

Governance Document

University of Saskatchewan

Academic Money Purchase

Pension Plan

December 9, 2011

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Section 1: Introduction and Definitions

1. Introduction

It is intended that this document be in compliance with the Plan Document. In the event of a discrepancy between this document and the Plan Document, the Plan Document shall govern. Any changes in the governance structure of the Plan are to be negotiated between the Association and the University in accordance with the Collective Agreement.

2. Definitions

For the purposes of this document the following words, phrases and abbreviations are assigned.

- (a) “Accounts,” means all of the accounts established in the Fund for the benefit of Participants.
- (b) “Administrator,” means the Board of Governors of the University of Saskatchewan
- (c) “Agent,” means any person or company retained by the Board for services related to the administration and operation of the Plan or Fund. Agents include, but are not limited to, Investment Managers, Service Provider, Investment Consultant and Pension Consultant.
- (d) “AMPPC,” means the Academic Money Purchase Pension Committee, formerly known as the Fringe Benefits Committee, and it is a joint Committee, consisting of 6 persons: three appointed by the Board and three by the Association.
- (e) “Association,” means the University of Saskatchewan Faculty Association.
- (f) “Board,” means the Board of Governors of the University of Saskatchewan.
- (g) “Collective Agreement,” means the Collective Agreement between the University and the Association.
- (h) “Default Fund Option” means a specific investment vehicle approved by the Board from time to time for the investment of such monies in a

Participant's Accounts and such amount of ongoing contributions made by or in respect of a Participant for which no Participant investment instructions are given.

- (i) "Director of Pensions," means the employee of the University designated by the Board to carry out certain administrative responsibilities of the Board in respect of the Plan and Fund.
- (j) Expense Policy, means the method of determining the types of reasonable and properly incurred fees and expenses that will be charged to the Plan, and allocated to Participant Accounts, the principles followed, the approval mechanisms and timing to be followed. The Expense Policy is developed and amended from time to time by the AMPPC and approved by the Board.
- (j) "Fund," mean the assets of the Plan.
- (k) "Investment Consultant," means such company or other persons as the Board may appoint from time to time to provide strategic advice regarding the Plan's investment policy, investment managers and investment performance issues.
- (l) "Investment Manager(s)," means such company(ies) or other persons as the Board may appoint from time to time for the purpose of investing a portion of the assets in the Fund in accordance with a mandate specified in the Statement of Investment Policies and Procedures.
- (m) "Life Cycle Fund," means an investment option specified in the SIPP comprising a combination of different specialty asset classes, with distinct risk/return characteristics.
- (n) "Participant," means a Member or Inactive Member of the Plan as defined in the Plan Document.
- (o) "Pension Administrator," means the individual or individuals, including the Director of Pensions, designated by the Board from time to time to perform the duties and administrative functions for the Board in respect of the Plan set out in Section 6 herein. Where the Board appoints more than one individual to perform such duties and functions, the individuals collectively shall be referred to as the Pension Administrator and the duties and functions set out in Section 6 herein shall be allocated among such individuals as the Board may determine from time to time.

- (p) “Pension Consultant,” means such company(ies) or other persons as the Board may appoint from time to time to provide strategic advice regarding Plan design, communication and education for Plan participants and other matters that would affect the Plan.
- (q) “Plan,” means the University of Saskatchewan 2000 Academic Money Purchase Pension Plan.
- (r) “Plan Document,” means the text of the Plan as amended from time to time in accordance with the Collective Agreement.
- (s) “Service Provider,” means a trust company or life insurance company appointed by the Board to act as custodian of the Fund in accordance with the Plan, and to provide support in the administration of the Fund including for the investment options offered under the Fund’s investment structure, and record keeping for individual Participant accounts.
- (t) “Service and Fee Agreement,” means the agreement entered into between the Service Provider and the Board or its designate, setting out the services to be rendered and the fees to be charged and includes any subsequent clarifications or modifications to the services to be rendered as agreed between the Service Provider and the Board or its designate, from time to time.
- (u) “SIPP,” means the Statement of Investment Policies and Procedures approved by the Board for the investment of the Fund as amended from time to time.
- (v) “Soft Dollars”, means the use of commissions generated by trades to pay for goods and services provided by a brokerage firm.
- (w) “University,” means the University of Saskatchewan as employer and as defined in the certification order of the Saskatchewan Labour Relations Board as amended from time to time.

Section 2: Mission Statement

The mission of the University of Saskatchewan 2000 Money Purchase Pension Plan is to assist its Participants in the building of an adequate retirement income through a tax effective savings vehicle.

The pursuit of this mission will be supported by:

1. Compliance with the Plan Document, the SIPP, all relevant provisions of the Collective Agreement between the University and the Association and statutory and fiduciary obligations;
2. An investment policy that allows Participants to diversify their assets amongst a broad range of investments;
3. An education and communication policy to assist Participants in making informed decisions about their benefits;
4. The provision of accurate and timely Plan administration services to Participants;
5. Open and timely communication between the Pension Administrator, the Association, the AMPPC and all Plan Participants; and
6. Clear identification and delineation of the duties and responsibilities of all participants in the governance, management, and operation of the Plan and Fund.

Section 3: Statement of Governance Objectives and Principles

A. GOVERNANCE OBJECTIVES

The objectives of the governance system are to:

1. Ensure compliance with the Plan Document, the SIPP, the Collective Agreement, applicable legislation and the requirements of regulatory authorities;
2. Ensure the Board, Agents and all providers of service meet their obligations;
3. Conduct the operations of the Plan and Fund in an efficient and cost effective manner; and
4. Achieve the Plan's mission, as set out in Section 2 of this Governance Document.

B. THE SCOPE OF PLAN GOVERNANCE

The scope of Plan governance includes:

1. The investment of the assets of the Plan;
2. The education of Plan Participants; and
3. The administration of benefits.

C. GOVERNANCE PRINCIPLES

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

1. The Plan should have a clear mission;
2. Responsibilities and accountabilities should be identified clearly. Each participant in the governance, management, and operation of the Plan and Fund should have a clearly defined and documented role, and an identified party to whom he/she is accountable.

3. Each participant in the governance, management, and operation of the Plan and Fund shall adhere to the principle that conflicts of interest shall be avoided. Should a conflict of interest nevertheless arise, Section 8.01 of the SIPP and Appendix B of this document, specifies the steps to be taken to address it.
4. Performance should be measured and reported; and
5. There should be an assessment of the governance processes from time to time. The governance process should be reviewed and modified over time to ensure its effectiveness.

D. THE GOVERNING POLICIES

The Board is responsible for adopting policies that govern the Plan and the Fund, the Board's relationship with the Plan Participants, the Pension Administrator, the Association, and the providers of services.

E. GOVERNANCE REVIEW

1. The Board will periodically, but at least every three years, provide for an assessment of the governance structure and process of the Plan and Fund and will consult with the AMPPC with respect to such assessment. Changes to the governance structure and processes are to be negotiated between the Association and the University in accordance with the Collective Agreement.
2. The review will include topics such as:
 - a) The performance of all providers of service to the Plan and Fund;
 - b) The degree of adherence to the governance principles; and
 - c) The effectiveness of:
 - i) The governance structure and process;
 - ii) Relations with Participants and all providers of service to the Plan and Fund.

Section 4: Board of Governors - Terms of Reference

A. GENERAL

The Board of Governors of the University of Saskatchewan has two roles in pension governance, that of Plan Sponsor and Administrator. The Plan Sponsor is the party that controls the nature of benefits from the plan. The Administrator is responsible for operating the plan to deliver the benefits provided by the plan text. These roles are further discussed in Appendix A: Distinction of Roles.

The Board, as Plan Administrator, has the responsibility to govern, manage and operate the Plan and Fund on behalf of the Participants.

B. SCOPE OF RESPONSIBILITIES OF THE BOARD

1. In order to meet its responsibilities as Administrator, the Board may delegate certain authority to administrative staff of the University. In addition, in order to meet its other responsibilities, the Board may retain the services of external Agents; in retaining such Agents, the Board shall take into account the recommendations made to it by the AMPPC.
2. The Board shall oversee the performance of any administrative staff to whom authority is delegated and shall oversee the performance of any external Agent and in so doing, it shall take into account recommendations made to it by the AMPPC.

C. OBJECTIVES OF THE BOARD

1. To maintain the Accounts of Participants in a safe and prudent fashion.
2. To ensure that the investment and administrative functions of the Plan comply with the terms of the Plan, the SIPP, all policies adopted by the Board, the Collective Agreement, applicable legislation and the requirements of regulatory authorities.
3. To ensure that the Board fulfills its fiduciary obligations to the Plan and Fund.

4. To achieve the Results (see paragraph E. “Results Expected from the Board”), while adhering to the Limitations (see paragraph F. “Limitations on the Methods Utilized by the Board”) specified in these Terms of Reference.

D. RESPONSIBILITIES OF THE BOARD

1. Oversee the governance processes involved in managing the Plan and make any changes negotiated between the Association and the University in accordance with the Collective Agreement.
2. Ensure reasonable and appropriate controls to prevent material errors, inefficiencies, and fraud. In order to do so, the Board may delegate authority to the Vice-president (Finance and Resources) to implement and maintain such controls. Should material errors, inefficiencies, and fraud nevertheless occur, the Board shall ensure that there is an appropriate and timely response, which may include a response by the Vice President (Finance and Resources).
3. At least once every three years, ensure the governance structure and processes are assessed.
4. Appoint three members to the AMPPC.
5. Ensure that the AMPPC is provided with all documentation necessary for the AMPPC to monitor expenses to be charged to Participants’ Accounts. In order to do so, the Board may delegate to the Director of Pensions the authority to provide such documentation.
6. Approve and adopt any amendments to the Plan that are negotiated between the Association and the University in accordance with the Collective Agreement.
7. Approve investment policy, including the SIPP, investment manager structure and investment options (including, but not limited to, the Default Fund Option) available to Participants and any changes made.

8. Approve the processes used to monitor the investment performance of the Fund, Investment Manager(s) and Investment Consultant.
9. Delegate authority to the Vice-President (Finance and Resources) to cause to be maintained such Plan records as are necessary to accurately determine the benefits due to each Participant in accordance with the terms of the Plan, for review by each Participant.
10. Delegate authority to the Vice-President (Finance and Resources) to approve investments by Investment Managers to be outside the guidelines of the SIPP provided this is on a temporary basis and is in the best interests of the Fund, after considering the recommendation of same from the AMPPC.
11. Appoint Agents and all providers of service for the administration, management and operation of the Plan and Fund.
12. Ensure that letters of engagement and contracts exist for all Agents to the Plan and that the responsibilities of the Agents in these letters and contracts conform to the responsibilities as specified in the SIPP and this document. In order to do so, the Board may delegate authority to the Vice-President (Finance and Resources) to ensure aforementioned compliance.
13. Approve Participant education and communication policies.
14. Review fund performance.
15. Approve the administrative budget after review of the proposed budget by the AMPPC.
16. Approve audited financial statements.
17. Implement policies to provide assurance that soft dollars are not used to pay for services to the Fund, except in the limited circumstances set out in Section 8.05 of the SIPP.

E. RESULTS EXPECTED FROM THE BOARD

1. Compliance of the investment and administrative services with the Plan, the SIPP, all policies adopted by the Board, and all applicable legislation; and
2. Efficient delivery of benefits to Plan Participants subject to the Plan Document and applicable legislation.

F. LIMITATIONS ON THE METHODS UTILIZED BY THE BOARD

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

1. Operate in compliance with the Plan, the Collective Agreement, the SIPP and all policies adopted by the Board;
2. Utilize only methods and processes which comply with applicable legislation and the requirements of regulatory authorities;
3. Utilize only methods and processes which are prudent;
4. Maintain the integrity of financial reporting and administration systems and associated records; and
5. Utilize methods or processes that are consistent with the fulfillment of fiduciary obligations arising from the Plan.

Section 5: Academic Money Purchase Pension Committee - Terms of Reference

A. GENERAL

1. The University and the Association have negotiated the formation of the AMPPC. The terms of reference of the AMPPC and all governance issues related to the AMPPC are set out in the Plan Document and may only be changed through amendments to the Plan Document negotiated by the University and the Association, and ratified by eligible members of the Association.
2. The AMPPC shall select by way of majority vote one of its members to serve as Chair and another to serve as Vice-Chair. The Chair and Vice-Chair shall serve for one year at which time the members of the AMPPC shall, by majority vote, select a replacement Chair and Vice-Chair. The Chair and Vice-Chair shall be selected one year from the Association appointees to the AMPPC and the next year from the Board appointees to the AMPPC so as to ensure that both Chair and Vice-Chair are not selected from either the Association or Board appointees in any one year.
3. All decisions of the AMPPC shall be made by majority vote including the vote of the Chair. If the voting results in a tie, the matter shall be referred to the Board for decision. A representative of each of the opposing voting sides shall report to the Board.

B. SCOPE OF RESPONSIBILITIES OF THE COMMITTEE

1. The AMPPC has the responsibility to monitor the governance, administration and operation of the Plan and Fund and for this purpose shall have access to all documents and all providers of service to enable it to fulfill this mandate.
2. The AMPPC shall provide recommendations to and report to the Board on a timely basis; in addition those members of the AMPPC

appointed by the Board shall report to the University and those appointed by the Association shall report to the Association as the University and Association may require.

C. MANDATE OF THE COMMITTEE

It is understood that the representatives appointed by the Board and the Faculty Association have the authority to consult with the respective parties who appointed them prior to formulating any recommendations or reports relating to the mandate of the Committee as specified below.

1. Monitor the administration, management and operation of the Plan and Fund and report regarding this function to the Board and the Association at least once annually or more frequently as the Board or Association may require of its representatives on the AMPPC.
2. Recommend a Mission Statement for the Plan to the Board for approval.
3. Review investment and accounting reports and, on the basis of those reports and any other information deemed desirable to the University, recommend desirable changes to the Plan and Fund to the Association for ratification by eligible Association members and, if ratified, to the Board for approval. Recommended changes that require ratification include, but are not limited to, the following:
 - (a) a change in the contribution rate by Participants and the University;
 - (b) a change in the formula for determining maximum earnings;
 - (c) a change in the asset structure of the Fund as defined in Article 2.04 of the SIPP;
 - (d) a change in the Default Fund Option available to Participants.
4. Notwithstanding clause 5.C.3 herein, in extraordinary circumstances the Board shall have the authority to approve changes in the asset structure of the Fund or in the Default Fund Option available to Participants provided that such changes have been recommended by the AMPPC on the basis of written advice received by the AMPPC from independent third party advisors including, without limiting the

- generality of the foregoing, the Investment Consultant. Immediately after Board approval of any changes initiated under the extraordinary authority provided in this clause, the Pension Administrator shall notify all Participants of the change.
5. In consultation with the Investment Consultant and/or Pension Consultant, make recommendations on investment policy and investment manager structure as required, subject to the limitations of clause 5.C.3 herein, to the Board for approval.
 6. In consultation with the Investment Consultant and/or Pension Consultant, review the SIPP on an annual basis and recommend revisions, subject to the limitations of clause 5.C.3 herein, to the Board for approval.
 7. In consultation with the Investment Consultant and/or Pension Consultant, recommend appointment and termination of all providers of service that may be retained from time to time, including, but not limited to, the Investment Managers, the Service Provider, the Investment Consultant, and the Pension Consultant, to the Board.
 8. In consultation with the Investment Consultant and/or Pension Consultant, review the fee schedules, performance measures and service standards and any changes thereto proposed by the Vice President (Finance and Resources) or his designate and make recommendations regarding same to the Board.
 9. Review any expenses in respect of the Plan and Fund, including those expenses reasonably and properly incurred by the University and the AMPPC in the administration and operation of the Plan and Fund and establish a method for allocating such expenses as are reasonably and properly incurred among Participant Accounts.
 10. Review the Pension Administrator's proposed application procedure and supporting evidence necessary for payment of any benefits under the Plan, recommend changes if appropriate, and approve such procedures and supporting evidence.
 11. Recommend Plan amendments that have been identified as required to comply with applicable legislation, and report such proposed amendments to the Board and the Association for their approval.

12. In consultation with the Investment Consultant, Service Provider and/or Pension Consultant, recommend Participant education and communication policy to the Board.
13. In consultation with the Investment Consultant, Service Provider and/or Pension Consultant, assess the effectiveness of education and communication policy on a regular basis and report this assessment, and, if appropriate, recommend changes to the Board.
14. Review investment performance of the Fund and Investment Managers on a quarterly basis based on performance objectives and benchmarks specified in the SIPP, and report this review to the Board.
15. Meet with Investment Manager(s) to review investment issues at least once annually and report this review to the Board.
16. Meet with and review the performance of the Service Provider at least once annually and report this review to the Board.
17. Meet with the Investment Consultant as the AMPPC may require and review the Investment Consultant's performance at least once annually and report this review to the Board.
18. Receive such reports and other documents and meet with the Pension Administrator as the AMPPC may require.
19. Receive an annual report from the Pension Administrator regarding services provided to the Plan, the Fund, and the AMPPC during the year and make any recommendations regarding the same to the Board.
20. Review the services provided by the Pension Administrator to the Plan, the Fund and the AMPPC at least once annually and report this review to the Board.
21. Liaise with the Investment Managers and Service Provider.
22. On a quarterly basis, receive compliance reports from the Investment Managers and notification from the Investment Managers and Investment Consultant regarding any perceived compliance issues and conflict of interest issues, and report material events immediately to the Board.

23. Permit, subject to the approval of the Board or its designate, the Investment Managers to be outside the guidelines of the SIPP on a temporary basis if it is perceived to be in the best interests of the Fund.
24. At least once every three years, assess the governance structure and processes and report this assessment to the Board.
25. In the event of a dispute or discovered error regarding a Participant's benefits under the Plan and Fund, recommend a resolution of same to the Board.
26. In the case the age of a Participant is found to have been incorrectly stated, make or cause to be made such adjustments respecting such Participant, for the purposes of the Plan, as the AMPPC shall deem equitable.
27. Ensure that such Plan records as are necessary to accurately determine the benefits due to each Participant in accordance with the terms of the Plan are made available for review by each Participant.
28. If, when a benefit becomes payable, it is determined by the Plan Administrator or its delegate that the person entitled to receive the benefit under the Plan is a minor, or is physically, mentally, or legally incompetent to receive such benefit or to give valid release therefore, to approve the Pension Administrator's proposed method of payment to the person's legal guardian or other responsible person, for the account of the person entitled to the benefit.
29. Respond in writing to written Participant requests as necessary to resolve outstanding issues with the Pension Administrator or its delegate.
30. Recommend to the Board such additional regulations as may be needed for the proper administration of the Plan.
31. Address other material circumstances and make recommendations to the Board as necessary.
32. Appoint a secretary, who need not be a member of the AMPPC, but who shall attend the meetings of the AMPPC and shall maintain the minutes of such meetings, and shall ensure that all decisions made by the AMPPC are recorded in the minutes.

33. Provide reports to the Board as required.
34. Approve and submit an annual report to the Board in June of each year regarding the activities of the AMPPC over the previous twelve months.
35. Approve and submit annual reporting to Plan Participants in the following manner:
 - (a) Provide a verbal update of activities of the Committee at the Annual General Meeting
 - (b) Provide an annual written report of investment returns and activities of the Committee. This report should also include a reminder to Plan Participants of their responsibility to review periodically the portfolio structure of their participation in the Plan and to revise it as appropriate given their needs. Where the Plan Participant fails to make an explicit investment choice regarding any of the Participant's monies under the Plan, such monies for which no choice has been made shall be held in the default investment option.

D. RESULTS EXPECTED FROM THE AMPPC

1. To discharge its responsibilities as defined in Section B herein.

E. LIMITATIONS ON THE METHODS UTILIZED BY THE AMPPC

1. Recommend only methods and processes that are in compliance with the Plan Document and SIPP.
2. Utilize only methods and processes that are prudent.

Section 6: Pension Administrator -Terms of Reference For Pension Plan Responsibilities

- A. REPORTS TO:** the Board, or its designate, the Vice-President (Finance and Resources) and the AMPPC.
- B. PRIMARY PURPOSES of POSITION RELATIVE TO THE PLAN**
1. Provide the services, specified under Section C. below, required for the successful operation of the Plan and Fund in a manner consistent with the Article 23.2 of the Collective Agreement and the terms of the Plan, the SIPP, applicable legislation and the requirements of regulatory authorities.
 2. Provide appropriate administration services to the Plan and Fund and to Plan Participants.
 3. Assist the Board and the AMPPC as required.
 4. To achieve the Results (see paragraph D. “Results Expected from the Position”), while adhering to the Limitations (see paragraph E. “Limitations on the Methods Utilized by the Position”) specified in these Terms of Reference.
- C. RESPONSIBILITIES RELATIVE TO THE PLAN AND FUND**
1. Oversee the administrative services carried out by the Service Provider as specified in the Service and Fee Agreement.
 2. Ensure payroll remittances are received by the Service Provider within the appropriate time and ensure that remittances contain correct and up to date information.
 3. Enroll new Participants and provide new Participants with information regarding *inter alia* the investment options of the Plan including the default option, and fees, expenses and penalties.
 4. Respond in writing to written Participant requests.

5. Advise the Service Provider of all Participant benefits (terminations, death, retirement, LTD, marriage breakdown, etc.) in accordance with benefit processing procedures.
6. Propose procedures and supporting documentation necessary for Participant benefit payments to the AMPPC for approval.
7. If, when a benefit becomes payable, it is determined by the Plan Administrator or its delegate that the person entitled to receive the benefit under the Plan is a minor, or is physically, mentally, or legally incompetent to receive such benefit or to give valid release therefore, propose to the AMPPC a method of payment to the person's legal guardian or other responsible person, for the account of the person entitled to the benefit.
8. Authorize benefit payments from the Fund that are in compliance with the procedures and necessary supporting documentation approved by the AMPPC.
9. Draft the administration budget for the administration of the Plan for review by the AMPPC and approval by the Board.
10. Authorize the Service Provider to charge Participant Accounts, according to a method established by the AMPPC for administrative expenses that the AMPPC has recommended and the Board has approved
11. Authorize the Service Provider to charge Participant Accounts, according to a method established by the AMPPC, for expenses that are in compliance with contracts for services that have been approved by the Board after considering the recommendations of the AMPPC.
12. Authorize the Service Provider to charge Participant Accounts, according to a method established by the AMPPC for all other expenses that the AMPPC has approved.
13. Assist the AMPPC in the preparation and distribution of communication materials to Participants, including the Plan summary, as recommended by the AMPPC and approved by the Board or its designate.

14. Produce a year-end report reconciling contributions, benefit payments, Plan membership, expenses, and other pertinent information for the AMPPC and the Board to review, and to meet with the AMPPC and the Board as required
15. Report Annual Pension Adjustments.
16. Complete and file Annual Information Returns.
17. Respond to queries from Participants.
18. Respond to queries and provide information to the Board, the AMPPC, Investment Consultant(s), Pension Consultant, Investment Manager(s), the Service Provider, and other Agents that may be retained from time to time.
19. In consultation with the AMPPC Chair and Vice-Chair, make arrangements for AMPPC meetings and notify each AMPPC member and others required by the AMPPC to attend, of details relating to the meeting.
20. Assist the AMPPC Chair and Vice Chair in preparing the AMPPC meeting agenda and relevant material.
21. Retain minutes of AMPPC meetings and distribute to members of the AMPPC.
22. Prepare Plan financial statements for review by the auditor and report this review and provide copies of the statements to the AMPPC and the Board.
23. Reconcile all cash flows with the Service Provider.
24. Reconcile monthly/quarterly statements from the Service Provider and report any discrepancies to the AMPPC and the Board.
25. Advise the AMPPC on any issue that, in the opinion of the Director of Pensions should be reviewed by the AMPPC.
26. Provide reports to the AMPPC as it may require.
27. Maintain Plan records including: Plan text with all amendments, all minutes of meetings, all financial statements, SIPP, all data, documentation and correspondence related to Plan administration.

28. Monitor accuracy and timeliness of administrative activities based on established service standards and turnaround time.
29. Ensure that resources required for the effective administration of the Plan and Fund are recommended to the AMPPC for review and to the Board for approval.
30. Recommend course of action to correct identified inefficiencies in the administration of the Plan and Fund to the AMPPC and the Board.
31. Ensure that the Plan and Fund complies with federal and provincial legislation.
32. Monitor compliance of the Service Provider with the Service and Fee Agreement.
33. Monitor compliance of Agents with service contracts.
34. In limited circumstances, as permitted or required by law, provide participant personal information to third parties. Any other disclosure of personal information to third parties requires the written permission of the Participant.

D. RESULTS EXPECTED FROM THE POSITION

1. Timely and accurate provision of the specified services set out in Section C above;
2. Cooperation with all others involved in the governance, administration and operation of the Plan and Fund to ensure all work performed for the Plan and Fund is timely and accurate; and
3. Effective assistance to the Board in achieving:
 - a) The administration objectives of the Plan and Fund;
 - b) Oversight of the Service Provider and other Agents; and
 - c) Compliance with the terms of the Plan, SIPP, applicable legislation and the requirements of regulatory authorities and fiduciary obligations, including the filing of all documents required by applicable legislation and the requirements of regulatory authorities

E. LIMITATIONS ON THE METHODS UTILIZED BY THE POSITION

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

1. Utilize only methods and processes which:
 - a) Comply with the Plan, Article 23.2 of the Collective Agreement, the SIPP, applicable legislation and the requirements of regulatory authorities and regulations;
 - b) Are prudent; and
 - c) Are consistent with the fulfillment of fiduciary obligations arising under the Plan;
2. Operate in compliance with the Plan, Article 23.2 of the Collective Agreement, the SIPP and all policies adopted by the Board;
3. Maintain the integrity of financial reporting and other systems; and
4. Maintain documentation of major Plan and Fund administration procedures.

Section 7: Investment Manager(s) - Terms of Reference For Pension Plan Responsibilities

- A. REPORTS TO:** the AMPPC and the Director of Pensions. It is understood that no instructions will be given to Investment Managers without prior approval from the AMPPC.
- B. PRIMARY PURPOSES OF THIS POSITION RELATIVE TO THE PLAN**
1. Provide the services, specified under the following sections, required for the investment of the Plan assets in a manner consistent with the terms of the Plan, the SIPP, applicable legislation and the requirements of regulatory authorities.
 2. Provide appropriate investment services to the Plan and Plan Participants.
 3. Assist the Board relative to its fiduciary responsibilities concerning the investment of the Plan assets.
 4. To achieve the Results (see paragraph D. “Results Expected from the Position”, while adhering to the Limitations (see paragraph E. “Limitations on the Methods Utilized by the Position”) specified in these Terms of Reference.
- C. MAJOR DUTIES RELATIVE TO THE PLAN**
1. Responsible for day-to-day investment of Plan assets in accordance with guidelines established in the SIPP and Board policies.
 2. Investments made must adhere to the SIPP approved by the Board.
 3. Exercise discretion over investments within guidelines established in the SIPP and Board policies.
 4. Meet with the AMPPC as required but at least annually to discuss investment performance and meet with the Board (or its designate) and Chair of the AMPPC as required. This requirement does not

- restrict the Board's ability to meet with the Investment Manager on matters not pertaining the Plan.
5. Provide the AMPPC and the Board written reports on a quarterly basis regarding performance, future strategy and such other issues as may be required.
 6. Ensure that investments comply with tax and pension regulation as well as any other pertinent legislation and regulations.
 7. Advise the AMPPC and the Board of any issue that may impact investment performance.
 8. Advise the AMPPC, the Director of Pensions , and the Investment Consultant immediately, in writing, of any conflicts in accordance with the SIPP.
 9. File with the AMPPC, the Director of Pensions and the Investment Consultant compliance reports detailing compliance with the investment guidelines of the pooled fund.
 10. Notify the AMPPC, the Director of Pensions and the Investment Consultant immediately of any failure to comply with the SIPP and recommend a course of action in accordance with the procedures specified in the SIPP.
 11. Receive permission from the AMPPC, subject to the approval of the Board or its designate, to be outside the guidelines of the SIPP on a temporary basis if it is in the best interests of the Fund.
 12. Vote all proxies in the best interests of the beneficiaries of the Plan.
 13. Comply with the restrictions in the SIPP regarding directed commissions.
 14. Comply at all times and in all respects with the Code of Ethics and Standards of Professional Conduct as promulgated by the CFA Institute.
 15. Comply with applicable laws and regulations including the Federal Suppression of Terrorism Regulations.

16. Notify the AMPPC and the Board if there is a significant market place adjustment that might impact the Plan's investments.
17. Advise the AMPPC and the Board if the SIPP is adversely affecting performance, or if benchmarks are no longer appropriate.

D. RESULTS EXPECTED FROM THE POSITION

1. Timely and accurate provision of the specified services in accordance with Section C. above;
2. Cooperation with the AMPPC, the Board and all Agents to ensure all work performed for the Plan is timely and accurate; and
3. Effective assistance to the Board in achieving:
 - a) The Plan's investment objectives; and
 - b) Compliance with the terms of the Plan, the SIPP, applicable legislation and the requirements of regulatory authorities and fiduciary obligations, including the filing of all documents required by applicable legislation and the requirements of regulatory authorities.

E. LIMITATIONS ON THE METHODS UTILIZED BY THE POSITION

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

1. Utilize only methods and processes which:
 - a) Comply with applicable legislation and the requirements of regulatory authorities and regulations;
 - b) Are prudent; and
 - c) Are consistent with the fulfillment of fiduciary obligations arising under the Plan;
2. Operate in compliance with the Plan, SIPP and all policies adopted by the Board, and the Standards of Conduct of the Association of Investment Management and Research; and

3. Maintain the integrity of financial reporting and other systems.

F. PERFORMANCE MEASUREMENT CRITERIA

Achievement of the Results set out in Section D will be measured based on the criteria and performance benchmarks set out in the Plan's SIPP as well as any service agreements that may exist between the Investment Manager(s) and the Board.

Section 8: Service Provider - Terms of Reference For Pension Plan Responsibilities

A. REPORTS TO: the Director of Pensions and to the AMPPC.

B. THIS POSITION'S PRIMARY PURPOSES RELATIVE TO THE PLAN

1. Provide the services, specified under the following sections, required for the successful administration of the Plan and Fund in a manner consistent with the terms of the Plan, the SIPP, any Board policy relating to the Service Provider, the Service and Fee Agreement with the Board, applicable legislation and the requirements of regulatory authorities.
2. Assist the AMPPC as required concerning the recommendation of education and communication services and investment structure.

C. MAJOR DUTIES RELATIVE TO THE PLAN

1. Ensure the safekeeping of assets in the Participant Accounts.
2. Maintain the asset mix of the Life Cycle Funds.
3. Provide a voluntary automatic asset mix rebalancing mechanism for Participant Accounts that are not invested in the Life Cycle Funds.
4. Receive contributions and invest these and any existing assets in Participant Accounts, as per Participant instructions, or to the extent no Participant instructions are received for some or all monies, in the Default Fund Option.
5. Effect inter-fund transfers as per Participant instructions.
6. Implement benefit payments or transfer Participants from the Plan as authorized by the Director of Pensions.
7. Maintain and update Participant data.

8. Enroll new Participants as per instructions from the Director of Pensions.
9. Maintain a secure website where Participants can provide instructions as well as obtain up to date information.
10. Maintain and update on-line tools for Participant use as set out in the Service and Fee Agreement.
11. Maintain a toll free interactive voice response telephone line with access 24 hours a day, 7 days a week, providing up to date Account information.
12. Maintain a call centre with service representatives available during business hours to assist Participants in conducting transactions and to provide information to Participants.
13. Maintain the confidentiality of Participant information.
14. Make available a quarterly newsletter to Participants.
15. Provide education sessions for new and existing Participants at the request of the AMPPC.
16. Provide written Account statements to Participants as specified in the Service and Fee Agreement, or as otherwise agreed with the Board.
17. Provide financial statements to the Director of Pensions and the AMPPC as specified in the Service and Fee Agreement, or as otherwise agreed with the Board.
18. Provide contact information for Participants to the Director of Pensions, and the AMPPC as required.
19. Provide information on request to the Chair and Vice-Chair of the AMPPC, the Board, the Director of Pensions, the Investment Manager(s), Investment Consultant, or other Agents of the Plan.
20. Add enhancements to services offered to the Plan Participants, the AMPPC and the Director of Pensions as new developments occur in the market place as agreed with the Board from time to time.

21. Notify regulator as required regarding overdue contributions.
22. Comply with all provisions of the Service and Fee Agreement.

D. RESULTS EXPECTED FROM THE POSITION

1. Timely and accurate provision of the specified services in accordance with Section C. above and the Service and Fee Agreement;
2. Cooperation with all others involved in the governance, administration and operation of the Plan and Fund to ensure all work performed for the Plan and Fund is timely and accurate; and
3. Effective assistance to the Board in achieving:
 - a) The objectives of the Plan and Fund; and
 - b) Compliance with the terms of the Plan, the SIPP, Board policies, applicable legislation and the requirements of regulatory authorities and fiduciary obligations, including the filing of all documents required by applicable legislation and the requirements of regulatory authorities.

E. LIMITATIONS ON THE METHODS UTILIZED BY THE POSITION

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

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

F. PERFORMANCE MEASUREMENT CRITERIA

Achievement of the results set out in Section D will be measured based on the criteria and performance benchmarks set out in the Service and Fee Agreement.

Section 9: Other Agents - Terms of Reference For Pension Plan Responsibilities

A. REPORT TO: the Director of Pensions, the Board and the AMPPC.

B. THIS POSITION'S PRIMARY PURPOSES RELATIVE TO THE PLAN

1. Provide the services, specified under the following sections, required for the investment of the Fund and administration of the Plan in a manner consistent with the Collective Agreement, the terms of the Plan, the SIPP, applicable legislation and the requirements of regulatory authorities.
2. Assist the AMPPC as required.

C. MAJOR DUTIES RELATIVE TO THE PLAN

1. Auditor

- a) Provide advice regarding control procedures to the Director of Pensions and the Board.
- b) Review year-end financial statements and report to the Board and to the AMPPC as required.
- c) Conduct the audit in accordance with Canadian generally accepted auditing standards, including the examination, on a test basis, of evidence supporting the amounts and disclosures in the financial statements, and report to the AMPPC and the Board.
- d) Report any discrepancies to the AMPPC and the Board.

2. Pension Consultant

- a) Prepare Plan amendments as requested by the AMPPC.

- b) Provide cost estimates on proposed benefits and plan design changes on request from the AMPPC and the Director of Pensions.
- c) Assist the AMPPC and the Board in developing customized communications and education for Plan Participants.
- d) Respond to questions and/or provide direction to the AMPPC.

3. Investment Consultant

- a) Assist the AMPPC in formulating investment policies for recommendation to the Board.
- b) Bring forward new developments in investment policy and implementation procedures for review by the AMPPC.
- c) Assist the AMPPC in its annual review of the SIPP.
- d) Assist the AMPPC in monitoring compliance of the Investment Managers with the SIPP and applicable legislation.
- e) Advise the AMPPC and Board to the extent that the Fund does not conform with the SIPP and applicable legislation and recommend changes to deal with said nonconformity.
- f) Provide information to the AMPPC and the Board for the review of investment manager performance relative to appropriate benchmarks specified in the SIPP.
- g) Assist the AMPPC in the assessment of the performance of Investment Manager(s).
- h) Provide information to the AMPPC for the review and monitoring of Fund performance.
- i) Advise the AMPPC and the Board on investment-related matters.
- j) Assist in the resolution of any discrepancies between the Investment Manager(s) and Service Provider.

- k) Assist the AMPPC and the Board in monitoring the investment options available under the Plan.
- l) Assist the AMPPC and the Board in monitoring the Investment Manager(s).
- m) Meet with the AMPPC on a quarterly basis or more frequently as required and meet with the Board (or its designate) and Chair of the AMPPC as required. This requirement does not restrict the Board's ability to meet with the Investment Consultant on matters not pertaining to the Plan.
- n) Proactively advise the Director of Pensions and the AMPPC of any investment-related concerns that may arise from time to time.

D. RESULTS EXPECTED FROM THESE AGENTS

- 1. Timely and accurate provision of the specified services in accordance with Section C. above;
- 2. Cooperation with all others involved in the governance, administration and operation of the Plan and Fund to ensure all work performed for the Plan and Fund is timely and accurate; and
- 3. Effective assistance to the Board and its designates in the discharge of their fiduciary responsibilities related to the Plan

E. LIMITATIONS ON THE METHODS UTILIZED BY THE AGENTS

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

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

2. Operate in compliance with the Plan, the SIPP and all policies adopted by the Board.

F. PERFORMANCE MEASUREMENT CRITERIA

Achievement of the results specified in D will be monitored by the Director of Pensions or any other designate appointed by the Board in relation to the agreement between the Agent and the University.

Appendix A: Distinction of Roles

Pension governance is the system used by a Plan Sponsor to organize the roles and responsibilities of all parties (both internal and external) involved in administering the organization's pension plan. Before examining pension governance in any detail, the reader needs to be clear on the key roles and responsibilities of key players in pension administration.

1. **Plan Sponsor** is the party that controls the nature of the benefits provided by the pension plan. The Plan Sponsor is not a fiduciary (see discussion of *Fiduciary* below) and, when making decisions, can look out for its own interest. Each of the four main decision-making areas are touched upon briefly below:

- establishment, terms and termination of the pension plan;
- accounting policy;
- provision of data; and
- collection and remittance of contributions.

a. Establishment, Terms and Termination of the Plan

The Plan Sponsor, the Board, determines what the terms of the Plan will provide. The Plan Sponsor will determine the investment structure and contribution rates of the Participants. The Plan Sponsor can amend or terminate the plan, subject to the Saskatchewan Pension Benefits Act and collective agreements.

The Plan Sponsor is subject to certain restrictions imposed both by statute, regulation and by collective bargaining. Saskatchewan pension legislation sets minimum standards for pension plans. Any Plan Sponsor under Saskatchewan jurisdiction that provides a pension plan must seek registration of that pension plan with the Saskatchewan pension regulators and must comply with the Saskatchewan Pension Benefits Act standards.

A Plan Sponsor can apply to register the plan under the ITA, which is administered by the Canada Revenue Agency (CRA). This registration brings certain tax advantages, namely all employer and employee contributions are tax deductible and the earnings of the pension fund are free from tax. As a result, virtually all Plan Sponsors comply with the maximum limits, which the ITA imposes on the various benefits that can be delivered under a registered pension plan so as to qualify for registration of the plan with the CRA.

The terms of applicable collective bargaining agreements may also restrict the Plan Sponsor's ability to modify the terms of the pension plan.

Without limiting the foregoing, the Plan Sponsor is subject to other restrictions imposed by statute or regulation.

Finally, the Plan Sponsor selects the entity or persons who are the Administrator. In this case, the Board of Governors of the University of Saskatchewan is both the Plan Sponsor and the Administrator.

b. Accounting Policy

The Canadian Institute of Chartered Accountants (CICA) prescribes how the pension obligations and current service costs of operating the pension plan, are to be reflected in the financial statements of the Plan Sponsor.

c. Provision of Data

The Plan Sponsor must provide sufficient data to enable the Pension Administrator to determine the benefits that are payable and to properly value the liabilities of the pension plan.

d. Collecting and Remittance of Participant Contributions

The Plan Sponsor, as the party administering payroll, will withhold applicable Participant r contributions from the Participant's pay and forward those contributions to the Custodian (defined below).

2. **Administrator:** is responsible for operating the Plan to deliver the benefits promised by the plan text. The Administrator is a fiduciary and, as such, must act in the best interests of Plan beneficiaries when making its decisions. (See discussion of Fiduciary below.) The responsibilities of the Administrator can be grouped into four categories: funding activities; investment activities; plan administration; and human resource activities. In order to discharge its responsibilities, the Administrator may designate a Pension Administrator to perform the duties and administrative functions on behalf of the Administrator in respect of the Plan.

Along with these responsibilities come significant fiduciary obligations. There are two types of obligations; statutory and common law. Because the University's Plan is registered under the Saskatchewan Pension Benefits Act (PBA), the Board's failure to discharge its obligations under the PBA could result in the levying of statutory penalties. In

addition to these penalties, the University of Saskatchewan, as the Employer, would have to remit any amounts owing to the Fund.

As well as statutory penalties under the PBA, the University and Board could be sued in the civil courts based on contractual and common law causes of actions such as breach of contract, breach of fiduciary obligation, negligence and fraud. If found guilty, the courts will award damages. Damages can far exceed the statutory penalties because the objective of damages is to make restitution to the Fund, Participants and others, as applicable, so that they are in the same position as they would have been had the wrongful act or acts not taken place.

A good governance process and framework, therefore, are the primary means of protecting the University and Board .

3. **Fiduciary:** A fiduciary must:

- act with the prudence and diligence that a reasonable person would use in dealing with the property of another;
- apply all knowledge and skills that person possesses or ought to possess by reason of his or her profession or business;
- avoid conflicts of interest (that is, the fiduciary must be loyal to the interests of the Plan, prevent personal interests from conflicting with those of the Plan and not profit from actions taken or to account for unauthorized profits);
- apply an even hand between different groups of Participants; and
- delegate where prudent, select suitable agents and supervise their activity at a reasonable level.

The fiduciary duty does not extend to an employer acting in its role as Plan Sponsor, and the Plan Sponsor does not have to subordinate its own interest when setting the terms of the pension plan. When the employer acts in the capacity of Administrator, however, it must discard self-interest and fulfill its fiduciary obligations. For this reason, it is important to distinguish the two roles.

4. **Board:** In its role as Plan Sponsor and Administrator, in most instances, the Board delegates pension duties and responsibilities to parties such as a Pension Administrator, an oversight committee and external advisors.
5. **Custodian:** refers to the body appointed to hold the Plan assets. Occasionally, the term “trustee” can be used to refer to different persons including the custodian, which often leads to confusion. For example, where both members and the employer are represented on

the Board of the pension plan (i.e., jointly trustee), the Board is often referred to as the Board of Trustees. More often, the term “trustee” is used to refer to the trust company that has been appointed the custodian of the Fund or the Board of Trustees which oversees a multiple employer pension plan. Therefore, to avoid confusion and ambiguity, we use the term “custodian” throughout this document to refer to the body appointed to hold the Plan assets.

Appendix B: Code of Conduct/Conflict of Interest Policy

This section describes the code of conduct and conflict of interest policy that is applicable to the Administrator, members of the AMPPC and the Pension Administrator, in the execution of their responsibilities related to the Plan and Fund. The purpose of this code is to guide the conduct, actions, decisions and commitment of these parties so as to better ensure the Plan's objectives and ideals are being met and that the Participants' collective best interests are being served.

In general, the code of conduct and conflict of interest policy is designed to support and promote the furtherance of ethical business practices in relation to the Plan. Specifically, this policy compels each of the parties to:

- Exercise the care, skill and diligence of a prudent person in carrying out his/her duties
- Conduct business in an honest and fair manner
- At all times, act in a manner that is in the best interest of the Participants
- Appropriately preserve the confidentiality of all Plan information to which the party is exposed
- Strive to conduct himself/herself in a manner that protects him/her from conflicts of interest, real or perceived
- Abide by local, provincial and federal legislation and jurisprudence as it pertains to pension plan fiduciary requirements
- Be aware that good understanding and communication are essential elements in the effective operation and governance of a pension plan
- Bring professionalism, accountability and integrity to his/her function in the Plan and Fund
- Promote and participate in continuing education as it relates to his/her duties
- Identify and utilize external expertise when it is prudent to do so.

It is incumbent on any affected party who believes that he/she may have a conflict of interest, or who is aware of any conflict of interest, to disclose full details of the situation to the attention of the Vice- President (Finance and Resources) and the AMPPC Chair. In the event that the Chair may have a conflict of interest, the disclosure shall be made to the Vice-President (Finance and Resources) and the Vice-Chair of the AMPPC. The Chair (or Vice-Chair as appropriate), in turn, will decide what action is appropriate under the circumstances but, at a minimum, will raise the matter and have it recorded in the minutes of the next regular meeting of the AMPPC.

No affected party who has or is required to make a disclosure as contemplated in this policy shall participate in any discussion, decision or vote relating to any proposed investment or transaction in respect of which he or she has made or is required to make disclosure.