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| SUBJECT | Staff Pension Plan Terms of Reference |
| SUBMITTED TO | Finance Committee |
| MEETING DATE | March 22, 2023 |
| SESSION CLASSIFICATION | Recommended session criteria from Board Meetings Policy: Open |
| REQUEST | APPROVAL REQUESTED IT IS HEREBY RESOLVED that the Finance Committee, in accordance with authority delegated by the Board of Governors, approves an amendment to the UBC Staff Pension Plan Terms of Reference that specifies that the UBC Board of Governors will appoint the Executive Director, Pensions, a member of the Staff Pension Plan Board, or a person with knowledge of the staff pension plan to the UBC Investment Management Trust Board of Directors. |
| LEAD EXECUTIVE | Frank Laezza, Vice-President Finance & Operations |
| SUPPORTED BY | Yale Loh, Treasurer and Interim Vice-President Finance Marcia Buchholz, Vice-President Human Resources Jerry Chen, Associate Vice-President Human Resources Derrick Johnstone, Executive Director, Pensions |

PRIOR SUBMISSIONS

The subject matter of this submission was previously considered on [December 5, 2017](#) (Open Session)

The following Executive Summary provides a status update from the date of the most recent submission.

EXECUTIVE SUMMARY

In accordance with authority delegated by the Board of Governors, the Finance Committee approved and adopted an amended Staff Pension Plan (“SPP”) Terms of Reference in November 2017. Included in those Terms of Reference was the specification that the Board of Governors appoint the Executive Director, Pensions to the UBC Investment Management Trust (“UBC IM”) Board of Directors. The UBC administration, in conjunction with the SPP Board, is requesting approval to further amend the Terms of Reference such that the UBC Executive Director, Pensions, any member of the SPP Board, or any person with knowledge of the SPP can be appointed to the UBC IM Board of Directors. This would provide the SPP Board with greater flexibility in ensuring appropriate representation and communication with UBC IM by not restricting the appointment to just one individual. There are no other changes to the SPP Terms of Reference.

APPENDICES

1. Blackline Staff Pension Plan Terms of Reference – March 2023

University of British Columbia
Staff Pension Plan

Pension Board
Terms of Reference

Effective ~~December~~ March 31, ~~2017~~ 2023

~~Reviewed and approved by
Pension Board on October 27, 2017~~

Approved by the UBC Board of Governors on
~~November 7, 2017~~ March 22, 2023

TABLE OF CONTENTS

| | | |
|-----|---|---------------------------------|
| 1. | 0BPURPOSE..... | 1 |
| 2. | 1BOBLIGATIONS AND DUTIES OF THE UNIVERSITY AND THE PENSION BOARD | 2 |
| 3. | 2BCOMPOSITION OF PENSION BOARD | 3 |
| 4. | 3BDUTIES AND POWERS OF THE PENSION BOARD, PAO AND UNIVERSITY | 8 |
| 5. | 4BLIMITATION OF LIABILITY AND INDEMNIFICATION | 11 |
| 6. | 5BMAINTENANCE OF THE PLAN..... | 12 |
| 7. | 6BPENSION BOARD REPORTS | 13 |
| 8. | 7BSUPERVISION OF THIRD PARTIES..... | 14 |
| 9. | 8BCODE OF CONDUCT AND CONFLICT OF INTEREST RULES..... | 15 |
| 10. | 9BPRIVACY | 16 |
| 11. | 10BHANDLING OF PLAN DOCUMENTS AND RECORDS..... | 17 |
| 12. | 11BINVESTMENT AND PLAN FUNDING | 19191918 |
| 13. | 12BRISK MANAGEMENT | 20 |

1. **PURPOSE**

1.1. Establishment of Pension Board

The University of British Columbia (the “**University**”), acting through its board of governors (the “**Board of Governors**”) is the sponsor and administrator of the University of British Columbia Staff Pension Plan (the “**Plan**”). The University has established a pension board to perform administration duties related to the Plan and to act on behalf of the University as described herein (the “**Pension Board**”).

1.2. Governing Documents

The Board of Governors of the University has adopted the rules and procedures set out herein (the “**Terms of Reference**”) to guide the Pension Board. This document, together with the Plan text, the Statement of Investment Policies and Procedures for the Plan (the “**SIPP**”), the Funding Policy, and the Governance Policy, shall govern the activities of the Pension Board.

1.3. Pension Administration Team

The Board of Governors has also established the Pension Administration Office (the “**PAO**”) staffed by University employees to perform day-to-day management of the Plan, to report to the Pension Board and to serve as the Pension Board’s secretariat. This Policy also sets out the PAO’s duties.

1.4. Pension Investment Manager

The UBC Investment Management Trust Inc. (“**IMANT**”) shall be the investment manager for the Plan. IMANT’s duties are principally set out in the SIPP and in an investment management services agreement between the University and IMANT. The Board of Governors shall appoint the Executive Director, Pensions, a member of the Pension Board, or a person with knowledge of the Plan to IMANT’s board of directors.

1.5. Related Employers

The Plan is considered a multi-employer plan for purposes of the PBSA (as defined below). Several related employers participate in the Plan in addition to the University. The related employers of the University have contribution obligations and communication obligations (to their employees) in relation to the Plan (each as set out in the Plan text), but are not considered to be sponsors or administrators of the Plan. They do not have any corresponding Plan administrative or governance roles.

1.6. Transition

These Terms of Reference apply to the Plan and to the Pension Board, the University (including the University's Board of Governors and Senior Management), the PAO, IMANT and other parties named herein from and after December 31, 2017. However, any appointment or decision affecting the matters dealt with herein made prior to December 31, 2017 under the rules then applicable to the Plan or a prior version of these Terms of Reference shall remain effective on and after such date unless altered in accordance with these Terms of Reference.

2. **OBLIGATIONS AND DUTIES OF THE UNIVERSITY AND THE PENSION BOARD**

2.1. Fiduciary Obligations of the Administrator

The University is the "administrator" of the Plan as that term is defined in the *Pension Benefits Standards Act* (British Columbia) (the "**PBSA**") and the *Income Tax Act* (Canada) (the "**Tax Act**"). Each of these Acts prescribes certain functions that must be performed or supervised by the administrator of a pension plan. In particular, the administrator is responsible for managing the day to day operations of the Plan, including the supervision of actuaries, investment managers, custodians, legal counsel and other service providers, the maintenance of Plan documents and records, communication with Plan members and regulatory authorities, and overall good management and governance of the Plan. Plan administrative functions are fiduciary in nature, wherein Plan members, their spouses and their designated beneficiaries are the beneficiaries of the fiduciary duty.

Administrators must:

- (a) act honestly, in good faith and in the best interests of the members and former members of the Plan, and any other persons to whom the fiduciary duty is owed; and
- (b) exercise the care, diligence and skill that a person of ordinary prudence would exercise when dealing with the property of another person.

To facilitate the effective management of the Plan, the Pension Board has been established and empowered to act on behalf of the University in a fiduciary capacity as if it were the administrator. Nothing in these Terms of Reference shall be interpreted as expanding the Pension Board's authority to include Plan sponsor or employer functions such as those described in Section 2.2.

2.2. Rights and Other Obligations of the Plan Sponsor and Employer

When the University, acting through the Board of Governors, a committee of the Board of Governors or Senior Management, is involved in pension decision making related to matters other than those described in Section 2.1, including decisions related to Plan design, benefit levels and funding policies, Plan amendment decisions, decision making around the future of the Plan (including termination, winding up, Plan mergers or annuitization) or other Plan framework decisions, as well as decisions related to the hiring, termination of and terms and conditions of employment for employees, it is acknowledged that such actions are in furtherance of the University's right to act in its own capacity, and are not made in a fiduciary capacity. In so doing, the University and those acting on its behalf shall:

- (a) act honestly, in good faith and in the best interests of the University; and
- (b) exercise the care, diligence and skill that a person of ordinary prudence would exercise when dealing with the property of another person.

3. COMPOSITION OF PENSION BOARD

3.1. Composition of Pension Board

The Pension Board consists of nine members ("**Pension Board Members**"). Eight of the Pension Board Members shall be full voting members of whom four shall be appointed by the Board of Governors as described in Section 3.3 ("**Appointed Board Members**") and four shall be elected by Plan members as described in Section 3.4 ("**Elected Board Members**"). The Board of Governors shall also appoint an independent non-voting chair, as described in Section 3.5 (the "**Independent Chair**").

3.2. Written Commitment to Serve

To serve as a Pension Board Member, a person must first file with the PAO a written commitment in a manner approved by the Pension Board from time to time to carry out in a conscientious manner the duties and responsibilities of a Pension Board member as set out in the Plan and in applicable legislation.

3.3. Appointed Board Members

Subject to Section 3.6, each year the Board of Governors shall appoint or re-appoint one person to serve as an Appointed Board Member for a four-year term, commencing the following January 1 in accordance with its own policies. Vacancies shall be filled in accordance with Section 3.8.

3.4. Elected Board Members

- (a) Each even numbered year, two Elected Board Members will be elected for a four-year term, commencing the following January 1.
- (b) To be permitted to stand for election, a person must:
 - (i) be a member of the Plan (for greater certainty, a “limited member” of the Plan is not eligible);
 - (ii) be nominated in writing by three other members of the Plan;
 - (iii) consent in writing to the nomination and file the written commitment specified in Section 3.2; and
 - (iv) not be precluded by Section 3.6 from completing another term as a Pension Board Member.
- (c) Elections will be conducted as follows:
 - (i) the Independent Chair of the Pension Board shall determine the date of the election and give due notice thereof;
 - (ii) all members of the Plan are eligible to vote and the list of eligible voters will be as certified by the PAO;
 - (iii) the election shall be conducted by the department responsible for University elections in accordance with its procedures and requirements; and
 - (iv) the department responsible for University elections shall notify the Pension Board of the names of the new Elected Board Members.

3.5. Appointment of Independent Chair

The Board of Governors shall appoint or reappoint a person to the office of Independent Chair for successive four year terms starting from January 1, 2018. The Independent Chair may not be an employee, officer, governor or contractor of the University or a related employer that participates in the Plan, and may not be a member or former member of the Plan. If the Independent Chair should cease to hold office before the expiration of his or her term, the Board of Governors shall appoint a new Independent Chair for the balance of the term. Subject to Section 3.6, the Board of Governors may reappoint an Independent Chair for successive terms.

3.6. Term Limit

Effective January 1, 2018, each Appointed Board Member, Elected Board Member, and the Independent Chair, shall be limited to serving three four year terms as a Pension Board Member. Despite the preceding sentence, if as of January 1, 2018 a Pension Board Member has served more than three four year terms, such Pension Board Member will be permitted to complete their current four year term.

3.7. Removal of Board Member

A Pension Board Member ceases to be a Pension Board Member in any of the following circumstances:

- (a) upon his or her resignation being received by the remaining Pension Board Members;
- (b) for an Appointed Board Member, when his or her term of office expires, or when he or she is removed from office by written instruction from the Board of Governors;
- (c) for an Elected Board Member, when his or her term of office expires, or when he or she is no longer a member of the Plan;
- (d) for the Independent Chair, when his or her term of office expires, he or she ceases to be independent (i.e. he or she becomes an employee, officer, governor or contractor of the University or a related employer that participates in the Plan), or when he or she is removed from office by written instructions from the Board of Governors;
- (e) if he or she is unable or unavailable, as determined by the remaining Pension Board Members, to carry out his or her duties by reason of illness or other cause for four consecutive months or more; or
- (f) upon death.

3.8. Vacancies and Interim Appointments

- (a) If there is a vacancy in the position of an Appointed Board Member, the Board of Governors shall appoint another person for the remainder of the term.
- (b) If there is a vacancy in the position of an Elected Board Member, the Pension Board may resolve to hold a special election. The election will be conducted as outlined in Section 3.4 and the term of office will be from the date of the first Pension Board meeting following the election to the date the previous term would have expired. If no special election is held, the vacancy will be filled in the next regular election that can practicably

accommodate filling the vacancy, and the Pension Board will appoint a Plan member to fill the position in the interim. A decision to hold a special election must be made within 90 days of the vacancy occurring. An interim appointment must be made within 120 days of the vacancy occurring.

- (c) If there is a vacancy on the Pension Board and there are sufficient remaining Pension Board Members to constitute a quorum as outlined in Section 3.10, the remaining Pension Board Members will have the full power to act and carry out the duties and obligations of the Pension Board.
- (d) If all four Elected Board Member positions are vacant simultaneously, then the remaining Pension Board Members will constitute a quorum to decide only urgent and immediate matters and to arrange for a special election within 90 days of the fourth vacancy to fill all Elected Board Member vacancies.
- (e) A vacancy in the office of Independent Chair shall be filled in accordance with Section 3.5.
- (f) For greater certainty, if any Pension Board Member is elected or appointed pursuant to this Section 3.8 to a term of office that lasts two or more years, that term of office shall be considered a full four year term for all purposes of these Terms of Reference, including Section 3.6. A term of office that lasts less than two years shall not be considered a four year term for the purposes of these Terms of Reference, including Section 3.6.

3.9. Pension Board Officers

In addition to an Independent Chair (as described in Section 3.5) the Pension Board shall have a Secretary (the “**Secretary**”). The Pension Board shall appoint a Secretary by resolution of the Pension Board Members. The Secretary need not be a Pension Board Member.

3.10. Meetings of the Pension Board

- (a) Regular meetings of the Pension Board may be called at any time by the Independent Chair, but shall be held at least four times per year.
- (b) At the request of any two members of the Pension Board, the Independent Chair shall convene a special meeting of the Pension Board. If there is a vacancy in the office of Independent Chair, or if the Independent Chair fails to convene a special meeting as aforesaid, any two Pension Board Members may convene a special meeting by providing notice in accordance with subsection (c).

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- (c) Written or electronic notice of each regular or special meeting shall be provided to each Pension Board Member by the convenor of the meeting or by the Secretary on behalf of the convenor not less than 24 hours before the meeting time. Pension Board Members may waive the 24 hour notice requirement.
 - (d) An agenda shall be prepared and distributed prior to each regular meeting.
 - (e) A quorum for a meeting shall consist of four Pension Board Members, at least one of whom is an Appointed Board Member and one of whom is an Elected Board Member. Presence for quorum purposes may be satisfied by attendance in person, by telephone or live audio internet participation.
 - (f) If present, the Independent Chair shall chair Pension Board meetings. If the Independent Chair is not present, the members present shall select from their number a chair for that meeting.
 - (g) Attendance at and minutes of all meetings shall be taken by the Secretary. If the Secretary is not present for a meeting, or if there is no serving Secretary, the Pension Board members shall select a person to take minutes at the meeting.
 - (h) Subject to the requirements set out in this Policy, the Pension Board may establish additional rules, policies and procedures for its meetings.
 - (i) The Pension Board may invite from time to time such persons as it sees fit to attend meetings and take part in discussions.
 - (j) The Pension Board will address the topics set out in Appendix A in its meetings in the frequency set out therein, as well as such other matters as the Pension Board Members consider appropriate.

3.11. Resolutions and Votes

Each Pension Board Member in attendance at a meeting other than the Independent Chair shall have one vote on resolutions voted on by the Pension Board at that meeting. The Pension Board shall decide matters by majority of Pension Board members in attendance and voting on the matter in question. Each resolution must have a mover and seconder. For greater certainty, the Independent Chair may move or second a resolution. The Secretary shall record the wording of the resolution, the name of the mover and seconder, and results of all votes in the minutes.

A resolution approved by all Pension Board Members recorded in writing or electronically will be effective as if passed at a duly called and constituted meeting of the Pension Board. Decisions of the Pension Board, within its powers and

consistent with the provisions of the Plan, are binding and conclusive on all interested persons.

3.12. Tie Votes

The following rules shall apply in the event a vote of the Pension Board Members on a resolution results in a tie:

- (a) the Independent Chair or acting chair shall direct that the resolution be voted on a second time;
- (b) if a second vote results in a tie, the Independent Chair or acting chair shall prepare a report to the Board of Governors outlining the issue, including a statement describing the conflicting positions of the Pension Board Members, and requesting that the Board of Governors indicate its position on the issue;
- (c) if the Board of Governors provides advice or indicates its own position on the issue, the Independent Chair or acting chair shall direct that the resolution be voted on a third time;
- (d) if a third vote results in a tie or if the Board of Governors does not provide advice or indicate its position on the issue within a reasonable time determined by the Independent Chair or acting chair, the Independent Chair or acting chair shall submit the issue to arbitration. Such arbitration shall be heard by a single arbitrator who is a practicing lawyer, as defined in the *Legal Professions Act* (British Columbia), and in all other respects, the provisions of the *Commercial Arbitration Act* (British Columbia) will apply.

For purposes of this Section 3.12, where a vote of the Pension Board Members on a resolution results in a tie, a Pension Board Member may move that a modification of the resolution be voted on in lieu of a second or third vote of the original resolution, as the case may be, or may move a resolution that the original resolution be declared defeated or withdrawn. Where a modified resolution or a resolution to declare the original resolution defeated or withdrawn is approved, a subsequent vote on the original resolution or referral of such original resolution to the Board of Governors, as the case may be, shall not be required.

4. DUTIES AND POWERS OF THE PENSION BOARD, PAO AND UNIVERSITY

4.1. Duties and Powers of the University

The University, acting through the Board of Governors or Senior Management, shall:

- (a) at all times be and remain the administrator of the Plan for purposes of the PBSA and the Tax Act;
- (b) at all times be and remain the sponsor of the Plan, and as such retain the power to decide all matters related to eligibility of persons to be members of the Plan;
- (c) exercise the functions of an employer in respect of its employees participating in or eligible to join the Plan, including making employer contributions to the Plan and providing employment and compensation data that the Pension Board and PAO require for Plan administration;
- (d) appoint Appointed Board Members as described in Section 3.3;
- (e) decide on all matters related to benefit design, material Plan amendments as defined in Section 6.4, and decisions related to Plan termination, mergers or annuitizations;
- (f) maintain these Terms of Reference and make any amendments to them as may be warranted from time to time;
- (g) with the advice of the Pension Board, and acting through the Finance Committee of the Board of Governors, adopt and amend a SIPP for the Plan; ~~and~~
- (h) appoint the Executive Director, Pensions, a member of the Pension Board, or another person with knowledge of the Plan to IMANT's board of directors; and
- ~~(h)~~(i) enter into contractual arrangements with IMANT or other investment managers;

4.2. Duties and Powers of the Pension Board

The Pension Board shall exercise, or supervise the exercise of, the duties and functions of a pension plan administrator in a manner consistent with the terms set out in these Terms of Reference, including Appendix B and Appendix C. Without limiting the generality of the foregoing, the Pension Board shall supervise and oversee the PAO and third party service providers in:

- (a) the day to day administration of the Plan, including the determination of payment of benefits and expenses and performance of such other Plan management functions as are described in Section 6;
- (b) oversight of the investments of the Plan and enforcement of the SIPP, including such functions as are described in Section 12;

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- (c) approving actuarial methods and assumptions, reviewing and approving actuarial reports and implementing the Benefits / Funding Test measures outlined in the Plan;
 - (d) the custodial arrangements for the Plan;
 - (e) legal issues involving the Plan, including dealing with claims involving the Plan;
 - (f) dealings with regulatory authorities involving the Plan;
 - (g) the monitoring of the compliance of the Plan, its administration, funding and investment with the terms of the Plan, the PBSA, the Tax Act and regulatory governance standards, and subject to Section 7, the preparation of reports on pension governance and compliance;
 - (h) pension related communications with plan members and other stakeholders;
 - (i) coordination of Plan governance with the University's policies on conduct, conflicts, privacy, confidential information and document retention; and
 - (j) such other duties or functions related to the Plan as the Pension Board may choose to monitor and as are generally consistent with this Policy.

4.3. Duties and Powers of the PAO

The PAO reports to the Pension Board. The Pension Board shall consider but not be bound to follow any analysis, options and recommendations made by the PAO in respect of decisions to be made by the Pension Board. The PAO shall on behalf of the Pension Board:

- (a) serve as the Pension Board's secretariat, which function shall include organizing meetings and maintaining records for the Pension Board;
- (b) manage the day-to-day operations of the Plan, including communicating with external advisors, ensuring that all reports are received, monitoring external service providers, ensuring that the Plan's expenses are paid and ensuring that all payments to beneficiaries are made;
- (c) present analysis, options and recommendations concerning the selection, retention and periodic review of the custodian, the actuary, the auditor and other agents and advisors to the Pension Board;
- (d) ensure the fees charged by the custodian, IMANT, actuaries and other agents and advisors are paid in accordance with the fee arrangements approved by the Pension Board;

- (e) provide administrative direction and review the performance of the custodian, IMANT, actuaries and other agents and advisors on matters pertaining to their area of expertise;
- (f) assess the impact on the Plan of amendments to the PBSA, the Tax Act and other applicable legislation and new regulatory standards;
- (g) monitor consistency between the SIPP and the investment reports from IMANT and, if conflicts exist, consider the implications of the conflict and recommend a course of action to the Pension Board;
- (h) monitor and assess the administrative risks facing the Plan as detailed further in Section 13.3;
- (i) execute such other tasks as the Pension Board may direct;
- (j) to the extent necessary, report to the Pension Board on the above tasks; and
- (k) generally, comply with the division of roles and responsibilities set out in Appendix B.

4.4. Duties and Powers of Employers Other Than the University

Related employers of the University that participate in the Plan shall exercise the functions of an employer in respect of their employees participating in or eligible to join the Plan, including making employer contributions to the Plan and providing employment and compensation data that the Pension Board and PAO require for Plan administration. Such employers shall not have any administrative or plan sponsor duties or powers.

5. **LIMITATION OF LIABILITY AND INDEMNIFICATION**

5.1. Limitation of Liability

No Pension Board Member or employee of the PAO shall be liable to any person whatsoever for anything done or omitted to be done in respect of the administration of the Plan, except where the act or omission was fraudulent or in bad faith.

5.2. Indemnification

The University shall indemnify and save harmless the Pension Board Members and employees of the PAO and any other employees who are involved in the administration of the Plan from the effects and consequences of their acts, omissions and conduct in their formal capacity to the extent permitted by law except for their own wilful and intentional malfeasance or misconduct. No part of the Plan funds shall be used for indemnification payments. For greater certainty, any

indemnity under this provision shall be in addition to, and not in derogation of, any other indemnity that may apply to a Pension Board Member.

5.3. Fiduciary Liability Insurance

The Pension Board shall directly or through the University maintain appropriate fiduciary liability insurance covering the Board of Governors, the Pension Board Members and all of their respective agents and employees engaged in the administration of the Plan.

6. **MAINTENANCE OF THE PLAN**

6.1. Administration of the Plan

The Plan will be administered in accordance with the terms set out in the Plan text. The Pension Board and PAO shall consider the Plan's purposes and objectives.

6.2. Payment of Benefits

The PAO shall approve the commencement of pensions and other benefits payable in accordance with the Plan and provide payment authorizations to the custodian. Senior Management shall decide who among the PAO staff or others shall be authorized signatories of the custodian.

6.3. General Administrative Powers

For greater certainty, the Pension Board shall have the power to interpret the Plan to resolve inconsistencies or uncertainties, establish and vary administrative procedures and timelines necessary for the sound administration of the Plan and make and vary any determinations constituting "Approved Manner" provided for in the Plan text.

6.4. Material and Non-Material Amendments

The Pension Board shall determine when amendments to the Plan are required based on the advice of the PAO and external advisors. The Pension Board will decide whether an amendment to the Plan is material or non-material. A "**Material Amendment**" shall be any amendment that has a significant impact on the cost or design of benefits, unless the amendment is made solely to comply with law. A "**Non-Material Amendment**" shall be an amendment that is made solely to comply with law (regardless of impact on cost or design of benefits), or is made for any other reason if it has no significant impact on cost or design of benefits.

6.5. Adoption of Amendments

Material Amendments will be reviewed by the Pension Board, and if appropriate recommended to the Board of Governors for adoption. Non-Material Amendments, once approved by the Pension Board, may be executed by the Independent Chair and one other member of the Pension Board, whereupon the amendment will be considered adopted by the University.

6.6. New Plans, Termination and Merger of Plans

The Pension Board may consider matters relating to terminations and mergers of the Plan, and the adoption of new pension plans, and make recommendations to the Board of Governors.

6.7. Communications

The Pension Board shall work to ensure that communication strategies are in place so that Plan members and other beneficiaries are aware of the purpose of the Plan, have timely, accurate and complete access to general information about the Plan and have the ready means to ask questions about the Plan and their entitlements under it.

7. PENSION BOARD REPORTS

7.1. Annual Governance and Compliance Reporting

The Pension Board shall provide a report to the Board of Governors at least once per calendar year on the Plan's compliance with applicable laws and internal policies, including these Terms of Reference, the Plan's governance, the funding of the Plan, the investment of the pension fund, and the performance of the PAO. This report will be in a form deemed appropriate by the Pension Board, modified as requested by the Board of Governors.

7.2. Annual Report

The Pension Board shall provide an annual report to the Board of Governors in a form consistent with Appendix D. Each such written report must contain the Pension Board's assessment of IMANT's performance during the calendar year covered by the annual report.

7.3. Reports by Delegates

Any person or subcommittee who performs delegated duties (including internal personnel or external service providers) must report to the Pension Board in such manner and at such intervals as the Pension Board determines.

7.4. *Ad Hoc* Reports and Research

The Pension Board may commission such further reports or research as it deems appropriate.

8. SUPERVISION OF THIRD PARTIES

8.1. Appointment, Retention and Termination of Service Providers

- (a) Subject to subsections (c), (d) and (e) the Pension Board shall be responsible for the appointment, termination and supervision of service providers, which shall include a custodian of the pension fund, an actuary, an auditor, an asset consultant and legal counsel.
- (b) The Pension Board may appoint additional agents at their reasonable discretion.
- (c) The University has appointed IMANT as investment manager to the Plan, and the Pension Board shall supervise IMANT in accordance with these Terms of Reference on the University's behalf.
- (d) The University has appointed the PAO to provide the day to day administration team for the Plan, but the Pension Board shall supervise the PAO.
- (e) The Pension Board may delegate authority to supervise a service provider, generally or in respect of a specific project, to the PAO or to a subcommittee, provided such delegates report to the Pension Board.
- (f) Before appointing an external service provider, and on a regular basis while a service provider is retained, the Pension Board (or delegated PAO or subcommittee) shall consider the service provider's:
 - (i) appropriateness of professional training;
 - (ii) experience;
 - (iii) specialization;
 - (iv) cost;
 - (v) understanding of legislation and rules;
 - (vi) consistency of service;
 - (vii) quality of work;
 - (viii) financial and human resources capacity to meet obligations; and
 - (ix) presence or absence of conflict of interest.

8.2. Service Provider Contracts

If the Pension Board considers it appropriate, it shall enter into written contracts with service providers for the Plan. The Pension Board shall approve and execute contracts with service providers for the Plan other than IMANT. Senior Management shall approve and execute contracts with IMANT. In the case of the review and execution of contracts related to the Plan, the PAO shall provide analysis, viewpoints and recommendations to the extent required. The PAO may first consult with legal or other professional advisors on the contract terms before recommending a contract for adoption.

8.3. Fee Arrangements

The Pension Board shall approve the fee arrangements of the asset consultant, the custodian, the auditor, the actuary and the other agents and advisors to the Pension Board other than IMANT following any consultation with Senior Management deemed prudent. The PAO shall provide analysis, viewpoints and recommendations to the extent required.

9. CODE OF CONDUCT AND CONFLICT OF INTEREST RULES

9.1. Application

The University's own code of conduct and conflict of interest policies shall apply fully to the Pension Board and PAO, except as modified by this Section 9. When acting in a fiduciary capacity (as described in Section 2.1), members of the Pension Board and employees of the PAO will act in the best interests of the persons to whom the fiduciary obligation is owed. When acting in a non-fiduciary capacity (as described in Section 2.2), such individuals will act in the best interests of the University, while respecting the rights of other stakeholders.

9.2. Identifying Conflicts of Interest Specific to the Plan

- (a) **“Conflict of Interest”** means a conflict between the Personal Interest of a member of the Pension Board or PAO and his or her duty to act in accordance with the principles set out in Section 2.1 in the discharge of his or her official responsibilities.
- (b) **“Personal Interest”** means a pecuniary or non-pecuniary interest that an individual has, directly or indirectly, in relation to a pension or other Plan matter, and which materially interests him or her at an individual level or as a member of a small class or group of similarly situated persons.
- (c) An individual's entitlement to a pension or other benefit that is generally available to all other members of a Plan does not constitute a Conflict of Interest on its own.

- (d) An individual's position as an employee, officer or director of the University does not constitute a Conflict of Interest on its own.

9.3. Responding to Conflicts of Interest

- (a) When a member of the Pension Board has a Conflict of Interest, the individual shall:
 - (i) advise the Independent Chair of the Pension Board (or where it is the Independent Chair of the Pension Board the rest of the Pension Board); and
 - (ii) abstain from decision making with respect to the issue.
- (b) If a person abstains from decision making with respect to an issue pursuant to subsection (a) he or she will, nonetheless, be considered present for the purposes of establishing quorum provided he or she is otherwise present.
- (c) Every disclosure of a Conflict of Interest shall be recorded in the minutes of the relevant Pension Board meeting.

10. **PRIVACY**

10.1. Application

The University's own privacy and protection of personal information policies govern the activities of the employees and officers of the University who are involved in the Pension Board and shall apply fully to the personal information relating to the Plan, except as modified in this Section 10. In dealing with privacy issues, the Pension Board and PAO shall be cognizant of their duties to members of the Plan, which in some cases are fiduciary duties and in some cases may not be identical to the duties they owe to the University.

10.2. Purpose of Collection of Personal Information

Certain personal information is required to administer the Plan. For example, personal information is required in order to determine whether:

- (a) an individual is entitled to participate in the Plan;
- (b) an individual is entitled to benefits from the Plan and the value of the benefits; and
- (c) a benefit should be paid to an individual's spouse, dependant or designated beneficiary.

10.3. Collection, Use and Disclosure of Personal Information

The Pension Board may collect personal information from those who participate in the Plan (including spouses, dependants and designated beneficiaries) in order to properly administer the Plan, including information proving identity, address and demographic information required for valuation or underwriting purposes.

10.4. Refusal to Give or Withdrawal of Consent

- (a) Nothing in this Section 10 detracts from any applicable law which places the onus on a person seeking an entitlement under the Plan to prove his or her entitlement to the Pension Board's satisfaction.
- (b) If an individual from whom the Pension Board seeks personal information to administer the Plan refuses to provide that personal information or withdraws consent previously provided to the Pension Board, and such withdrawal or refusal impairs the Pension Board's ability to:
 - (i) determine the individual's eligibility for any benefit;
 - (ii) calculate the value of any entitlement to benefits;
 - (iii) pay a benefit; or
 - (iv) otherwise administer the Plan in respect of that individual,

the Pension Board may cease the payment of any benefit to that individual unless and until the necessary information is provided by the individual, provided the individual is advised of the consequences of his or her withdrawal or refusal of consent.

11. HANDLING OF PLAN DOCUMENTS AND RECORDS

11.1. Confidential Information

For the purposes of these Terms of Reference, confidential information is information relating to the Plan that is not within the public domain, including without limitation:

- (a) any minutes or portions of minutes from meetings of the Pension Board that the Pension Board has resolved to make confidential;
- (b) decisions of the Board of Governors (or a committee of the board) or Senior Management of the University before release to the public;
- (c) advice that is subject to solicitor/client privilege, including communications necessary for that purpose;

-
- (d) actuarial advice including communications necessary for that purpose;
 - (e) material protected by applicable privacy legislation;
 - (f) information relating to labour relations or other employee relations;
 - (g) information relating to litigation or potential litigation;
 - (h) information relating to administrative tribunal hearings or potential administrative tribunal hearings; and
 - (i) any other information, the release of which or discussion of which could be detrimental to the Plan or the beneficiaries of the Plan.

11.2. Use of Confidential Information

No member of the Pension Board or employees of the PAO may disclose any confidential information acquired in the course of carrying out such person's office or powers, unless such disclosure is expressly consented to by the person to whom the confidential information relates, or such disclosure is authorized by law. No person shall use any confidential information he or she acquired in the course of carrying out his or her office or powers for the personal benefit of that person or the personal benefit of a friend, associate or relative of that person.

11.3. Pension Board may Authorize Disclosure

Despite Sections 11.1 and 11.2, the Pension Board may authorize limited or full disclosure of Confidential Information if in their opinion such disclosure is warranted or is otherwise in the best interests of the Plan.

11.4. Safeguarding of Confidential Information

Each member of the Pension Board and PAO shall exercise due diligence in the protection of confidential information and in so doing shall make use of appropriate methods and technologies.

11.5. Records and Destruction Policy

The University's records retention and destruction policy contains standards applicable to pension records. Such standards shall be considered incorporated into these Terms of Reference. However, the PAO may establish additional non-contradictory terms applicable specifically to pension records in its possession.

12. INVESTMENT AND PLAN FUNDING

12.1. Annual or More Frequent Review of Investments

The Pension Board shall regularly review the investments of the Plan. The Pension Board may delegate the investment functions described in this Section 12 to a subcommittee charged specifically with the oversight of pension investment matters. The Pension Board shall provide an annual report to the Board of Governors on the Pension Board's assessment of IMANT's performance during the preceding calendar year.

12.2. Statement of Investment Policies and Procedures

The University, acting through the Finance Committee of the Board of Governors, shall maintain a SIPP for the Plan that provides that investments are made in the best financial interests of the individuals entitled to benefits under the Plan and in a manner that a reasonable and prudent person would apply when there is owed a fiduciary duty to make investments with a reasonable expectation of return without undue risk of loss. The Pension Board shall supervise the investment and funding functions of the Plan and ensure the SIPP is being complied with. In consultation with such third party experts and advisors as the Pension Board considers prudent to consult, the Pension Board shall recommend to the Finance Committee of the Board of Governors readoption of or amendments to the SIPP at least once per calendar year. The Pension Board and PAO shall monitor compliance with the SIPP and report thereon in the report referred to in Section 7.1.

12.3. Regular Meetings with IMANT

The Pension Board may request the attendance of representatives from IMANT or other investment managers providing advice and investment placement services to the Plan at a meeting of the Pension Board. An in person presentation from IMANT shall take place at least twice a year.

12.4. Annual Meeting with Asset Consultant

The Pension Board shall meet with its asset consultant at least annually.

12.5. Annual Meeting with Actuary

The Pension Board shall consult with the actuary for the Plan at least annually on the funded position of the Plan. The Pension Board shall review the actuary's actuarial valuation reports for funding purposes, and if acceptable to the Pension Board in consideration of the Plan terms and the SIPP, approve such reports for filing with the regulatory authorities. The Pension Board may elect to commission actuarial valuation reports more frequently than required by the PBSA, and direct that they be reviewed and filed as described in this Section 12.5.

12.6. Benefits / Funding Test

The Pension Board shall administer the Benefits / Funding Test as described in Article 13 of the Plan, including making all decisions and determinations contemplated or required therein.

13. **RISK MANAGEMENT**

13.1. Risk Management

The Pension Board aims to reduce risks faced by the Plan through sound knowledge of the Plan and active consideration of risk factors. The Pension Board on a periodic cycle, completes a risk management review with its service providers and IMANT, to understand material risk to the Staff Plan, risk exposure, risk mitigation and action required. Risk Management is described further in Sections 13.2 through 13.5.

13.2. Actuarial Risk

The Actuarial component of risk management concerns the actuarial valuation of the Plan's assets and liabilities and ensuring compliance with legislation and the professional standards of the Canadian Institute of Actuaries. It also encompasses any advice, analysis, testing or special reports which may be provided by the actuary at the request of the Pension Board.

To address these risks, the Pension Board shall:

- (a) comply with the service provider oversight provision in Section 8 in respect of actuaries;
- (b) maintain open channels of communication with the actuary to ensure the actuary possesses the data that he or she requires to perform the actuarial valuation;
- (c) promptly communicate to the actuary any plan amendments or changes to the SIPP, as well as changes to the Plan or plan processes;
- (d) promptly review actuarial reports and ensure that actuarial recommendations are followed; and
- (e) require the actuary to specifically address actuarial risks facing the Plan in writing and in person during the actuary's annual meeting with the Pension Board referred to in Section 12.5.

13.3. Administration Risk

The Administration aspect of risk management concerns the general day-to-day administration and management of the Plan, including amendments and plan design.

To address these risks, the Pension Board shall:

- (a) comply with the service provider oversight provisions in Section 8;
- (b) review this document regularly to ensure that the current status of the Plan is reflected and that procedures remain effective and relevant;
- (c) have procedures in place to ensure that contributions are appropriately collected and remitted to the custodian;
- (d) comply with the plan documents and records policy set out in Section 11;
- (e) before making amendments to the Plan, ensure that there has been analysis of their effect and that the reasoning behind the amendments has been documented; and
- (f) require the PAO to specifically address administration risks facing the Plan in its reports to the Pension Board at least once per year.

13.4. Asset Management Risk

Asset management concerns how the Plan's funds are managed including investment decisions, regulatory compliance with investment rules, monitoring and reporting.

To address these risks, the Pension Board shall:

- (a) monitor IMANT's investment performance on a quarterly basis;
- (b) maintain regular communication with IMANT and monitor investment management fees; and
- (c) require IMANT to specifically address asset management risks facing the Plan in writing and in person during IMANT's in person meetings with the Pension Board referred to in Section 12.3.

The University, on the advice of the Pension Board, shall maintain the SIPP, which must be confirmed, and updated if necessary, at least annually.

13.5. Communication to Members of Plan Risks

This final area of risk management involves ensuring that each member is provided with the tools to understand the nature of the Plan, including the Plan's promised

benefits and who bears the risks. It also concerns ensuring that members receive prescribed information and are aware of plan amendments that may impact their rights and benefits.

To address these risks, the Pension Board shall take account of and distinguish between the communication needs of active plan members, inactive and retired members and other beneficiaries, and shall:

- (a) require the PAO to maintain a formal communication process for providing required disclosure, handling member inquiries and for documenting decisions made in relation to member disclosure or inquiries;
- (b) require the PAO to maintain a policy in respect of electronic information delivery, which addresses, among other things, the types of information that should be posted as well as website security, update frequency and privacy issues; and
- (c) require the PAO to report to the Pension Board specifically on member communication policies and related risks at least once per year.

APPENDIX A

AGENDA CALENDAR

| | TASK | MINIMUM FREQUENCY |
|-----|--|--------------------------|
| 1. | Administrative report from PAO | Quarterly |
| 2. | Review reports from Custodian | Once per year |
| 3. | In person report from Actuary | Once per year |
| 4. | Review updates from Actuary on Plan's financial position | Quarterly |
| 5. | Review and recommend amendments to, or confirmation of, the SIPP | Once per year |
| 6. | In person report from IMANT | Twice per year |
| 7. | Review the investment performance of IMANT | Quarterly |
| 8. | Assess the investment performance of IMANT | Once per year |
| 9. | In person report from Asset Consultant | Once per year |
| 10. | Annual Governance Report and Compliance Checklist | Once per year |
| 11. | Review communication plan | Once per year |
| 12. | Review actuarial valuation | Triennially |
| 13. | Review the Plan's Funding Policy | Triennially |
| 14. | Plan Assessment under the PBSA | Triennially |
| 15. | Review and approve the audited financial statements | Annually |

APPENDIX B

ROLES AND RESPONSIBILITIES TABLE

The following terms and definitions are provided to assist in the interpretation of this table.

| | |
|---------------|--|
| “Approve” | To pass final decision on a recommendation or a document (such as a policy or report). |
| “Accept” | To formally acknowledge the findings in a report, as prepared by pension staff or an independent third party (e.g., auditor, actuary). |
| “Recommend” | To develop, summarize or aggregate relevant information into a recommendation or document, and recommend it to a specified party for approval. |
| “Present” | To develop, summarize or aggregate relevant information in a report format and present it to a specified party for information purposes, or to be formally accepted. |
| “Advise” | To review and assess a recommendation or document, and provide advice or input to a specified party. |
| “Implement” | To implement a policy or the recommendations of a report, as directed by a senior party. |
| “Information” | To receive for information purposes, education or awareness in summary form in a later report. |
| “Notice” | To receive a prompt notice and description of a decision or document made or prepared by another person. |
| “Review” | To receive “Notice” of the “Approval” of a decision, recommendation or document by another person or body and to have the power to overrule, reject or amend it. |

Note: Each of the following matters are to be reviewed on an as needed or periodic basis, unless stated otherwise.

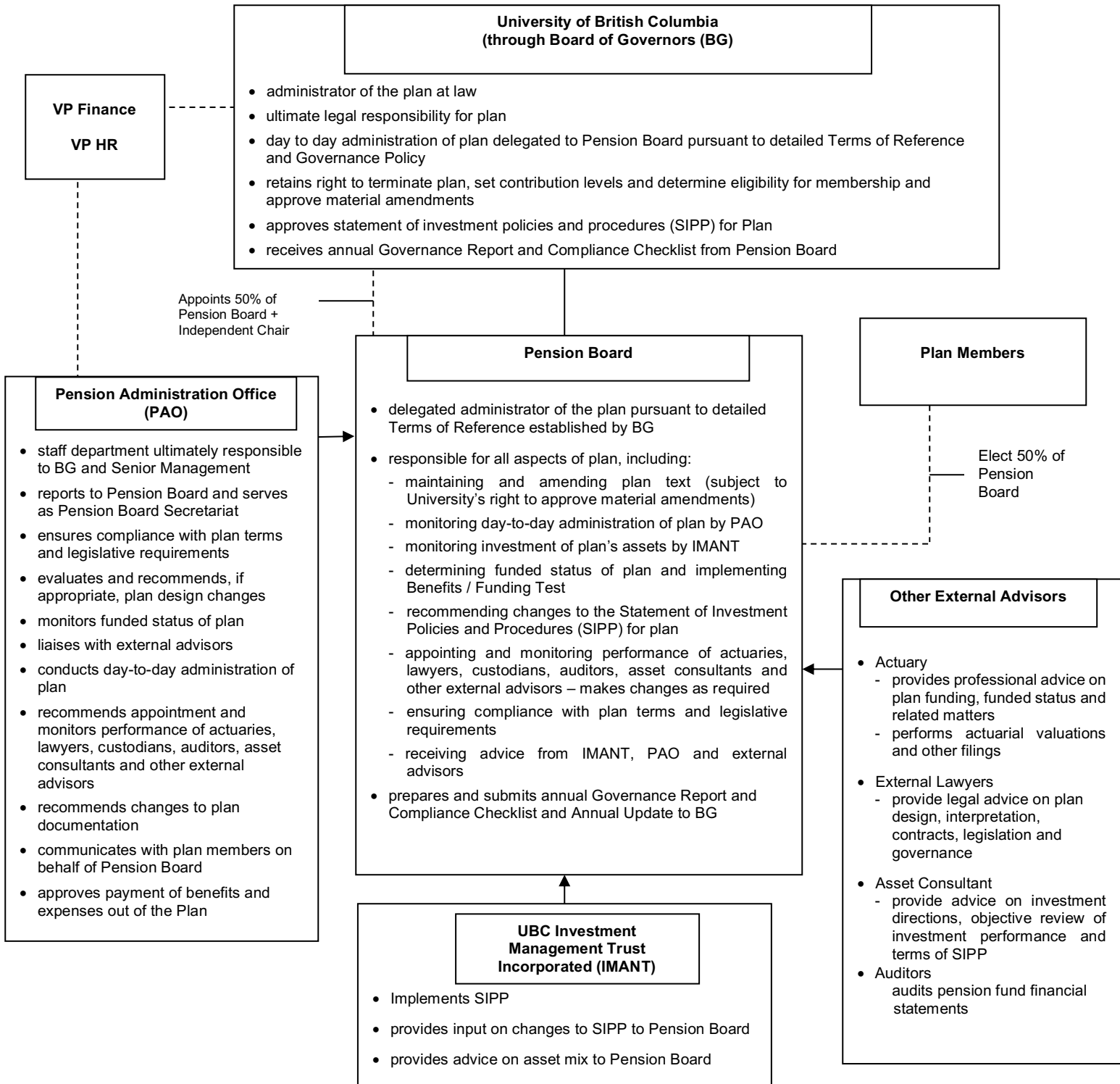
| TASK: | Board of Governors (BG) | Senior Management (SM) * | Pension Board (PB) | Pension Administration Office (PAO) |
|---|------------------------------------|---------------------------------|---------------------------|--|
| A. Plan Design | | | | |
| A.1 Benefit Design and Provisions | Approve | Advise BG | Recommend to SM | Advise PB and SM |
| A.2 Plan Amendments - material | Approve | Advise BG | Recommend to BG | Advise PB and SM |
| A.3 Plan Amendments - non-material | Information | Information | Approve | Recommend to PB |
| A.4 Plan Termination or Annuitization | Approve | Advise BG | Recommend to SM | Assist PB |
| A.5 Setting “Approved Manner” | Information | Information | Approve | Recommend to PB |
| B. Plan Funding and Benefit Security | | | | |
| B.1 Actuarial Methods & Assumptions | Information | Information | Approve | Information |
| B.2 Actuarial Valuation Reports | Information | Information | Approve | Advise PB |
| B.3 Benefits / Funding Test Matters | Information | Information | Approve | Implement |
| B.4 Decision to file interim Actuarial Valuations | Information | Information | Approve | Advise PB |
| C. Plan Asset Management | | | | |
| C.1 Statement of Investment Policies & Procedures (reviewed annually) | Finance Committee of BG to Approve | Advise BG | Advise BG | Prepare |
| C.2 Asset liability studies | Information | Information | Accept | Advise PB |
| C.3 Review Investment Performance | Information | Information | Approve | Advise PB |
| D. Governance Control, Compliance and Reporting | | | | |

| TASK: | Board of Governors (BG) | Senior Management (SM) * | Pension Board (PB) | Pension Administration Office (PAO) |
|--|--------------------------------|---------------------------------|------------------------------|--|
| D.1 Annual Pension Report (per Section 7.1) | Review | Advise BG | Approve subject to BG Review | Prepare |
| D.2 Audited Financial Statements | Information | Information | Approve | Information |
| D.3 Annual Information Returns | Information | Information | Information | Approve |
| D.4 Terms of Reference (annual review) | Approve | Advise BG | Recommend to BG | Advise PB |
| E. Service Providers: | | | | |
| E.1 Appoint/Terminate/Supervise External Auditor | Information | Information | Approve | Recommend to PB |
| E.2 Appoint/Terminate/Supervise Legal Advisor | Information | Information | Approve | Recommend to PB |
| E.3 Appoint/Terminate/Supervise Actuary | Information | Information | Approve | Recommend to PB |
| E.4 Appoint/Terminate/Supervise Asset Consultant | Information | Information | Approve | Recommend to PB |
| E.5 Appoint/Terminate/Supervise Custodian | Information | Information | Approve | Recommend to PB |
| E.6 Appoint/Terminate IMANT | Approve | Advise BG | Information | Information |
| E.7 Supervise IMANT | Information | Information | Approve | Advise PB |
| E. 8 Review/Approve service provider contracts | Information | Information | Approve | Recommend to PB |

* Senior Management is VP Finance or VP Human Resources.

APPENDIX C

Roles & Responsibilities



APPENDIX D

TEMPLATE ANNUAL PLAN REPORT TO BOARD OF GOVERNORS

The University of British Columbia

Staff Pension Plan

Annual Report from Staff Pension Board

for the calendar year

20XX

Approved by the Pension Board

_____, 20XX

The University of British Columbia Staff Pension Plan

Annual Report

1 PURPOSE OF THIS REPORT

The University of British Columbia (the “**University**”) sponsors the University of British Columbia Staff Pension Plan (the “**Plan**”). The Plan provides benefits to non-faculty staff of the University and several related employers and bargaining agents. The Plan is registered under the *Pension Benefits Standards Act* (British Columbia) (the “**PBSA**”) and the *Income Tax Act* (Canada) (the “**ITA**”). It is a target benefit plan design, which means that benefit levels are defined but the University and other participating employers’ contribution obligations are limited to a fixed contribution rate of 9.13% of members’ pensionable earnings, and increasing to 9.4% effective October 1, 2018. The employee contribution rate is 6.5% of pensionable earnings. A benefits funding test is used to enable coordination of benefit levels and available funding.

The University of British Columbia Staff Pension Plan Pension Board (the “**Pension Board**”) has been established to perform administration duties related to the Plan and to oversee the Plan’s compliance with governing legislation and regulatory guidelines. The Pension Board meets at least four times per year to oversee the administration of the Plan, supervise agents, review and direct the investment of the Plan’s funds, receive reports and provide direction in respect of projects that the Pension Board has initiated. The Pension Board meetings are minuted.

As part of its regular duties the Pension Board completes this Annual Report to update the Board of Governors on key plan developments, including investment and funding matters.

2 ANNUAL REPORT

2.1 Pension Board Composition Updates



2.2 Pension Administration Office Key Personnel Updates



2.3 Plan Service Providers Updates



3 KEY PLAN ADMINISTRATION DEVELOPMENTS AFFECTING THE PLAN DURING THE XX YEAR

4 UPDATE ON PLAN MEMBER COMMUNICATION

5 UPDATE ON RISK MANAGEMENT

6 UPDATE ON ESTIMATED FUNDED POSITION OF THE PLAN

7 PENSION BOARD'S ASSESSMENT OF IMANT'S PERFORMANCE

8 ANNUAL GOVERNANCE AND COMPLIANCE REPORTING