in practice. The term *service provider* is used moving forward.

KEY FUNCTIONS OF EFFECTIVE TRUST MANAGEMENT

1. Strategic Planning

A key Board function is to provide strategic direction for the management of the trust/plan as a whole in order to achieve the purpose of the trust/plan over the long term. This includes strategic planning.

The importance and intent of strategic planning as an element of governance are captured in the following excerpt from the Canadian Institute of Chartered Accountants (CICA) *20 Questions Directors Should Ask about Strategy*. "Today, the responsibility to actively participate in the development and approval of the overall strategy, to monitor the strategy's progress, and to oversee and guide, represents some of the quintessential activities of corporate governance. And that responsibility, today, is seen to reside principally with the Board. Further, they must be 'constructively involved' in the development and approval of strategy. At the core of constructive involvement is the role that directors perform through the questions they ask. By asking questions, directors determine both the degree to which the corporation is charted on a proper course and whether it is being properly managed."[1] While trusts/plans have characteristics that differentiate them from traditional corporate structures, generally the role of Trustees/Fiduciaries in providing strategic direction for the management of a trust/plan is similar to the role played by directors of other types of organizations.

A key factor in any strategic planning process is to whom the decision makers are primarily responsible. "The sole purpose of creating a trust is to enable a Trustee to administer the trust property for the benefit of a beneficiary. As has often been pointed out to new Trustees, but always bears re-statement, not only should trustees avoid self-interest in their Trustee's office but, as importantly, they must divest themselves of the 'union' or 'management' roles they hold in discharging their trust responsibilities. In their decision-making, Trustees of employee benefit trusts must share the same community of interest, namely, to properly represent the beneficiaries of the trust/plan. Consequently, there is no place for Trustees to play the traditional adversarial roles of union vs. management and, it goes without saying that the Trustees' decisions must be

[1] Canadian Institute of Chartered Accountants, *20 Questions Directors Should Ask about Strategy*

made by themselves personally rather than by the unions or employers who appointed them in order to avoid any conflict of interest."[2]

There are numerous approaches to strategic planning; most approaches address:

- Setting long-term goals that reflect the trust/plan circumstances and address the purpose of the trust/plan
- Analyzing internal and external factors that trigger significant issues for the trust/plan
- Generating strategic options for addressing the most important issues affecting the trust/plan
- Deciding among those options
- Identifying performance measures and monitoring implementation.

In executing this function, the Board's focus would be assessing and approving the strategic process that is identified, assessing and approving the vision, mission and values of the trust/plan, the objectives and budget items that are outputs of the strategic process, monitoring the execution of the strategy and its achievement and approving changes to the strategy as warranted. Administrative activities related to strategic planning may be delegated to various players depending on trust/plan type, complexity and size. For example, developing a strategic planning process may be delegated to internal staff or a third-party administrator and/or an external service provider while assessing and approving the strategic planning process rests with the Board. Individual service providers would contribute to the analysis and recommendations stages while Board Members would assess and decide among alternatives. Preparing progress reports on accomplishment of strategic objectives may rest with internal staff or a third-party administrator while monitoring the execution of strategy and its achievement and deciding on stakeholder communication would rest with the Board.

A strategic plan, an output of the planning process, "is the document that records the decisions the organization has made with respect to its future strategy. The plan should also contain the rationales, analyses and background information supporting those decisions."[3] The strategic plan informs decision making. Board Members should consider:

- What is the strategic context for each ongoing decision item?
- Does the recommended decision alter the strategic direction?

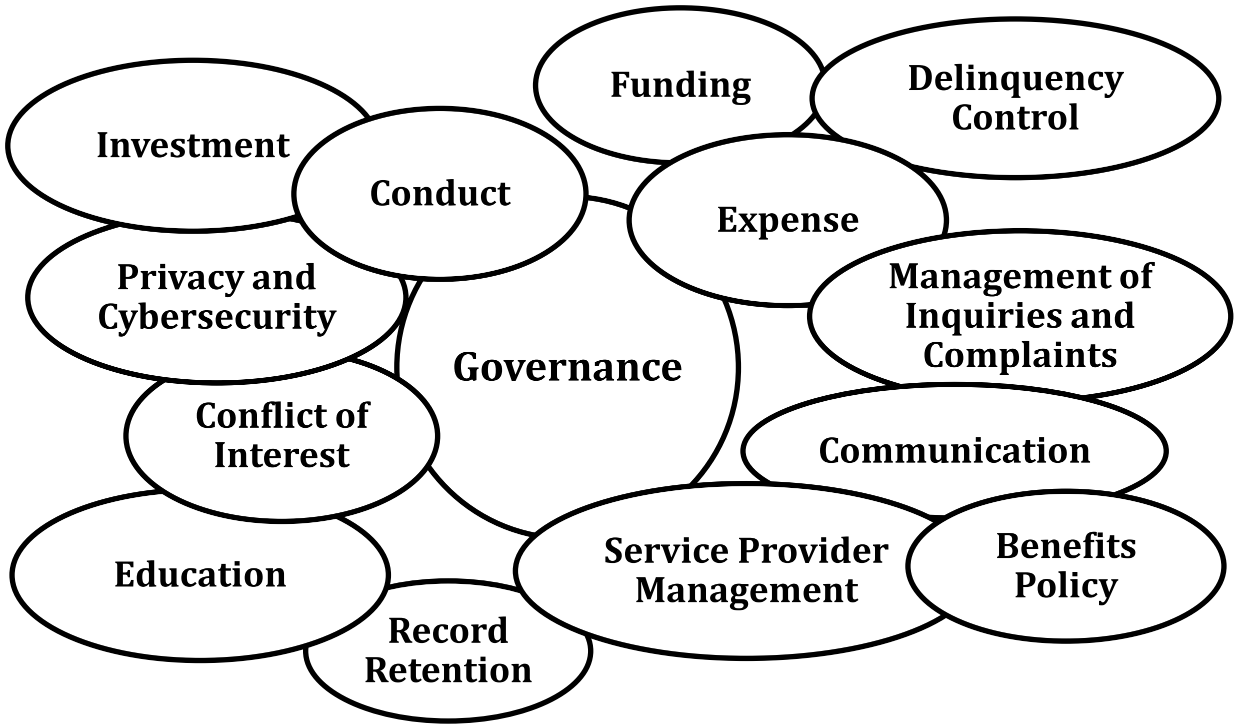
Depending on the stability of the environment, strategic planning can be a very organic process. In dynamic market conditions, the Board can't assume that the strategy as approved is fixed and can be deployed without further consideration. Every important Board decision should be made in the context of the strategy.

2. Policy Setting

A key function of the Board is to develop policies, bylaws, rules or regulations as necessary to administer the trust, consistent with provisions of the trust agreement, collective agreement, plan

[2] *Introduction to Employee Benefit Trusts*, Alan Minsky, Q.C., Partner, Koskie Minsky LLP, Toronto, Ontario
[3] Canadian Institute of Chartered Accountants, *20 Questions Directors Should Ask about Strategy*

documents and requirements of applicable provincial and federal legislation as well as implement, interpret and monitor those policies. This includes drafting, implementing, interpreting, amending and monitoring. The following exhibit illustrates the many types of policies that are characteristic of trusts/plans.



Some key policies are:

1. **Benefits Policy/Pension Plan Text** because it determines plan obligations or liabilities and ensures fair and impartial interpretation of plan terms for all beneficiaries
2. **Investment Policy** because it impacts investment returns which in turn, impact assets accumulated in the trust to pay benefits
3. **Funding Policy/Contribution Control Policy** because it impacts the trust's ability to meet plan obligations (whether assets are greater than obligations or liabilities) and can impact benefit security afforded members.

Written policies facilitate both directing and monitoring of staff and/or service providers by the Board and are essential to meeting fiduciary duties. Again, trust/plan circumstances (e.g., type, size and complexity) dictate the nature and number of policies. **How effective policies are in facilitating the Board's directing and monitoring activities is a function of how well the policies are written.**

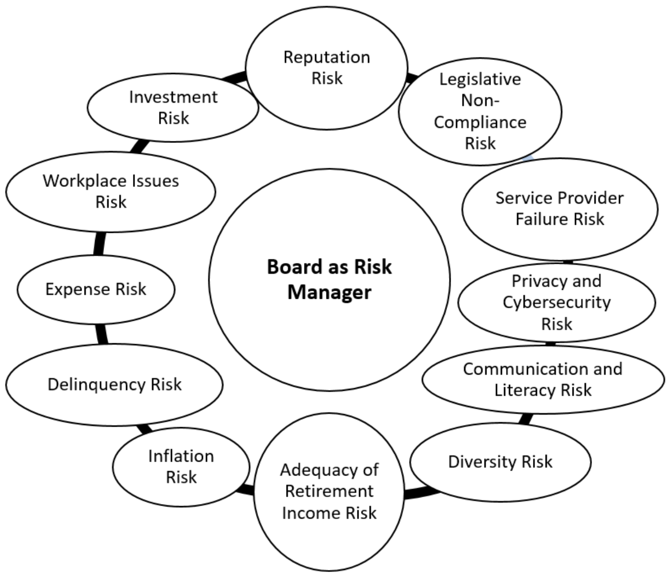
Thinking as a Board about Policies

- ✓ Confirm that the content and scope of the policy (who it applies to) is clear.
- ✓ Confirm that whose approval is required for the policy (e.g., Board or Committee) is clear.
- ✓ Ensure that key policy definitions are used consistently across all policies (and not redefined in the policy).
- ✓ Ensure that the policy is written in simple, concise language avoiding duplication of the same point, filler words (e.g., certain, relevant, proper, applicable, etc.) and legalese (e.g., Latin terms, contractual clauses or citation of legislation).
- ✓ Include links to related policies and reference documents as cross-references at specific points in the policy.
- ✓ Confirm that course of action expected is clear from the policy language:
  - "Must or will"—Course of action is mandatory or as approved, an amendment is made
  - "Should"—Course of action is recommended and encouraged but not required
  - "May" (an enabling term)—Course of action is discretionary unless used together with "not" in which case the phrase "may not" refers to mandatory prohibition."

3. Risk Management

A key function of the Board is to provide for establishment of an internal control framework for identification, analysis, assessment and control of trust/plan risks that is appropriate for the circumstances of the trust/plan.

Potential risks depend on the type of trust/plan (pension, benefit or other) and its circumstances. Examples of some key risks include:

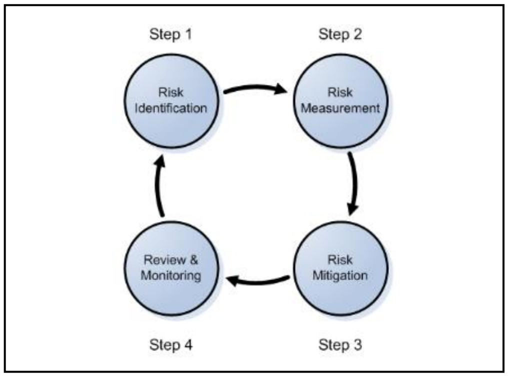


Five key risks relate to:

1. Investments—Are they earning an adequate return?
2. Contributions—Are they all collected?
3. Benefits—Are they sustainable?
4. Fees—Are they reasonable and competitive?
5. Funding—Will what's available cover benefits and fees?

Risk management can be a complex process, but the basic concepts are straightforward. A basic risk management process includes four steps:

1. Determining nature and extent of risks acceptable
2. Overseeing processes and controls put in place to identify, measure and manage risks
3. Taking action as required to mitigate unacceptable risks
4. Actively reviewing potential impact of risks on achievement of purpose.



There are four generally accepted risk mitigation methods.

1. **Avoiding risk:** choosing not to undertake certain types of activities in order to remove the likelihood that a risk will occur. An example would be not adding a new benefit that is not affordable to remove the risk of having to increase member contributions to cover its cost. Avoidance may seem the answer to all risks, but avoiding risks also means losing out on the potential gain that accepting (retaining) the risk may have allowed. In this example, it is seeing member needs met and potential increased satisfaction with the plan.

2. **Transferring risk:** moving the financial impact of a risk (if it occurs) to an external third party. An example would be to use plan funds to purchase insured health and welfare benefits through an insurance company versus self-funding to avoid the risk of incurring large health care costs.

3. **Reducing risk:** through early detection and introduction of preventive measures, reducing the impact that a risk will create (if it occurs). Examples would include regular monitoring of policies and procedures and seeking counsel or professional advice when appropriate.

4. **Accepting risk:** actively deciding to accept the consequences (impact) of a risk (if it occurs), recognizing that the benefits of doing so outweigh the costs of the methods of transfer or reduction.[4] An example would be deciding to move a portion of plan funds from a lower risk asset class (e.g., fixed income bonds) to a higher risk asset class (e.g., equities) after completing due diligence and obtaining professional advice. Note that only when the risk and the decision to accept all its potential consequences are documented is this truly a risk management method.

Each method is applicable under different circumstances and multiple methods of managing risk are often used simultaneously.

[4] Source: Draws on CICA, *20 Questions Directors Should Ask About Risk*

Thinking as a Board About Risk Management

- ✓ Monitor key business risks affecting success in achieving purpose set out in trust/plan and related policies.
  - Review risk appetite levels; adjust to current external conditions, financial capacity and trust/plan purpose.
  - Monitor policies (e.g., benefits policy, investment policy, funding policy) as outlined in governance documents.
- ✓ Monitor knowledge, skill and system requirements against current external conditions, financial capacity and trust/plan purpose and contract appropriate resources to fill gaps.
- ✓ Monitor and adjust descriptions, documentation and communication of roles, responsibilities, performance standards and reporting relationships of all service providers to align with current external conditions.
- ✓ Ensure that all stakeholder communication is transparent.
- ✓ Adhere to privacy guidelines.
- ✓ Document process and decisions.

Plan Management

A key function of the Board is plan management. This includes determining and monitoring the benefit structure or plan design, selecting the funding method and determining the approach for handling day-to-day administration of the trust and plan. Options and decision-making process may vary by plan type.

- **Plan Design** entails ***determining*** the benefit structure or plan design features (i.e., eligibility rules for participation, benefits and benefit levels consistent with the financial resources of the trust, procedures for applying for benefits, documentation required to establish eligibility, claims appeals procedures if a benefit is denied) and ***monitoring*** the ongoing appropriateness of the design for plan circumstances.
- **Plan Funding** entails ***selecting*** the funding method (how to accumulate assets to pay benefits as they come due) and ***monitoring*** the ongoing funding status for plan circumstances. The purpose of funding is to provide benefit security. Funding requirements and types of funding available depend on plan type.
- **Plan Administration** entails ***selecting*** the appropriate method or combination of methods for carrying out the broad spectrum of activities executed on a day-to-day basis and ***monitoring*** appropriateness for plan circumstances. The decision regarding the administrative approach is influenced by factors such as size and complexity of the trust/plan as well as the philosophy of the Board.[5]

[5] Drawn from *Multi-employer Plans: A Guide for New Trustees*, Second Edition, Joseph A. Brislin

The Board has a fiduciary duty to prudently manage plan assets in the best interest of beneficiaries. This duty involves balancing the diverse needs of several different groups such as working members, nonworking members, disabled members, retirees and dependents.

Oversight and Compliance

A key function of the Board is establishing appropriate mechanisms to oversee compliance of trust/plan staff and service providers with legislative requirements, benefit plan documents and policies, compliance policies and monitor all administrative activities for compliance.

Well-documented governance structure and processes, compliance reports/checklists, systems and process audits, independent verification of compliance, complete and accurate minutes of board meetings and decisions as well as instructions given are essential to meeting fiduciary duty.

Key Documents for Administration

The Board has a fiduciary responsibility to administer the trust in accordance with trust and plan documents and to comply with all relevant laws and regulations. Again, plan type determines what documents are defined as *key*. For example, *key* documents essential to trust administration in a multi-employer plan include:

- **Trustee Act.** It confers powers, rights and immunities to Trustees that are in addition to and subject to those conferred by the trust agreement.
- **Trust Agreement.** Puts the trust into "business." It establishes terms and conditions for administration and empowers Trustees to make "management" decisions including to appoint and remove Trustees; adopt policies for the trust; lease or purchase space, equipment, etc., for trust operations; receive contributions and other income; invest trust assets; pay out benefits and expenses from the trust; enter into contracts and agreements with staff and agents; conduct meetings; etc. Provisions of the trust agreement take precedence over the Trustee Act in cases of any conflict between them in regard to powers and duties of Trustees.
- **Collective Agreement.** It normally requires the employer to participate in the trust and specifies the amount of the employer's contribution. It may also obligate the employer to abide by the terms of the trust, outline the contribution procedure and describe penalties for failing to make timely contributions.
- **Participation Agreement.** Requirements for employer contributions required by the collective agreement cannot be enforced unless the employer is legally bound by the collective agreement or, at the very least, has signed a participation agreement. The participation agreement obligates the employer to abide by the terms and conditions of the trust agreement, outlines contribution procedures and describes penalties for failing to make timely contributions.
- **Plan Document.** It generally identifies what benefits are provided by the plan which is governed by the trust, who is covered, eligibility requirements, procedures to follow to obtain benefits and procedures to appeal a denial of benefits as well as definitions.

Importance of Trustee Meetings

Meetings are the Board's primary tool for executing key trust/plan management functions and meeting governance obligations. Meetings are where:

- Day-to-day trust/plan operations are reviewed and discussed.
- Decisions are made.
- Instructions are provided to staff/service providers.
- Conflict of interest may be declared.

Thinking as a Board About Meetings

- ✓ Understand plan/trust context:
  - An orientation to relevant policy documents that address Trustee/Fiduciary responsibilities, e.g., trust agreement, trust policies, participation agreements, benefit plan text, etc.
- ✓ Demand relevant information and prepare:
  - Advance delivery of accurate, complete, relevant and timely information
  - Adequate time to prepare for asking of questions
  - Adequate time for deliberation and documentation of decision making
  - Reading meeting materials in advance!
- ✓ Explicitly acknowledge potential conflict of interest/tension that can exist between Trustees/Fiduciaries as elected or appointed officials and members and/or management:
  - Wear only hat of Trustee/Fiduciary at meetings
  - Keep it on the table.
- ✓ Understand absence does not excuse liability for consequences of decisions.

Attend to Minutes

At each meeting, the Board conducts the business necessary to operate and administer the trust/plan. The minutes of meetings are records of the business decisions and policies established by the Board including the allocation of responsibilities to staff/service providers to put these decisions into effect.

The minutes of board meetings and reports from professional advisors (service providers) are invaluable documents to show each and every step that the Board took to achieve the objectives of the plan and that they continuously monitor the process. The minutes are the official record that the Board followed procedures required both by law and trust/plan documents and that it acted in a prudent manner while performing its fiduciary duty. This important record should be maintained for every meeting and sub-committee meeting and circulated as soon as possible after the meeting. Board Members should be sure that all economic factors and professional advice that influenced a decision are recorded.

It is the Board's responsibility to ensure that complete and accurate minutes are kept and a permanent record is kept safe and secure.

Using meeting time effectively requires:

- Delivery of accurate, complete, relevant and timely information in advance of meetings
- Adequate time to prepare for asking of questions
- Adequate time for deliberation and for documentation of decision making during meetings
- Proper meeting minute taking and review for accuracy prior to Board approval.

The importance of proper meeting minute taking and review for accuracy prior to Board approval cannot be overstated.

Adhere to Meeting Protocol

The trust agreement provides direction on the number of required meetings, whether an annual meeting is required, what constitutes a quorum, roles of Chair, Recording Secretary, decision-making process, process for resolving Board deadlock, etc. The following excerpts from Reading 1C—Sample Trust Agreement, introduced in the FTMS Legal Session, illustrate direction on meeting protocol:

4.08 **Annual Meeting.**

(a) The Trustees shall hold at least two (2) meetings each year, one of which will be designated as the Annual Meeting of the Trustees. The Chair shall be responsible for setting the dates of each such meeting, provided that the Annual Meeting must be held within six (6) months of the end of the fiscal year of the Fund.

(b) At each Annual Meeting of the Trustees, among other things:

(i) A financial statement from the Auditors of the fund shall be presented covering the immediately preceding fiscal period of the Fund;

(ii) The Administrative Agent shall submit a report relating to the period since the inception of the Fund or from the date of the last preceding Annual Meeting as the case may be;

(iii) Auditors shall be appointed; and

(iv) The interest rate to be credited to Members' accounts for the preceding calendar year ending December 31 shall be declared.

4.09 **Meetings at the Request of the Unions and the Association.** The Unions and the Association may, jointly and by notice in writing to the Chairs, Secretary or to each Trustee personally, require a meeting of the Trustees to discuss issues raised in the said written notice, whereupon the Chairs or Trustees, as the case may be, shall convene a meeting of the Trustees with the Unions and the Association within five (5) days of receipt of notice to discuss the issues raised in the notice.

4.10 **Other Meetings**. The Chairs or any two (2) or more Trustees may call a meeting of the Trustees at any time by giving at least seven (7) days' written notice of the time and place thereof to each Trustee. Meetings of the Trustees may be held at any time without notice if all Trustees consent thereto.

4.11 **Meetings by Conference Call or Consent in Writing**. Any meeting of the Trustees may be held by means of a conference telephone call, if all Trustees consent thereto. Any decision is effective without a meeting of the Trustees if evidenced by instrument in writing signed by all the Trustees.

4.12 **Quorum** (the minimal number of who must be present for valid transaction of business).

(a) A quorum shall consist of four (4) Trustees provided that at least two (2) Union Trustees and two (2) Employer Trustees are present. The decisions of the Trustees shall be determined by a majority vote unless otherwise provided for herein. Where all of the Union Trustees or all of the Employer Trustees are not present at a meeting, or in the event that there is a vacancy on the Board of Trustees, but a quorum exists, the Union Trustees or Employer Trustees present shall be entitled to cast an equal portion of the votes allocated to his/her respective class of Trustees on all matters coming before the meeting.

(b) The Chairs at any meeting of Trustees shall not be entitled to a second or casting vote.

4.13 **Trustees' Deadlock**

(a) **Deadlock**. A deadlock shall be deemed to exist wherever a proposal, motion or resolution made by any Trustee is neither adopted nor rejected by a majority vote, or where a proposal, motion, or resolution is unable to be made at a meeting due to lack of a quorum at two (2) consecutively called meetings. In the event of a deadlock, a meeting of the Trustees shall be held at least ten (10) days after the deadlock has arisen for the purpose of either resolving the matter in dispute or agreeing upon the designation of an arbitrator to resolve the matter in dispute.

(b) **Dispute Resolution Procedures**. If, within thirty (30) days after such deadlock no arbitrator has been designated, or the matter in dispute has not been resolved, then either the Employer Trustees or the Union Trustees may request the Minister of Labour for the Province of (insert Province here) to appoint a neutral arbitrator. An arbitrator so appointed shall have all the powers of an arbitrator under the *Arbitration Act.*

(c) **Arbitration Procedure.** An arbitrator selected or appointed in accordance with this provision shall attend the next meeting of the Board of Trustees which shall be held as soon as practical thereafter. At such time, the arbitrator shall hear any evidence or arguments presented by any Trustee or any interested parties. The arbitrator shall cast the deciding vote by providing written reasons for his or her decision. Copies of his or her reasons for decision shall be delivered to the Chairs and the Secretary of the Board of Trustees.

(d) **Final and Binding Decisions**. Any decision of an arbitrator, reached through the arbitration steps of the dispute resolution procedure, in accordance with paragraph (b) and (c) above, shall be final and binding upon the Trustees.

Role of Service Providers

Boards commonly engage the expertise of service providers to provide assistance and advice in the performance of fiduciary duties. Most boards do not possess the expertise or experience in legal affairs, investments, plan administration, insurance underwriting, auditing or other specialized areas that are necessary to carry out the purpose of a trust. Boards, therefore, exercise fiduciary prudence by utilizing service providers who possess the desired expertise.

The trust document must contain a provision that gives the Board authority to retain professional advisors and to pay reasonable compensation from plan assets for these services. The trust document may also establish the conditions necessary to rely on the advice/work of service providers (e.g., a provision on the delegation of responsibility and the procedure that Board Members will use to make the delegation).

When the Board selects a service provider, it must ensure that the person is knowledgeable, experienced and competent in his or her area of expertise. The Board must also ensure that the person has the proper qualifications and professional license or certification. The person should have the required bonding as well as errors and omissions insurance coverage. The trust/plan attorney can advise the Board on any legal requirements that service providers must meet. The attorney should also advise the Board on the contractual arrangements with each service provider.

The following service providers are commonly used by various types of plans. Some are used by both health and welfare and pension plans while others are a unique need of one or the other type of plan. Additional types of service providers may also be employed by boards when deemed necessary.

Common service providers and their roles include:

- **Benefits consultant.** Assists with plan design (types and level of benefits for consideration and rules for qualifying), benefit costing, financing, funding, underwriting, premium rates, etc.
- **Insurance carrier.** Provides liability insurance to Board Members and may function as insurance carrier or underwriter providing death and disability insurance coverage
- **Investment manager.** Manages and invests trust assets according to objectives and policies of the trust and as directed by the Board
- **Investment consultant.** Advises and assists the Board in establishing investment policies and objectives, evaluating investment alternatives (e.g., stocks, bonds, etc.), reviewing asset allocation in terms of risk and reward, and selecting and monitoring the performance of the investment manager(s). The investment consultant normally has access to investment performance data from many other managers who invest assets for multi-employer funds

and institutions. This data informs the Board how their fund's investment performance compares with other multi-employer funds across Canada.

- **Actuary.** Gathers data and makes calculations that determine defined benefit pension plan funding, working with pension policy and objectives established by the Board, the contribution level provided in collective bargaining agreement, statistical data on members and funding standards required by law
- **Auditor.** Issues annual audited financial statements
- **Legal counsel.** Advises the Board on all legal issues, laws and regulations and with assistance of an internal or third-party administrator (see below) and consultants can prepare plan documents
- **Third-party or internal administrator.** Executes day-to-day administrative functions of the fund including acting as receiver and depositor of funds into the plan checking account for payment of benefits and plan expenses and when the plan has excess contributions, allocating excess contributions to the investment manager(s) according to plan investment policy. In some cases, a custodian acts as the receiver and depositor of funds.[6]

Day-to-Day Plan Administration Activities

Many board decisions result in administrative responsibilities that must be performed on a day-to-day basis. There are two common approaches used—self-administration (or in-house administration) and third-party administration. These are discussed further below.

Depending on plan type, some of the day-to-day administrative activities that boards normally delegate to either an in-house administrator or a third-party administrator are to:

- Manage or employ a competent, well-trained staff that performs day-to-day administrative duties
- Act as custodian of trust documents, records and property with proper security and control
- Develop procedure and operating manuals to carry out policies set by the Board
- Accept, process and account for employer reports and contributions as required by the trust documents, collective bargaining agreement(s) and participation agreement(s)
- Collect contribution payments from employers and self-payments from members; ensure the money collected is properly deposited and used to pay the normal and reasonable expenses of the fund
- Pay insurance premiums
- Calculate and remit taxes (RST, HST, premium tax)
- Establish internal controls and accounting practices sufficient to protect the assets of the trust while in the control of the in-house administration staff or a third-party administrator
- Account to the Board for the status of fund assets, income and expenses (typically a monthly or quarterly financial statement)
- Implement the trust delinquency procedure to enforce collection of employer contributions
- Process the enrolment of plan participants and their dependents; act as custodian of participant data (e.g., dependent status, designated beneficiary, dates of birth, claims data) with proper security and control

[6] Drawn from *Multi-employer Plans: A Guide for New Trustees*, Second Edition, Joseph A. Brislin

- Determine the current eligibility of enrolled participants and dependents by applying trust eligibility rules
- Maintain an ongoing record of eligible participants and dependents and report their eligibility to benefit providers and the organization that pays claims
- Ensure that proper communication is provided to participants regarding eligibility, benefit levels and how to obtain benefits
- Accept and process the application for benefits and pay eligible participants the appropriate benefits
- Process any benefit claim appeals according to the plan's written claims appeal procedure
- Arrange board meetings (e.g., meeting facilities, notices) and perform the administrative functions at the meeting (e.g., take minutes) as directed by the chair of the Trustees, ensure all meeting requirements contained in the trust documents are met (e.g., quorum)
- Ensure that all required government filings are complete and filed in a timely manner
- Ensure that all notices required by law are properly sent to participants
- Administer the privacy policy and rules
- Perform other duties as delegated by the Board.

Administration Options

The most common basic administration options are:

1. Self-administration (hire in-house staff)
2. Third-party administration (contract with a service provider)

Self-Administration	Third-Party Administration
Related to trust/plan: • Staffing structure has plan manager who reports to the Board • Plan manager responsible for training and managing staff and developing procedures to carry out policies • Duties may be specified in job description.	Unrelated to the trust/plan, employers or union: • Selected by the Board • Duties specified in contract relate to carrying out policies set by the Board. • Monitored by the Board

Decisions about which approach is the best fit are influenced by factors such as size and complexity, philosophy or purpose of trust/plan, etc.

In making a decision about which approach is best, the Board's objective is to ensure that the administrator possesses the knowledge and skills required to administer the trust in compliance with plan documents, policies and all laws and regulations.

SAMPLE PENSION PLAN THIRD-PARTY ADMINISTRATION SERVICES AGREEMENT

THIS AGREEMENT made as of January 1, 20XX

BETWEEN:

THE BOARD OF TRUSTEES OF THE ABCDEFG PENSION TRUST FUND—ABCDEFG PENSION PLAN

(the "Trustees")

-and-

THIRD-PARTY ADMINISTRATOR

(the "Administrator")

WHEREAS the Council has entered into Collective Agreements with the Association and/or Employers requiring the Employers to make Contributions to certain trust funds on behalf of employees/Members working under the terms of a Collective Agreement;

AND WHEREAS the Council and the Association have caused ABCDEFG Pension Trust Fund to be created to receive and administer Contributions and establish the ABCDEFG Pension Plan;

AND WHEREAS the Trust Agreement contemplates the appointment of an administrative services provider to provide third-party administration, pension benefit payment and consulting services (the "Services"), subject to the overall control, direction and supervision of the Trustees, and the Trustees wish to appoint the Administrator to provide such Services upon the terms contained in this Agreement;

AND WHEREAS the Administrator warrants that it continues to be qualified to perform the required Services;

NOW THEREFORE the parties agree as follows:

1. Defined Terms

In this Agreement, unless there is something in the subject matter or context inconsistent therewith, the following words and terms, which may be used in the singular or the plural, have the respective meanings given them as follows:

"Actuary" means a professionally trained specialist(s) in the pension and insurance fields with a full professional membership in the Canadian Institute of Actuaries appointed by the Trustees pursuant to the Trust Agreement;

"Administrator's Covenants" means all of the terms, covenants and conditions of this Agreement on the part of the Administrator to be observed and performed;

"Administrator's Employees" means the Administrator's directors, officers, agents and employees;

"Agreement" means this agreement, as same may be amended from time to time;

"Association" means the Association of ABCDEFG Contractors of Canada, Inc.;

"Auditor" means the chartered accountant or firm of chartered accountants appointed by the Trustees pursuant to the Trust Agreement;

"Authorities" mean all federal, provincial, municipal and other governmental authorities;

"Bank Account" means the bank account established by the Trustees;

"Business Day" means any day other than a Saturday, a Sunday or a statutory holiday observed in Canada;

"Claims" means claims, losses, damages, suits, judgments, causes of action, legal proceedings, executions, demands, penalties or other sanctions of every nature and kind whatsoever, whether accrued, actual, contingent or otherwise and any and all costs arising in connection therewith, including, without limitation, all legal fees and expenses (including, without limitation, all such legal fees and expenses in connection with any and all appeals);

"Collective Agreement" has the meaning given that term in the Trust Agreement;

"Contact Centre" has the meaning given that term in Section (vii);

"Contributions" has the meaning given that term in the Trust Agreement;

"Council" means the ABCDEFG Council of Canada,

"Custodial Account" means the custodial account(s) established by the Trustees;

"Custodian" means the organization (normally a bank or trust company) that holds in custody and safekeeping the securities and other assets of the Trust Fund;

"Employer" has the meaning given that term in the Trust Agreement;

"Fees" means the fees payable by the Trustees to the Administrator pursuant to this Agreement for third-party administration, pension benefit payment and consulting services;

"HST" means the goods and services tax imposed under the Excise Tax Act (Canada), and all other goods and services taxes, business transfer taxes, value-added or transaction taxes, sales taxes, harmonized sales taxes, multi-stage sales taxes, use or consumption taxes;

"Investment Measurement Consultant" means an individual or firm appointed by the Trustees pursuant to the Trust Agreement that provides investment measurement support;

"Investment Manager" is a firm hired to invest the Trust Fund's assets or portion thereof in accordance with applicable Laws and the terms of the Statement of Investment Policies and Procedures;

"Laws" means all laws, statutes, ordinances, regulations, by-laws, directions, orders, rules, requirements, directions and guidelines of all Authorities;

"Legal Counsel" is a firm hired to assist with enforcing the procedures when an Employer is in default (reporting and/or payment of contributions and deductions) in accordance with the Collective Agreement and the Trustees' delinquency policy;

"Local Unions" means the ABCDEFG Local Unions affiliated with the Council;

"Members" has the meaning given that term in the ABCDEFG Pension Plan;

"Monthly Contribution Reports" means the reports contemplated by Section 2(a)(ii), whether in paper or electronic form;

"Pension Plan" has the meaning given that term by the Trust Agreement being the ABCDEFG Pension Plan;

"Trustees' Covenants" means all of the terms, covenants and conditions of this Agreement to be observed and performed by the Trustees;

"Trust Agreement" means the trust agreement for the ABCDEFG Council of Canada effective 1st day of December, 20XX, as amended from time to time, pursuant to which, among other things, the Trust Fund continues;

"Trust Fund" means the ABCDEFG Council of Canada Pension Trust Fund;

"Trustees" means the trustees of the Trust Fund;

"Union" means The ABCDEFG Council of Canada and all Local Unions; and

"Welfare Plan" means The ABCDEFG Council of Canada Welfare Plan that provides group life insurance, disability, health, dental and any other benefit coverage as the Trustees may determine appropriate for the Members and their eligible dependents.

2. Services

The Administrator shall provide the following Services for the Fees set out in Schedule A:

(a) The Administrator shall provide the following accounting services:

(i) Maintain a separate file for each Collective Agreement and recognized subcategory thereof (including but not limited to apprentices) indicating the rates for the Pension Contribution due to be paid by the Employer(s) under the applicable Collective Agreement;

(ii) Collect monthly Contributions from the Employers including the monthly contribution reports. With respect to the monthly contribution reports the Administrator shall either:

(A) Distribute, to those Employers who wish to submit paper reports, an employer contribution report form showing the name and identification number of employees/Members reported by the Employer as per the last remittance received whereon the Employers must:

(I) Record the Contributions payable by it in accordance with applicable Collective Agreement; and

(II) Add or delete the name and identification number of employees/Members such that the list accurately represents those employees/Members who performed work for the Employer during the applicable period of time; or

(B) Distribute to those Employers who wish to submit electronic reports, a template of an electronic file requiring the same information as required by the paper reports described in Section 2(a)(ii)(A) and maintain a secure environment for the receipt of the electronic reports;

(iii) Maintain a master file for each Employer including but not limited to Contributions due to the Trust Fund inclusive of taxes, payments received, settlements, contact information, numbers, employer status (active/dormant/bankrupt), NIL reports;

(iv) Communicate with new Employers regarding the Contributions due, the applicable reporting requirements and contact information;

(v) Deposit the Contributions received into the Bank Account on a daily basis during regular business hours and maintain records of Contributions made by each Employer for each employee/Member on whose behalf the Contributions are received;

(vi) Verify the accuracy of each Monthly Contribution Report and, if any discrepancy is found, contact the relevant Employer to correct. Otherwise provide written notice to the relevant Employer by the first of the next month advising of the discrepancy and either:

(A) Requesting immediate payment of any shortfall in the Contributions; or

(B) Providing a credit of any overpayment in the Contributions, such credit to be applied against the next Contribution payable by such Employer;

(vii) When an Employer fails to submit the required Monthly Contribution Report and/or pay the monthly Contributions, the Administrator shall act in accordance with the Trustees' delinquency policy and advise the Employer, the Council and as appropriate Legal Counsel;

(viii) If a cheque provided by an Employer on account of its Contributions is refused for payment by the Employer's bank for any reason, upon learning of same, the Administrator shall:

(A) Give immediate written notice to the relevant Employer and demand a replacement cheque within seven (7) days of such written notice, and

(B) Immediately report such occurrence to the Council, the Local Union(s) responsible for the jurisdiction of the job site(s) related to the default payment;

(ix) If the Employer fails to pay all outstanding amounts owing within the seven (7) day period contemplated by Section 2(a)(viii)(A), the matter will be turned over to the Council and Legal Counsel for resolution and the Trustees will be advised accordingly;

(x) Prepare a monthly report showing over-payments and under-payments by each Employer, by Collective Agreement type, by work month, reconciling such reports by the first day of the following month and providing a copy of such monthly report to the Council. The ABCDEFG of Canada Welfare Trust Fund maintains 100% of the accounts payables and accounts receivables on behalf of all of the Trust Funds and Plans. A copy of the most recent report is provided to the Council and the Local Unions twice monthly and to the Trustees at their regular Trustee meetings;

(xi) Communicate with Employers regarding improvements/changes related to the Collective Agreement or administrative services, regulations, tax reporting, and other requirements; and

(xii) Annual or upon request, provide the Council with distinct reports related to the work environment, membership or Council/Trustee initiatives.

(b) In connection with the financial records and revenue/expenditure protocol of the Trust Fund, the Administrator shall:

(i) Manage the financial records of the Trust Fund that are required by the Trust Agreement and comply with the requirements of the Canadian Institute of Chartered Accountants and the Canadian Auditing Standards in consultation with the Auditor and based on generally accepted accounting principles;

(ii) Reconcile the Bank Account and Custodial Account each month by the 20th day of the following month;

(iii) Prepare monthly unaudited financial statements for the Trustees, provide the most recent at each regular Trustees meeting or at such time as the Trustees request;

(iv) Annually or upon request, provide to the Trustees, a year-to-date schedule showing the Pension Contributions received by Employer by Collective Agreement type, and annually provide a list of Employers by employer status (active/dormant/bankrupt);

(v) Provide a comprehensive list for each regular Trustees meeting detailing all expense cheques issued/electronic transfers made on behalf of the Trust Fund since the previous list;

(vi) Provide copies of invoices from all service providers whether paid or awaiting approval for payment received since the prior meeting including but not limited to administration, actuarial, auditor, investment and legal;

(vii) Promptly provide all information requested by the Actuary, Auditor, Council, Custodian, Legal Counsel, other appointed legal counsel or Local Union;

(viii) Distribute audited statements and file returns and documents (currently AIR, Governance Framework, Statement of Investment Policies and Procedures and Funding Policy) with Authorities in the form and within the time required under applicable legislation, provided that it receives same from the Auditor within a reasonable period of time prior to the relevant due date; and

(ix) Pay expenses approved by the Trustees out of the appropriate Bank Account or Custodial Account in accordance with the payment directive of the Trustees.

(c) In connection with Member records, eligibility, communication and Pension Plan administration, the Administrator shall:

(i) Obtain required enrollment forms for each Member for the Pension Plan, confirm the information received and request any missing information/documentation;

(ii) Maintain a master file for each Member containing the most current identity and designation data required to govern entitlement under the Pension Plan including but not limited to Member's name, certificate number, spouse, birth dates, direct deposit banking information and beneficiary designations;

(iii) Maintain records of hours reported and the related Contributions received on behalf of Members under the Pension Plan;

(iv) Reciprocate pension contributions to the appropriate party as per the applicable reciprocal agreement;

(v) Maintain records of emails, telephone conversations and other correspondence with Members or their recognized designate in accordance with the Administrator's Privacy Policy and the Member's disclosure information directive;

(vi) Manage pension profile records for each Member in accordance with the rules of the Pension Plan;

(vii) Provide a telephone contact centre (the "Contact Centre"); with professional staff able to provide services and assistance in English and French and with expertise in all areas of administration, for Members to contact with questions regarding the Pension Plan, and to refer calls to the Pension Department Staff accordingly. Members' questions and requests made during normal business hours will be promptly responded to. Questions and requests made outside of normal business hours will be responded to on the next Business Day;

(viii) Maintain a toll free number for the Contact Centre, with queuing software that allows Members or their designate to hold until a Contact Centre representative is available (normally within 60 seconds);

(ix) Operate subsidy programs including WSIB credits and pension disability credits;

(x) Manage applicant employees/permit workers, court orders and proof of disability records;

(xi) Prepare and distribute (paper and electronic) an annual pension statement that at a minimum complies with the requirements of the Pension Benefits Act, R.S.O. 1990 and it's Regulations, as amended from time to time; (currently the Trustees have elected that active members receive the enhanced "Personalized Benefit Statement" as produced by the Administrator);

(xii) Prepare and distribute, every second year starting in 20XX for the 20XX year end, a statement for retirees and survivors in receipt of a monthly pension at the prior year end ("Retiree Statement") that complies with the requirements of the Pension Benefits Act, R.S.O. 1990 and it's Regulations, as amended from time to time;

(xiii) Prepare and distribute with the Retiree Statement, a Proof of Life (confirmation of benefit payment) form that must be completed and returned to the Trustees in the provided return envelope;

(xiv) Prepare and distribute, every second year starting in 20XX, a statement for former plan members ("Inactive Statement") that complies with the requirements of the Pension Benefits Act, R.S.O. 1990 and it's Regulations, as amended from time to time;

(xv) Make available to Members a real-time online account and when available a mobile APP in which eligible Members may,

(A) View and print the personal information that the Administrator has on file;

(B) Add or update their contact and banking details

(C) View and print the work history that the Administrator has on file;

(D) View the most recent Benefit Plans booklet; and

(E) View their annual Personal Benefit Statement or bi-annual Retiree Statement; and

(xvi) Provide Members with usernames and temporary passwords (which a Member may subsequently change through their online account or mobile APP).

(d) In connection with Pension Plan payments, the Administrator shall:

(i) Provide application forms in hard and soft copy;

(ii) Maintain current systems and Pension Plan records for each pension payment type including all rules, conventions and related Laws;

(iii) Adjudicate and process, from the Custodial Account, all applications for pension benefits from the Pension Plan in accordance with the provisions of the Pension Plan Text;

(iv) Process retirement quotes for applicants in accordance with the Trustees' policy (currently one (1) quote available every three (3) calendar years, to members 53 years of age or older);

(v) Schedule and provide pre-retirement information sessions to retiring Members;

(vi) Maintain complete pension calculation files (paper or electronic) including the application and required documentation, type, status, adjudication, option statements and letter, denial documentation and letter, custodial authorization and payment confirmation, related deductions (e.g., tax or continuing Welfare coverage deductions known as "retiree self payments"), payroll records and reconciliation of same and all related transaction dates;

(vii) Update pension records and adjust retirement payments as applicable upon retiree death, death of recorded spouse, change in marital status, change in personal information, direct deposit or tax information and formal suspension of monthly retirement benefits whether by the retiree or because the retiree/survivor has not provided the prescribed Proof of Life verification;

(viii) Reinstate retirement benefits when the retiree/survivor provides the prescribed Proof of Life verification after the retirement benefits were suspended;

(ix) Maintain ongoing personal contact with applicant/claimant or their recognized designate in accordance with the Administrator’s Privacy Policy and the Member’s disclosure information directive;

(x) Provide Actuary with up to date and reconciled pension profiles for all Members, former and deferred members, and retirees/survivors in pay, and all required financial and payment information allowing for the preparation of an actuarial valuation report as requested by the Trustees; and

(xi) Manage pension appeals including referral of matter and related documentation to appropriate professionals when additional information is required to adjudicate the appeal including but not limited to the ******************************of Canada and Legal Counsel.

(e) The Administrator shall provide the following consulting services to the Trustees:

(i) Oversee the day-to-day management of the Pension Plan and Trust Fund;

(ii) Complete financial monitoring including validation of revenue, expenditures and investment performance;

(iii) Organize and attend presentations to the Board by other service providers and TPA staff;

(iv) Outline legislative developments and compliance with same, related plan of action and in accordance with the Actuary, report to the Trustees on the impact to the Trust Fund and the Pension Plan;

(v) Review all appeals and service opportunities, respond applying Trust Fund and Pension Plan rules, legislation and industry standards, review with Trustees or Subcommittee and respond to appropriate individuals in a timely manner;

(vi) Develop and manage structure of the governance policy and strategic planning initiatives of the Pension Plan with the Trustees and Legal Counsel;

(vii) Arrange for short term investment fund to cost-effectively manage cash flow and pension payroll;

(viii) Arrange for custodial services and investment performance measurement for the Trust Fund;

(ix) Provide the Trustees with monthly summaries of annualized investment performance and month end asset value;

(x) Arrange for investment performance studies as may be required from time to time;

(xi) Construct the quarterly Investment Manager commentary for the Trust Fund;

(xii) Contact and meet with Investment Managers for firm updates and commentaries regarding the attribution of the investments and related portfolios;

(xiii) Receive investment measurement reports and compliance statements from each Investment Manager and provide the Board with reports including commentary and observations on the results;

(xiv) Create/customize education pieces based on the Board requests;

(xv) Prepare memos/letters in response to managers' requests regarding the portfolio and variance, for the Board to discuss;

(xvi) Review the Governance Framework, Funding Policy and Statement of Investment Policies and Procedures (SIPP) at least annually and advise of ad hoc or legislated SIPP changes and arrange for the Investment Measurement Consultant to amend or rewrite as necessary;

(xvii) Attend Membership and Subcommittee meetings;

(xviii) Advise of ad hoc or legislated SIPP changes as required;

(xix) Report information required for Collective Agreement bargaining including the allocation of the reserve and ancillary contributions and attend related meetings as requested;

(xx) Communicate to Members and Employers from the Board including newsletters, booklets and statements;

(xxi) Prepare Pension Plan Text amendments and related filing(s) and file amendments with the pension regulators in the prescribed format with the appropriate executed filing form;

(xxii) Consult with the Trustees regarding Pension Plan design, compliance and developments for multi-employer defined benefit pension plans;

(xxiii) Prepare meeting materials and review comprehensive minutes for all meetings prior to distribution to the Trustees; and

(xxiv) Liaise with service providers on behalf of the Trustees.

(f) The Administrator shall also provide the following services to the Trustees:

(i) Provide a meeting room in its offices for meetings of the Trustees;

(ii) Attend Trustee meetings and record, transcribe, distribute draft minutes and maintain the approved minutes of such meetings (minutes are combined for the Welfare and Pension Trust Funds and Plans as the members of the Board of Trustees overlap). Also arrange and provide minutes of conference call meetings as required;

(iii) Follow up on all matters arising out of such meetings, prepare notices of such meetings, prepare agendas for such meetings for distribution to the Trustees, and prepare internal and external communications outlining the directions of the Trustees in accordance with resolutions passed by the Trustees;

(iv) Maintain a historical record of Trustee motions, by category, for governance reporting and historical reference;

(v) Answer all inquiries regarding the Trust Fund and the Pension Plan from those entitled to make such inquiries;

(vi) Arrange, at the Trustee's expense, for the unbroken continuation of the Trustees' liability insurance with an insurance company licensed to provide such insurance, as approved by the Trustees (cost shared with Welfare, SUB, LAP and Commuting Travel Trust Funds based on percentage of total assets);

(vii) Arrange, at the Trustee's expense, for renewal of memberships including the International Foundation of Employee Benefit Plans and MEBCO, as approved by the Trustees (cost shared with Welfare Plan as it shares the same Board of Trustees);

(viii) Upon receipt of intent to attend approved conference or educational seminars, register and/or provide accommodation deposit to the educational body as directed by the Trustees;

(ix) Provide such assistance to the Council, and/or Legal Counsel as required in the event of the bankruptcy or insolvency of an Employer;

(x) Provide the Trustees with administrative updates regarding the activities of the Trust Fund and Pension Plan including details regarding the status of ongoing applications and calculations, results of retirement, termination and death benefits processed, and results of pension disability credit applications that have been finalized since the prior report;

(xi) Provide information regarding the Pension Plan and/or the Trust Fund to such persons as the Trustees may direct;

(xii) Administer the Trust Fund in accordance with all applicable Laws;

(xiii) Arrange, at the Trust Fund's expense, for the printing and distribution of required booklets, forms and letters as directed by the Trustees (cost shared with other trust funds/plans based on percentage of booklet/form/letter attributed to the specific trust fund and/or plan);

(xiv) Maintain a complete and tested business continuity plan;

(xv) Maintain a set of safeguards to protect personal data from unauthorized access along with a comprehensive Privacy Breach Response Policy and the appropriate Cyber Liability Insurance coverage, as described in Schedule B; and

(xvi) Maintain all of the Trust Fund's records in accordance with the Record Retention Policy and applicable privacy legislation.

(g) The Administrator shall perform such other services as requested, including:

(i) Preparing comparative analysis of alternative providers as requested by the Trustees;

(ii) Conduct service provider searches including specifications, receipt, interpreting bids and reporting;

(iii) Special research and reporting outside of those covered within the previous articles of this Agreement;

(iv) Investigations for and attendance at mediations, legal proceedings and related reporting to the Trustees, and

(v) Implement “value added” services for the Members or Employers as approved by the Trustees.

3. Supplies

The Trustees shall pay for all forms, stationery and printed material required by the Trust Fund or the Pension Plan. If the Administrator pays for any such forms, stationery or printed material, it will invoice the costs to the Trustees, which must pay such invoice within fifteen (15) days following receipt of same or at the next Trustee meeting. Within fifteen (15) days following receipt of an invoice or at the next Trustee meeting, the Trustees shall advise the Administrator that such invoice has been approved, in which case the Administrator may pay such invoice from the Bank Account.

4. Fees

(a) The Trustees shall pay the Administrator the Fees set out in Schedule A.

(b) Following the end of each month, the Administrator shall invoice the Trustees for the Fees payable by the Trustees for that month. Within fifteen (15) days of receipt of an invoice, the Trustees shall either pay such invoice, or advise the Administrator that such invoice has been approved, in which case the Administrator may pay such invoice from the Bank Account.

(c) The Fees are exclusive of any and all applicable taxes including HST. The Trustees shall pay to the Administrator all HST and other applicable taxes payable on the Fees at the same time as the Fees to which the taxes relate are to be paid in accordance with the terms of this Agreement.

(d) The Administrator may not increase the Fees, except as otherwise provided in Section 6.

5. Additional Work

The Administrator shall provide such reports (other than those to be provided by the Administrator pursuant to Section 2) and/or perform such other work (other than the Services provided by the Administrator pursuant to Section 2) as may be requested by the Trustees (collectively, "Additional Work") provided that the parties agree upon the Additional Work. Unless the parties otherwise agree, the Administrator's fee for the Additional Work will be calculated on a time spent basis at the standard hourly rates set out in Schedule A (the "Additional Fees"). The Additional Fees (which may be invoiced by the Administrator from time to time) are payable by the Trustees within fifteen (15) days of their receipt of an invoice for such work. Within this fifteen (15) day period, the Trustees shall either pay such invoice or inform the Administrator that such invoice has been approved, in which case the Administrator may pay such invoice from the Bank Account.

6. Re-Negotiation Option

If during the term of this Agreement:

(a) The Trustees require the Administrator to provide Services or supplies in addition to those to be provided by the Administrator pursuant to Section 2;

(b) There are changes to the Laws which would require the Administrator to provide services to the Trustees in addition to the Services provided by the Administrator pursuant to Section 2 or which results in the Trustees requiring the Administrator to provide such additional services; or

(c) The number of Members fluctuates by more than 10% for three or more continuous months in a row, then either party may, upon giving thirty (30) days' written notice to the other party, require the terms of this Agreement to be re-negotiated. If a party provides such a notice to the other party, then the parties shall act reasonably and promptly in connection with such re-negotiations. If the parties are unable to reach agreement on the re-negotiated terms, then this Agreement will continue in full force and effect until a party exercises its right to terminate this Agreement in accordance with Section 9.

7. Protection of Administrator and Trustees

(a) All requests, directions, delegations of authority, requisitions, or orders for monies and instructions to the Administrator from the Trustees shall be in writing or duly recorded in the minutes of meetings of the Trustees and signed by their duly authorized representative(s). The Administrator is entitled to rely upon any such signed written direction or notice from the Trustees or such signed minutes and act in accordance with the contents thereof and in doing so, shall be fully protected by the Trustees in respect of any loss, costs, expenses (including legal expenses) or damages it may suffer or incur as a result of acting in accordance therewith.

(b) In performing the Administrator's Covenants:

(i) The Administrator, acting within the scope of its authority, is the agent of the Trustees for the purposes of applicable Laws;

(ii) Amounts payable by the Administrator on behalf of the Trustees are to be paid out of the Bank Account. If there are insufficient funds in the Bank Account to make a payment, the Administrator:

(A) Is not required to use its own funds to make such payments; and

(B) Shall promptly advise the Trustees that there are not sufficient funds in the Bank Account;

(iii) The Administrator shall:

(A) In exercising its powers and providing the Services and the Additional Work under this Agreement, act honestly, in good faith and shall exercise the same degree of skill, care, attention, diligence and caution that a prudent professional administration and consulting services entity experienced in providing the same or similar services would exercise in like circumstances; and the Administrator shall use all relevant knowledge and skill that the Administrator possesses, or by reason of its business, ought to possess ("the Standard of Care"); and

(B) Use reasonable commercial efforts to safeguard all information received by the Administrator in connection with the performance of the Administrator's Covenants.

(c) The Administrator will not be liable for any loss to, or diminution of, the Trust Fund nor the adequacy of monies to meet payments and discharge obligations with respect to the Trust Fund, nor for the application or payment of any such monies in accordance with directions from the Trustees; but the Administrator will be liable for and shall fully indemnify and save harmless the Trust Fund and the Trustees from and against any and all Claims which the Trust Fund or the Trustees, or any of them, may suffer or incur as a result of the Administrator's negligence, gross misconduct, lack of good faith, breach of the Standard of Care, or the fraudulent or dishonest acts by any of the Administrator's Members.

(d) It is the responsibility of the Association, the Employer and the Union to provide the Administrator with current names and addresses of participating Employers and the Contributions to be made by each Employer.

(e) The Administrator may rely upon the accuracy of all information supplied to it by Employers or others remitting Contributions unless information to the contrary is provided to the Administrator in writing by the Trustees or the Union.

8. <u>Books and Records</u>

All original documents, files, minute books, Pension Plan documents, reports and records (both machine readable and hard-copy) and other records pertaining to the Trust Fund and Pension Plan (collectively, the "<u>Trust records</u>") are owned by the Trust Fund and are the Trustees' property.

9. <u>Term and Termination</u>

(a) This Agreement shall commence on January 1, 20XX and continue until December 31, 20XX unless terminated as hereinafter provided.

(b) The Trustees may terminate this Agreement for any reason or for no reason on not less than ninety (90) days prior written notice to the Administrator.

(c) The Trustees may also terminate this Agreement on thirty (30) days written notice where:

  (i) The Administrator fails to observe or perform any of the Administrator's Covenants,

  (ii) The Administrator becomes bankrupt or takes the benefit of any statute for bankrupt or insolvent debtors or makes any proposal, assignment or arrangement with its creditors;

  (iii) A receiver or a receiver and manager is appointed for all or a portion of the Administrator's property; or

  (iv) Any steps are taken or any actions or proceedings are instituted by the Administrator or by any other person for the dissolution, winding up or liquidation of the Administrator or its assets.

(d) The Administrator may terminate this Agreement on thirty (30) days written notice where:

  (i) The Trustees fail to pay any Fees when due and such failure continues for ten (10) days following the Trustees' receipt of written notice from the Administrator regarding such failure;

  (ii) The Trustees fail to observe or perform any of the Trustees' Covenants (other than the payment of Fees), the Trust Fund becomes bankrupt or takes the benefit of any statute for bankrupt or insolvent debtors or makes any proposal, assignment or arrangement with its creditors;

  (iii) A receiver or a receiver and manager is appointed for all or a portion of the Trust Funds' property; or

  (iv) Any steps are taken or any actions or proceedings are instituted by the Trustees or by any other person for the dissolution, winding up or liquidation of the Trust Fund or its assets.

(e) If the Trust Fund ceases to exist, this Agreement will be deemed to have expired on the date that the Trust Fund ceases to exist.

(f) Upon the expiration or termination of this Agreement:

(i) The Administrator shall complete all of the Services up to the expiration or termination date and shall be paid for such Services up to the expiration or termination date as the case may be;

(ii) The Administrator shall, within fifteen (15) days, provide the Trustees with a copy of the Administrator's master file relating to the Pension Plan, in machine readable form, up to the expiration or termination date. For clarity, the Administrator may maintain a copy of such master file following the expiration or termination date;

(iii) Subject to Subsection (g) below, all of the Trust records shall be turned over to the Trustees as follows:

(A) All active working files will be provided to the Trustees within thirty (30) days following the date of such expiration or termination; and

(B) All other Trust records will be provided to the Trustees within thirty (30) days following the date of such expiration or termination; and

(iv) The Administrator will have no further obligations to provide Services under this Agreement following the expiration or termination date apart from providing the Trustees with the master file and the Trust records.

(g) Within thirty (30) days following such expiration or termination, the Trustees shall pay the Administrator a document transfer fee equal to $10,000.00 (pro-rated between the other trust funds managed by the Trustees). Until such time as such fee has been received by the Administrator, the Administrator is not obligated to deliver any Trust records to the Trustees.

(h) The Administrator may retain copies of the Trust records as it relates to the services that the Administrator provided to the Trustees. Sections 7, 8, 9(f)-(g), 10, 11 and 12 of this Agreement shall survive the termination or expiration of this Agreement.

10. Confidentiality

(a) The Administrator shall keep all Trust Documents and other information pertaining to the Pension Plan and the Trust Fund confidential, except to the extent that disclosure is required, as determined by the Administrator, in order for the Administrator to perform its obligations under this Agreement. The Administrator may also disclose such information to its professional advisors, in any litigation or arbitration proceedings with the Trustees or as required by law.

(b) The Trustees shall keep the Fees and other amounts payable by it under this Agreement confidential, but may disclose them to its professional advisors and in its financial statements.

11. Insurance of the Administrator

(a) The Administrator shall maintain, at its own expense, an adequate level of errors and omissions and employee crime and fraud insurance with a minimum of $5,000,000 of coverage at all times and an adequate level of employee crime and fraud insurance with a minimum of $3,000,000 coverage at all times.

(b) The Administrator shall maintain, at its own expense, an adequate level of cyber liability insurance with a minimum of $2,000,000 coverage at all times.

(c) The Administrator shall provide to the Trustees, upon written request, confirmation of the insurance policies described in Section 11(a) and (b).

12. General Provisions

(a) Recitals

The recitals to this Agreement are incorporated as an integral part of this Agreement.

(b) Schedules

Schedule A – Fees and Additional Fees to this Agreement is incorporated as an integral part of this Agreement.

Schedule B – Measures in Place to Protect Personal Data from Unauthorized Access and to React if a Privacy Breach or Ransom Demand Occurs

(c) Entire Agreement

This Agreement, including Schedule A attached to this Agreement, constitutes the entire agreement between the parties pertaining to the subject matter of this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the parties. There are no representations, warranties or other agreements, whether oral or written, between the parties in connection with the subject matter of this Agreement except as specifically set out in this Agreement.

(d) Amendment

No amendment, supplement, modification, waiver or termination of this Agreement is binding on the parties unless it is in writing and signed by the parties.

(e) Notice

Any notice or other communication required or permitted to be given by this Agreement must be in writing and will be effectively given if:

(i) Delivered personally;
(ii) Sent by prepaid courier service;
(iii) Sent by registered mail; or
(iv) Sent by fax,

In the case of notice to:

(v) The Trustees, at the current address of the Association and the Union, and

The Administrator, at: *********************************, Attention:
or at such other address as the party to whom such notice or other communication is to be given shall have advised the party giving same in the manner provided in this section. Any notice or other communication delivered personally or by prepaid courier service is deemed to have been given and received on the day it is so delivered at such address, but if such day is not a Business Day such notice or other communication is deemed to have been given and received on the next following Business Day.

Any notice or other communication sent by registered mail is deemed to have been given and received on the third Business Day following the date of mailing. Any notice or other communication transmitted by fax is deemed given and received on the day of its transmission provided that such day is a Business Day and such transmission is completed before 5:00 p.m. on such day, failing which such notice or other communication shall be deemed given and received on the first Business Day after its transmission. Regardless of the foregoing, if there is a mail stoppage or labour dispute or threatened labour dispute which has affected or could affect normal mail delivery by Canada Post, then no notice or other communication may be delivered by registered mail.

(f) Waiver

No waiver of any provision of this Agreement is deemed to constitute a waiver of any other provision, whether or not similar, nor does such waiver constitute a continuing waiver unless otherwise expressly provided in this Agreement. No forbearance by any party to seek a remedy for any breach by any other party of any provision of this Agreement constitutes a waiver of any rights or remedies with respect to any subsequent breach.

(g) Governing Law

This Agreement is to be construed in accordance with the laws of Canada and is to be treated in all respects as a Canadian contract.

(h) Arbitration Clause

Any dispute, difference or question arising between the parties hereto concerning the breach, construction, meaning or effect of this Agreement or any part hereof shall be settled by arbitration pursuant to ** as amended, and the decision of any arbitrator or arbitrators appointed pursuant to the provisions of the said Act, shall be final and binding on the parties hereto, and the Arbitrator is hereby specifically empowered to assess the costs of such arbitration against either party.

(i) Assigns

This Agreement shall not be assigned by either party without the written consent of the other party.

(j) Invalidity

If any provision of this Agreement or any part of any provision of this Agreement is held to be invalid, illegal or unenforceable by a court of competent jurisdiction, such provision or part shall not affect the validity, legality or enforceability of any other provision of this Agreement or the balance of any provision of this Agreement absent such part and such invalid, illegal or unenforceable provision or part are deemed to be severed from this Agreement and this Agreement will then be construed and enforced as if such invalid, illegal or unenforceable provision or part had never been inserted in this Agreement.

(k) Counterparts and Execution

This Agreement may be executed by the parties in separate counterparts each of which when so executed and delivered to the other party is deemed to be and is to be read as a single agreement between the parties. In addition, execution of this Agreement by one of the parties may be evidenced by way of a faxed or other electronic transmission of such party's signature (which signature may be by separate counterpart), or a photocopy of such faxed or other electronic transmission, and such signature, or photocopy of such signature, is deemed to constitute the original signature of such party to this Agreement.

(l) Binding Effect

This Agreement ensures to the benefit of and is binding on the parties and their respective successors and permitted assigns.

IN WITNESS WHEREOF the parties have signed this Agreement.

ABCDEFG PENSION PLAN, by its Chairperson and Vice-Chairperson of the Board of Trustees.

Per:________________________________

Name:

Title: Chairperson of the Board of Trustees

Per:________________________________

Name:

Title: Vice-Chairperson of the Board of Trustees

THIRD-PARTY ADMINISTRATOR
The undersigned has authority to bind the Corporation.

Per:________________________________

Name:

Title: President

SCHEDULE A

FEES

Effective January 1, 20XX and guaranteed to December 31, 20XX the following fees will be billed monthly in arrears:

SCHEDULE B

The Administrator has a comprehensive system of safeguards, policies and procedures in place to protect personal data from unauthorized access and to be able to appropriately react should a breach occur.

Protective Measures in Place

- Criminal background checks for all new hires
- New hires review security policy and sign a confidentiality agreement
- Comprehensive privacy and security policies in place
- Yearly security assessments conducted by independent third parties
- Software to protect against viruses and spam
- Role based access to electronic personal data using the 'need-to-know' principle
- Secure transfer of personal data required by the Administrator's partners/service providers (e.g., auditors, medical consultants)
- Privacy Officer (COO) is member of Executive Committee and oversees Management Team
- All office visitors must sign in and wear a visitor label
- Key card access to inner offices and to main office reception after hours
- Limited access to IT room and confidential document storage using selective key card access
- Yearly mandatory staff education on privacy, social engineering fraud and security policy
- All production servers including database server located in a Bell Canada hosting facility that has sophisticated access controls

Measures in Place to React if a Privacy Breach / Ransom Demand Occurs

- Comprehensive Privacy Breach Response Policy that addresses breach containment, investigation, escalation and resolution. If a breach involves a real risk of significant harm, individuals are notified and the breach is reported to the privacy regulators
- Cyber Liability Insurance coverage that provides assistance with and financial coverage for:
    - System security failures that result in clients' systems being unavailable
    - System breaches that result in unauthorized access to private information
    - Comprehensive coverage for ransom extortion including:
        - Fees for an independent negotiator
        - All other reasonable expenses required to deal with the incident
    - Privacy notification expenses
    - Credit monitoring costs offered to affected customers
- Crisis management expenses including costs for an attorney and forensic investigator

SAMPLE WELFARE TRUST FUND THIRD-PARTY ADMINISTRATION SERVICES AGREEMENT

THIS AGREEMENT made as of JANUARY 1, 20XX

BETWEEN:

THE BOARD OF TRUSTEES OF THE CANADIAN ABCDEFG WELFARE TRUST FUND – WELFARE PLAN

(the "Trustees")

-and-

THIRD-PARTY ADMINISTRATOR.

(the "Administrator")

WHEREAS the Council has entered into Collective Agreements with the Association and/or Employers requiring the Employers to make Contributions to certain trust funds on behalf of employees/Members working under the terms of a Collective Agreement;

AND WHEREAS the Council and the Association have caused the Canadian ABCDEFG Welfare Trust Fund to be created to receive and administer Contributions and establish the Welfare Plan;

AND WHEREAS the Trust Agreement contemplates the appointment of an administrative services provider to provide third party administration, Benefit Claims payment and consulting services (the "Services"), subject to the overall control, direction and supervision of the Trustees, and the Trustees wish to appoint the Administrator to provide such Services upon the terms contained in this Agreement;

AND WHEREAS the Administrator warrants that it continues to be qualified to perform the required Services;

NOW THEREFORE the parties agree as follows:

1. Defined Terms

In this Agreement, unless there is something in the subject matter or context inconsistent therewith, the following words and terms, which may be used in the singular or the plural, have the respective meanings given them as follows:

"Administrator's Covenants" means all of the terms, covenants and conditions of this Agreement on the part of the Administrator to be observed and performed;

"Administrator's Employees" means the Administrator's directors, officers, agents and employees;

"Agreement" means this agreement, as same may be amended from time to time;

"Ancillary Contributions" means contributions or deductions collected in addition to or in conjunction with Welfare Trust Fund Contributions such as union dues, and industry funds;

"Association" means the Association of ABCDEFG Contractors of Canada Inc.;

"Auditor" means the chartered accountant or firm of chartered accountants appointed by the Trustees pursuant to the Trust Agreement;

"Authorities" mean all federal, provincial, municipal and other governmental authorities;

"Bank Account" means the bank account established by the Trustees;

"Benefit Card" means the wallet card(s) outlining benefit coverage, group and policy numbers, certificate number and contact information provided to eligible Members;

"Benefit Claims" means the claims adjudicated and processed by the Administrator;

"Business Day" means any day other than a Saturday, a Sunday or a statutory holiday observed in Canada;

"Claims" means claims, losses, damages, suits, judgments, causes of action, legal proceedings, executions, demands, penalties or other sanctions of every nature and kind whatsoever, whether accrued, actual, contingent or otherwise and any and all costs arising in connection therewith, including, without limitation, all legal fees and expenses (including, without limitation, all such legal fees and expenses in connection with any and all appeals);

"Collective Agreement" has the meaning given that term in the Trust Agreement;

"Contact Centre" has the meaning given that term in Section 2(c) (xv);

"Contributions" has the meaning given that term in the Trust Agreement;

"Council" means the Canadian ABCDEFG;

"Custodial Account" means the custodial account(s) established by the Trustees;

"Custodian" means the organization (normally a bank or trust company) that holds in custody and safekeeping the securities and other assets of the Trust Fund;

"Employer" has the meaning given that term in the Trust Agreement;

"Fees" means the fees payable by the Trustees to the Administrator pursuant to this Agreement for third-party administration; Benefit Claims payment and consulting services;

"HST" means the goods and services tax imposed under the Excise Tax Act (Canada), and all other goods and services taxes, business transfer taxes, value-added or transaction taxes, sales taxes, harmonized sales taxes, multi-stage sales taxes, use or consumption taxes;

"Insurer" means an insurance company authorized to act under the *Canada Insurance Companies Act* which has been retained to provide Benefit coverage and pay Benefit Claims (or provide for the Administrator to pay specified claims on their behalf) under the Welfare Plan;

"Investment Manager" is a firm hired to invest the Trust Fund's assets or portion thereof in accordance with applicable Laws and the terms of the Statement of Investment Policies and Procedures;

"Laws" means all laws, statutes, ordinances, regulations, by-laws, directions, orders, rules, requirements, directions and guidelines of all Authorities;

"Legal Counsel" is a firm hired to assist with enforcing the procedures when an Employer is in default (reporting and/or payment of contributions and deductions) in accordance with the Collective Agreement and the Trustees' Delinquency Policy;

"Local Unions" means the ABCDEFG Local Unions affiliated with the Council being **************;

"Members" has the meaning given that term in the Trust Agreement;

"Monthly Contribution Reports" means the reports contemplated by Section 2(a) (ii), whether in paper or electronic form;

"Pension Plan" means the Canadian ABCDEFG Pension Trust Fund – Canadian ABCDEFG Pension Plan;

"Self-Pay Member" means a Member for whom Contributions are not made by an Employer but by such Member in accordance with the rules of the Welfare Plan;

"Trustees' Covenants" means all of the terms, covenants and conditions of this Agreement to be observed and performed by the Trustees;

"Trust Agreement" means the trust agreement for the Canadian ABCDEFG Benefit Trust Fund dated the 1st day of December, 20XX, as amended from time to time, pursuant to which, among other things, the Trust Fund continues;

"Trust Fund" means the Canadian ABCDEFG Welfare Trust Fund;

"Trustees" means the trustees of the Trust Fund;

"Union" means The Canadian ABCDEFG and all affiliated Local Unions;

"Welfare Plan" means the plan developed and instituted to provide group life insurance, disability, health, dental and any other benefit coverage as the Trustees may determine appropriate for Members and their eligible dependents; and

"WSIB" means the Workplace Safety and Insurance Board of Ontario, the related legislation and regulations, as amended from time to time, as applicable to our Members who work in Ontario.

2. Services

The Administrator shall provide the following Services for the Fees set out in Schedule A:

(a) The Administrator shall provide the following accounting services:

(i) Maintain a separate file for each Collective Agreement and recognized subcategory thereof (including but not limited to apprentices) indicating the contribution rates for the Welfare Trust Fund as well as the Ancillary Contributions due to be paid by the Employer(s) under the applicable Collective Agreement or the employees of the Union participation rules;

(ii) Collect monthly Contributions from the Employers including the monthly contribution reports. With respect to the monthly contribution reports the Administrator shall either:

(A) Distribute to those Employers who wish to submit paper reports, an employer contribution report form showing the name and identification number of employees/Members reported by the Employer as per the last remittance received whereon the Employers must:

(I) Record the Contributions payable by it in accordance with applicable Collective Agreement; and

(II) Add or delete the name and identification number of employees/Members such that the list accurately represents those employees/Members who performed work for the Employer during the applicable period of time; or

(B) Distribute to those Employers who wish to submit electronic reports, a template of an electronic file requiring the same information as required by the paper reports described in Section 2(a)(ii)(A) and maintain a secure environment for the receipt of the electronic reports;

(iii) Maintain a master file for each Employer including but not limited to Contributions due to the Trust Fund inclusive of taxes, payments received, settlements, contact information, numbers, employer status (active/dormant/bankrupt), NIL reports;

(iv) Communicate with new Employers regarding the Contributions due, the applicable reporting requirements and contact information;

(v) Deposit the Contributions received into the Bank Account on a daily basis during regular business hours and maintain records of Contributions made by each Employer for each Member/employee on whose behalf the Contributions and Ancillary Contributions are received;

(vi) Verify the accuracy of each Monthly Contribution Report and, if any discrepancy is found, contact the relevant Employer to correct. Otherwise provide written notice to the relevant Employer by the first of the next month advising of the discrepancy and either:

(A) Request immediate payment of any shortfall in the Contributions; or

(B) Provide a credit of any overpayment in the Contributions, such credit to be applied against the next Contribution payable by such Employer;

(vii) When an Employer fails to submit the required Monthly Contribution Report and/or pay the monthly Contributions, the Administrator shall act in accordance with the Trustees' delinquency policy and advise the Employer, the Council and as appropriate, Legal Counsel;

(viii) If a cheque provided by an Employer on account of its Contributions is refused for payment by the Employer's bank for any reason, upon learning of same, the Administrator shall:

(A) Give immediate written notice to the relevant Employer and demand a replacement cheque within seven (7) days of such written notice, and

(B) Immediately report such occurrence to the Council, the Local Union(s) responsible for the jurisdiction of the job site(s) related to the default payment;

(ix) If the Employer fails to pay all outstanding amounts owing within the seven (7) day period contemplated by <u>Section 2(a) (viii) (A)</u>, the matter will be turned over to the Council and Legal Counsel for resolution and the Trustees will be advised accordingly;

(x) Prepare a monthly report showing overpayments and underpayments by each Employer, by Collective Agreement type, by work month, reconciling such reports by the first day of the following month and providing a copy of such monthly report to the Council. The Canadian ABCDEFG Welfare Trust Fund maintains 100% of the accounts payables and accounts receivables on behalf of all of the Trust Funds and Plans. A copy of the most recent report is provided to the Council and the Local Unions twice monthly and to the Trustees at their regular Trustee meetings;

(xi) Communicate with Employers regarding improvements/changes related to the Collective Agreement or administrative services, regulations, tax reporting, and other requirements, and

(xii) Annually or upon request, provide the Trustees with distinct reports related to utilization or Trustee initiatives.

(b) In connection with the financial records and revenue/expenditure protocol of the Trust Fund, the Administrator shall:

(i) Manage the financial records of the Trust Fund that are required by the Trust Agreement and comply with the requirements of the Canadian Institute of Chartered Accountants and the Canadian Auditing Standards in consultation with the Auditor and based on generally accepted accounting principles;

(ii) Manage the reserves of the Trust Fund including the Hour Bank, WSIB, Retiree Life Insurance Stabilization, Death Benefit and Benefit Stabilization in accordance with the direction of the Council/Trustees;

(iii) Reconcile the Bank Account and Custodial Account each month by the 20th day of the following month;

(iv) Prepare monthly unaudited financial statements for the Trustees, provide the most recent at each regular Trustees meeting or at such time as the Trustees request;

(v) Upon request, provide to the Trustees, a year-to-date schedule showing the Welfare Contributions received by Employer by Collective Agreement type, and annually provide a list of Employers by employer status (active/dormant/bankrupt);

(vi) Provide a comprehensive list for each regular Trustee meeting detailing all expense cheques issued/electronic transfers made on behalf of the Trust Fund since the previous list;

(vii) Provide copies of invoices from all service providers whether paid or awaiting approval for payment received since the prior meeting including but not limited to administration, actuarial, auditor, investment and legal;

(viii) Carry out daily cash flow management and direct excess contributions for investment through the Custodian;

(ix) Actively manage expense sharing between the Trust Funds/Plans in accordance with the directive(s) of the Trustees;

(x) Actively manage expense sharing between the reserves within the Welfare Plan in accordance with the directive(s) of the Council;

(xi) Transfer the contributions received during a processing month to the Canadian ABCDEFG Pension Trust Fund prior to the month end;

(xii) Transfer the contributions received during a processing month for the Vacation Pay Trust Fund, Supplementary Unemployment Benefit Plan, Legal Fee Assistance Trust Fund, Union Defence Fund, Training Plan, Apprenticeship Assistance Plan and Travel/Commuting Fund on or before the 10^{th} of the month following the month in which the contributions were received;

(xiii) Allocate the portion of the contributions collected and/or related expenses to the appropriate reserve balances in accordance with the directive(s) of the Council;

(xiv) Pay expenses approved by the Trustees out of the appropriate Bank Account or Custodial Account in accordance with the payment directive of the Trustees;

(xv) Disburse Ancillary Contributions to the appropriate party on a timely basis; and

(xvi) Distribute audited statements and file returns with Authorities within the time required under applicable legislation, provided that it receives same from the Auditor within a reasonable period of time prior to the relevant due date.

(c) In connection with Member records, eligibility and Welfare Plan administration, the Administrator shall:

(i) Obtain required enrollment forms for each Member for the Welfare Plan, confirm the information received and request any missing information/documentation;

(ii) Maintain a master file for each Member containing the most current identity and designation data required to govern entitlement under the Welfare Plan including but not limited to Member's name, certificate number, spouse, birth dates, direct deposit banking information and beneficiary designations;

(iii) Maintain records of remittance edit values (hours or earnings) and the related Contributions received on behalf of employees/Members under the Trust Fund and Welfare Plan;

(iv) Pay from the Bank Account, insurance premiums to all insurers (or as applicable self funded programs) providing coverage for Members and their eligible dependents under the Welfare Plan;

(v) Provide complete and reconciled renewal data to insurers in the requested format;

(vi) Reciprocate welfare contributions to the appropriate party in accordance with the applicable reciprocal agreement;

(vii) Maintain records of emails, telephone conversations and other correspondence with Members or their recognized designate in accordance with the Administrator's Privacy Policy and the Member's disclosure information directive;

(viii) Manage real-time eligibility (including the rules of Union membership) and Welfare entitlement records for each Member in accordance with the rules of the Welfare Plan;

(ix) Operate the self-payment program in the manner permitted by the Welfare Plan, as amended by the Trustees from time to time, which includes: producing and mailing self-payment notices; verifying self-payment eligibility with the Union prior to accepting self payments; providing options for payment including cheque, credit card and EFT as applicable; verifying initial and ongoing eligibility for Self-Pay disabled Members; initiate, verify and process self-pay deductions and refunds for eligible retirees and survivors; regular reporting to the Union; and managing late payments by Self-Pay Members in accordance with the guidelines of the Trustees;

(x) Provide Members with timely eligibility, reinstatement and termination notices, T4As, medical expense letters and maintain the related correspondence records;

(xi) Operate subsidy programs including WSIB credits for Ontario members, self payment subsidies, disability subsidies and survivor subsidies;

(xii) Manage proof of continuing dependent status, garnishments, applicant employees/permit workers, court orders and proof of disability records;

(xiii) Provide working Members with bi-annual work history statements (cost shared with the Pension Plan);

(xiv) Provide Benefit Cards to Members including production and distribution of Benefit cards to a Member as soon as such Member is eligible to receive one pursuant to the terms of the Welfare Plan and replacement Benefit Cards as requested by Members;

(xv) Provide a telephone contact centre (the "Contact Centre") with professional staff able to provide services and assistance in English and French and with expertise in all areas of administration and claims for Members to contact with questions regarding the Welfare Plan, including, without limitation, the making of Benefit Claims, the status of Benefit Claims and eligibility status. Members' questions and requests made during normal business hours will be promptly responded to. Questions and requests made outside of normal business hours will be responded to on the next Business Day;

(xvi) Maintain a toll-free number for the Contact Centre, with queuing software that allows Members or their designate to hold until a Contact Centre representative is available (normally within 60 seconds);

(xvii) Make available to Members a real-time online account and when available a mobile app in which eligible Members may,

A. View and print the personal information that the Administrator has on file;

B. View and print their benefit card;

C. Add or update their contact and banking details;

D. View and print the work history that the Administrator has on file;

E. Review the terms of their Welfare coverage under the Welfare Plan;

F. View and print the most recent Member booklet and obtain claim forms;

G. View and print copies of their Annual Benefit Statements and Union Dues receipts; and

H. Check the state of their Benefit Claims or view/print Benefit Claims paid by the Administrator on behalf of the insurers under the Welfare Plan; and

(xviii) Provide Members with usernames and temporary passwords (which a Member may subsequently change through their online account or mobile app).

(d) In connection with Welfare Plan benefit claim payments, the Administrator shall:

(i) Provide claim or application forms for all Welfare types in hard and soft copy;

(ii) Maintain current systems and Welfare Plan records for each Welfare payment type including all rules, conventions and related Laws;

(iii) Update Member eligibility status under the claims payment systems for the Welfare Plan including the Pharmacy Benefits Manager and the Electronic Dental Interface;

(iv) Adjudicate and pay, from the insurer's bank account, legitimate weekly indemnity, health and dental claims to Members within five (5) business days following receipt of all information required by the Administrator to confirm that the claim is legitimate and the Member is entitled to such payment;

(v) Maintain online Benefit Claims submission and photo Benefit Claims submission, when available, including the appropriate audit process, for all eligible Members and dependents;

(vi) Maintain complete claim files that include the provisions of the policy and/or Plan documents and adjudication records containing benefit claim registration, adjudication notes and results, amount submitted, amount paid, explanation of Welfares notation as required, cheque or direct deposit record and all related transaction dates;

(vii) Maintain ongoing personal contact with applicant/claimant or their recognized designate in accordance with the Administrator's Privacy Policy and the Member's disclosure information directive;

(viii) Manage benefit claim appeals including referral of claim and related documentation to appropriate professionals when additional information is required to adjudicate the benefit claim, including but not limited to, consulting doctors and dentists, disability and rehabilitation specialists, institutions providing related care or legal counsel; and

(ix) Certify eligibility and coordinate applications for Life, Dependent Life, Accidental Death and Dismemberment, Out-of-Province Emergency Medical, Waiver of Premium and Long-Term Disability claims on behalf of the related insurer from application to submission, maintenance of Welfare Plan files and provide additional support following claim submission as required.

(e) The Administrator shall provide the following consulting services to the Trustees:

(i) Oversee the day-to-day management of the Welfare Trust Fund and the Welfare Plan;

(ii) Complete financial monitoring including validation of revenue, expenditures, reserves, per member costs, and financial projections for the Welfare Plan;

(iii) Provide analysis and comprehensive reporting to the Trustees regarding the financial experience of the Trust Fund, Benefit Claims payment experience, and insurance renewals;

(iv) Organize and attend presentations to the Trustees by other service providers and TPA staff;

(v) Provide quarterly financial recaps and projections (budget) for the Welfare Plan;

(vi) Develop and manage structure of the governance policy and strategic planning initiatives of the Welfare Plan with the Trustees and legal counsel;

(vii) Perform studies of plan design, recommend alternative funding and plan redesigns, cost containment initiatives;

(viii) Outline legislative developments and compliance with same, related plan of action and impact on the Trust Fund and the Welfare Plan;

(ix) Provide the Council with monthly updates regarding reported hours/contributions in the format requested including comparative analysis to at least the prior five years;

(x) Review all appeals and service opportunities, respond applying Trust Fund and Welfare Plan rules, legislation and industry standards, review with Trustees or Subcommittee and respond to appropriate individuals in a timely manner;

(xi) Arrange for custodial services;

(xii) Arrange for short-term investment fund to cost-effectively manage cash flow and meet the liquidity requirements of the Trust Fund and Welfare Plan;

(xiii) Provide the quarterly investment manager commentary for the Trust Fund;

(xiv) Review the Statement of Investment Policies and Procedures (SIPP) annually, advise of ad hoc or legislated SIPP changes and amend or rewrite as necessary;

(xv) Attend pre-retirement information sessions and Membership and Sub-committee meetings;

(xvi) Examine Trust Fund and Welfare Plan experience, report information required for Collective Agreement bargaining and attend related meetings (in conjunction with all applicable Trust Funds and Benefit Plans);

(xvii) Communicate to Members and Employers from the Trustees including newsletters, booklets and Personal Benefit Statements;

(xviii) Review and approve insurance policy amendments, amend administration/welfare claims payment systems and policies accordingly and file the approved amendments;

(xix) Prepare meeting materials and review comprehensive minutes for all meetings prior to distribution to the Trustees, and

(xx) Liaise with services providers on behalf of the Trustees.

(f) The Administrator shall also provide the following services to the Trustees:

(i) Provide a meeting room in its offices for meetings of the Trustees;

(ii) Attend Trustee meetings and record, transcribe, distribute draft minutes and maintain the approved minutes of such meetings (minutes are combined for the Welfare, Pension, Legal Fee Assistance, and Supplementary Unemployment Benefit trust funds and plans as the members of the Board of Trustees overlap). Also arrange and provide minutes of conference call meetings as required;

(iii) Followup on all matters arising out of such meetings, prepare notices of such meetings, prepare agendas for such meetings for distribution to the Trustees, and prepare internal and external communications outlining the directions of the Trustees in accordance with resolutions passed by the Trustees;

(iv) Maintain a historical record of Trustee motions, by category, for Governance reporting and historical reference;

(v) Answer all inquiries regarding the Trust Fund and the Welfare Plan from those entitled to make such inquiries;

(vi) Administer the Trust Fund in accordance with applicable Laws;

(vii) Provide such assistance to the Trustees, Council and Legal Counsel as required in the event of the bankruptcy or insolvency of an Employer;

(viii) Arrange, at the Trustee's expense, for the unbroken continuation of the Trustees' liability insurance with an insurance company licensed to provide such insurance, as approved by the Trustees (cost shared with Pension, SUB, LAP, and Commuting Travel Trust Funds based on percentage of total assets);

(ix) Arrange, at the Trustee's expense, for renewal of memberships including the International Foundation of Employee Benefit Plans and MEBCO, as approved by the Trustees (cost shared with Pension Trust Fund as same Board of Trustees);

(x) Upon receipt of intent to attend approved conference or educational seminar, register and/or provide accommodation deposit to the educational body as directed by the Trustees;

(xi) Provide the Trustees with administrative updates regarding the activities of the Trust Fund and Welfare Plan and provide additional reports and updates as the Trustees may request;

(xii) Provide information regarding the Welfare Plan and/or the Trust Fund to such persons as the Trustees may direct;

(xiii) Arrange, at the Trust Fund's expense, for the printing and distribution of required booklets, forms and letters as directed by the Trustees (cost shared with other trust funds/plans based on percentage of booklet/form/letter attributed to the appropriate trust fund and/or plan);

(xiv) Maintain a complete and tested business continuity plan;

(xv) Maintain a set of safeguards to protect personal data from unauthorized access along with a comprehensive Privacy Breach Response Policy and the appropriate Cyber Liability Insurance coverage, as described in Schedule D; and

(xvi) Maintain all of the Trust Fund's and Plan's records in accordance with the record retention policy and applicable privacy legislation.

(g) The Administrator shall perform such other services as requested, including:

(i) Preparing comparative analysis of alternative providers as requested by the Trustees;

(ii) Conduct service provider searches including specifications, receipt, interpreting bids, and reporting;

(iii) Special research and reporting outside of those covered within the previous articles of this Agreement;

(iv) Investigations for and attendance at mediations, legal proceedings and related reporting to the Trustees, and

(v) Implement "value added" services for the Members or Employers as approved by the Trustees.

3. Supplies

The Trustees shall pay for all forms, stationery and printed material required by the Trust Fund or the Welfare Plan. If the Administrator pays for any such forms, stationery or printed material, it will invoice the costs to the Trustees, which must pay such invoice within fifteen (15) days following receipt of same or at the next Trustee meeting. Within fifteen (15) days following receipt of an invoice or at the next Trustee meeting, the Trustees shall advise the Administrator that such invoice has been approved, in which case the Administrator may pay such invoice from the Bank Account.

4. Fees

(a) The Trustees shall pay the Administrator the Fees set out in Schedule A.

(b) The Trustees shall pay the Administrator the fees and related taxes as outlined in Schedules B and C, for the collection, reporting and distribution of Ancillary Funds, to be deducted by the Administrator from monthly payments.

(c) Following the end of each month, the Administrator shall invoice the Trustees for the Fees payable by the Trustees for that month. Within fifteen (15) days of receipt of an invoice, the Trustees shall either pay such invoice, or advise the Administrator that such invoice has been approved, in which case the Administrator may pay such invoice from the Bank Account.

(d) The Fees are exclusive of any and all applicable taxes including HST. The Trustees shall pay to the Administrator all HST and other applicable taxes payable on the Fees at the same time as the Fees to which the taxes relate are to be paid in accordance with the terms of this Agreement.

(e) The Administrator may not increase the Fees, except as otherwise provided in Section 6.

5. Additional Work

The Administrator shall provide such reports (other than those to be provided by the Administrator pursuant to Section 2) and/or perform such other work (other than the Services provided by the Administrator pursuant to Section 2) as may be requested by the Trustees (collectively, "Additional Work") provided that the parties agree upon the Additional Work. Unless the parties otherwise agree, the Administrator's fee for the Additional Work will be calculated on a time spent basis at the standard hourly rates set out in Schedule A (the "Additional Fees"). The Additional Fees (which may be invoiced by the Administrator from time to time) are payable by the Trustees within fifteen (15) days of their receipt of an invoice for such work. Within this fifteen (15) day period, the Trustees shall either pay such invoice or inform the Administrator that such invoice has been approved, in which case the Administrator may pay such invoice from the Bank Account.

6. Re-Negotiation Option

If during the term of this Agreement:

(a) The Trustees require the Administrator to provide Services or supplies in addition to those to be provided by the Administrator pursuant to Section 2;

(b) There are changes to the Laws which would require the Administrator to provide services to the Trustees in addition to the Services provided by the Administrator pursuant to Section 2 or which results in the Trustees requiring the Administrator to provide such additional services; or

(c) The number of Members fluctuates by more than 10% for three or more months in a row,

Then either party may, upon giving thirty (30) days' written notice to the other party, require the terms of this Agreement to be re-negotiated.

If a party provides such a notice to the other party, then the parties shall act reasonably and promptly in connection with such re-negotiations. If the parties are unable to reach agreement on the re-negotiated terms, then this Agreement will continue in full force and effect until a party exercises its right to terminate this Agreement in accordance with Section 9.

7. Protection of Administrator and Trustees

(a) All requests, directions, delegations of authority, requisitions, or orders for monies and instructions to the Administrator from the Trustees shall be in writing or duly recorded in the minutes of meetings of the Trustees and signed by their duly authorized representative(s). The Administrator is entitled to rely upon any such signed written direction or notice from the Trustees or such signed minutes and act in accordance with the contents thereof and in doing so, shall be fully protected by the Trustees in respect of any loss, costs, expenses (including legal expenses) or damages it may suffer or incur as a result of acting in accordance therewith.

(b) In performing the Administrator's Covenants:

(i) The Administrator, acting within the scope of its authority, is the agent of the Trustees for the purposes of applicable Laws;

(ii) Amounts payable by the Administrator on behalf of the Trustees are to be paid out of the Bank Account. If there are insufficient funds in the Bank Account to make a payment, the Administrator:

(A) Is not required to use its own funds to make such payments; and

(B) Shall promptly advise the Trustees that there are not sufficient funds in the Bank Account;

(iii) The Administrator shall:

(A) In exercising its powers and providing the Services and the Additional Work under this Agreement, act honestly, in good faith and shall exercise the same degree of skill, care, attention, diligence and caution that a prudent professional administration and consulting services entity experienced in providing the same or similar services would exercise in like circumstances; and the Administrator shall use all relevant knowledge and skill that the Administrator possesses, or by reason of its business, ought to possess. ("the Standard of Care"); and

(B) Use reasonable commercial efforts to safeguard all information received by the Administrator in connection with the performance of the Administrator's Covenants.

(c) The Administrator will not be liable for any loss to, or diminution of, the Trust Fund nor the adequacy of monies to meet payments and discharge obligations with respect to the Trust Fund, nor for the application or payment of any such monies in accordance with directions from the Trustees; but the Administrator will be liable for and shall fully indemnify and save harmless the Trust Fund and the Trustees from and against any and all Claims which the Trust Fund or the Trustees, or any of them, may suffer or incur as a result of the Administrator's negligence, gross misconduct, lack of good faith, breach of the Standard of Care, or the fraudulent or dishonest acts by any of the Administrator's Employees.

(d) It is the responsibility of the Association, the Employer and the Union to provide the Administrator with current names and addresses of participating Employers and the Contributions to be made by each Employer.

(e) The Administrator may rely upon the accuracy of all information supplied to it by Employers or others remitting Contributions unless information to the contrary is provided to the Administrator in writing by the Trustees or the Union.

8. Books and Records

All original documents, files, minute books, Welfare Plan documents, reports and records (both machine readable and hard-copy) and other records pertaining to the Trust Fund and Welfare Plan (collectively, the "Trust records") are owned by the Trust Fund and are the Trustees' property.

9. Term and Termination

(a) This Agreement shall commence on January 1, 20XX and continue until December 31, 20XX unless terminated as hereafter provided.

(b) The Trustees may terminate this Agreement for any reason or for no reason on not less than ninety (90) days prior written notice to the Administrator.

(c) The Trustees may also terminate this Agreement on thirty (30) days written notice where:

(i) The Administrator fails to observe or perform any of the Administrator's Covenants;

(ii) The Administrator becomes bankrupt or takes the benefit of any statute for bankrupt or insolvent debtors or makes any proposal, assignment or arrangement with its creditors;

(iii) A receiver or a receiver and manager is appointed for all or a portion of the Administrator's property; or

(iv) Any steps are taken or any actions or proceedings are instituted by the Administrator or by any other person for the dissolution, winding-up or liquidation of the Administrator or its assets.

(d) The Administrator may terminate this Agreement on thirty (30) days written notice where:

(i) The Trustees fail to pay any Fees when due and such failure continues for ten (10) days following the Trustees' receipt of written notice from the Administrator regarding such failure;

(ii) The Trustees fail to observe or perform any of the Trustees' Covenants (other than the payment of Fees), the Trust Fund becomes bankrupt or takes the Welfare of any statute for bankrupt or insolvent debtors or makes any proposal, assignment or arrangement with its creditors;

(iii) A receiver or a receiver and manager is appointed for all or a portion of the Trust Funds' property; or

(iv) Any steps are taken or any actions or proceedings are instituted by the Trustees or by any other person for the dissolution, winding-up or liquidation of the Trust Fund or its assets.

(e) If the Trust Fund ceases to exist, this Agreement will be deemed to have expired on the date that the Trust Fund ceases to exist.

(f) Upon the expiration or termination of this Agreement:

(i) The Administrator shall complete all of the Services up to the expiration or termination date and shall be paid for such Services up to the expiration or termination date as the case may be;

(ii) The Administrator shall, within fifteen (15) days, provide the Trustees with a copy of the Administrator's master file relating to the Welfare Plan, in machine readable form, up to the expiration or termination date. For clarity, the Administrator may maintain a copy of such master file following the expiration or termination date;

(iii) Subject to Subsection (g) below, all of the Trust records shall be turned over to the Trustees as follows:

(A) All active working files will be provided to the Trustees within thirty (30) days following the date of such expiration or termination; and

(B) All other Trust records and files will be provided to the Trustees within thirty (30) days following the date of such expiration or termination; and

(iv) The Administrator will have no further obligations to provide Services under this Agreement following the expiration or termination date apart from providing the Trustees with the master file and the Trust records.

(g) Within thirty (30) days following such expiration or termination, the Trustees shall pay the Administrator a document transfer fee equal to $10,000.00 (pro-rated between the other trust funds managed by the Trustees). Until such time as such fee has been received by the Administrator, the Administrator is not obligated to deliver any Trust records to the Trustees.

(h) The Administrator may retain copies of the Trust records as it relates to the services that the Administrator provided to the Trustees.

(i) Sections 7, 8, 9 (f)-(g), 10, 11 and 12 of this Agreement shall survive the termination or expiration of this Agreement.

10. Confidentiality

(a) The Administrator shall keep all Trust records and other information pertaining to the Welfare Plan and the Trust Fund confidential, except to the extent that disclosure is required, as determined by the Administrator, in order for the Administrator to perform its obligations under this Agreement. The Administrator may also disclose such information to its professional advisors, in any litigation or arbitration proceedings with the Trustees or as required by law.

(b) The Trustees shall keep the Fees and other amounts payable by it under this Agreement confidential, but may disclose them to its professional advisors and in its financial statements.

11. Insurance of the Administrator

(a) The Administrator shall maintain, at its own expense, an adequate level of errors and omissions insurance with a minimum of $5,000,000 coverage at all times and an adequate level of employee crime and fraud insurance with a minimum of $3,000,000 coverage at all times.

(b) The Administrator shall maintain, at its own expense, an adequate level of cyber liability insurance with a minimum of $2,000,000 coverage at all times.

(c) The Administrator shall provide to the Trustees, upon written request, confirmation of the insurance policies described in Section 11(a) and (b).

12. General Provisions

(a) Recitals

The recitals to this Agreement are incorporated as an integral part of this Agreement.

(b) Schedules

The following Schedules to this Agreement are incorporated as an integral part of this Agreement:

Schedule A - Fees and Additional Fees

Schedule B - Measures in Place to Protect Personal Data from Unauthorized Access and to React if a Privacy Breach or Ransom Demand Occurs

(c) Entire Agreement

This Agreement, including the Schedules attached to this Agreement, constitutes the entire agreement between the parties pertaining to the subject matter of this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the parties. There are no representations, warranties or other agreements, whether oral or written, between the parties in connection with the subject matter of this Agreement except as specifically set out in this Agreement.

(d) Amendment

No amendment, supplement, modification, waiver or termination of this Agreement is binding on the parties unless it is in writing and signed by the parties.

(e) Notice

Any notice or other communication required or permitted to be given by this Agreement must be in writing and will be effectively given if:

(i) Delivered personally;

(ii) Sent by prepaid courier service;

(iii) Sent by registered mail;

(iv) Sent by fax,

In the case of notice to:

(v) The Trustees, at the current address of the Association and the Council.

(vi) The Administrator at:

Or at such other address as the party to whom such notice or other communication is to be given shall have advised the party giving same in the manner provided in this section. Any notice or other communication delivered personally or by prepaid courier service is deemed to have been given and received on the day it is so delivered at such address, but if such day is not a Business Day such notice or other communication is deemed to have been given and received on the next following Business Day. Any notice or other communication sent by registered mail is deemed to have been given and received on the third Business Day following the date of mailing.

Any notice or other communication transmitted by fax is deemed given and received on the day of its transmission provided that such day is a Business Day and such transmission is completed before 5:00 p.m. on such day, failing which such notice or other communication shall be deemed given and received on the first Business Day after its transmission. Regardless of the foregoing, if there is a mail stoppage or labour dispute or threatened labour dispute which has affected or could affect normal mail delivery by Canada Post, then no notice or other communication may be delivered by registered mail.

(f) Waiver

No waiver of any provision of this Agreement is deemed to constitute a waiver of any other provision, whether or not similar, nor does such waiver constitute a continuing waiver unless otherwise expressly provided in this Agreement. No forbearance by any party to seek a remedy for any breach by any other party of any provision of this Agreement constitutes a waiver of any rights or remedies with respect to any subsequent breach.

(g) Governing Law

This Agreement is to be construed in accordance with the laws of Canada (other than ****************** principles of conflicts of law) and the laws of Canada applicable in Canada and is to be treated in all respects as a Canadian contract.

(h) Arbitration Clause

Any dispute, difference or question arising between the parties hereto concerning the construction, meaning or effect of this Agreement or any part hereof shall be settled by arbitration pursuant to *The Arbitration Act*, as amended, and the decision of any arbitrator or arbitrators appointed pursuant to the provisions of the said Act, shall be final and binding on the parties hereto, and the Arbitrator is hereby specifically empowered to assess the costs of such arbitration against either party.

(i) Assigns

This Agreement shall not be assigned by either party without the written consent of the other party.

(j) Invalidity

If any provision of this Agreement or any part of any provision of this Agreement is held to be invalid, illegal or unenforceable by a court of competent jurisdiction, such provision or part shall not affect the validity, legality or enforceability of any other provision of this Agreement or the balance of any provision of this Agreement absent such part and such invalid, illegal or unenforceable provision or part are deemed to be severed from this Agreement and this Agreement will then be construed and enforced as if such invalid, illegal or unenforceable provision or part had never been inserted in this Agreement.

(k) Counterparts and Execution

This Agreement may be executed by the parties in separate counterparts each of which when so executed and delivered to the other party is deemed to be and is to be read as a single agreement between the parties. In addition, execution of this Agreement by one of the parties may be evidenced by way of a faxed or other electronic transmission of such party's signature (which signature may be by separate counterpart), or a photocopy of such faxed or other electronic transmission, and such signature, or photocopy of such signature, is deemed to constitute the original signature of such party to this Agreement.

(l) Binding Effect

This Agreement ensures to the benefit of and is binding on the parties and their respective successors and permitted assigns.

IN WITNESS WHEREOF the parties have signed this Agreement.

CANADIAN ABCDEFG BENEFIT TRUST FUND—Welfare Plan, by its Chairperson and Vice-Chairperson of the Board of Trustees.

Per:________________________________
Name:
Title: Chairperson of the Board of Trustees

Per:________________________________
Name:
Title: Vice-Chairperson of the Board of Trustees

THIRD-PARTY ADMINISTRATOR
The undersigned has authority to bind the Corporation.

Per:________________________________
Name:
Title:

SCHEDULE A

FEES

Effective January 1, 20XX and guaranteed to December 31, 20XX the following fees will be billed monthly

In arrears:

SCHEDULE B

The Third-Party Administrator has a comprehensive system of safeguards, policies and procedures in place to maintain and protect personal data from unauthorized access and to be able to appropriately react should a breach occur.

Protective Measures in Place

- Criminal background checks for all new hires
- New hires review security policy and sign a confidentiality agreement
- Comprehensive privacy and security policies in place
- Yearly security assessments conducted by independent third parties
- Software to protect against viruses and spam
- Role-based access to electronic personal data using the "need-to-know" principle
- Secure transfer of personal data required by the Administrator's partners/service providers (e.g., auditors, medical consultants)
- Privacy Officer (COO) is member of Executive Committee and oversees Management Team
- All office visitors must sign in and wear a visitor label
- Key card access to inner offices and to main office reception after hours
- Limited access to IT room and confidential document storage using selective key card access
- Yearly mandatory staff education on privacy, social engineering fraud and security policy
- All production servers including database server located in a Bell Canada hosting facility that has sophisticated access controls

Measures in Place to React if a Privacy Breach / Ransom Demand Occurs

- Comprehensive Privacy Breach Response Policy that addresses breach containment, investigation, escalation and resolution. If a breach involves a real risk of significant harm, individuals are notified and the breach is reported to the privacy regulators.
- Cyber Liability Insurance coverage that provides assistance with and financial coverage for:
    - System security failures that result in clients' systems being unavailable
    - System breaches that result in unauthorized access to private information
    - Comprehensive coverage for ransom extortion including:
        - Fees for an independent negotiator
        - All other reasonable expenses required to deal with the incident
    - Privacy notification expenses
    - Credit monitoring costs offered to affected customers
    - Crisis management expenses including costs for an attorney and forensic investigator

SELECTION AND MANAGEMENT OF SERVICE PROVIDERS

SELECTION OF SERVICE PROVIDERS

As indicated earlier, many Boards of Trustees/Fiduciaries do not possess the expertise or experience in legal affairs, investments, plan administration, insurance underwriting, auditing or other specialized areas that are necessary to carry out the purpose of a trust. Boards, therefore, exercise fiduciary prudence by utilizing service providers who possess the desired expertise. In such cases, how do Boards decide which outside service provider to contract for these professional services? The common approach is the Request for Proposal, or RFP.

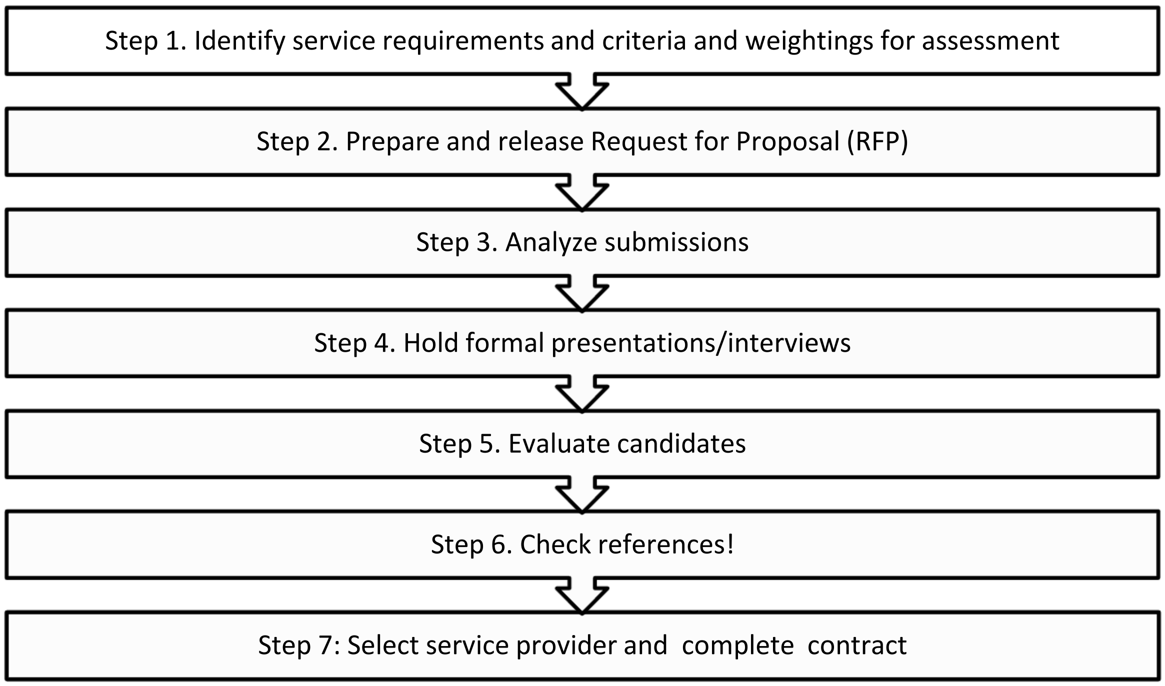
A request for proposal is a process for obtaining offers from competing organizations and evaluating those proposals against stated requirements, using predetermined evaluation criteria and weights. Price is usually a key consideration but price alone should not be the only selection criteria. The RFP is the document that describes the Board's needs in a particular area and solicits proposed solutions from qualified vendors.

There are several compelling reasons for paying careful attention both to drafting the RFPs and evaluating the responses. If done properly:

- It can clarify the overall service requirements as well as the constraints of the trust (i.e., what is really needed, what is wanted and what is possible given the circumstances of the trust and plan). The process of writing an RFP can give Boards an opportunity to interview key stakeholders; assess current operations; and document where gaps in service provision exist.
- It can demonstrate accountability and good governance.
- It can encourage fairness and transparency while minimizing the likelihood of corruption or favouritism.
- It increases the likelihood of finding the service provider best suited to the needs of the trust and plan. Encouraging a competitive process will increase the likelihood of finding the right service provider at a competitive cost.

RFP Process

The standard steps in the RFP process are:



Step 1: Identify Service Requirements and Decision Criteria and Weightings

- Clearly describe and document service requirements including roles, responsibilities and required performance standards
- Identify decision criteria and weightings for assessment of service providers so Board members, not the service provider, set criteria priorities

Sample Criteria and Weighting Form

Criteria	Weighting %	Candidate 1	Candidate 2
Competence/Education			
Experience with similar trusts			
Available Resources			
Service Standards			
System Security and Backup			
Stability of Organization/Staff			
Technology and Innovation			
Insurance			
Fees/Guarantees/Penalties			
Reputation/References			
	100%		

Importance of Performance Benchmarking in Setting Criteria

Benchmarking is a comparison of measures of the quality of a service provider's policies, products, programs, strategies, etc. with standard or similar measurements of its peers (i.e., the process of determining who is the very best, who sets the standard and what that standard is). For example, benchmarks for administrative service standards include:

- Accuracy and timeliness of transactions
    - Deposits/withdrawals/benefit payments
- Accuracy and timeliness of reporting
    - Board, regulatory bodies, members
- Disaster recovery capability and performance

The practice of benchmarking criteria and weightings used to assess service providers in an RFP process:

- Supports good governance
- Supports alignment with trust policies and member expectations
- Confirms performance/costs are competitive

- Documents comparative data
- Provides awareness of best practices
- Identifies service areas that require improvement

Step 2: Prepare and Release RFP

Give candidates as much information as possible including the goal of the RFP, details of current plan/service providers, plan metrics (member and employer data, transaction volume), governance structure, key requirements and minimum requirements and specific plan details that may not be obvious. Requirements are typically identified by verbs like "will", "shall" and "must". Wants or value added services are identified by verbs like "may", "can" and "optional".

Identify the information wanted from the service providers (including breakdown and methodology of costs, options and impact on cost, a sample contract, a description of other advisors roles, fee guarantees) and the required proposal format (how questions should be answered and what information must be included or attached to the submitted proposal).

Establish no contact/no lobby policy for candidates around RFP process to maintain trust interests.

- Provide a timeline, including dates, when proposals must be submitted, dates that additional presentations must be delivered by, when a contract will be awarded and an expected date for delivery of services.

Step 3: Analyze Submissions

- Evaluate proposals based on criteria and weightings set by the Board
- Eliminate non-suitable candidates and document rationale for disqualification

The objective of the RFP analysis step is to narrow the field of candidates to a short list for interviews. Keep "short list" short.

Step 4: Hold Formal Presentations/Interviews

The interview is a critical part of the decision-making process. Interviews help to identify differences among the service providers that scored well in the written assessment. Interviews also often give the Board a better understanding of aspects of the service providers that don't always come across in a written proposal, including things like work flow/procedures, creativity/style, technical capabilities, etc.

The formal interview allows for dialogue and for "feel" for fit with trust and plan. Often, you get the best presenter. If possible, the individuals who will be the day-to-day contacts should do part or all of the presentation. In general, the objective is to have enough people from the service provider participate that it is clear what the provider has to offer, but not too many whose presence is unnecessary.

It is important that the Board be familiar with RFP structure and contents and results of analysis step, prepare probing questions in advance of interview and method for documenting responses, allow sufficient time for interview and discussion by the Board and engage all members of candidate's team in discussion. "Questions designed to elicit confirmation of the professional expertise of candidates are vital to the selection process. Don't hesitate to ask them, and if the answer given is not fully understood, don't hesitate to stay with them until the response is understood. Remember, Board members are the ones who will be hiring one of those interviewed. It is the applicant's responsibility to answer questions clearly and unequivocally. If applicants don't do so when seeking the job, it is very unlikely that they will give satisfactory explanations and answers once hired."[1]

Step 5: Evaluate Candidates

Evaluate candidates and document evaluation against established criteria. Documentation demonstrates care and due consideration, a disciplined selection process, provides a written rationale for decision and provides a defense if Trustee decisions are challenged. Documentation shows "why".

Step 6: Check References

Obtain a number of views including those of current clients and a cross section of Union Board members and of Employer Board members.

Step 7: Select Service Provider and Complete Contract

It is advisable to wait to notify service providers that they haven't been selected for further consideration until a final contract is signed and not contested. This allows the Board to consider the second or third choice in case a problem occurs with the top choice.

MANAGING SERVICE PROVIDERS

"Highly qualified service providers are available to help the Board through the often murky waters of the administration and maintenance of plans. Obviously, the advice of the trust/plan's professional advisors, based upon their expertise and experience with similar arrangements, can be very helpful if not vital. However, the Board's knowledge of its own industry and local conditions is tremendously important. Therefore, the Board should seek the guidance of professional advisors, but apply the advisors' input to their own knowledge of the local issues involved."[2]

Service providers work for the Board and are only advisors. They may or may not have fiduciary responsibility. The Board always has ultimate fiduciary responsibility to ensure all functions critical to effective management of the trust are carried out. When activities are delegated, the role of the Legal Administrator is one of monitoring.

[1] Drawn from *Fiduciaries and Their Professional Advisors*, Donald A. Walters, Editor, International Foundation.
[2] Ibid.

Monitoring Procedures

Implicit in this monitoring function is that at reasonable intervals, performance should be reviewed in such a manner as to reasonably expect that the service providers performance has been in compliance with the provisions of the trust, the terms of the plan and statutory requirements and satisfies the needs of the plan. Some basic elements of the monitoring process include:

- "Conduct reviews at regularly scheduled intervals. Establishing a schedule helps ensure that performance is in fact, reviewed.
- Establish standards against which the performance of the service providers is judged"[3] including:
  - — Adherence to established/contracted performance standards
  - — Accuracy and quality of service
  - — Timeliness of service
  - — Member satisfaction
  - — Trustee satisfaction
  - — Compliance with trust policies and contractual agreements
  - — Compliance with relevant legislation
  - — Compliance with industry and/or professional standards/benchmarks including Codes of Conduct.

"In addition, a few specific actions that should be included as part of the monitoring process are as follows:

- Periodically review the performance of service providers and read any reports provided to ensure they are providing the services in a manner consistent with the agreement
- Check the fees received by the provider to ensure they are reasonable in relation to the value of the services provided and that they are consistent with the terms of the agreement
- Review plan participant comments or any complaints about the services
- Periodically ask whether there have been any changes in the information received from service providers prior to hiring (e.g., does the provider continue to maintain any required licensing?)
- In short, once a provider is hired, don't forget about it. The existence of a procedure prevents this from occurring."[4]

Performance Failure

Possible reasons for performance failure include changes in plan demographics, regulations, Trustee expectations, transaction volume and staff/ownership changes.

If there is performance failure, it is incumbent upon the Board to confirm what happened and why; validate whether Trustee expectations are still reasonable and whether standards are attainable. The Board should:

- Determine whether the performance issue will be short- or long-term
- Establish steps for improvement

[3] Drawn from *Fiduciaries and Their Professional Advisors*, Donald A. Walters, Editor, International Foundation.
[4] Ibid.

- Consider consequences of NOT taking action
- Consider alternate provider.

Managing Service Providers—Basic Areas of Concern[5]

There are a few basic areas of concern that frequently arise with Boards of Trustees/Fiduciaries.

Duplication or Overlapping of Professional Purview

From time to time, concern is expressed about the possible duplication of professional services, and certainly the Board does not want to be in the position of paying two advisors to do the same work. However, such duplication is rarely a problem, given the different disciplines of the service providers and so long as they understand their respective roles. Nor is it "unhealthy" to have two or more service providers look at the same issue, even though some overlap may occur. In reviewing that issue, each of the service providers will be operating from the perspective of his or her own quite different discipline and expertise. This helps ensure that all appropriate considerations will be put before the Board in making a decision. In fact, in some instances, the absence of this joint overview could be a cause for concern.

Finding Competent Service Providers

As noted earlier, the Board has a wealth of information available to assist in identifying competent professional advisors for its trust/plan. Thus, finding appropriate candidates is not complicated and should rarely be a problem. For example, ask others in the field whom they would recommend. Ask local board members of other trusts/plans and administrators of other plans. Ask the international union or national association. Ask other professional advisors. In an appropriate case, consider employing the services of a professional search firm. Moreover, the Board is not geographically restricted in searching for advisors. Except for the administrator, there is no real advantage to dealing with a local professional. Indeed, it is not unusual for a trust/plan to have one or more professional advisors who are located 1,000 miles or more away.

Compensating the Service Providers

How much should the Board pay its service providers? There is no easy answer to this question. However, there is a logical approach to determining whether the fees being paid are in a reasonable range.

- Ask other Boards or plan sponsors what they are paying. However, be very sure that the services their service providers are providing are similar to those the Board's service providers provide. (For example, don't try to compare the annual fees paid to legal counsel if he or she has been in litigation for the trust/plan with the annual fees paid to another Trust/plan's legal counsel who was not involved with litigation.) Also, check on how many Board or committee meetings that the trust/plan may have and the duration of those meetings.

[5] Drawn from *Fiduciaries and Their Professional Advisors*, Donald A. Walters, Editor, International Foundation.

- If service providers serve on a fee-for-service basis, the Board should be sure it knows the hourly rate of anyone working on its account. Also, at least annually, ask for an accounting of the hours for which the plan is charged, with a breakdown showing both the services performed and the hourly rate charged.
- If service providers serve on a fixed fee basis, have them give the estimated number of hours as well as the hourly rates that were used in their determination of a fixed fee. Then, annually obtain a report of the number of hours actually devoted to the trust/plan.
- If service providers are in a position to receive compensation from other sources such as commissions, brokerage fees, rebates, etc., ask for an annual statement of all compensation received, directly or indirectly, with respect to the account. Is it reasonable in the aggregate?
- Ask the other professional advisors whether the fees are reasonable in terms of their experience with other professional advisors of the same discipline.
- If still uneasy, put the services out to competitive bid.

When to Employ an RFP and What's Involved

Alex Diemer | January 26, 2011

As a plan sponsor, you have likely lived through at least one request for proposal (RFP) process—for payroll, insurance services, actuarial or benefits consulting, recordkeeping or administration services.

And from your experience, you have likely asked the following questions:

- Why do I need to do this?
- What do I need to include? and
- How do I evaluate an RFP?

While a benefits or pension plan RFP for changing providers will follow some of the same criteria, here is some practical advice on how you can improve the process specifically.

Why you need an RFP
In order to make sound business decisions, organizations are using the RFP process to ensure that they have the most up-to-date information on benefits and pension solutions and costs in the marketplace. Nowadays, many HR departments' buying decisions tie into other areas of the business, and they need to be completed in a more strategic fashion in order to leverage the company's purchasing power.

Organizations also need to feel confident that their partner selections benefit their plan membership for the short and long terms. This may mean using an RFP to focus internally to confirm previous decisions, review past practices and evaluate your current service model to ensure that these decisions still maximize the value for your organization. Or, it may mean using an RFP with the intention of making a provider change.

By going through an RFP and inviting multiple providers to participate in the process, organizations hope to realize a broader and more creative range of solutions. By taking the time to document your organization's needs in detail, you will help to ensure that you receive quality bids from suppliers and a fair breakdown on costs and value for the services.

And, by following a structured evaluation and selection procedure, an organization can demonstrate impartiality and strong governance principles. This includes debriefing with firms that did not acquire your business. This is a valuable exercise for both you and the suppliers as you will assist in increasing the competitiveness of the marketplace with objective and candid feedback.

What to include
There are practical reasons why the RFP process should not be used for every buying process. Depending on the services required and the complexity, costs of running an RFP can be quite significant in both hard dollars and the soft costs associated with your team's time. It is also a

labour-intensive process to create, manage and evaluate. Many organizations seek a third-party firm to support them through the process to ensure that they're getting value.

Following are a few RFP preparation tips to help you avoid weak and/or few responses from providers.

1. Make your requirements clear
Ambiguous requirements will make it very difficult to compare the responses from various service providers. By not stating the exact deliverables you are expecting, you are leaving it to each provider to assume a certain level of detail that is included or excluded. This can lead to unexpected surprises after you have selected your vendor of choice. For example, many organizations ask for implementation support for a program but do not specify what that should include: for example, meetings with the vendor, meetings with the client, frequency and duration, employee training, pricing reviews, contact and booklet reviews and number of reviews.

Thus, Vendor No. 1 may assume 10 hours of work within its quoted fees, while Vendor No. 2 assumes 100 hours. Neither is necessarily wrong, but the lack of specifics makes it difficult for the plan sponsor to understand why there can be such a variance in costs. If you elect Vendor No. 1 in this situation, you may get presented with a large out-of-scope charge that you have not budgeted for and were not expecting. Similarly, if you elected Vendor No. 2, you may be paying for services that you expected to perform yourself or assumed would require less time and, therefore, question the value of the services paid for.

As part of the RFP process, many organizations have started to hold bidder meetings, where all participating vendors may elect to come and ask questions at the same time. This allows you the opportunity to share more detail and insight about your organization and what is important to you in this process, and to ensure that everyone is getting the same consistent message.

2. Provide a pricing framework
The second area of the RFP that should be very explicit is the pricing framework. If you are going to spend the time documenting your deliverables, then ensure that you provide a solid framework for the pricing response. If you allow service providers to create their own pricing framework, you will receive unique pricing models from each of the responders, which will make it very difficult for you to evaluate comparable services.

Be clear on separating implementation, one-time versus ongoing, fixed versus transactional, head count versus annual fees, all-inclusive versus expected pass-through costs, hourly rates for out-of-scope work, etc. If there is piecework or fees based on anticipated volumes, ensure that you provide those volumes and transactional numbers to ensure equal comparisons.

3. Consider value-added services
If possible, plan sponsors should talk to other service providers before they issue an RFP. Invite a few firms in to present to you or discuss what they see are critical moving points in the industry today.

From a group benefits perspective, you may be interested to better understand:
- How much choice plan sponsors are offering to their employees;
- How organizations are managing their exposure to biological drugs;

- How you control absence costs in a non-medical model;
- What the real cost of stress and mental claims is on your benefits; and
- How you can leverage your group benefits/employee assistance program and wellness strategy into positive outcomes for employees and the organization.

A few pension examples may include the following:
- Savings or income: how are your defined contribution (DC) plans viewed?
- Investment horizon: how far should you look?
- In-house defined benefit administration: is this viable long term?
- How many and what type of investment funds should you offer through your capital accumulation plans? and
- What tools are available to get employees more active in their retirement planning?

This can help you shape your RFP to ensure that what you're asking for is reasonable for what you are expecting to pay and is available and valued in the marketplace today.

Many organizations are choosing to add this step to their informal RFP process as many firms do not contact providers during the RFP process. By holding these informal presentations in advance, organizations can refine the service offering or methodology they may be expecting.

If you don't get to do this in advance, then you may want to include a "what's missing" question: what core services were you expecting that are not explicit? This will allow vendors to showcase their uniqueness and also help you to ensure that your RFP process is complete and you're getting value.

How to evaluate
Some organizations are surprised when they issue a 25-page RFP and then receive responses from 17 suppliers—each 60 to 80 pages long. (How can we tell the difference? What should we look for? We don't have time for this!)

To avoid this problem, some organizations are issuing a Request for Information prior to the actual RFP. This is a mini RFP with a very structured format that addresses some key or mandatory criteria. This allows organizations to filter which organizations they wish to accept responses from. Even though this may seem like an additional step, it can be very beneficial in ensuring you spend your quality time on providers that can actually provide services in the fashion you expect.

In order to effectively and efficiently evaluate pension- or benefits-focused RFP responses, you must identify evaluation criteria from the onset: what is important to your organization as part of the selection process? Consider the following:
- Organizational size and breadth;
- Lines of business;
- Local versus global presence;
- Thought leadership and innovation;
- Service model to support you;
- Personnel and experience;
- Similar clients and projects completed; and
- Type of fees.

Determining in advance what is important to you and having weighted criteria will allow you to make an objective evaluation of the RFP responses. Some consideration may be given to mandatory versus optional or nice-to-have requirements and experiences. Regardless, you must ensure that the questions in your RFP allow service providers to articulate their solutions and experience to you in a clear and thorough fashion, and also reflect the weighting you are assigning to the criteria.

Avoid asking questions in areas to which you will give little weighting or will have no impact on your decision. Also, ensure that you are not asking the same question numerous times, just in different ways, in different sections or, worse, in a conflicting manner.

By establishing a criteria in advance, you will ensure that you will use an objective process in selecting a provider that can complete the tasks you want done, in a manner you want to work in and at a price you want to pay.

At key times, the RFP is a necessary evil to determine who the best partner is for your organization. A well-crafted, efficient RFP process will allow the plan sponsor to meet its obligations while allowing vendors to respond to the employer’s request in an efficient and thorough manner.

However, it isn’t until the finalist presentations, site visits and face-to-face meetings that you’re going to know whether or not the provider on paper is going to be a good partner for you.

Pension and Benefits Service Provider Agreements: Some Practical Thoughts

Mark Firman | August 13, 2014

I often help clients negotiate agreements with service providers. Nevertheless, lawyers like me see only a portion of the service provider agreements entered into on behalf of pension and benefits plans every day.

All too often, employers and plan administrators may sign an agreement without sufficient review and negotiation. Sometimes, they may enter into a service relationship without signing an agreement at all. While this may sound like the opening to a commercial ("Call your pension lawyer today!"), it remains a fact. The legal consequences for employers and administrators can be significant.

Why care?

Pension plan administrators owe plan beneficiaries a fiduciary duty to administer a plan in the beneficiaries' best interests. The Ontario courts have also suggested that employers maintaining other benefits plans, such as health and welfare plans and other retirement savings plans, at the very least owe plan beneficiaries a duty to administer the plan "competently."

If an employer/administrator signs a proposed form of agreement as is and without sufficient review, plan beneficiaries and, if applicable, pension regulators, could raise serious questions as to whether the employer/administrator discharged its duty and met its legal "standard of care." These could lead to claims and liability, including, in the case of pension plan administrators, statutory fines.

On the flip side, evidence that an employer/administrator made reasonable efforts to get the most favourable terms possible for plan beneficiaries will generally support a legal defence, even when the employer/administrator has succeeded in achieving few, or even none, of these terms.

Fees
Virtually all agreements with service providers involve some kind of fee arrangement. Moreover, fees tend to be highly visible to both parties. Accordingly, employers/administrators should consider the following key questions:

- Do the fee provisions and fee schedules reflect all discussions to date and promised discounts?

- Does the agreement list the specific fees payable, for example, in an attached schedule, or does it simply commit the employer/administrator to pay the "fees that the parties may agree from time to time." While the more general obligation may be appropriate for some relationships and agreements, it lacks legal and commercial precision.

- Does the agreement provide the employer/administrator sufficient time to pay fees given its internal policies and procedures? For example, if an agreement requires fees to be paid within 10 days of month-end, an employer will not be able to comply with the agreement if its accounting department typically requires 15 to 20 days to review and approve payment of a month-end invoice. The employer, in this case, should negotiate to accommodate its actual practice.

Services
In the case of administrative services agreements, additional care is necessary to ensure that the services for which the employer/administrator is contracting and, if applicable, service standards, are completely and accurately reflected in the agreement. For comprehensive services, a detailed list of services is often best laid out in a schedule attached to the agreement.

Benefits and HR staff (and consultants) who are familiar with the needs of the plan(s) and day-to-day administration should ensure that services are completely listed and accurately described. In many cases, internal and external lawyers will not be able to identify all services that should form part of the mandate and identify all omissions. The employer/administrator's team needs to work together.

Many agreements also spell out service standards. For example, if the service provider will provide a call centre for plan members, a service standard would guarantee that the call centre will be available during certain hours and plan members will not be kept on hold for more than an enumerated period. In this case, it's usually beneficial to specify key performance indicators—consequences, often in the form of a fee rebate, if service standards are not met.

Key performance indicators ensure that the employer/administrator has remedies for relatively minor shortcomings under an agreement without having to make a costly and complicated claim for breach of contract. It's important to note that while built-in fee rebates are generally enforceable, contractual penalties typically are not. Care should be taken to characterize fee rebates accordingly.

Termination
All good things must come to an end. This adage includes agreements and even entire business relationships with service providers. Here, too, are important questions to consider:

- Does the agreement allow the service provider to terminate unilaterally on a fixed period of notice? If so, would this notice give the employer/administrator a reasonable amount of time to find a new service provider (including time to liquidate any investments)? More notice is better if the services are complex or if the employer/administrator intends to run a competitive request for proposal process for the replacement.

- Does the agreement allow the employer/administrator to terminate unilaterally on a fixed period of notice? If so, does this period line up with other notice periods in the agreement in response to which the employer/administrator may need to exercise its termination rights? For example, if an agreement allows a service provider to increase fees unilaterally on 30 days' notice but requires the employer/administrator to give 60 days' notice to terminate, the mismatch means that the employer/administrator could be stuck with the increased fees for 30 days before being able to move to another provider.

- Does the agreement address the services (and fees) that may be necessary on termination to transition to another service provider? Often, some level of transitional services will be required and should, where possible, be addressed upfront. It sometimes seems counterintuitive to contemplate the relationship ending when it's just beginning, but recognizing all stages of the business relationship in the definitive documentation can save both parties headaches later on.

The service provider's perspective
Service providers, just like employers and administrators, also seek a fruitful and hassle-free business relationship. Their standard forms of agreement and positions often reflect what they view as reasonable given the risk-reward profile of a particular client relationship and their business more generally. These points are legitimate.

For example, many service providers agree to contractual limitations of liability that are based on the fees that they charge. While in principle an employer/administrator will likely want no limitation of liability, that may not be possible for the service provider from a business perspective without raising fees, perhaps significantly so. The parties should discuss these points with the employer/administrator always with an eye to what is in the best interests of the plan(s). But the end result will likely be a compromise that the service provider is comfortable with and that accommodates its legitimate business concerns. It's important to remember that there is usually a spectrum of reasonable positions for any given agreement.

One thing is certain: the employer/administrator's duty requires it to review and understand service provider agreements, and at least try to achieve as favourable terms for the plan as possible. In some cases, employers and administrators may even wish to propose their own form of agreement. For example, a pension plan administrator that engages a number of investment managers may wish to develop an investment management agreement template containing its preferred terms and negotiate from that baseline.

However these agreements are prepared, they must be reviewed and negotiated. Pension and benefits law does not judge outcomes, but instead judges processes (including the service provider selection and negotiation process).

Key Players in the Evolution of the CAPSA Governance Guidelines

Association of Canadian Pension Management

- Is a national volunteer-based organization acting as the informed voice of Canadian retirement income plan sponsors, administrators and their service providers
- Has a mandate to advocate for an effective and sustainable retirement income system

Pension Investment Association of Canada

- Is the representative association for pension funds in Canada in pension investment and related matters
- Has a mandate to promote sound investment practices and good governance for the benefit of pension plan sponsors and beneficiaries
- Proactively monitors government policies and legislation and advocates appropriate changes

Office of the Superintendent of Financial Institutions

- Is an independent government agency established in 1987 to contribute to the safety and soundness of the financial system
- Regulates and supervises federally registered banks, insurers, trust and loan companies as well as private pension plans

Canadian Association of Pension Supervisory Authorities

- Is a national inter-jurisdictional association of pension regulators whose mission is to facilitate an effective and efficient pension regulatory system
- Develops initiatives to further coordination and harmonization of pension regulation across Canada

Canadian Association of Pension Supervisory Authorities
Association canadienne des organismes de contrôle des régimes de retraite

Guideline No. 4: Pension Plan Governance Guideline

Context for the Guidelines

The Canadian Association of Pension Supervisory Authorities (CAPSA) has designed these guidelines and associated reference tools to help plan administrators meet their governance responsibilities.

Published originally in 2004, these guidelines have been used widely by pension plans in Canada. The current version includes updated and clarified principles and guidance on implementation of the principles.

Pension Plan Governance

Pension plan governance refers to the structure and processes in place for the effective ***administration*** of the pension plan to ensure the fiduciary and other responsibilities of the plan administrator are met. CAPSA believes that good pension plan governance is essential if ***plan members*** and ***beneficiaries*** are to receive the benefits they are entitled to, and to understand their rights and responsibilities under the pension plan.

The objective of pension plan governance is to enable the plan administrator to deliver on the pension promise consistent with the pension plan documents and pension legislation. Pension legislation defines the pension ***plan administrator**** as the body responsible for the governance of the pension plan.

Pension Plan Administrator

Pension legislation specifies who may be a plan administrator and identifies the plan administrator's responsibilities. The plan administrator may be any of the following:

- the employer who established the plan,
- a pension committee,
- a board of trustees,
- an insurance company,
- a bargaining agent, or
- another body established or permitted by law.

The party appointed as the plan administrator is usually stated in the plan documents.

The plan administrator may use ***delegates*** to help carry out governance responsibilities. Delegates may include employees of the plan administrator and external ***third party service providers***.

* Please note that defined terms are italicized and bolded when first used. Definitions are in the Glossary of Terms, contained at the end of the guidelines.

Pension Governance System

An effective pension governance system:

- establishes a framework for defining the duties, associated responsibilities and accountabilities for all participants in the governance process,
- covers all facets of pension plan management, including communication, funding, investments and benefit administration, and
- provides careful oversight while enhancing protection for plan members and beneficiaries.

Good pension plan governance:

- is essential for meeting fiduciary and other responsibilities,
- minimizes risks and maximizes efficiency,
- promotes accurate, timely and cost-effective delivery of pension benefits,
- promotes administration of the plan in the best interests of plan members and beneficiaries,
- requires control mechanisms that encourage good decision-making, proper and efficient practices, clear accountability, and regular review and evaluation,
- contributes to positive pension plan performance, and
- helps to demonstrate due diligence on the part of the plan administrator.

Governance Guidelines

This CAPSA Guideline on Pension Plan Governance provides a broad, flexible outline of key pension plan governance principles. Different types and sizes of plans, however, may require different governance practices. Although pension plan administrators need to adapt their governance practices to specific circumstances and resources, we strongly recommend that all plan administrators adopt a governance structure and processes consistent with the principles that follow. The tools and strategies used to reflect these principles may vary depending on the characteristics of each pension plan.

The Guidelines recommend principles for effective pension plan governance. They outline the appropriate roles and responsibilities of the ***plan sponsor*** only when the plan sponsor is acting as plan administrator. They do not cover the roles and responsibilities of the plan sponsor under general corporate governance principles. Many individuals who have pension plan governance responsibilities also have responsibilities to the plan sponsor. Consequently, those with governance responsibilities must clearly understand the different roles and responsibilities for each. Further, when taking actions that affect the pension plan, they must carefully document the actions for both sets of responsibilities. In particular, whenever the two roles are in a conflict of interest, the administrator must act in the best interests of plan members and beneficiaries.

CAPSA encourages all pension plan administrators in Canada to assess whether their current pension plan governance structures and processes are effective and to strive for the best practices set out in the Guidelines.

Note, however, that the Guidelines are not intended to create additional rights and responsibilities for any party to a pension plan. Though voluntary, they are meant to help plan administrators achieve and maintain good pension plan governance.

CAPSA Guidelines

This CAPSA Guideline on Pension Plan Governance provides overall guidance to assist plan administrators of all types and sizes of pension plans in achieving and maintaining good governance. Plan administrators and other governance participants may also wish to reference other CAPSA Guidelines and publications that are appropriate to the plan's circumstances.

Each of the CAPSA Guidelines and other publications can be obtained through CAPSA's website (www.capsa-acor.org) under "CAPSA Guidelines".

CAPSA Pension Plan Governance Principles

Principle 1: Fiduciary responsibility

The plan administrator has fiduciary responsibilities to plan members and beneficiaries. The plan administrator may also have other responsibilities to other ***stakeholders.***

Principle 2: Governance framework

The plan administrator should establish and document a governance framework for the administration of the plan.

Principle 3: Roles and responsibilities

The plan administrator should clearly describe and document the roles, responsibilities, and accountabilities of all participants in the pension plan governance process.

Principle 4: Performance monitoring

The plan administrator should establish and document performance measures to monitor the performance of participants in the governance and administration of the plan.

Principle 5: Knowledge and skills

The plan administrator, directly or with delegates, has a duty to apply the knowledge and skills needed to meet the plan administrator's responsibilities.

Principle 6: Governance information

The plan administrator should establish and document a process to obtain and provide to governance participants appropriate information to meet fiduciary and other responsibilities.

Principle 7: Risk management

The plan administrator should establish and document a framework and ongoing processes, appropriate to the pension plan, to identify and manage the plan's risks.

Principle 8: Oversight and compliance

The plan administrator should establish and document appropriate processes to ensure compliance with the legislative requirements and pension plan documents.

Principle 9: Transparency and accountability

The plan administrator should establish and document a communication process with the aim to be transparent and accountable to plan members, beneficiaries and other stakeholders.

Principle 10: Code of conduct and conflict of interest

The plan administrator should establish and document a code of conduct, incorporating a policy to manage conflicts of interest.

Principle 11: Governance review

The plan administrator should establish and document a process for the regular review of the pension plan's governance framework and processes.

CAPSA Pension Plan Governance Guidelines

Principle 1: Fiduciary responsibility

The plan administrator has fiduciary responsibilities to plan members and beneficiaries. The plan administrator may also have other responsibilities to other stakeholders.

A fiduciary relationship is one of trust between two or more parties where one (or more) person(s) (the fiduciary[ies]) has an obligation to act in the best interests of the other party.

(a) Fiduciary responsibilities

Fiduciary obligations are owed when legislation imposes such duties or when:

i. a plan administrator and/or any delegates can exercise discretionary power to affect the interests of members or beneficiaries;
ii. a plan administrator and/or any delegates can unilaterally exercise that power so as to affect the interests of the members or beneficiaries; and
iii. the members and/or beneficiaries are in a position of vulnerability at the hands of the plan administrator and/or any delegate.

The plan administrator and delegates must act honestly, in good faith and in the best interests of plan members and beneficiaries of the pension plan as part of their fiduciary responsibilities.

In its fiduciary role, the plan administrator's responsibilities include:

- treating members and beneficiaries impartially and considering the interests of those members currently accruing a pension, those who are in receipt of a pension and any others who may be entitled to a benefit from the plan,
- acting with the care, skill and diligence of a prudent person,
- interpreting the plan terms fairly, impartially and in good faith,
- managing conflicts of interest, and
- within the scope of such duties and its authority, ensuring that members and beneficiaries receive promised benefits.

The pension governance process should help the plan administrator carry out its fiduciary and other responsibilities. Although plan administrators may delegate certain tasks of the plan administrator to third parties, the administrator retains fiduciary responsibility.

(b) Other responsibilities

The plan administrator may also have other responsibilities to other stakeholders.

When employers, bargaining agents, or their nominees act as plan administrators, they must understand the difference between their plan administrator and other roles, and act accordingly. Employers and bargaining agents should follow the principles in these Guidelines when acting as plan administrator.

Principle 2: Governance framework

The plan administrator should establish and document a governance framework for the administration of the plan.

The governance framework should:

i. identify the duties and functions that need to be performed for the plan administrator to meet its fiduciary and other responsibilities; and
ii. determine and demonstrate on an on-going basis how the plan administrator will meet such fiduciary and other responsibilities.

The plan administrator may wish to consider sharing relevant documents related to the governance framework with the plan members, beneficiaries and other stakeholders beyond those legally required.

Principle 3: Roles and responsibilities

The plan administrator should clearly describe and document the roles, responsibilities, and accountabilities of all participants in the pension plan governance process.

The plan administrator:

- is ultimately responsible and accountable for managing the plan;
- may delegate operational management tasks, but should provide oversight to ensure responsibilities are fulfilled;
- is responsible for selecting the delegates and monitoring the actions of delegates;
- is responsible for managing any conflicts of interest that arise; and
- should ensure that the pension governance structure, roles and responsibilities, accountabilities and reporting relationships (i.e. chain of delegation) are clearly documented and communicated to all participants in the pension plan governance process.

When the same person or entity performs both pension plan administration and corporate functions, there should be a clear recognition, understanding, and documentation of the different roles and responsibilities of each function. When a decision related to the pension plan is made, it should be clearly documented, and its rationale and the role under which it is taken should be included.

Principle 4: Performance monitoring

The plan administrator should establish and document performance measures to monitor the performance of participants in the governance and administration of the plan.

The plan administrator is responsible for:

- establishing and documenting appropriate performance measures;
- regularly monitoring the performance of all participants in the governance process, including the plan administrator, internal staff and delegates;
- regularly reviewing the appropriateness of such performance measures; and
- establishing procedures and taking follow-up actions to correct inadequate performance.

Since performance evaluations need to be based on objective, impartial assessments, the plan administrator may require independent professional assessments.

Principle 5: Knowledge and skills

The plan administrator, directly or with delegates, has a duty to apply the knowledge and skills needed to meet the plan administrator's responsibilities.

The plan administrator is ultimately responsible for the governance and the administration of the pension plan. In order to apply the knowledge and skills needed to meet the plan administrator's responsibilities, the plan administrator should identify the relevant qualifications, resources and experience necessary to meet these responsibilities. The plan administrator should either obtain appropriate support to directly fulfill the administration role or delegate the function to external experts.

The plan administrator and delegates in the governance structure should together possess and apply the knowledge and skills to fulfill the plan administrator's responsibilities.

The plan administrator should, on appointment and on an ongoing basis, consider whether all delegates have the relevant qualifications, resources and experience to carry out their function and have access to appropriate education.

Principle 6: Governance information

The plan administrator should establish and document a process to obtain and provide to governance participants appropriate information to meet fiduciary and other responsibilities

Processes should exist so that the plan administrator obtains the necessary information to meet its fiduciary and other responsibilities.

The plan administrator should ensure that delegates have appropriate information related to the pension plan that is needed to carry out their responsibilities.

Principle 7: Risk management

The plan administrator should establish and document a framework and ongoing processes, appropriate to the pension plan, to identify and manage the plan's risks.

A plan's risk management framework should provide reasonable assurance for the achievement of the plan's objectives through:

a) identifying the risks;
b) assessing and prioritizing the risks;
c) ensuring a clear understanding of the responsibilities for the management of the risks;
d) accepting the risk or designing and implementing an appropriate risk-mitigating response;
e) monitoring and evaluating the risks and effectiveness of the responses and risk management processes generally; and
f) documenting the risk management processes.

Principle 8: Oversight and compliance

The plan administrator should establish and document appropriate processes to ensure compliance with the legislative requirements and pension plan documents.

Every pension plan should have documented processes to enable compliance with legislative requirements and to ensure functions related to the administration and governance of the pension plan fall within the plan terms, plan administrative policies, and legislative requirements.

Principle 9: Transparency and accountability

The plan administrator should establish and document a communication process with the aim to be transparent and accountable to plan members, beneficiaries and other stakeholders.

The plan administrator should establish a communication process, taking into account both fiduciary and other responsibilities, so that plan members, beneficiaries and other stakeholders have access to information about the plan as required by applicable legislation. In addition, the plan administrator should consider what, if any, other information about the plan will be made available to plan members, beneficiaries and other stakeholders.

Plan administrators should inform pension plan members and beneficiaries of the process for asking questions and raising concerns.

When communicating with plan members, the plan administrator should:

a) communicate how important decisions about the plan are made; and,

b) inform them of the risks, benefits, options, and responsibilities of membership in the plan.

In establishing and documenting the communication process, the plan administrator should consider the different interests of stakeholder groups, and whether communication methods might be adapted to meet those interests more effectively.

Principle 10: Code of conduct and conflict of interest

The plan administrator should establish and document a code of conduct, incorporating a policy to manage conflicts of interest.

The plan administrator should establish and periodically review a documented code of conduct applicable to the administration of the plan. The code of conduct should set out expected behaviours. It should also include or incorporate procedures to identify, monitor and address material conflicts of interest, both actual and perceived.

Plan administrators should ensure delegates have an appropriate code of conduct that incorporates a policy to manage conflicts of interest, as well as processes for appropriate disclosure of conflicts and breaches of the code of conduct.

Principle 11: Governance review

The plan administrator should establish and document a process for the regular review of the pension plan's governance framework and processes.

The plan administrator should regularly review the pension plan's governance framework and processes and establish a timeframe for the review. The attached *Pension Plan Administrator Governance Self-Assessment Questionnaire* has been developed to assist the plan administrator in carrying out a governance review.

The governance review may result in the plan administrator setting goals and objectives for the future and modifying its policies and practices to improve overall pension plan governance. Where the review identifies governance shortfalls, the review process should also identify and implement methods to address them.

The plan administrator may wish to communicate the result of the governance review to plan members, beneficiaries and other stakeholders.

Glossary of Terms

administration	the oversight, management and operations of the pension plan and its pension fund including the investment of the assets of the pension fund.
beneficiaries	individual, group, body or entity entitled to a benefit under the terms of a pension plan other than plan members.
*delegate**	any party who carries out aspects of the administration of the pension plan and investment of the pension fund (including a committee or third party service provider).
plan administrator	the individual, group, body or entity that is responsible for the oversight, management and operations of the pension plan and pension fund.
plan member(s) or member(s)	all current and former employees, including retired employees, entitled to benefits under the pension plan.
plan sponsor	the individual or entity that is responsible for determining the design of the pension plan, setting the benefit structure for various classes of members, and establishing, amending or terminating the pension plan.
third party service provider	the entity (or entities) or individual(s) that is/are retained by the plan administrator to perform some or all of the delegated duties associated with the pension plan and the pension fund that the administrator is required to perform.
stakeholder	a party who has an interest in decisions and actions about the pension plan. It includes plan members and beneficiaries, and may include others who may be entitled to pension plan benefits in circumstances such as marriage breakdown. Depending on the circumstances of the pension plan, it may also include the plan administrator, employers, collective bargaining agents, employee and employer associations, and others.

* In Québec, there is also the notion of "delegatee", which is distinct from that of the "delegate". The delegatee has, with respect to delegated functions, the same responsibilities as the plan administrator.

CAPSA/ACOR

Canadian Association of Pension Supervisory Authorities
Association canadienne des organismes de contrôle des régimes de retraite

Guideline No. 4: Pension Plan Governance

Pension Plan Administrator Governance Self-Assessment Questionnaire

CAPSA has prepared the Pension Plan Administrator Governance Self-Assessment Questionnaire to help you, the plan administrator, assess how successfully your plan follows best practice governance principles.

You can use the questionnaire to determine which principles you have already instituted and which steps to take to improve the governance of your pension plan. To make the best use of the questionnaire, when you answer a question **Yes**, document the sources of the answer. When you answer **No**, note the areas that need more work and what you need to do to change the response to **Yes**.

Plan administrators may adapt the questionnaire to suit the needs of their pension plans.

The questionnaire should be completed and then reviewed regularly for purposes of continuous improvement. You may wish to appoint an individual to co-ordinate the completion of the questionnaire. This individual may wish to get help from those who have the best knowledge of particular issues. The primary responsibility for completing the questionnaire remains with you. You should approve the completed questionnaire. We recommend you complete or review and update the questionnaire annually.

The completed questionnaire **does not** have to be filed with the regulator of your pension plan, but should be kept on file for your future reference.

Self-Assessment Questionnaire

Principle 1: Fiduciary responsibility	Response	Comments /Actions / Where Documented	Timeframes: Implemented / Last Reviewed
a) Have you identified your fiduciary and other responsibilities to plan members and beneficiaries (i.e. those members currently accruing a pension, those who are in receipt of a pension, and any others who may be entitled to a benefit from the plan)?	☐ Yes ☐ No		
b) Have you identified any responsibilities to other stakeholders?	☐ Yes ☐ No		
c) Do any delegates have fiduciary duties? If yes, has the fiduciary role been clearly identified and communicated to the delegates?	☐ Yes ☐ No ☐ Yes ☐ No		
d) Is there a clear delineation between the plan administrator and other roles?	☐ Yes ☐ No		

Principle 2: Governance framework	Response	Comments /Actions / Where Documented	Timeframes: Implemented / Last Reviewed
Have you established and documented a governance framework for the administration of the pension plan?	☐ Yes ☐ No		

Principle 3: Roles and responsibilities	Response	Comments /Actions / Where Documented	Timeframes: Implemented / Last Reviewed
a) Have you identified your roles and responsibilities, including any necessary delegation, for the effective governance of the pension plan?	☐ Yes ☐ No		
b) Have you clearly documented expectations for yourself and each of your delegates?	☐ Yes ☐ No		

c) Do you appropriately document decisions related to the pension plan?	☐ Yes ☐ No		

Principle 4: Performance monitoring	**Response**	**Comments /Actions / Where Documented**	**Timeframes: Implemented / Last Reviewed**
a) Have you established and documented clear measures for assessing the performance of all participants in the governance process?	☐ Yes ☐ No		
b) Do you have a regular performance monitoring, review and remedial process for all participants in the governance process?	☐ Yes ☐ No		

Principle 5: Knowledge and skills	**Response**	**Comments /Actions / Where Documented**	**Timeframes: Implemented / Last Reviewed**
a) Have you established an ongoing process to identify and fill any gaps in the knowledge and skills needed for the effective governance and administration of the pension plan?	☐ Yes ☐ No		
b) Do you, together with all delegates, have the necessary qualifications, resources and experience?	☐ Yes ☐ No		

Principle 6: Governance information	**Response**	**Comments /Actions / Where Documented**	**Timeframes: Implemented / Last Reviewed**
Have you established and documented a process to obtain and provide to governance participants appropriate information to carry out your fiduciary and other responsibilities?	☐ Yes ☐ No		

Principle 7: Risk management	**Response**	**Comments /Actions / Where Documented**	**Timeframes: Implemented / Last Reviewed**
a) Have you identified, assessed and prioritized the pension plan's risks?	☐ Yes ☐ No		

b) Do you have a continuous process to monitor and manage these risks?	☐ Yes ☐ No		

Principle 8: Oversight and compliance	**Response**	**Comments /Actions / Where Documented**	**Timeframes: Implemented / Last Reviewed**
a) Have you identified the legislative requirements, plan documents and any regulatory or plan-specific policies that apply to the pension plan?	☐ Yes ☐ No		
b) Do you have a documented process to ensure you comply with legislative requirements and pension plan documents and policies? If yes, does this process include a regular review to monitor changes to support future compliance?	☐ Yes ☐ No ☐ Yes ☐ No		

Principle 9: Transparency and accountability	**Response**	**Comments /Actions / Where Documented**	**Timeframes: Implemented / Last Reviewed**
Have you established and documented a communication process that: a) provides plan members, beneficiaries and other stakeholders with access to information about the pension plan as required by applicable legislation as well as any other information that you have identified as appropriate?	 ☐ Yes ☐ No		
b) informs plan members and beneficiaries about the process for asking questions and raising concerns?	☐ Yes ☐ No		
c) communicates how important decisions are made?	☐ Yes ☐ No		
d) informs members about the risks, benefits, options and responsibilities of membership in the pension plan?	☐ Yes ☐ No		

Principle 10: Code of conduct and conflict of interest	Response	Comments /Actions / Where Documented	Timeframes: Implemented / Last Reviewed
a) Do you have a code of conduct that sets out the expected behaviours for you as the plan administrator and your delegates?	☐ Yes ☐ No		
b) Does your code of conduct incorporate a conflict of interest policy that identifies and addresses potential conflicts of interest that may arise in particular circumstances of your pension plan, whether actual or perceived?	☐ Yes ☐ No		
c) Do your delegates have a code of conduct that incorporates a conflict of interest policy? Do you have processes in place to receive appropriate disclosure of conflicts and any breaches of the code of conduct?	☐ Yes ☐ No ☐ Yes ☐ No		

Principle 11: Governance review	Response	Comments /Actions / Where Documented	Timeframes: Implemented / Last Reviewed
a) Have you established and documented a process for a regular review of your pension plan's governance?	☐ Yes ☐ No		
b) Does your governance review process include methods to address identified governance shortfalls?	☐ Yes ☐ No		

Completed by:

....

Name

....

Title

....

Date

Approved by: (if different)

....

Name

....

Title

....

Date

SAMPLE PENSION TRUST

Governance Framework, Policies and Mandates

Adopted by the Board of Trustees Effective: DD/MM/YYYY

Owner: Board of Trustees of the Sample Pension Trust Fund

Amended: DD/MM/YYYY BY Governance Subcommittee review

Governance Review Principle: Annually or as Amended

Circulation List:		
1. Board of Trustees	**2. Third Party Administrator**	**3. Actuary**
4. Auditor	**5. Investment Consultant**	**6. Investment Managers**
7. Legal Counsel	**8. Plan Consultant**	**9. Custodian**
10. Plan Members via Portal	**11. Union**	**12. Association**

Contents

Background and Scope

The Board of Trustees (the **"Board**" or **"Trustees**") is responsible for the management and oversight of the Sample Pension Trust Fund and Pension Plan referred to as the "**Fund**" and/or "**Plan**" including the administration and investment of the assets. The Board believes that good governance is essential to the success of the Fund and Plan. The Board has adopted this Governance Framework and its associated policies and mandates with the intention that it be implemented and followed in a diligent yet flexible manner to ensure that the right processes, systems, people, and procedures are in place to manage the Fund and Plan, its investments, and risks in an efficient and effective manner. To assist them the Board appoints, and monitors specialist providers and advisers referred to as "**Service Providers"**. It is the Board's responsibility to ensure that they and their Service Providers act in the best interests of plan members and ensure that pension benefits are delivered at a reasonable cost within the boundaries and strategic direction of the Trustees.

The Sample Pension Fund and Plan are registered in Ontario and comply with all applicable laws including the *Pension Benefits Act, 1987 R.S.O. 1990* (the "**PBA**")**,** the *Pension Benefits Act, 1987 Regulations* (the "**PBR**")***, the Income Tax Act (Canada***) (the "**ITA**") and the *Income Tax Regulations* (the **"ITR**").

This framework together with its Appendices, is the only "governance policy" for the purposes of the PBA. Nothing in this policy is intended to be construed or to impose on the Board (or on any delegate or Service Provider), a standard of care or a duty that exceeds the standard of care or duty that is applicable by law at the relevant time. Further, nothing in this policy changes the terms or effect of the Agreement and Declaration of Trust or the terms of the Plan. In the event of a conflict, the terms of the Agreement and Declaration of Trust or Plan (as applicable) will prevail.

Fiduciary Responsibility

The Trustees have a fiduciary responsibility to the Plan members and their beneficiaries. The Trustees are bound by their fiduciary responsibility and are required to act in the best interest of the Plan members. The Trustees are to:

a. Administer the Fund in a manner which is impartial, honest and in good faith.

b. Consider the interests of all retired, current, and future members in the Board's decision making and ensure that any actions undertaken have the best interest of the Plan members, beneficiaries and other stakeholders in mind.

c. Act professionally with courtesy, expertise, conscientiousness, and prudency.

d. Interpret plan terms reasonably and in good faith.

e. Actively manage conflicts of interest and avoid perceived conflicts of interest. and

f. Act within the scope of the Agreement and Declaration of Trust and within the authority granted to the Trustee upon their acceptance of Trusteeship, ensuring that Plan members and beneficiaries receive their entitled.

The Trustees are required to exercise their fiduciary responsibility in the following circumstances:

a. When the Board of Trustees are in a position to use their discretionary power to affect the interests of Plan members and beneficiaries; and

b. When the Plan members and/or beneficiaries are in a position of vulnerability.

The Trustees may delegate their powers to third parties (Service Providers), but ultimately the Trustees retain their fiduciary responsibility to the Fund and Plan's members and beneficiaries. Conducting ongoing governance monitoring and evaluation within scope that includes assessing the Service Providers, mitigates the risk of underperformance, conflicts of interest and inadequacy. The governance review process assists the Trustees in carrying out their fiduciary responsibility.

Stakeholders

The Trustees have a fiduciary duty to the Plan members and their beneficiaries. As such the Trustees have identified the following stakeholders:

a. Plan members and their beneficiaries (**"Plan Members"**).
b. The Sample Union (the "**Union**").
c. The Sample (the "**Council**"**).**
d. The Association ("****").
e. All Contributing Employers.
f. The Financial Services Regulatory Authority of Ontario (**FSRA**)
g. The Canada Revenue Agency (**CRA**)
h. Other registered pension plans that the Fund and Plan has valid reciprocal agreements and
i. Service Providers engaged by the Trustees.

Statements of the Board of Trustees

a. Purpose

The **Fund** and **Plan** commenced on May 1, 1970, with the purpose of providing financial security upon retirement and/or death for Sample Pension Plan Members and their beneficiaries to supplement social security benefits and individual savings. It is jointly sponsored.

b. Mission

To ensure:

i. The sustainability of the **Fund** though contributions and the prudent investment of assets, to maintain the **Fund** and allow the **Plan** to meet its obligations to its beneficiaries,

ii. The efficient delivery of benefits, and

iii. **Plan Members** are empowered through effective communication.

c. Vision

To be a reputable jointly trusteed multi-employer pension fund providing pension plan benefits for eligible beneficiaries, as affordable.

d. Code of Ethics

We are committed to:

i. Conducting all of the **Fund** and **Plan's** affairs and activities with the highest standards of professional conduct.

ii. Recognizing our obligation to adhere to this Code of Ethics and encourage others to do the same.

iii. Dedicating ourselves to pursue our missions with honesty, fairness, and respect for all.

iv. Respecting and honouring, the diversity of our community that includes but is not limited to race, ethnicity, national origin, gender identity, gender expression, sexual orientation, age, disability, socio-economic status, class, and religion, and

v. Complying with all laws, rules, and regulations and to conducting business with integrity and without deception.

e. Each Trustee must:

i. Proactively promote professional behavior as a responsible partner among peers in the work environment.

ii. Deal fairly with Plan Members and all stakeholders.

iii. Provide information that is accurate, completely objective, relevant, timely and understandable.

iv. Accept responsibility for preventing, detecting, and reporting all manner of abuse or deception.

v. Maintain the confidentiality of information entrusted to them except when authorized or otherwise legally obligated to disclose and adhere to the **Trustees' Privacy Policy**.

vi. Be honest and professional in their conduct, including ethical handling of actual or apparent conflicts of interest between personal and professional relationships, and adhere to the **Code of Conduct and Conflict of Interest Policies.**

vii. Commit to the Board of Trustee's **Diversity, Equity, and Inclusion ("DEI") Policy** that clarifies the Board's values and priorities for stakeholders.

viii. Protect and ensure the proper use of the Fund's assets.

ix. Prohibit improper influence over Plan Members, Service Providers, and all other stakeholders; and

x. Acknowledge our individual responsibility to ensure collective success by practicing and promoting the following values which reflect a shared view of how we want to operate and be seen by others.

f. Values

- **Fiduciary Role:** act in a prudent, diligent, and even-handed manner with the highest level of integrity.
- **Integrity:** being ethical and truthful, maintain good governance practices and not misrepresenting or withholding information to which the beneficiaries and other stakeholders are entitled.
- **Accountability:** clearly stated and understood accountability for the Board, it's Subcommittees and Service Providers that promote effective decision-making.
- **Independence:** being independent of the sponsor organizations and always acting in the interest of the beneficiaries; act honestly and avoid actual or perceived conflicts of interest and exercise good judgement.
- **Privacy and Confidentiality:** committed to the highest standards of confidentiality and privacy for the Fund, the Plan, the beneficiaries, and all other stakeholders.
- **Transparency:** communicate openly and frequently with all stakeholders, set out information in a format that is clear and understandable and open to scrutiny and oversight.

Board Roles and Responsibilities

Role: Legal Administrator of the Fund and Plan

Responsibilities:

- The Trustees jointly and severally have responsibility for ensuring that the Fund and Plan are properly administered in accordance with Agreement and Declaration of Trust, the Pension Plan text, the **PBA**, **PBR**, **ITA**, **ITR** and all applicable legislation. The Pension Plan text establishes eligibility for Plan participation and benefits are calculated. The Agreement and Declaration of Trust sets out the duties, powers, responsibilities and liabilities of the Trustees appointed or elected to administer the Fund and Plan. These include:
    - The manner in which the Trustees are to be appointed or elected, removed and replaced.
    - The precise duties of the Trustees.
    - The parameters of the authority of the Trustees (and the decisions in respect of which the approval of the Union, Associations or any other stakeholder is required).
    - The powers of the Trustees, including the power to delegate (to a third- party administrator, or investment manager or custodian); and
    - Such other administrative matters as are necessary to provide for the effective operation of the Board of Trustees.

- Be cognizant of both the duties of a Trustee as established in the Agreement and Declaration of Trust and the duties of a Trustee at law.
- Responsible to manage the Fund and Plan with sound governance, fiduciary and strategic oversight, and direction.
- Oversee the operations of the Fund and Plan, ensuring that the Plan beneficiaries' trust is upheld and that the processes and practices are ethical and that all legal requirements are met.
- Ensure the financial integrity and solvency of the Fund and Plan and protect the Fund and Plan from fraud and risk.
- Ensure that the assets of the Pension Fund are prudently invested at acceptable risk levels in the context of liabilities for present and future pension payments and in such a way as to ensure the structuring of investment transactions meet regulatory requirements.
- Manage the mandate for each Board member and ensure that they understand their responsibilities and legal duties as outlined in the **Trustee's Board Member Mandate** and that they adhere to the terms of all governing documents including the Governance Framework, Policies and Mandates.
- Annual reporting and filing requirements are met and financial statements are reviewed regularly and audited at least annually.
- Establish and promote of the Board's mission, vision and values with key stakeholders and Service Providers.
- Establish, implement, and update Board's business plan, strategic direction, and plan initiatives.
- Establish, upgrade, and manage the Board's policies including the adopted **Code of Conduct and Conflict of Interest Policies, Diversity, Equity, and Inclusion Policy(DEI) and the Fraud, Waste and Abuse Policy.**
- Evaluation of the performance of the Board annually and use results for Board development.
- Engage and evaluate viable vendors and evaluate each of the Board's Service Providers on an ongoing basis, but not less than annually, in accordance with the **Service Provider Selection and Monitoring Policy.**
- Establish and manage appropriate Subcommittees and evaluate their performance annually and use results for development.
    - Manage Fund and Plan expenses through oversight and approval including the fee schedules proposed by Service Providers to ensure that they are competitive. The invoices submitted by all Service Providers are subject to review and approval at each Board Meeting. When expenses are shared with one or more of the other Sample Funds and Plans, the Trustees are to ensure that such allocation is transparent and reasonable.

- Understand that they will serve as a Trustee without compensation from the Fund except for reimbursement of reasonable expenses incurred, as approved by resolution of the Trustees. The Trustee's **Compensation, Travel and Expense Policy** governs these expenses.

- Continually review all governance structures and processes which include supreme standards, strong internal controls, oversight, administration, and accountability and reflect each stakeholder's commitment to privacy and security, best practices, and responsible management; and

- Understand that the participating employers are responsible for making contributions in accordance with the terms of the applicable Collective Agreements, the associations are responsible for managing and monitoring participating employers, and the Union is responsible to maintain and provide Union membership data. None of these parties have responsibility for the administration of the Plan.

Governance Framework

The Trustees shall administer the Fund and Plan as outlined within this document, and supported by the Trustee's mandates, policies and tools to ensure that the Trustees' fiduciary responsibilities are met.

They have the overall operational responsibility to conduct the business and affairs of the Fund and Plan to ensure that the Fund and Trustees are discharging their duties pursuant to:

a. Agreement and Declaration of Trust for the Sample Pension Trust Fund originally dated May 1, 1970, amended December 1, 2000, amended January 1, 2022, as amended (the "**Fund**").

b. The Collective Agreement(s) as defined in the Agreement and Declaration of Trust.

c. The Pension Plan text, and all amendments thereto, which have been or shall be established and adopted by the Trustees for the delivery of pension and related benefits, and all related programs, methods, rules, and procedures for the payment of pension and related benefits from the Fund in accordance with the terms of such plan.

d. Legal rights and obligations conferred upon the Trustees including the PBA, PBR, ITA, ITR and all other applicable legislation.

e. Powers over trust property in accordance with Ontario Trust Act, unless otherwise governed by the Agreement and Declaration of Trust.

f. Any other powers appropriate to achieve the proper investment, management, administration, or distribution of the trust property unless limited by any of the above; and

g. The Trustees will also aim to observe the guidelines published by the Canadian Association of Pension Supervisory Authorities (CAPSA).

The Trustees will have 24/7 access to all governing documents and governance objectives and reporting through a secure Trustee portal maintained by the Plan Administrator.

Structure of the Board of Trustees

The Board is a joint board consisting of 6 members:

a. Three (3) members of the Association ("Association Trustees"); and
b. Three (3) members appointed by the Council ("Union Trustees")

Article 4 of the Agreement and Declaration of Trust governs the requirement of each Trustee to execute an Acceptance of Trusteeship. It also includes the rules with respect to Term of Office, Incapacity or Resignation, Death, Removal and Successor Trustees.

Meetings of the Board of Trustees

The full Board meets at least two (2) times per year, whether in person or virtyal, with at least one of these meetings being the Annual Meeting, within six months of the calendar year end, wherein the Auditor presents audited financial statements for the previous calendar year and the Plan Administration, and all other Service Providers present their governance report in the Trustees prescribed format. Additional meetings will be scheduled for investment management oversight, governance and other pressing matters that must be addressed.

The Trustees have agreed to include a consent agenda for regular meetings and the Annual meeting in accordance with their **Consent Agenda Policy.**

The quorum for full board meetings is two (2) Association Trustees together with two (2) Union Trustees, present in person. When a quorum is not present at a full board meeting, business will be conducted in accordance with the agenda, however, decisions will not be official until the next full board meeting occurs and has a quorum in attendance.

In accordance with Article 3.15 of the Agreement and Declaration of Trust, the Trustees will elect a Chairperson and Vice-Chairperson from among the Trustees who shall serve from the date of their appointment to the next annual meeting date or until their successors have been appointed. At all times one of such offices shall be filled by one Union and one Association Trustee, alternating annually between Chairperson and Co-Chairperson. In accordance with Article 3.18 of the Agreement and Declaration of Trust, the decision of the Board, subject to change by the Trustees, is that the Recording Secretary is the Plan Administrator's Client Service Representative who works directly with the Trustees. The **Mandate for the Chairperson, Co-Chairperson and Recording Secretary** document outlines their Duties and Responsibilities to the Board.

When a quorum is not present and/or a time sensitive or emergency arises between full Board meetings, the Plan Consultant and Recording Secretary will, upon the direction of a Trustee seek a decision electronically (e-mail) as follows:

a. From a non-quorum meeting:
   - i Identify the item.
   - ii Provide the related excerpt from the non-quorum meeting including the related agenda material and a full description of the issue(s) and discussion that occurred.
   - iii State the Motion made and seconded; and
   - iv Ask for the vote of Yay, Nay or Defer for further documentation/clarification from each of the Trustees including those in attendance.

b. When a time sensitive matter or time sensitive appeal arises:
   - i. Identify the item and obtain unanimous direction from the Appeals Subcommittee including a draft Motion for consideration.
   - ii. With the approval of the Appeals Subcommittee, provide all Trustees with the appeal or description of the issue(s) under review and all related documentation including a description of related decisions made by the Board previously.
   - iii. State the proposed resolution/Motion for consideration. and
   - iv. Ask for the vote of Yay, Nay or Defer for further documentation/clarification from each of the Trustees including the Appeals Subcommittee.

When a decision is sought electronically, the decision will not be considered official unless unanimous approval is obtained. When unanimous approval does not occur, the additional information, documentation and/or clarification required will be obtained and the matter will be directed for discussion at the next full Board meeting.

Subcommittees of the Board of Trustees

The Board can establish Subcommittees which may, in accordance with their respective mandates, as set out by the board from time to time, assist the board in its oversight and monitoring of the Board's service providers through reports and recommendations to the Board.

The designated Subcommittees of the Board of Trustees are as follows:

a. Appeals Subcommittee
b. Governance Subcommittee

The Board has developed a mandate that specifies the roles and responsibilities of each of these Subcommittees. Any amendments to the Mandate recommended by the Subcommittee, must be proposed in writing and approved by the full Board of Trustees.

Knowledge and Skills for Trustees

To be effective the Board of Trustees agrees that they need to be able to draw on a diverse range of skills, knowledge, qualities and experience to help it fulfill its roles. These include:

- Communication, decision making, teamworking, and/or negotiation skills.
- Governance, financial, legal, legislative and/or technology knowledge.
- Awareness of plan member and beneficiaries needs.

Trustees act collectively to fulfil their duties. All trustees should be able to demonstrate they meet certain key qualities, including to:

a. Embrace the purpose, mission, objectives and values of the Fund and Plan.
b. Be known for their honesty and integrity.
c. Be able to act responsibly and with respect.
d. Be objective and constructive about other trustees' opinions in discussions. in response to Service Providers and invited guest contributions.
e. Be accountable, able to lead as well as follow.
f. Be forward thinking to respond effectively to challenges and change.
g. Be able to maintain confidentiality on sensitive and confidential information.
h. Understand the importance and purpose of meetings and be committed to preparing for them adequately and attending them regularly whether in person or virtually.
i. Be able to analyze information and, when necessary, challenge constructively.
j. Be able to make collective decisions and stand by them; and
k. Be able to respect boundaries between day-to-day operations and governance functions.

The Trustees actively maintain their knowledge and skills through educational conferences and training. The Trustee's have adopted an **Orientation, Training and Educational Policy** to assist new Trustees and Trustees-in-training to understanding the roles and responsibilities of each Trustee and the Board as well as the Fund and Plan operations. This policy also addresses the Fund and Plan specific education required including preparation for future challenges and legislative changes that the Fund or Plan may encounter. Strategic planning includes an assessment by the Board to determine if they have all of the resources required (service providers that possess the relevant qualifications and experience, ongoing skills and board education, access to additional resources) to carry out their responsibilities and to identify any skill gaps, issues that require clarification, and topics for future board education.

Performance Monitoring

The Board annually or at more frequent intervals as outlined in the governing policies, conducts an assessment which reviews the board's practices in fulfilling its governance responsibilities. The assessment examines the board's responsibilities and accountabilities with respect to the Fund and Plan including legislative compliance, plan funding, asset management, benefit administration, risk assessment and communication. The Board's processes also include trustee assessment, chair and recording secretary assessments, and Subcommittee assessments.

The Trustees engage the appropriate external experts that assist them in taking an active role in pension related affairs in Ontario, in fulfilling their fiduciary obligations and operational/administrative functions. When the Board hires a Service Provider they must enter into an agreement that outlines the Service Provider's functions and responsibilities.

As such the Trustees are responsible for selection and oversight of each Service Provider to ensure that they are managing the affairs of the Fund and Plan responsibly and in accordance with all legal obligations and governing documents.

The Trustees have a system of controls for monitoring their Service Providers to meet their fiduciary and regulatory obligations including a review of their roles and responsibilities, processes and procedures, and their control measures, to ensure they are in place and functioning properly. There is a **Service Providers Scorecard** for each Service Provider that outlines their roles, responsibilities and accountabilities and requires a self assessment of the firm's performance. Annually, the scorecards are distributed to the service providers who shall measure their performance against the benchmark in the provided format. The Trustees may requisition an independent audit of any Service Provider.

In general, the Trustees have outsourced the following functions to their providers:

Outsourced Functions	Privacy Risk Assessment	Scope	Service Provider
Actuary	2 in general 3 specific calculation/system testing	In accordance with the Actuarial Services Agreement, ensures that the Plan complies with applicable laws/regulations, calculating the Fund's liabilities for the Defined Benefit Pension Plan and verifying contribution requirements. Prepares and files Funding Estimates, Actuarial Valuations and Cost Certificates, upon Trustee approval. Reviews benefit calculations and tests system changes and advises Trustees of all applicable industry and legislative developments and works with the Trustees to develop and maintain their Funding Policy and germane Risk Management Policies.	Firm A
Auditor	2 in general 3 specific process testing	Annually audits and expresses an opinion on the financial statements of the Fund prepared in accordance with Canadian accounting standards for pension plans, internal controls as required by the Trustees, reflecting statements of changes in net assets available for benefits, changes in pension obligations, and the related notes, which comprise a summary of significant accounting policies and other explanatory information. Advises Trustees of all applicable industry and legislative developments and works with Trustees to develop and maintain germane Risk Management Policies.	Firm B
Custodian	3	The financial institution responsible for holding and safeguarding the assets and securities owned by the Fund. Holds assets for safekeeping and fund administration, fund accounting, legal, compliance, tax support and reporting (e.g. FACTA, OSC) and transfer agency services in accordance with the terms and fees detailed in the Custodial Agreement with the Trustees. Manages payroll for Plan and advises Trustees of all related legal developments.	Firm C
Investment Consultant	0	Assists the Trustees with formulating investment strategies to help them fulfil the asset requirements of the Defined Benefit Pension Plan, provides in-depth analysis and advice, manages the **Statement of Investment Policies and Procedures** (SIPP) and quarterly investment measurement reporting; assists with the selection and monitoring of the Investment Managers. Advises of all applicable industry/legislative developments and works with the Trustees to develop and manage germane risk assessment and mitigation protocols.	Firm D

Outsourced Functions	Privacy Risk Assessment	Scope	Service Provider
Delinquency Control Office	0 in general 3 issues whereby Firm E receive copies of remittances that include SINs	Manages delinquency and collection procedures on behalf of the Trustees with the guidance of the Council in accordance with the Trustees' **Delinquency Control Procedures.**	Firm E
Investment Managers	0	Invests the allocation portion of the Fund assets in accordance with the Investment Manager agreement with the Trustees and the Statement of Investment Policies and Procedures for agreed upon fee(s).	Firms F through K
Legal Counsel	0 in general 3 legal issues related to matters involving Plan beneficiaries	Lawyer hired to assist with the oversight of the activities of the Fund and Plan, rendering advice and guidance to the Trustees and other Service Providers, as directed by the Trustees, concerning Plan management, legal matters, claims or actions; works directly with the Trustees to develop and maintain all mandates and Trustee policies.	Firm L
Plan Administrator	3	Day-to-day management of the Fund and Plan including: account management of revenues, expenditures; maintain appropriate recordkeeping including database(s), transactions, statements and planning , reporting to Trustees and other service providers as required by contract, legislation and/or as directed by the Trustees, record management, business continuity, cyber security, privacy, etc., in accordance with the Administration and Consulting Agreement and directions from the Trustees for the agreed upon fees.	Firm M
Plan Consultant	2 in general 3 issues related to matters involving Plan beneficiaries	Plan design, management, and consulting services including analysis, reporting, appeals/concerns, agendas, recording and transcription of minutes, management of Trustee directions and decisions. Also, works with Legal Counsel and Trustees to develop and maintain all mandates and Trustee policies.	Firm N

Security Provider risk assessment legend: 0 indicates the vendor does not store or have access to any sensitive plan member or beneficiary information; 1 indicates the vendor has access to basic plan member or beneficiary information such as names and contact information; 2 indicates that the vendor has access to account specific information such as account balances and activities; and 3 indicates the vendor has sensitive information such as customer Social Insurance Numbers, birthdays, etc.

Access to Information

The Trustees are responsible for providing the complete and accurate information required by third parties, and itself in a timely manner and in the prescribed format in accordance with all disclosure requirements set out in the **PBA, PBR, ITA and ITR**, as applicable. In addition, the Trustees are responsible for providing for the sharing of information between the Board and/or Service Providers. The Trustees have established the **Fund's Information Sharing Policy** to ensure that Service Providers and/or the Trustees have all the required information to meet their fiduciary responsibilities including monitoring, reporting, filing with the regulators and making decisions.

Within this guideline, the Trustees ensure that contributing employers and the **Council** provide sufficient, accurate and complete information on a timely basis for the Trustees to make benefit determinations for Plan members and beneficiaries. The Trustees have a **Delinquency Control Policy** that manages late contributions, receivables and other shortfalls in employer reporting.

Funding Policy

The Board's funding objective, as part of its fiduciary responsibilities, is to ensure that funding requirements under applicable legislation and Plan provisions are satisfied and that the Plan is sustainable over the long run to fulfill its obligation to pay affordable benefits today and into the future. In addition, the **Funding Policy** that is reviewed by the Trust Fund's Actuary, identifies funding risks and the Trustee's funding risk management protocols.

Risk Management

Risk management is central to the good management of the Fund and is an essential element of good governance, as reflected by the coverage of risk in the **Funding Policy** and the **SIPP**. By identifying and managing risks through an effective policy and risk management strategy, the Trustees can:

- Demonstrate best practice in governance.
- Improve financial management of the Fund.
- Better manage change.
- Minimize the risk and effect of adverse conditions on the Fund.
- Identify and maximize opportunities that might arise.
- Minimize threats; and
- Support innovation and continual improvement in changing conditions and environments.

With the direction and guidance of the Fund's Actuary, Legal Counsel, Investment Consultant and Plan Consultant, the Trustees have adopted a **Risk Management Policy,** which in conjunction with the Funding Policy and SIPP supports a structure and focused approach to managing risks, and ensures risk management is an integral part of Fund management at a strategic and operational level including:

- Actively forecasting and identifying impending risks.
- Assessing risks for potential impact and prioritizing accordingly.
- Having a clear understanding of what is required to address and manage the risks; and
- Designing and implementing risk-mitigating responses that ensure that the response is sufficiently addressing the risk to moderate and/or control.

In addition, risks are monitored by the Board through a number of procedures including:

- The actuarial valuation, which is performed at least every three years.
- Regular review of the estimated funding level of the Plan between valuations.
- A regular review of the Benefits versus Contributions Test.
- Regular review of any investigations thar arise through the **Fraud, Waste and Abuse Policy** and related actions**,** and
- Ongoing review of the Fund's investment performance.

Oversight and Compliance

Compliance with legislation, laws and the governing Fund and Plan documents is an integral function of the Board. The Trustee's **Orientation, Training and Educational Policy** supports attendance at Industry and Legislative updates and seminars. In addition, the Board has stringent reporting processes in place with the Actuary, Auditor, Investment Consultant, Legal Counsel and Plan Consultant to ensure that they are aware of industry and legislative requirements and proposed changes in requirements, in advance.

The Trustees have established and maintain a quarterly Compliance Report, received at each Board Meeting, to monitor and record all compliance initiatives undertaken by the Fund and Plan (e.g. investment managers provide quarterly compliance reports with outlined their adherence to the terms of the SIPP).

In addition, all Service Providers, are annually required, following each year end, to complete, endorse and file a certificate of compliance, in the prescribed form, which confirms their adherence to:

- Applicable legislation and regulations.
- Their firm's ethics, code of conduct, conflict of interest, DEI, privacy, cybersecurity, and other professional policies that govern their actions; and
- The terms of the Fund and Plan.

Transparency and Accountability

The Trustees **Communications and Relations Policy** ensures that the communications of the Trustees meet the requirements of the PBA, PBR and the Board's strategic direction and plan initiatives. This will ensure that the Plan members and beneficiaries are aware of and have access to:

- The Governance Policy the annual results of the Fund and Plan's Governance Compliance/Self-Assessment.
- How important decisions are made.
- Receive, at a minimum, the information required by the PBA and PBR in a clear, concise, and timely manner.
- Understanding Plan details.
- Understand how inquiries and appeals are handled.
- Understanding the importance of taking advantage of Membership meetings and Pre-retirement Information Sessions.
- Understand their roles and responsibilities including maintain Union members and updating any changes to personal information and contact information.

Code of Conduct and Conflict of Interest

The Trustees recognize that the success of the Fund and Plan is dependent on a well-functioning Board in accordance with fundamental ethical principles of honest, integrity, independent, fairness, openness, and competence. In doing so, the Trustees recognize that conflicts of interest can arise from time to time, and as long as they are dealt with properly, there will be no harm or consequences. The **Code of Conduct, Conflict of Interest and the Diversity, Equity and Inclusion Policies** provides guidance to the Trustees overseeing the management of the Fund and Plan regarding their individual duties and responsibilities reflecting best practices. In addition, Trustees must declare actual or potential conflicts of interest involving them to ensure that the other trustees know and take steps to manage or remove the conflict. Each Trustee will be required to confirm their understanding of the Code of Ethics, the **Code of Conduct, Conflict of Interest and Diversity, Equity, and Inclusion Policies** when they accept a position as Trustee and then annually thereafter.

Governance Review and Policy Assessment

The adoption, implementation and active management of good governance practices enhances the Board's ability to carry out its responsibilities to Plan members, beneficiaries, and other stakeholders. The Trustees monitor the industry for best practices and applicable legislative proposals and changes. They also are an advocate for, and strive to comply with, the principles of the Canadian Association of Supervisory Authorities (CAPSA) and Guideline No. 4: Pension Plan Governance Guideline

The Governance review begins with review of current documents, mandates, and policies to determine if they are relevant and reflect current practices and identification of new documents need to be developed.

The following checklist outlines the major governance documents and practices for this Board:

Vision, Mission and Values

- ☐ Vision statement defines future success
- ☐ Mission statement is current and aligned with vision
- ☐ Values/Guiding Principles articulate beliefs that guide behaviour

Governing Documents

- ☐ Agreement and Declaration of Trust is current and accurate
- ☐ Pension Plan Text is current and accurate
- ☐ Governance Model and related policies are clearly defined and reflect current governance structure

Board of Trustees and Subcommittees

- ☐ Trustees received appropriate letter(s) of appointment and/or resignation
- ☐ New Trustees endorsed Acceptance of Trusteeship
- ☐ Orientation and training provided for new Trustees/Subcommittee members
- ☐ New Trustees endorsed Trustee Roles and Responsibilities Policy, Educational Policy and has reviewed and understands the Governance Model and related policies and mandates
- ☐ New Subcommittee members reviewed and understand the Subcommittee's mandate
- ☐ Trustees' portal is current and utilized by Board members

Board Liability

- ☐ Trustee and Trust Fund Errors and Omissions and Liability Insurance is in place including Rider to coverage penalties assessed under **PBR**
- ☐ Cyber security insurance
- ☐ Agreement and Declaration of Trust provides for indemnification of Trustees
- ☐ Annual reporting and filing requirements have been met
- ☐ Financial statements are reviewed at least quarterly and audited annually
- ☐ Adherence to any legislation affecting the Fund and Plan

Strategic Planning

- ☐ Strategic Initiatives in place
- ☐ Plan is monitored and reviewed by the Board on a regular basis
- ☐ Plan is updated annually or as required by the Board
- ☐ Plan is communicated to stakeholders

Board Meetings

- ☐ Agenda is focused on Trust Fund business
- ☐ Agenda/minutes are circulated in a timely manner
- ☐ Trustees prepare for meetings in advance
- ☐ Decision making process is clearly articulated
- ☐ Conflict management process is clearly articulated
- ☐ Risk Management matrix is reviewed and updated
- ☐ Decisions are recorded as motions historical motion database is updated
- ☐ Conduct *in camera* sessions at the end of its meetings, as applicable
- ☐ Special meeting or focused time to complete a review of the governance self-assessment questionnaire

Board Subcommittees

- ☐ Appropriate Subcommittees are in place
- ☐ Mandates of Subcommittees are clearly outlined
  - Appeals Subcommittee
  - Governance Subcommittee
- ☐ Mandates are reviewed/updated annually
- ☐ Appeals Process is reviewed annually

Board Policies

- ☐ Appropriate Policies are in place
  - Privacy Policy
  - Code of Conduct and Conflict of Interest Policies
  - Diversity, Equity and Inclusion Policy
  - Board Member Mandate and Role Description
  - Consent Agenda Policy
  - Statement of Investment Policies and Procedures
  - Service Provider Selection and Monitoring Policy
  - Orientation, Training and Educational Policy
  - Compensation, Travel and Expense Policy
  - Funding Policy
  - Risk Management Policy
  - Fraud, Waste and Abuse Policy
  - Information Sharing Protocol Policy
  - Delinquency Policy
  - Record Retention Policy
- ☐ Policies reviewed/updated annually by the Board of Trustees

Performance

- ☐ Board evaluates its performance annually and uses results to further identify opportunities for Board development and learning
- ☐ Board evaluates performance of Service Providers using matrices based on roles and responsibilities
  - Quarterly – Operations and legislative compliance
  - Quarterly – Investment Manager's investment performance
  - Annually – Chair and Recording Secretary
  - Annually – Actuary
  - Annually – Auditor
  - Annually – Custodian
  - Annually – Delinquency Control Office
  - Annually – Investment Consultant
  - Annually – Investment Managers through the Investment Consultant
  - Annually – Legal Counsel
  - Annually – Plan Administrator
  - Annually – Plan Consultant
- ☐ Roles and responsibilities and all matrices reviewed/updated annually
- ☐ Governance review check list reviewed/updated annually

ABC Sample Regulatory Filings 2022	Responsibility	Filing Deadline	Date Filed			Date Notice of Registration Received			Date Reported to Trustees
			CRA	PROV	Detail	CRA	PROV	Detail	
Trust Agreement Amendment(s)	Plan Consultant	60 days							none in 20**
Acceptance of Trusteeship and Letter of Appointment	Plan Consultant	60 days							none in 20**
Pension Plan Text Amendment(s)	Plan Consultant	60 days	6-Jan-22	6-Jan-22	Amend 16	14/Apr/22	6/Jan/22		
			25-Oct-22	25-Oct-22	Amend 17	14/Feb/23	31/Oct/22		
			19-Dec-22	15-Dec-22	Amend 18	15-Dec-22	15-Dec-22		
Pension Plan Booklet and Plan Summary sent to New Members	Union	30 days from Plan Membership							
Notice of Amendment(s) Sent to Members	Plan Consultant	? In advance?	Newsletter #1 about Amendment 16 - reactive retirees, Newsletter #2 about amendment 17 - over age 71, Newsletter #3 about Amendment 18 - benefit increase, messages about these amendments sent through portal, app and text						
Member Booklet and Pension Plan Summary Updated	Plan Consultant		Member booklet - online version updated throughout the year with each Amendment						
T3P Filed with CRA	Auditor	March 31st	20** T3P Filed Mar 28, 20**						
Consent Benefits Extension Approval	Actuary	Target - March 31st							Feb 7, 20**
Actuarial Funding Estimate	Actuary	Target - March 31st							Feb 7, 20**
Annual Information Return - DB Plan	Manager, Pension	September 30th		9/19/20**					Sept 20, 20**
Investment Information Summary	Manager, Finance	June 30th		6/19/20**					Jun 19, 20**
AIR Fee Paid	Manager, Finance	30 days from receipt of invoice		Paid Apr 28, 2022					Jun 19, 20**

ABC Sample Regulatory Filings 2022	Responsibility	Filing Deadline	Date Filed			Date Notice of Registration Received			Date Reported to Trustees
			CRA	PROV	Detail	CRA	PROV	Detail	
Audited Financial Statements including Contributions by ER Summary	Manager, Finance	June 30th		6/19/20**					Jun 19, 20**
Ministry of Labour filing	Manager, Finance	June 30th			Audit filed June 23, 20**				Sept 20, 20**
Stats Canada Census Trustees Pensions	Senior Pension Compliance Officer	As approved by Board of Trustees							n/a
W-8 BEN and other tax and security filings with Custodian	Plan Consultant and Manager, Finance	As required							Jan 17, 20**
Annual Active Member Pension Statements	Manager, Pension				May 6, 20**				Jun 19, 20**
Bi-Annual Inactive Member Statements	Manager, Pension				May 6, 20**				Jun 19, 20**
Bi-Annual Retiree Member Statements	Manager, Pension				May 6, 20**				Jun 19, 20**
Bi-Annual Retiree/Survivor Proof of Life Verification	Manager, GBS				May 6, 20**				Jun 19, 20**
Option Forms to Pension Benefit Applicants	Manager, Pension	30 days							100% - Jun 19, 20**
File Actuarial Valuation Report	Actuary	September 30th, at least tri-annually							Sept 20, 20**
File Actuarial Information Summary	Actuary	September 30th, at least tri-annually							Sept 20, 20**
Collective Agreement and/or Participation Agreement	Plan Consultant	60 days from ratification							Jun 19, 20**
Notification to Superintendent of Delinquent Contributors	DCO	30 days							N/A

XYZ Pension Plan Review and Appeal Policy

Purpose

The purpose of this policy is to set out the responsibilities of Plan staff and members of the Board of Trustees for formally reviewing interpretations of the provisions of the XYZ Pension Plan and applications of the Plan rules to a particular situation, where an individual has disputed such interpretation or application in respect of an entitlement under the Plan.

Roles and Responsibilities

a) Service Delivery staff:

   i) Administer the Plan in the normal course of business and attempt to ensure that all interested parties understand decisions made and the rationale for those decisions; and

   ii) Identify files which may become subject to the Review and Appeal Process and gather the information necessary to support the process.

b) Pension Policy analysts:

   i) Support Service Delivery staff in administration and interpretation;

   ii) Develop and endorse policies that guide Service Delivery staff in interpretation and administration;

   iii) Provide advice and resources relating to issues raised during the Review and Appeal process, and

   iv) Ensure proper documentation of materials for future reference.

c) Vice President, Pension Management:

   i) Develops and endorses policies that guide Service Delivery staff in interpretation and administration;

   ii) Provides advice and interpretation to Service Delivery staff concerning the issues raised;

   iii) Conducts a full review of the relevant materials and issues a written decision in connection with the Review process; and

   iv) Ensures that the individual who has received a written decision in connection with the Review process is aware that a further review by the Appeals Subcommittee of the Board of Trustees can be requested.

d) CEO and Plan Manager:

   i) Acts as (or appoints) a contact person among the appellant, Plan Staff, and the Appeals Subcommittee, regarding matters that reach the Appeals Subcommittee stage; and

   ii) Ensures that complete information and reporting is provided to the Appeals Subcommittee and to the Board of Trustees.

e) The Appeals Subcommittee of the Board of Trustees (note that where applicable, Appeals Subcommittee refers to the members of the Subcommittee assigned to hear a particular appeal):

   i) Oversees implementation of and adherence to this Policy;

   ii) At the request of any appellant, reviews the decision made by the Vice President, Pension Management, and evaluates any request for an in-person hearing; and

   iii) Considers any need for Plan amendments and provides recommendations to the Board of Trustees as necessary.

f) The Board of Trustees:

   i) Ensures that the Appeals Subcommittee has appropriate representation at all times and has the time allotted to fulfill its obligations, and

   ii) Reviews this Policy and makes any necessary changes to it on an ongoing basis.

Right of Review and Appeal

Any individual who disagrees with an interpretation or application of Plan provisions made by Plan staff in respect of an entitlement he or she may have under the Plan may request a review of such by the Vice President, Pension Management, and if not satisfied with the result of that review, may appeal to the Appeals Subcommittee. An appeal may include a request for an in-person hearing, which may be granted at the discretion of the Appeals Subcommittee. The right of appeal does not, however, extend to an interpretation by Plan staff that is required by law, or to a dispute in which there is a prior appeal decision on a similar set of facts.

The Appeals Subcommittee will accord appropriate consideration to the appeal before reaching a decision. The Board of Trustees may review decisions of the Appeals Subcommittee. There is no recourse within this Policy to review a decision of the Board of Trustees.

Process

A two-step process is established as follows in respect of an individual who has disagreed with an interpretation or application of Plan provisions as has been made in respect of such individual by Plan staff:

a) Step 1 – Review and explanation of decision by the Vice President, Pension Management

b) Step 2 – Appeal to the Appeals Subcommittee (as established under article 5.15 of the Sponsorship and Trust Agreement).

Parties to an Appeal

The following persons are parties to an appeal for the purpose of this Policy:

i) Individuals who have a right of appeal under this Policy (“appellants”) and their legal representatives, if appropriate

ii) Persons or entities, including employers, otherwise by law entitled to be parties to the proceeding, and

iii) Persons or entities, including employers, who in the opinion of the Appeals Subcommittee or its advisors should be parties.

The Appeals Subcommittee

a) Pursuant to Articles 5.15, 7.01 and 7.06 (a), (b), (d), (e) and (g) of the XYZ Pension Plan Sponsorship and Trust Agreement, the Board of Trustees shall form the Appeals Subcommittee on an annual or ad hoc basis as it deems fit.

b) The Board of Trustees shall:

  i) Select four Board members (two employer and two employee representatives) to sit as members of the Appeals Subcommittee; and

  ii) Select Co-Chairs of the Appeals Subcommittee (one employer and one employee representative) from this group.

c) Any member of an existing Appeals Subcommittee hearing an appeal that has started at the time the Board of Trustees meets to form a new Appeals Subcommittee, shall remain a member of the Appeals Subcommittee for the purpose of hearing that appeal, until such time as the appeal has concluded. In the event that a member is no longer a Trustee, a replacement will be added.

Delegation to the Appeals Subcommittee to Hear an Appeal

a) Pursuant to this Policy, the Board of Trustees delegates any matter respecting an appeal to the Subcommittee pursuant to the exercise of the Board of Trustees’ authority to adjudicate appeals under the Plan.

b) Upon a matter being appealed, the Co-Chairs of the Appeals Subcommittee shall choose two members (one employer and one employee representative) to hear the appeal.

Resolution of Conflicts of Interest

a) A member of the Appeals Subcommittee shall not participate in an appeal where, due to the issues involved, the participation of that member could give rise to a reasonable apprehension of bias or conflict of interest.

b) Where a member becomes unable to continue in an appeal, the other member (representing employers or employees) will join in the appeal.

c) An appeal will not proceed with less than two members (one employer and one employee representative) of the Appeals Subcommittee.

Administrative and Logistical Support

The CEO and Plan Manager (or designate) will provide administrative and logistical support during an appeal. A designate cannot have been directly involved in the review conducted by the Vice President, Pension Management related to the matter under appeal.

Counsel to the Appeals Subcommittee

On the filing of a notice of appeal, or at such other time that it becomes apparent that an appeal is likely to be made, legal counsel may be retained to advise the Appeals Subcommittee on any relevant issues.

Resolution

In the event that the two members of the Appeals Subcommittee do not agree on a resolution, the appeal will be considered denied. In this case, the decision will be referred to the full Board of Trustees for an administrative review.

Advising Board of Trustees of Decisions

a) All parties to an appeal shall receive written notification of the decision of the Appeals Subcommittee.

b) The Appeals Subcommittee shall at least annually provide the Board of Trustees with a written summary of the Subcommittee's decisions during the course of the year. This summary shall be of a general nature and will not include specifics, such as party names, unless these are requested by the Board of Trustees.

Reserve Power of the Board of Trustees

The Board of Trustees reserves to itself the power to decide any particular appeal or category of appeals or to delegate to a different committee the power to decide any appeal or category of appeals, as the Board of Trustees may consider appropriate.

Rules Respecting Practice and Procedure

a) The Board of Trustees may make rules, from time to time, regarding practice and procedure before the Appeals Subcommittee.

b) These rules may be of general or particular application.

Policy History

The Board adopted this policy on September 27, 20XX.

The Board reviewed and amended this policy on December 2, 20XX.

XYZ Pension Plan Review and Appeal Process

Purpose

This document sets out the Plan's practices and procedures for a review of a decision made by Plan staff and any appeal thereof through the Appeals Subcommittee of the Board of Trustees. Note that where applicable, Appeals Subcommittee refers to the members of the Subcommittee assigned to hear a particular appeal. These practices are subject to amendment by the Board at its sole discretion, provided that they remain consistent with legislation, the Sponsorship and Trust Agreement, the Plan Text, the Review and Appeal Policy and the Code of Conduct. Individuals requesting a review or appeal, as applicable, should confirm that they have the most current version of this process by obtaining it from the Plan's website.

Appeals Hearings

Any individual directly affected by a decision of Plan staff in the interpretation or application of the pension plan rules in respect of an entitlement he or she may have under the Plan can appeal all or part of that decision by written notice to the Appeals Subcommittee, in accordance with these practices and procedures. The appeals process has two steps, of which evaluation by the Appeals Subcommittee is the second step. To appeal a decision, individuals must complete the review step, and must provide complete documentation on all issues to the Subcommittee.

Review and Appeal Registration

The Vice President, Pension Management conducts the review step. This step consists of a full review of the *Request for Review* form and materials presented by the individual and any related laws, policies, procedures and other input gathered from Service Delivery staff or Pension Policy analysts. If the decision conveyed by Plan staff is upheld, the Vice President, Pension Management will ensure that the individual is aware that an appeal may be filed with the Appeals Subcommittee of the Board of Trustees.

The Board of Trustees has appointed the CEO and Plan Manager to administer the appeal process on its behalf. The *Request for Appeal* form and any related communications should be directed to the CEO and Plan Manager, who will ensure that all necessary materials are presented to the Board and that ongoing monitoring of issues is maintained. The *Request for Appeal* form and contact information for the CEO and Plan Manager are available on the Plan's website.

What Matters can be Appealed?

Any decision of Plan staff regarding the interpretation and application of the pension plan rules can be appealed following completion of the Review step.

Third Party/Legal Representation

Individuals may authorize another person, such as a lawyer, to initiate or pursue an appeal on their behalf. The *Authorization to Discuss and Disclose Information* form is available on the Plan's website. The form includes authorization granting the representative access to the individual's personal information.

Upon receipt of the Request for Appeal form, the CEO and Plan Manager will direct all correspondence related to the appeal to the named representative. Such authorization may be revoked by written notice to the CEO and Plan Manager. The individual is bound by all actions of the representative prior to a written revocation being received.

Process

1. All review and appeals materials must be directed to the following address, by regular or registered mail, or delivered in person:

   XYZ Pension Plan
   123 Street Address
   P.O. Box 123
   City, Province A0A 1B1

   or by fax at 111-111-1111. Email is not encouraged as it may not be secure.

2. Under Article 7.06 (g) of the Sponsorship and Trust Agreement, a two-step review process is established as follows in respect of an individual who has disagreed with an interpretation or application of Plan provisions as has been made in respect of such individual by Plan staff:

   Step 1 - Administrative review by the Vice President, Pension Management, XYP Pension Plan

   Step 2 – Appeal to the Appeals Subcommittee of the Board of Trustees as established under article 5.15 of the Sponsorship and Trust Agreement.

   The Appeals Subcommittee is an ad hoc committee composed of members of the Board of Trustees. The CEO and Plan Manager will be a standing non-voting member of the Appeals Subcommittee, will act as permanent secretary and will provide the Subcommittee with any needed professional and administrative support as requested by the Subcommittee. The CEO and Plan Manager can appoint a designate for this role and cannot make or second any motions.

3. Information on the review and appeal process will be communicated to Plan members through the Plan's website, which will also include the necessary forms.

4. The Vice President, Pension Management for step 1 and the Appeals Subcommittee for step 2 must render a written decision.

5. Review and Appeals files will contain the individual's submissions and supporting material, copies of all relevant information or records from the individual's pension file, copies of all relevant information or records collected by Plan staff on the Board's behalf from any employer affected by the appeal, relevant legislative and procedural documents, and any review report(s) prepared by the CEO and Plan Manager.

Step 1: Administrative Review by the Vice President, Pension Management

The individual completes a *Request for Review* form and submits it to the Vice President, Pension Management with an explanation of the basis of the review and any additional clarifying or correcting information.

1.1 The form must be received within 60 days of the communication of Plan staff's original decision on the file.

1.2 The *Request for Review* form must include a detailed explanation of the objections to the decision and a description of any related errors or omissions, a statement of the facts supporting the request for review, and a statement of the relief sought. The form must be signed and must include the written explanation received from the Plan, and an *Authorization to Disclose Information* form, if appropriate.

1.3 Within 60 days, the Vice President, Pension Management will review the submission and send the individual and any identified affected party a written explanation of the ruling. This communication will clearly address the basis of the administrative decision and its reasons. If appropriate, further information on an appeal to the Appeals Subcommittee will be included.

Step 2: Appeal to the Appeals Subcommittee of the Board

2.1 Within 60 days of receiving the report from the Vice President, Pension Management, the appellant submits a *Request for Appeal* form to the CEO and Plan Manager with an explanation of the basis of the appeal and any additional clarifying or correcting information. The appellant may also request an in-person hearing on the form. The decision to grant an in-person hearing remains solely the discretion of the Subcommittee. If the appellant does not meet the deadline, the Appeals Subcommittee may grant an extension of time to file a *Request for Appeal*. In this case the appellant must demonstrate by written application sufficient reason why the *Request for Appeal* was not filed on time.

2.2 The CEO and Plan Manager forwards the appellant's submission to the Appeals Subcommittee of the Board, which, if all appeals materials are in order, appoints two members, an employer representative and an employee representative, to hear the appeal. If appropriate, these two members meet prior to the hearing to determine if a request for an in-person hearing is to be granted.

2.3 Within 90 days of receiving the submission from the CEO and Plan Manager, the Appeals Subcommittee must collect and provide to all affected parties copies of all documents, information or records relevant to the subject matter of the appeal. If the Appeals Subcommittee reasonably believes that an employer may have within its possession or control relevant documents, information or records, it must write to the employer to request them. The Board of Trustees has the power to do this under Articles 7.06 (b), (d), and (h) of the XYZ Pension Plan Sponsorship and Trust Agreement. If documents are subsequently received from the employer, the Appeals Subcommittee must promptly provide copies to all affected parties.

2.4 Within 90 days of receiving the documents, the appellant must make any additional submissions to the CEO and Plan Manager. The CEO and Plan Manager will provide copies of the additional submissions to the Appeals Subcommittee.

2.5 Within 90 days of receiving additional submissions from the CEO and Plan Manager, or receiving advice that there are no additional submissions, the Appeals Subcommittee may indicate it wishes to comment on the submissions. If so, the Appeals Subcommittee will have 90 days to prepare a report and submit it to the CEO and Plan Manager. The CEO and Plan Manager will provide a copy of any report to the appellant and any other affected party.

2.6 The appellant will have 90 days from receipt of any report to reply to it. The CEO and Plan Manager will provide a copy of any such reply to the Appeals Subcommittee.

2.7 Unless the appeal is resolved at this point, the CEO and Plan Manager submits the file to the Appeals Subcommittee for decision.

2.8 The CEO and Plan Manager prepares the appeal file for consideration by the Appeals Subcommittee. This file will contain all submissions, explanations, decisions, and relevant legislative and procedural documents.

2.9 An appellant or the Appeals Subcommittee may request from the CEO and Plan Manager an extension of any time limit applicable to the appeal. Every such request must indicate the circumstances that necessitate an extension.

2.10 Under Article 5.15 of the Sponsorship and Trust Agreement, the Appeals Subcommittee has all the jurisdiction and may exercise the powers and perform the duties of the Board of Trustees.

2.11 The Appeals Subcommittee will confirm, vary or reverse the decision or ruling in question. If the two members of the Appeals Subcommittee hearing the appeal cannot agree, the appeal will be considered denied, and the case will be referred to the full Board of Trustees for an administrative review.

2.12 The Appeals Subcommittee will provide the appellant and any other affected party with a written decision within 90 days of the conclusion of an appeal. The written decision will set out its reasons, the relevant facts and evidence considered, and any legislation or Plan rules on which the Appeals Subcommittee relied.

2.13 There is no recourse within the Plan to review a decision of the Board of Trustees.

Withdrawing or Abandoning an Appeal

An appeal can be withdrawn at any time during the appeal process when the appellant provides a written and signed notice. The Appeals Subcommittee will then issue a discontinuance of proceedings to all parties, indicating that the appeal has been withdrawn and the record is closed.

If the appellant does not meet the deadlines for making submissions and does not make further contact with the Plan within a reasonable time period, the Appeals Subcommittee may also issue a discontinuance of proceedings to all parties, on the premise that the appeal has been abandoned.

Confidentiality

It is likely that documentation provided during the hearing will contain sensitive personal information pertaining to the appellant. The Board will return all confidential materials to the Plan administration office after deciding an appeal. One copy of the materials, together with the minutes and other records of the Appeals Subcommittee proceedings, will be kept on file. All other copies will be destroyed. Decisions made on appeals will be posted on Ironwood on a “no names” basis.

Code of Conduct

Document Type: Policy

Owner:	Jeff Davis Chief Legal & Corporate Affairs Officer Rossana Di Lieto Senior Managing Director, Chief Compliance Officer & Associate General Counsel
Approver:	The Board of Ontario Teachers' Pension Plan
Effective Date:	**January 1, 2020**
Last Reviewed:	Governance Committee, September 19, 2019
Next Review:	2021

Code of Conduct

The Code of Conduct (the "Code") applies to all Members of the Board, officers, and employees of the Ontario Teachers' Pension Plan Board ("OTPP" or the "the Company"), Ontario Teachers' Pension Plan (Asia) Limited ("OTPP Asia"), and Ontario Teachers' Pension Plan (Europe) Limited ("OTPP Europe"). This includes both regular and temporary employees working either full-time or part-time. The Code also applies to designated consultants, independent contractors and temporary agency staff providing services to OTPP (collectively "contingent workers"). Individuals subject to the Code are collectively referred to as "Covered Parties". Covered Parties who fail to adhere to the Code of Conduct may face discipline up to and including termination.

One of the Company's Core Values is integrity. The Company has developed a long and deep tradition of promoting ethical corporate behaviour within the Company and with respect to third parties and we are very proud of this reputation. The Company also exerts an important influence in the capital markets and investment community and we must discharge our responsibilities to the highest levels of integrity and good faith. Covered Parties' compliance with this Code is the Company's fundamental way to ensure that its people act with the highest level of integrity and that our conduct is never called into question.

There are many people at Teachers' who have years of experience with these matters. If you are ever in doubt as to what you should do, do not hesitate to speak with your manager, the Chief Legal & Corporate Affairs Officer or Chief Compliance Officer.

Protecting Confidentiality and Privacy

The Company possesses three main sources of confidential information: personal information of plan members, employees, contingent workers and individuals at companies with whom we deal; confidential information of other companies; and proprietary information about the Company's own business and processes. Each source of information must be protected.

Personal Information – As part of our work, some Covered Parties will have access to personal information of plan members and/or their families, of other Covered Parties, or of individuals at other companies. Covered Parties shall collect, use and disclose such personal information only for the purposes of administering the pension plan, managing the Company's investment fund or human resources administration, unless otherwise expressly consented to by the individual whose personal information it is, or otherwise authorized by law. The Company's Privacy Policy forms part of this Code.

Investment Information – Covered Parties who have access to confidential information about other businesses during the course of their Company duties shall safeguard it and shall not use it or disclose it to third parties unless required as part of their Company duties, required by law or otherwise authorized by the party who provided it.

Company Information – Information about the business and processes of the Company, its subsidiaries and special purpose entities is proprietary and confidential and shall be used and disclosed only for purposes of Company business, unless otherwise authorized.

Covered Parties must protect all confidential information, regardless of its form or format, from the time of its creation or your access to it until its authorized disposal; this means:

- Only accessing and using confidential information that you need and are authorized to see in order to perform your responsibilities.
- Not displaying, reviewing or discussing confidential information in public places, in the presence of third parties or where you may be overheard.
- Not transmitting confidential information outside of the Company to your personal email accounts, storing such information on unapproved file storage services, otherwise removing it from the Company via hard copies or copying it to any form of recordable digital media device.
- Communicating confidential information only to Company employees, contingent workers and authorized agents, such as attorneys, external auditors, consultants or service providers, who have a legitimate business reason to know the information.
- Returning or destroying at the Company's sole discretion, any and all confidential information in your possession prior to your departure from the Company.

Covered Parties must comply with our policies that apply to the acceptance, proper use and handling of confidential information, including the Company's Privacy Policy and Corporate Information Security Policy. These policies form part of the Code. Covered Parties' duties of confidentiality pursuant to the Code continue after their employment or association with the Company ends.

Conflicts of Interest

What is a conflict of interest?

A conflict of interest arises when your work for the Company could be affected by a personal or private interest, or the interests of your family, other relatives or associates. It becomes significant if an independent third party might reasonably take the view that your personal interests or associations could affect, or appear to affect, your ability to perform your work for the Company objectively, impartially and effectively.

Examples

Conflicts of interest may arise in various ways, for example, as a result of:

- a personal association or relationship with those affected, or likely to be affected, by the matter;

- a direct or indirect private economic interest in any of the Company's transactions or proposed transactions or vendors, suppliers or other organizations with whom the Company does or plans to do business with;
- having worked on, or having obtained confidential information in a prior role in relation to an opportunity being evaluated by the Company; or
- an expectation of a future interest.

This list is not exhaustive and the situations noted above will not necessarily give rise to a significant conflict of interest in all cases.

Covered Parties Responsibilities

Covered Parties must take all reasonable steps to avoid being in an actual, apparent or potential conflict of interest. All material relationships or transactions which could be reasonably expected to create a conflict of interest and other conflicts of interest must be disclosed to your manager and the Chief Compliance Officer or the General Counsel so that they can be addressed appropriately, including removal from a matter.

Conflicts of interest are not always easy to spot. If you are not sure whether you have, or could have, a conflict of interest, ask yourself whether a reasonable person who knows the facts might conclude that your personal or private interest in a matter could in anyway influence your decision or performance in carrying out a duty on behalf of the Company. If you are still unsure, or have a question, you should consult with your manager, the General Counsel, or the Chief Compliance Officer.

Outside Activities (**this section does not apply to contingent workers**)

Activities of employees and officers outside of their Company work can raise a potential conflict of interest and can also encroach on their ability to perform Company duties to the fullest of their potential. All outside business activities of employees and officers must be disclosed to your manager, in your compliance certificate, and as necessary to the Compliance or Human Resources Department so that they can be addressed appropriately. For Members of the Board, all outside business activities must be disclosed in your compliance certificate. Please note that charitable and community service work does not need to be disclosed. Significant remuneration for any outside activity of employees and officers is not permitted unless authorized by the CEO. If you have any questions about what needs to be disclosed or whether authorization is required, please contact the Chief Legal & Corporate Affairs Officer or Chief Compliance Officer.

Respect in the Workplace

The Company has a diverse culture and is proud of its inclusiveness. One of the Company's Core Values is partnership, which we believe can only be accomplished if we treat everyone with dignity and respect. Harassment, discrimination or conduct that is demeaning of others is prohibited. Compliance with the Company's "Respect in the Workplace Policy" forms part of the Code.

Corporate Opportunities

Covered Parties must not take advantage of corporate opportunities including investment opportunities that are discovered or created through the course of their work or as a result of their position at the Company. No Covered Party may use corporate or investment opportunities, property, information or their position in the Company for their own personal gain.

Company Assets

The work produced by Covered Parties as part of their duties belongs to the Company. Covered Parties shall not misappropriate Company assets, funds or other property of the Company nor use them for improper personal gain. Covered Parties have an obligation to protect the Company's assets which includes its proprietary information, such as intellectual property, trademarks and copyrights, business and service plans, investment and service ideas, designs, databases, records and any unpublished financial data and reports. Unauthorized use or distribution of this information is a violation of this Code.

Fair Dealing

Covered Parties shall behave honestly and ethically. They shall act in good faith and with due care. It is fundamental that Covered Parties adhere to the highest standards of personal and business ethics when pursuing the Company's business objectives in order to maintain the Company's reputation as well as the cooperation and trust of others. Covered Parties shall not abuse the Company's substantial bargaining position in their dealings with others. Covered Parties shall respect the intellectual property of others and the terms of all the Company's licence agreements must be followed.

Gifts and Benefits

The purpose of business entertainment and gifts in a commercial context is to create good will and foster good working relationships; it is not to take advantage of suppliers or investee companies for personal gain. No gift, entertainment or favour shall be offered, given, sought or accepted by a Covered Party unless it is consistent with customary business practices, is not excessive, does not violate applicable laws or regulations, cannot be considered a bribe or payoff and which does not give the appearance that the Covered Party is taking advantage of their position. Covered Parties should discuss any gifts or proposed gifts which do not clearly fall within this exemption with their manager and the Chief Legal & Corporate Affairs Officer or the Chief Compliance Officer. Compliance with the Company's "Anti-Bribery/Anti-Corruption Policy" forms part of the Code.

Personal Trading

Covered Parties who, as a result of their work with the Company, acquire material non-public information (which includes a material fact or information) about another entity are not permitted to use or disclose that information for any purpose except for the conduct of the Company's business. Any questions about whether information constitutes material non-public information should be directed to the Compliance Department.

Additional trading restrictions apply to Covered Parties and are set out in Appendix 1.

Compliance with Laws, Rules and Regulations

In conducting the Company's business, Covered Parties shall comply with applicable laws, rules and regulations at all levels of government in Canada and in any non-Canadian jurisdictions which apply to the Company as it conducts activities outside Canada.

Disclosure and Media Relations

Only the CEO, Executive Managing Director and Chief Investment Officer, and the Managing Director, Marketing & Communications, are permitted to represent the Company with the media or publicly, unless otherwise authorized by the CEO. The Company's *Media Relations Principles & Protocol* provide guidance on protocol and procedure for media calls and additional designated spokespersons for the Company. Officers, employees and designated contract employees who may be participating in outside speaking engagements as a result of their position with the Company must obtain permission from an executive on their team (i.e. Managing Director or higher) and notify the Managing Director, Marketing & Communications. If Board Members receive any media calls, the calls should be referred to the Managing Director, Marketing & Communications and the Chair of the Board.

Use of Computer Facilities

The Company's "computer facilities" includes the personal computers, blackberries or other smartphone devices, tablets, network, email system, data, access to the internet, connections from other locations and any other technology or distribution methods provided by the Company. Covered Parties should have no expectation of privacy in anything they create, store, send or receive using the Company's computer facilities. The Company's computer facilities are to be used for Company purposes. Covered Parties' occasional, limited and appropriate personal use is permitted as long as it does not interfere with their performance of Company work. Compliance with the Company's Information Security Policy forms part of this Code.

Compliance

Covered Parties shall regularly provide Certificates of Compliance to this Code and promptly provide any other information and documents requested to ensure such compliance. Covered

Parties shall fully cooperate with any inquiries to ensure compliance with this Code, and with Appendix 1 as applicable, other Company policies, guidelines or procedures, or applicable laws or regulations, and understand that during the course of such inquiry, personal information may be used or disclosed.

Covered Parties shall promptly report known or suspected breaches of: this Code or of applicable laws, rules or regulations; dishonesty; fraud; serious errors; or questionable accounting or auditing matters such as undisclosed or mis-priced assets or liabilities, or actions to mislead, manipulate or influence improperly the Company's auditors in the performance of their audit function ("Prohibited Activity"). Prohibited Activity should be reported to the Chief Legal & Corporate Affairs Officers, Chief Compliance Officer, Chair of the Audit & Actuarial Committee of the Board, or (anonymously if desired) to a third party organization called ClearView Connects online through the Company's intranet website or by calling toll-free 1-866-347-3615 (North America); 800-901-351 (Hong Kong); or 0-800-016-3852 (London). No retaliatory action of any kind will be permitted against anyone making such a report in good faith. Covered Parties who have engaged in a Prohibited Activity or in a breach of other Company policies, guidelines or procedures may face discipline up to and including termination.

All Covered Parties are accountable to escalate risks, including cases of known or suspected Prohibited Activity. It is sometimes difficult, however, to know if a breach has occurred. These are important steps to consider in such a situation:

- Do I have all the facts? Do I understand what is being asked, and my role?
- Discuss the problem with your manager
- Seek guidance from Company resources before you act, such as approaching a member of the Executive Team, the Chief Compliance Officer or the Legal and Compliance Departments

Appendix 1 – Personal Investment Policy (Effective January 1, 2020)

1. Introduction

The Personal Investment Policy applies to all Covered Parties.

2. Employee Reporting Requirements

2.1 Account Disclosure and Consent

You are required to declare any brokerage or other investment accounts where you:

a) are a named holder or have a direct or indirect beneficial ownership; or
b) exercise control, influence, provide investment advice, or direction

For each eligible account, you must provide consent to your broker to send duplicate trade confirmations and monthly account statements directly to the Compliance department. Compliance must be notified prior to opening any new investment accounts after January 1, 2020.

For added clarity, you are not required to declare, report, pre-clear, or provide any details relating to the following types of securities or investment accounts: mutual funds, pooled unit funds and segregated funds, money market instruments, guaranteed investment certificates, hedge funds, private equity funds**,** and robo-advisor accounts.

2.2 Managed Accounts

Managed Accounts are fully discretionary investment accounts that allow a third party to buy and sell securities without the client's consent and/or input for each trade. **Pre-clearance, trade confirmations, and account statements** are **not** required for Managed Accounts. However, the name of the Managed Account must be declared as part of the semi-annual certification.

2.3 Family Accounts

Accounts of family members[1] must be declared as part of the semi-annual certification, but pre-clearance, trade confirmations, and account statements are **not** required provided you certify that you:

a) are not a joint account holder; and
b) do not control, influence, direct trading or direct investment strategy in the account, or make trading recommendations to the account holder.

[1] Family member means:
1. Any relative of the Covered Party who resides in the same home as the Covered Party
2. Any person who resides in the same home as the Covered Party and to whom the Covered Party is married or with whom the Covered Party is living in a conjugal relationship outside marriage
3. Any relative of 2 who resides in the same home as the Covered Party

2.4 Requirements for New Employees

Covered Parties beginning employment after January 1, 2020 may not begin any personal investing activity until first contacting the Compliance department. Please read Personal Investment Policy Homepage for an up to date list of required documentation.

3. Pre-Clearance Requirements

3.1 Transaction Pre-Clearance Requirement

You must submit a pre-clearance request in MyComplianceOffice and receive an approval before undertaking any transaction in instruments not listed in section 3.2. An automated response of up to 30 minutes after submission can be expected. As such, authorization to trade remains in effect for only the same business day of the requestor's designated office location on which the approval is granted.

Members of the Board may contact the Compliance department or the Chief Compliance Officer directly for pre-clearance requests.

3.2 Transactions not Subject to Pre-Clearance ("Exempt Securities")

You are not required to obtain pre-clearance for the following instruments:

- Government bonds
- Dividend Re-Investment Plans (DRIP), stock splits, or other similar corporate distributions
- Foreign currencies
- Cryptocurrencies
- Commodities
- All broadly diversified (i.e. No constituent representing more than 9.5% of the index) exchanged traded funds (ETFs)
- Securities derived from any of the above listed Exempt Securities (e.g. futures)

3.3 Private Investment Pre-Approval Process

Private equity investments (excluding private equity and hedge funds) must be approved by the CEO or his delegate. To obtain approval, you must complete and submit a Private Investment Questionnaire to the Compliance department. You may only make the private investment after obtaining written approval from Compliance. Covered Parties should be mindful of investments in private equity and hedge funds and consider any actual, apparent or potential conflicts of interest based on their role at Teachers' before making any investment in a private equity or hedge fund. If a conflict of interest exists, the proposed investment should be reviewed with Compliance before proceeding. For example, Covered Parties should contact Compliance if they are contemplating an investment in (i) a hedge fund or private equity fund in which Ontario Teachers' is invested; or (ii) a fund where Ontario Teachers' has an existing or proposed business relationship with the fund manager.

4. Restrictions

4.1 Ban on Short Term Trading ("30-Day Hold")

You are prohibited from executing any trade (includes Exempt Securities) within 30 calendar days of your first trade in the same security, in the same account, made in the opposite direction. A first-in first-out (FIFO) accounting methodology using trade date will be applied to a series of security transactions for determining compliance with the applicable hold period.

4.2 Prohibited Investments

You are not permitted to transact in the following:

- Initial Public Offerings
- Secondary Offerings
- Initial Coin Offerings
- Contracts for difference and spread betting
- Short-selling of single name securities
- Debt instruments issued by Ontario Teachers' Finance Trust or Cadillac Fairview Finance Trust
- Use of derivatives to circumvent the Personal Investment Policy.

4.3 Excess Trading

A high volume of personal investing activity can be time consuming and it can increase the risk of actual, apparent, and potential conflicts of interest with your duties to Ontario Teachers'. Covered Parties are strongly discouraged from undertaking unusually high volumes of personal trading activity. Compliance monitors for excess personal trading by Covered Parties, and if a pattern of excessive trading is identified, the issue will be raised with senior management of the Covered Party for further review.

4.4 Front Running

Ontario Teachers' trades have priority in all respects over investments conducted for personal accounts. You are prohibited from "front-running" Ontario Teachers' investments. Front-running can occur, for example, where personal investment occurs in a security where Ontario Teachers' subsequent trade affects the market or price of that security.

4.5 Insider Trading

Restricted Parties with material non-public information about an issuer shall not trade securities or derivatives thereof, of such issuer unless permitted by law.

5. Personal Investment Policy Compliance

Covered Parties are required to periodically certify their adherence to the Code of Conduct and provide complete, accurate and true information about their personal investment activity.

When you discover that your personal investing is not in compliance with the Personal Investment Policy, you must report it immediately to the Compliance department.

Your personal investing activity is subject to monitoring by Ontario Teachers' Compliance department. Any violation of this policy, including failure to provide complete, accurate, and true information on Certificates of Compliance and related account disclosures, may result in remedial action including but not limited to: warning, requiring a Covered Party to void or reverse a trade (the cost of which may be borne by the Covered Party), disgorgement of any profits earned to a recognized charity, limiting a Covered Party's personal investment activity for some time, suspension or dismissal.

The Compliance department may make further inquiries and request additional records from Covered Parties to support ongoing monitoring activities in relation to this policy.

SAMPLE GOVERNANCE FRAMEWORK FOR

ABC HEALTH AND WELFARE FUND/PLAN

GOVERNANCE POLICIES AND

PROCEDURES MANUAL

Approved by the Board of Trustees effective:

Date, 20XX

Circulation List:		
1. **Board of Trustees**	2. **Third Party Administrator and Plan Consultant**	3. **Auditor**
4. **Insurers**	5. **Investment Manager**	6. **Legal Counsel**
7. **Plan Members via Portal**	8. **Custodian**	9. **Investment Consultant**

1. Background and Scope

The Board of Trustees (the **“Board**” or **“Trustees**”) is responsible for the governance of the ABCXYZ Sample Health and Welfare Trust Fund and Health and Welfare Plan, referred to as the “**Fund**” and/or “**Plan**”. The Board has adopted governance structures and processes outlined in this Governance Manual which together with associated policies and tools, make sure that the right processes, systems, people and procedures are in place to manage the Fund and Plan in an efficient and effective manner, its investments and the risks that can arise. To assist them the Board appoints, and monitors specialist providers and advisers referred to as “**Service Providers”**. It is the Board’s responsibility to ensure that they and their Service Providers act in the best interests of plan members and ensure that health and welfare benefits are delivered at a reasonable cost within the boundaries and strategic direction of the Trustees.

This policy is the only “governance policy” for the purposes of the Fund and Plan. Nothing in this policy is intended to be construed or to impose on the Board (or on any delegate or Service Provider), a standard of care or a duty that exceeds the standard of care or duty that is applicable by law at the relevant time. Further, nothing in this policy changes the terms or effect of the Trust Agreement or the terms of the Plan. In the event of a conflict, the terms of the Trust Agreement or Plan (as applicable) will prevail.

2. Fiduciary Responsibility

The Trustees have a fiduciary responsibility to the stakeholders. The Trustees are bound by their fiduciary responsibility and are required to act in the best interest of the Fund and Plan. The Trustees are to:

a) Administer the Fund in a manner which is impartial, honest and in good faith;
b) Consider the interests of all retired, current and future Plan members in the Board’s decision making and ensure that any actions undertaken have the best interest of the Plan members, beneficiaries and other stakeholders in mind;
c) Act professionally with courtesy, expertise, conscientiousness and prudency
d) Interpret plan terms judiciously and in good faith;
e) Actively manage conflicts of interest and avoid perceived conflicts of interest; and
f) Act within the scope of the Trust Agreement and within the authority granted to the Trustee upon their acceptance of Trusteeship, ensuring that Plan members and beneficiaries receive their entitled.

The Trustees are required to exercise their fiduciary responsibility in the following circumstances:

a) When the Board of Trustees are in a position to use their discretionary power to affect the interests of Members and Beneficiaries
b) When the Members and or Beneficiaries are in a position of vulnerability

The Trustees may delegate their powers to third parties (Service Providers), but ultimately the Trustees retain their fiduciary responsibility to the Fund and Plan's members and beneficiaries. Conducting ongoing governance monitoring and evaluation within scope that includes assessing the Service Providers, mitigates the risk of underperformance, conflicts of interest and inadequacy. The governance review process assists the Trustees in carrying out their fiduciary responsibility.

3. Stakeholders

The Trustees have a fiduciary duty to the Plan members and their beneficiaries. As such the Trustees have identified the following stakeholders:

a. Plan members and their beneficiaries;
b. The ABCXYZ Brotherhood of Widget Fabricators (the "**Union**");
c. The Widget Council of Ontario (the "**Council**"**);**
d. The Widget Association of Ontario ("**WAO**");
e. All Contributing Employers;
f. The Canada Revenue Agency (**CRA);**
g. Other registered health and welfare plans that the Fund and Plan has valid reciprocal agreements; and
h. Service Providers engaged by the Trustees.

4. Statements of the Board of Trustees

a. Purpose

The Fund is a jointly sponsored Plan that commenced on September 1, 19** with the purpose of providing financial security throughout a Union Member's career and retirement supplementing provincial health care benefits.

b. Mission

To ensure:

i. The sustainability of the Fund though contributions and the prudent investment of assets, as a second source of income, to maintain the Fund and allow the Plan to meet its obligations to its beneficiaries,
ii. The efficient delivery of benefits and
iii. Beneficiaries are empowered through effective communication.

c. Vision

To be a reputable jointly trusteed multi-employer welfare trust fund providing the best Health and Welfare Plan benefits for eligible beneficiaries, as affordable.

d. Code of Ethics

We are committed to:

i. Conducting all the Fund and Plan's affairs and activities with the highest standards of ethical conduct;
ii. Recognizing our obligation to adhere to this Code of Ethics and encourage others to do the same;
iii. Dedicating ourselves to pursue our missions with honesty, fairness and respect for all; and
iv. Complying with all laws, rules and regulations and to conducting business with integrity and without deception.

Each Trustee must:

i. Proactively promote ethical behavior as a responsible partner among peers in the work environment;
ii. Deal fairly with Plan Members and all stakeholders;
iii. Provide information that is accurate, completely objective, relevant, timely and understandable;
iv. Accept responsibility for preventing, detecting, and reporting all manner of abuse or deception;
v. Maintain the confidentiality of information entrusted to them except when authorized or otherwise legally obligated to disclose;
vi. Be honest and ethical in their conduct, including ethical handling of actual or apparent conflicts of interest between personal and professional relationship and adhere to the **Code of Conduct and Conflict of Interest Policy**;
vii. Protect and ensure the proper use of the Fund's assets;
viii. Prohibit improper influence over Plan Members, Service Providers and all other stakeholders; and
ix. Acknowledge our individual responsibility to ensure collective success by practicing and promoting the following values which reflect a shared view of how we want to operate and be seen by others.

e. Values

- **Fiduciary Role:** act in a prudent, diligent and even-handed manner with the highest level of integrity.
- **Integrity:** being ethical and truthful, maintain good governance practices and not misrepresenting or withholding information to which the beneficiaries and other stakeholders are entitled.
- **Accountability:** clearly stated and understood accountability for the Board, it's Sub-Committees and Service Providers that promote effective decision-making.
- **Independence:** being independent of the sponsor organizations and always acting in the interest of the beneficiaries; act honestly and avoid actual or perceived conflicts of interest and exercise good judgement.
- **Privacy and Confidentiality:** committed to the highest standards of confidentiality and privacy for the Fund, the Plan, the beneficiaries and all other stakeholders.
- **Transparency:** communicate openly and frequently with all stakeholders, set out information in a format that is clear and understandable and open to scrutiny and oversight.

5. Board Roles and Responsibilities

Role: **Legal administrator of the Fund and Plan**

Responsibilities:

- The Trustees collectively have full responsibility for ensuring that the Fund and Plan are properly administered in accordance with Trust Agreement, the Health and Welfare Plan's insurance policies and self funded plan document, the **ITA**, **ITR** and the common law. The insurance policies and self funded plan document set out the way eligibility for Plan participation occurs, when benefit coverage is provided, by line of coverage by class, and how benefits are adjudicated and paid. The Trust Agreement sets out the duties, powers, responsibilities and liabilities of the Trustees appointed or elected to administer the Fund and Plan. These include:
  - The way the Trustees are to be appointed or elected, removed and replaced;
  - The precise duties of the Trustees;
  - The parameters of the authority of the Trustees (and the decisions in respect of which the approval of the Union, Association or any other stakeholder is required);
  - The powers of the Trustees, including the power to delegate (to a third-party administrator, or investment manager or custodian); and
  - Such other administrative matters as are necessary to provide for the effective operation of the Board of Trustees.
- Be cognizant of both the duties of a Trustee as established in the Trust Agreement and the duties of a trustee at law;

- Responsible to manage the Fund and Plan with sound governance, fiduciary and strategic oversight and direction;

- Oversee the operations of the Fund and Plan, ensuring that the Plan beneficiaries' trust is upheld and that the processes and practices are ethical and that all legal requirements are met;

- Assure the financial integrity of the Fund and Plan and protect the Fund and Plan from fraud and risk;

- Ensure that the assets of the Health and Welfare Fund are properly invested in a prudent manner at acceptable risk levels in the context of liabilities for present and future health benefit coverage in such a way as to ensure the structuring of investment transactions meet Fund requirements;

- Manage the mandate for each Board member and ensure that they understand their responsibilities and legal duties as outlined in the **Trustee's Board Member Mandate and that they adhere to the Role Description**;

- Annual reporting and filing requirements are met and financial statements are reviewed regularly and audited at least annually;

- Establish and promote of the Board's mission, vision and values with key stakeholders and Service Providers;

- Establish, implement and update Board's business plan, strategic direction and plan initiatives;

- Establish, upgrade and manage the Board's policies including the adopted **Code of Conduct and Conflict of Interest policy**;

- Evaluation of the performance of the Board annually and use results for Board development;

- Engage and evaluate viable vendors and evaluate each of the Board's Service Providers on an ongoing basis, but not less than annually, in accordance with the **Service Provider Selection and Monitoring Policy;**

- Establish and manage appropriate Sub-Committees and evaluate their performance annually and use results for development;

- Manage Fund and Plan expenses through oversight and approval including the fee schedules proposed by Service Providers to ensure that they are competitive. The invoices submitted by all Service Providers are subject to review and approval at each Board Meeting. When expenses are shared with the one or more of the other ABCXYZ Sample Funds and Plans, the Trustees are to ensure that such allocation is transparent and reasonable;

- Understand that they will serve as a Trustee without compensation from the Fund except for reimbursement of reasonable expenses incurred, as approved by resolution of the Trustees. The Trustee's **Compensation, Travel and Expense Policy** governs these expenses;

- Continually review all governance structures and processes which include supreme standards, strong internal controls, oversight, administration and accountability and reflect each stakeholder's commitment to privacy and security, best practices, and responsible management; and

- Understand that the participating employers are responsible for making contributions in accordance with the terms of the applicable Collective Agreements, the associations are responsible for managing and monitoring participating employers, and the Union is responsible to maintain and provide Union membership data. None of these parties have responsibility for the administration of the Plan.

6. Governance Framework

The Trustees shall administer the Fund and Plan as outlined within this document, and supported by the Trustee's mandates, policies and tools to ensure that the Trustees' fiduciary responsibilities are met.

They have the overall operational responsibility to conduct the business and affairs of the Fund and Plan to ensure that it's discharging its duties pursuant to:

a. Trust Document for the ABCXYZ Sample Trust Fund originally dated September 1, 19**, amended January 17, 19**, as amended (the "**Fund**");
b. The Collective Agreement(s) as defined in the Trust Document;
c. The Health and Welfare Plan's insurance policies and self funded plan document and all amendments thereto, which have been or shall be established and adopted by the Trustees for the delivery of health and welfare benefits;
d. All related programs, methods, rules and procedures for the payment of claims from either the appropriate Insurer or their bank account, as applicable, or the **Fund** in accordance with the terms of such plan;
e. Powers conferred upon the Trustees by the **ITA** and **ITR**;
f. Powers over trust property in accordance with Ontario Trust Act, unless otherwise governed by the Trust Document; and
g. Any other powers appropriate to achieve the proper investment, management, administration or distribution of the trust property unless limited by any of the above.

The Trustees will have 24/7 access to all governing documents and governance objectives and reporting through a secure Trustee portal maintained by the Plan Administrator.

7. Structure of Board of Trustees

The Board is a joint board consisting of 8 members:

a. Four (4) members of the **Union** with one being the President of the Local plus three others appointed by **Union** in accordance with their rules of appointment; and
b. Four (4) members appointed by **WAO** in accordance with their rules of appointment.

Article 4 of the Trust Document governs the requirement of each Trustee to execute an Acceptance of Trusteeship. It also includes the rules with respect to Term of Office, Incapacity or Resignation, Death, Removal and Successor Trustees. The Trustee's **Orientation, Training and Succession Policy** governs Trustee transition. The **Board's Skills Matrix** is a self-assessment tool to help identify issues needing clarification, gaps in skills board members believe they need for the board to be successful, and topics for future board education. It can also be used by the **Union or WAO** to assess optimal Trustee candidates.

The full Board meets at least four (4) times per year with at least one of these meetings being the Annual Meeting, within six months of the calendar year end, wherein the Auditor presents audited financial statements for the previous calendar year and the Plan Administration and all other Service Providers present their governance report in the Trustees prescribed format. Additional meetings will be scheduled when there are pressing matters that must be addressed.

The quorum for full board meetings is four (4) Trustees present provided at least two (2) **Union** Trustees and two (2) **WAO** Trustees. When a quorum is not present at a full board meeting, business will be conducted in accordance with the agenda, however, decisions will not be official until the next full board meeting occurs and has a quorum in attendance.

In accordance with Article 5.7 of the Trust Document, the decision of the Board, subject to change by the Trustees, is that the Chairperson role is undertaken by the Plan Administrator's consultant who works directly with the Trustees. In accordance with Article 5.8 of the Trust Document, the decision of the Board, subject to change by the Trustees, is that the Secretary is the Plan Administrator's Client Service Representative who works directed with the Trustees. The **Mandate for the Chairperson and Recording Secretary** outlines their Duties and Responsibilities to the Board.

When a quorum is not present and/or a time sensitive or emergency situation arises between full Board meetings, the Chair and Recording Secretary will, upon the direction of a Trustee, seek a decision electronically (email) as follows:

a. From a non-quorum meeting:

   i Identify the item;
   ii Provide the related excerpt from the non-quorum meeting including the related agenda material and a full description of the issue(s) and discussion that occurred;
   iii State the Motion made and seconded; and
   iv Ask for the vote of Yay, Nay or Defer for further documentation/clarification from each of the Trustees including those in attendance.

b. When a new time sensitive matter or time sensitive appeal arises:

   i. Identify the item and obtain unanimous direction from the Appeals Sub-Committee including a draft Motion for consideration;
   ii. With the approval of the Appeals Sub-Committee, provide all Trustees with the appeal or description of the issue(s) under review and all related documentation including a description of related decisions made by the Board previously;
   iii. State the proposed resolution/Motion for consideration; and
   iv. Ask for the vote of Yay, Nay or Defer for further documentation/clarification from each of the Trustees including the Appeals Sub-Committee.

When a decision is sought electronically, the decision will not be considered official unless unanimous approval is obtained. When unanimous approval does not occur, the matter will be deferred to further electronic vote requests accompanied by the additional documentation and/or clarification requested by one or more Trustees, or to the next full board meeting as an outstanding item.

The Board can establish Sub-Committees which may, in accordance with their respective mandates, as set out by the board from time to time, assist the board in its oversight and monitoring of the Board's service providers through reports and recommendations to the Board.

The designated Sub-Committees of the Board of Trustees are as follows:

1. Appeals Sub-Committee
2. Investment Sub-Committee
3. Governance Sub-Committee

The Board has adopted policies that outline the mandate and identify the roles and responsibilities of each of these Sub-Committees. Any amendments to the mandate must be recommended by the Sub-Committee in writing and approved by the Board of Trustees.

8. Knowledge and Skills for Trustees

To be effective the Board of Trustees agrees that they need to be able to draw on a diverse range of skills, knowledge, qualities and experience to help it fulfill its roles. These include:

- Communication, decision making, teamworking, and/or negotiation skills;
- Governance, financial, legal, legislative and/or technology knowledge;
- Awareness of plan member and beneficiaries needs.

Trustees act collectively to fulfil their duties. All trustees should be able to demonstrate they meet certain key qualities, including to:

A. Embrace the purpose, mission, objectives and values of the Fund and Plan;
B. Be known for their honesty and integrity;
C. Be able to act responsibly and with respect;
D. Be objective and constructive about other trustees' opinions in discussions, and in response to Service Providers and invited guest contributions;
E. Be accountable, able to lead as well as follow;
F. Be forward thinking to respond effectively to challenges and change;
G. Be able to maintain confidentiality on sensitive and confidential information;
H. Understand the importance and purpose of meetings and be committed to preparing for them adequately and attending them regularly;
I. Be able to analyze information and, when necessary, challenge constructively;
J. Be able to make collective decisions and stand by them; and
K. Be able to respect boundaries between day to day operations and governance functions.

The Trustees actively maintain their knowledge and skills through educational conferences and training. The Trustee's have adopted an **Orientation, Training and Succession Policy** to assist new Trustees and Trustees-in-training to understanding the roles and responsibilities of each Trustee and the Board as well as the Fund and Plan operations. The Trustees have also adopted an **Educational Policy** that addresses the Fund and Plan specific education required including preparation for future challenges and legislative changes that the Fund or Plan may encounter. The Trustees also routinely assess whether they possess the relevant qualifications, resources and experience needed to carry out their responsibilities using their **Board's Skills Matrix to** identify issues needing clarification, gaps in skills, and topics for future board education.

9. Performance Monitoring

The Board conducts, at intervals outlined in the **Board of Trustees Performance Matrix**, an assessment, which reviews the board's practices in fulfilling its governance responsibilities. The assessment examines the board's responsibilities and accountabilities with respect to the Fund and Plan including legislative compliance, plan funding, asset management, benefit administration and communication. The Board's processes also include trustee assessment, chair and secretary assessments, trustee skills gap analysis and Sub-Committee assessments.

The Trustees engage the appropriate external experts that assist them in taking an active role in health and welfare related affairs in Ontario, in fulfilling their fiduciary obligations and operational/administrative functions. When the Board hires a Service Provider, they must enter into an agreement that outlines the Service Provider's functions and responsibilities and typically establishes that in their role they will assume liability for their performance.

As such the Trustees are responsible for selection and oversight of each Service Provider to ensure that they are managing the affairs of the Fund and Plan affairs responsibly and within the specified guidelines.

The Trustees have a system of controls for monitoring their Service Providers to meet their fiduciary and regulatory obligations including review of procedures and financial and control measures in the contract, including accuracy and timeliness of transactions, ensure they are in place and functioning properly. The Trustees may requisition an independent Governance audit.

10. Access to Information

The Trustees are responsible for providing the complete and accurate information required by third parties, and itself in a timely manner and in the prescribed format. In addition, the Trustees are responsible for providing for the sharing of information between the Board and/or Service Providers. The Trustees have established the **Fund's Information Sharing Protocol** to ensure that Service Providers and/or the Trustees have all the required information to meet their fiduciary responsibilities including monitoring, reporting, filing with the regulators and making decisions.

Within this guideline, the Trustees ensure that contributing employers and the **Union** provide sufficient, accurate and complete information on a timely basis for the Trustees to make benefit determinations for Plan members and beneficiaries. The Trustees have a **Delinquency Control Policy** that manages late contributions, receivables and other shortfalls in employer reporting.

11. Funding Policy

The Board's funding objective, as part of its fiduciary responsibilities, is to ensure that funding requirements under applicable legislation and Plan provisions are satisfied and that the Plan is sustainable over the long run to fulfill its obligation to pay affordable benefits today and into the future. In addition, the Funding Policy identifies funding risks and the Trustee's funding risk management protocols.

12. Risk Management

Risk management is central to the good management of the Fund and is an essential element of good governance, as reflected by the coverage of risk in the **Funding Policy** and the **SIPP**. By identifying and managing risks through an effective policy and risk management strategy, the Trustees can:

- Demonstrate best practice in governance;
- Improve financial management of the Fund;
- Better manage change;
- Minimise the risk and effect of adverse conditions on the Fund;
- Identify and maximise opportunities that might arise;
- Minimise threats; and
- Support innovation and continual improvement in changing conditions and environments.

With the direction and guidance of the Fund's Legal Counsel, Investment Consultant and Plan Consultant, the Trustees have adopted a **Risk Management Policy,** which in conjunction with the Funding Policy and SIPP supports a structure and focused approach to managing risks, and ensures risk management is an integral part of Fund management at a strategic and operational level including:

- Actively forecasting and identifying impending risks;
- Assessing risks for potential impact and prioritizing accordingly;
- Having a clear understanding of what is required to address and manage the risks; and
- Designing and implementing risk-mitigating responses that ensure that the response is sufficiently addressing the risk to moderate and/or control.

In addition, risks are monitored by the Board through a number of procedures including:

- The financial projection for the upcoming five years, performed at least twice a year;
- Regular review of the funding level of all reserves including the hour bank, stabilization, incurred but not reported, claims fluctuation, as applicable;
- Annual review of the financial experience of insured and self-insured benefits, financial accounting and experience refunds/deficits, analysis of pooled and prospectively rated benefits; and
- Ongoing review of the Fund's investment performance.

13. Oversight and Compliance

Compliance with legislation, laws and the governing Fund and Plan documents is an integral function of the Board. The Trustee's **Educational Policy** supports attendance at Industry and Legislative updates and seminars. In addition, the Board has stringent reporting processes in place with the Auditor, Investment Consultant and Plan Consultant to ensure that they are aware of industry and legislative requirements and proposed changes in requirements, in advance.

The Trustees have established and maintain a quarterly Compliance Report, received at each Board Meeting, to monitor and record all compliance initiatives taken on behalf of the Fund and Plan (e.g., investment managers provide quarterly compliance reports with outlined their adherence to the terms of the SIPP).

In addition, all Service Providers are annually required, following each year end, to complete, endorse and file a certificate of compliance, in the prescribed form, which confirms their adherence to:

- Applicable legislation and regulations;
- Their firm's ethics, code of conduct, conflict of interest, privacy, cybersecurity and other professional policies that govern their actions; and
- The terms of the Fund and Plan.

14. Transparency and Accountability

The Trustees **Communications and Relations Policy** ensures that the communications of the Trustees meet the requirements of the Board's strategic direction and plan initiatives. This will ensure that the Plan members and beneficiaries are aware of and have access to:

- The Governance Policy the annual results of the Fund and Plan's Governance Compliance/Self-Assessment;
- How important decisions are made;
- Receive, at a minimum, the information required by the PBA and PBR in a clear, concise and timely manner;
- Understanding Plan details;
- Understand how inquiries and appeals are handled;

- Understanding the importance of taking advantage of Membership meetings and Pre-retirement Information Sessions;
- Understand their roles and responsibilities including maintain Union members and updating any changes to personal information and contact information.

15. Code of Conduct and Conflict of Interest

The Trustees recognize that the success of the Fund and Plan is dependent on a well-functioning Board in accordance with fundamental ethical principles of honest, integrity, independent, fairness, openness and competence. In doing so, the Trustees recognize that conflicts of interest can arise from time to time, and as long as they are dealt with properly, there will be no harm or consequences. The **Code of Conduct and Conflict of Interest Policy** provides guidance to the Trustees overseeing the management of the Fund and Plan regarding their individual duties and responsibilities reflecting best practices. In addition, Trustees must declare actual or potential conflicts of interest involving them to ensure that the other trustees know and take steps to manage or remove the conflict. Each Trustee will be required to confirm their understanding of the Code of Ethics and the **Code of Conduct and Conflict of Interest Policy** when the accept a position as Trustee and then annually.

16. Governance Review and Policy Assessment

The adoption, implementation and active management of good governance practices enhances the Board's ability to carry out its responsibilities to Plan members, beneficiaries and other stakeholders. The Trustees monitor the industry for best practices and applicable legislative proposals and changes. They also are an advocate of the principles of the Canadian Association of Supervisory Authorities (CAPSA) and, in particular, Guideline No. 4: Pension Plan Governance Guidelines.

The Governance review begins with review of current documents, mandates and policies to determine if they are relevant and reflect current practices and identification of new documents need to be developed. The following checklist outlines the major governance documents and practices that define an effective Board.

Vision, Mission and Values

- ☐ Vision statement defines future success
- ☐ Mission statement is current and aligned with vision
- ☐ Values/Guiding Principles articulate beliefs that guide behaviour

Governing Documents

- ☐ Trust Agreement is current and accurate
- ☐ Health and Welfare Plan policies and plan documents are current and accurate
- ☐ Governance Model and related policies are clearly defined and reflect current governance structure

Board of Trustees and Sub-Committees

- ☐ Trustees received appropriate letter(s) of appointment and/or resignation
- ☐ New Trustees endorsed Acceptance of Trusteeship
- ☐ Orientation and training provided for new Trustees/Sub-Committee members
- ☐ New Trustees endorsed Trustee Roles and Responsibilities Policy, Educational Policy and has reviewed and understands the Governance Model and related policies and mandates
- ☐ New Sub-Committee members reviewed and understand the Sub-Committees mandate
- ☐ Trustees' portal is current and utilized by Board members

Board Liability

- ☐ Trustee and Trust Fund Errors and Omissions and Liability Insurance is in place
- ☐ Cyber security insurance
- ☐ Trust Agreement provides for indemnification of Trustees
- ☐ Annual reporting and filing requirements have been met
- ☐ Financial statements are reviewed at least quarterly and audited annually
- ☐ Adherence to any legislation affecting the Fund and Plan

Strategic Planning

- ☐ Strategic Plan in place
- ☐ Plan is monitored and reviewed by the Board on a regular basis
- ☐ Plan is updated annually
- ☐ Plan is communicated to stakeholders

Board Meetings

- ☐ Agenda is focused on Trust Fund business
- ☐ Agenda/minutes are circulated in a timely manner
- ☐ Trustees prepare for meeting sin advance
- ☐ Decision making process is clearly articulated
- ☐ Conflict management process is clearly articulated
- ☐ Decisions are recorded as motions historical motion database is updated
- ☐ Generally, conduct *in camera* sessions at the end of its meetings
- ☐ Special meeting or focused time to complete a review of the self-assessment questionnaire

Board Sub-Committees

- ☐ Appropriate Sub-Committees are in place
- ☐ Mandates of Sub-Committees are clearly outlined
  - Appeals Sub-Committee
  - Governance Sub-Committee
  - Investment Sub-Committee
- ☐ Mandates are reviewed/updated annually

Board Policies

- ☐ Appropriate Policies are in place
  - Code of Conduct and Conflict of Interest Policy
  - Board Meetings Policy
  - Consent Agenda Policy
  - Statement of Investment Policies and Procedures
  - Service Provider Selection and Monitoring Policy
  - Compensation, Travel and Expense Policy
  - Orientation, Training and Succession Policy
  - Educational Policy
  - Signing Authority
  - Funding Policy
  - Risk Management Policy
  - Information Sharing Protocol Policy
  - Delinquency Policy
  - Record Retention Policy
- ☐ Policies reviewed/updated annually by the Governance Sub-Committee and provided to the Board

Performance

- ☐ Board skills assessment reviewed/updated annually and identify educational opportunities
- ☐ Board evaluates its performance annually and uses results to further identify opportunities for Board development and learning
- ☐ Board evaluates performance of Service Providers using matrices based on roles and responsibilities
  - Quarterly – Operations and legislative compliance
  - Quarterly – Investment Manager investment performance
  - Annually – Chair and Recording Secretary
  - Annually – Auditor
  - Annually – Custodian
  - Annually – Delinquency Control Office
  - Annually – Investment Consultant
  - Annually – Investment Manager
  - Annually – Legal Counsel
  - Annually – Plan Administrator
  - Annually – Plan Consultant
- ☐ Roles and responsibilities and all matrices reviewed/updated annually
- ☐ Governance review check list reviewed/updated annually

Excerpt from
British Columbia Financial Institutions Commission
Information Bulletin PENS 15-004

Governance Policy – Must be in place by January 1, 2016 - NEW

Act / Reg Section	**Topic – required provisions for a governance policy**	**Must Contain**	**May Contain**
A 42 **R 50**	(a) sets out the structures and processes for overseeing, managing and administering the plan	X	
	(b) explains what those structures and processes are intended to achieve	X	
	(c) identifies all participants who have authority to make decisions in respect of those structures and processes, and describes the roles, responsibilities and accountabilities of those participants	X	
	(d) sets performance measures and establishes a process for monitoring the performance of each of the participants identified in clause (c)	X	
	(e) establishes procedures to ensure that the plan administrator and, as necessary, any other participants in those structures and processes have access to relevant timely and accurate information	X	
	(f) establishes a code of conduct for the administrator, including a board of trustees, and a procedure to disclose and address conflicts of interest	X	
	(g) identifies the educational requirements and skills necessary to perform the duties associated with those structures and processes	X	
	(h) identifies material risks that apply to the plan and established internal controls to manage those risks	X	
	(i) establishes a process for the resolutions of disputes involving members and other persons who are entitled to benefits under the plan	X	