



1. FIDUCIARY RESPONSIBILITY

The Plan administrator has fiduciary responsibilities to Plan members and beneficiaries. The Municipal Employees' Pension Plan (MEPP, the Plan) administrator may also have other responsibilities to other stakeholders.

a) Have you identified your fiduciary and other responsibilities to plan members and beneficiaries (i.e., those members currently accruing a pension, those who are in receipt of a pension, and any others who may be entitled to a benefit from the plan)?

Yes

Comments/Reference/Actions

Section 1.3 of the Commission's Governance Manual specifies the fiduciary responsibilities that *The Municipal Employees' Pension Act* (the Act) confers on the Municipal Employees' Pension Commission (the Commission).

Section 1.3 of the manual also includes a listing of the Commission's generic fiduciary responsibilities:

- *Act solely in the best interest of plan members and beneficiaries;*
- *Treat members and beneficiaries impartially;*
- *Act with the care, skill and diligence of a prudent person;*
- *Interpret the plan terms fairly, impartially and in good faith;*
- *Prevent personal interests from conflicting with those of the plan; and*
- *Within the scope of its authority, ensure that members and beneficiaries receive the benefits promised.*

Section 4 of the Commission's Governance Manual, the Commission's Charter of Expectations, outlines the Commission's responsibilities.

Section 12 of the Commission's Governance Manual outlines the Code of Conduct and Conflict of Interest Procedures the Commission is to follow. This section lists the fiduciary duties that apply to the members of the Commission in their capacity as trustees of the Plan. A copy of the Code of Conduct and Conflict of Interest Procedures is reviewed and signed annually by each member of the Commission. The document is published on the Plan's website.

b) Have you identified any responsibilities to other stakeholders?

Yes

Comments/Reference/Actions

Section 1.3 outlines the Commission's responsibilities to other stakeholders:

"In addition to its primary fiduciary responsibilities, the Commission also bears responsibilities to the following:

- *The Minister of Finance;*
- *Participating employers;*
- *Labour unions representing employees of participating employers;*
- *Groups and organizations who have appointed members to the Commission;*
- *Organizations and individuals employed by the Commission to provide services to the Commission; and*
- *The Legislative Assembly of Saskatchewan."*

c) Do any delegates have fiduciary duties?

Yes

Comments/Reference/Actions

The Commission's administration agreement with the Public Employees Benefits Agency (PEBA) binds PEBA to act strictly in the best interest of members.

If yes, has the fiduciary role been clearly identified and communicated to the delegates?

Comments/Reference/Actions

The administration agreement clearly delineates PEBA's duties.

d) Is there a clear delineation between the plan administrator and other roles?

Yes

Comments/Reference/Actions

The Administration Agreement, the Commission's Policy Manual, and the Commission's Governance Manual clearly delineate the roles of the Commission, the Plan administrator, and other service providers.

2. GOVERNANCE FRAMEWORK

The Plan administrator should establish and document a governance framework for the administration of the Plan.

a) Have you established and documented a governance framework for the administration of the pension plan? (new)

Yes

Comments/Reference/Actions

The Commission has established its mission and goal statements in Section 2 of its Governance Manual. The mission statement is posted on the MEPP website and stated in the member booklet. The mission and goal statements are also published in the Annual Report which is publicly on the MEPP website.

The Commission undertakes a review of its Governance Manual on an annual basis and reviews the mission statement during its annual strategic planning session.

The Commission reviews initiatives to support these objectives in its Strategic Business Plan. The key strategic goals, found within the Commission's 2017-2019 Strategic Plan include:

- Customer service excellence;
- Plan integrity;
- Governance leadership; and
- Transparent accountability.

The Commission receives regular progress updates to its Strategic Business Plan, and it conducts a review of the document to make amendments as required on an annual basis.

The Commission receives reports on key performance indicators on a semi-annual basis to enhance performance monitoring.

3. ROLES AND RESPONSIBILITIES

The Plan administrator should clearly describe and document the roles, responsibilities and accountability of all participants in the Plan governance process.

a) Have you identified your roles and responsibilities, including any necessary delegation, for the effective governance of the pension plan?

Yes

Comments/Reference/Actions

Section 4 of the Governance Manual, the Charter of Expectations, identifies the roles and responsibilities of the Commission and the Chairperson. Section 5 of the Governance Manual identifies the delegation of the Commission's roles and responsibilities.

Section 7 of the Governance Manual clearly defines the Commission's expectations of the executive management services to be provided by its administrator. The Commission's policy on the selection and retention of service providers further delineates its delegation of duties to its administrator. The Commission evaluates its administrator's performance of the services delegated by the Commission.

b) Have you clearly documented expectations for yourself and each of your delegates?

Yes

Comments/Reference/Actions

Section 4 of the Governance Manual identifies the roles and responsibilities of the Commission and its administrator.

PEBA reviews all service provider contracts in accordance with the timeline outlined in the Periodic Checklist, which is received by the Commission on an interim basis mid-year and is finalized at year-end.

Section 5 of the Commission's Governance Manual identifies the delegation of the Commission's roles and responsibilities. This section is reviewed annually as part of the annual Governance Manual review.

c) Do you appropriately document decisions related to the pension plan?

Yes

Comments/Reference/Actions

Meeting materials and minutes of Commission meetings provide a record of all Commission decisions related to the Plan.

As appropriate, decisions are also documented in communications to stakeholders and members directly or on the Plan website.

4. PERFORMANCE MONITORING

The Plan administrator should establish and document performance measures to monitor the performance of participants in the governance and administration of the Plan.

a) Have you established and documented clear measures for assessing the performance of all participants in the governance process?

Yes

Comments/Reference/Actions

PEBA and investment managers are the service providers that have decision-making authority within the scope of the Commission's policies and contracts which retain the service providers.

The contract between the Commission and PEBA specifies performance measures. The Commission completes an annual evaluation of the Executive Management Services provided by PEBA. The Commission evaluated PEBA's Executive Management Services on March 16, 2018.

PEBA provides quarterly reports to the Commission regarding PEBA's performance with respect to its administrative responsibilities for the Plan.

The Commission's Statement of Investment Policies and Procedures (SIP&P) specifies the performance measures for the Commission's investment managers.

The Commission receives quarterly reports with respect to investment performance.

b) Do you have a regular performance monitoring, review and remedial process for all participants in the governance process?

Yes

Comments/Reference/Actions

PEBA reviews the performance of all service providers in accordance with the timeline outlined in the Periodic Checklist, which is received by the Commission mid-year, and finalized at year-end.

Evaluation processes have been established for the auditor, custodian, actuary and investment consultants (general and strategic). The auditor was evaluated May 18, 2018, the custodian on June 15, 2018, the strategic investment consultant on September 21, 2018, and the actuary on October 19, 2018.

The Commission requires its administrator to annually review legislative compliance. PEBA reports this legislative review to the Commission in the PEBA Quarterly Administration Report.

The Commission has a funding policy that is reviewed annually.

Twice per year, the Commission receives the Key Performance Indicators report. This report monitors outcomes by tracking performance targets in four key areas:

- Customer;
- Internal;
- Financial; and
- Innovation and Learning.

5. KNOWLEDGE AND SKILLS

The Plan administrator, directly or with delegates, has the duty to apply the knowledge and skills needed to meet Plan administrator's responsibilities.

a) Have you established an ongoing process to identify and fill any gaps in the knowledge and skills needed for the effective governance and administration of the pension plan?

Yes

Comments/Reference/Actions

The Commission has set out the Commission member attributes and responsibilities in Section 4.3 and Section 4.4 of the Governance Manual.

Section 10 of the Commission's Governance Manual provides the orientation and education developmental program for Commission members. It prescribes the basic level of knowledge the Commission has identified as appropriate for Commission members to possess, and it outlines annual requirements for ongoing training by Commission members.

The Commission's administrator (PEBA) reports to the Commission regarding the qualifications of current PEBA management. PEBA continues to update the Commission as changes and additions in PEBA's management occur. PEBA also updates the Commission regarding the qualifications that would be required in the event PEBA staffs a management position.

b) Do you, together with all delegates, have the necessary qualifications, resources and experience?

Yes

The Commission's delegation to its service providers, as well as its expectations of its service providers, is documented in its Governance Manual.

In its role as a Plan administrator, the Commission retains an executive secretary, a senior executive officer, and an administrator. The Commission also retains legal counsel and retains other expert service providers where required.

As a trustee, the Commission retains a custodian, investment managers, a strategic investment consultant, and an auditor to assist it in carrying out its duties.

To assist in its governance of the Plan, the Commission retains an executive secretary and a senior executive officer.

The Commission has set out a formal education program for Commission members (Section 10 of the Governance Manual), progress against which is reported to the Commission and published in the Annual Report.

The Commission's administrator (PEBA) has an education Plan for management and staff.

6. GOVERNANCE INFORMATION

The Plan administrator should establish and document a process to obtain and provide to governance participants appropriate information to meet fiduciary and other responsibilities.

a) Have you established and documented a process to obtain and provide to governance participants appropriate information to carry out your fiduciary and other responsibilities?

Yes

Comments/Reference/Actions

The contracts with the Commission's service providers contain reporting requirements. The contracts between the Commission and its suppliers of services are to be reviewed to ensure all expectations are specifically included in the contracts. The Periodic Checklist, which is received by the Commission at mid-year and at year-end, provides a list of the contracts which are to be reviewed in the year the contract is due to expire, and at least every six years for contracts without a fixed term.

The Commission's Governance Manual specifies the type and frequency of reports to be provided to the Commission.

7. RISK MANAGEMENT

The Plan administrator should establish and document a framework and ongoing processes, appropriate to the Plan, to identify and manage the Plan's risks.

a) Have you identified, assessed and prioritized the pension plan's risks?

Yes

Comments/Reference/Actions

The Risk Management Plan is reviewed and updated annually. The report entails a review of activities undertaken to mitigate identified risks for the prior year as a proposed plan for the upcoming year for the Commission to consider and approve.

The Commission reviewed its risk management activity for 2017 at its January 19, 2018 meeting and approved its 2018 Risk Management Plan at its February 16, 2018 meeting. The Risk Management Plan includes the Commission's risk management philosophy and it articulates the key broad-based risks identified in the Plan.

b) Do you have a continuous process to monitor and manage these risks? (new)

Yes

Comments/Reference/Actions

The Commission has in place a risk management policy, which requires that the Commission be presented with a risk management review report and approve a risk management plan each year.

Decision Items presented to the Commission have been expanded and risk management implications are documented for every decision considered by the Commission.

8. OVERSIGHT AND COMPLIANCE

The Plan administrator should establish and document appropriate processes to ensure compliance with the legislative requirements and Plan documents.

a) Have you identified the legislative requirements, plan documents and any regulatory or plan-specific policies that apply to the pension plan?

Yes

Comments/Reference/Actions

The Periodic Checklist, which is received by the Commission at mid-year and at year-end, identifies the legislative requirements that apply to the Plan.

b) Do you have a documented process to ensure you comply with legislative requirements and pension plan documents and policies?

Yes

Comments/Reference/Actions

Under the Commission's contract with PEBA, among the services to be provided by PEBA, the contract states:

"PEBA shall provide all services required to operate, administer and manage the Plan in a manner consistent with and according to all statutory provisions and regulations that apply to the Plan."

The Periodic Checklist has been completed and presented to the board for the twelve-month period ending December 31, 2017 and for the six-month period ending June 30, 2018. This document indicates that efforts are undertaken to ensure that legislative requirements are met.

If yes, does this process include a regular review to monitor changes to support future compliance?

Yes

Comments/Reference/Actions

PEBA monitors legislative changes that may affect the Plan on an ongoing basis. Exceptions or information on changes that would not directly affect the Plan but could affect Plan members (such as proposed changes to the Canada Pension Plan) are reported to the Commission.

9. TRANSPARENCY AND ACCOUNTABILITY

The Plan administrator should establish and document a communication process with the aim to be transparent and accountable to Plan members, beneficiaries and other stakeholders.

Have you established and documented a communication process that:

- a) **Provides plan members, beneficiaries and other stakeholders with access to information about the pension plan as required by applicable legislation as well as any other information that you have identified as appropriate?**

Yes

Comments/Reference/Actions

The Commission's communication and stakeholder relations policy (Section 16 of the Commission's Governance Manual) describes the information that is to be provided to members. The Commission's Governance Manual is published on the Plan website.

The Commission's Annual Report includes information regarding its Strategic Plan, Governance framework, and Risk Management planning process. The Commission also publishes the results of its Governance Self-Assessment Questionnaire on the MEPP website.

- b) **Informs plan members and beneficiaries about the process for asking questions and raising concerns?**

Yes

Comments/Reference/Actions

Members are provided with a means of contacting MEPP (via PEBA) with questions or concerns in every article of communication distributed to the members.

Members are made aware via the PEBA website that a complaints process exists. They are encouraged to resolve any dispute or complaint about the administration of the Plan they may have (whether that is an action taken by PEBA, their employer, or any other service provider retained by the Commission) directly with PEBA prior to availing themselves of this process. If their dispute or complaint cannot be resolved, they are provided with the details of the formal complaint process.

c) Communicates how important decisions are made?

Yes

Comments/Reference/Actions

The Act establishes the Commission and delineates the powers of the Commission, which include making decisions with respect to the interpretation of the Act and the governance of the Plan.

The Commission's Governance Manual lists the information to be received by the Commission and the rules and procedures for reviewing and acting on information. The Governance Manual is available on the MEPP website.

The Commission's Acquisition and Retention of Services policy (Section 8 in the Governance Manual) details how service providers are to be selected, evaluated and retained.

The Commission is aware of the importance of effective communications for Plan members and employers. Recognizing this, the Commission's Communications Strategy which is outlined in Section 16 of the Commission's Governance Manual provides for a consistent, coordinated and professional approach.

d) Informs members about the risks, benefits, options and responsibilities of membership in the pension plan?

The Member Booklet, available on the MEPP website, outlines the Plan provisions and the responsibilities of members.

10. CODE OF CONDUCT AND CONFLICT OF INTEREST

The Plan administrator should establish and document a code of conduct, incorporating a policy to manage conflicts of interest.

a) Do you have a code of conduct that sets out the expected behaviours for you as the plan administrator and your delegates?

Yes

Comments/Reference/Actions

Section 12 of the Governance Manual is the Commission's Code of Conduct and Conflict of Interest procedures.

The Commission's delegates have copies of its Code of Conduct and Conflict of Interest policy. The Commission's policy reflects best practices as outlined in "Code of Conduct for Members of a Pension Scheme Governing Body," published by the CFA Institute Centre for Financial Market Integrity.

The Commission reviews and signs its Code of Conduct and Conflict of Interest procedures annually.

Employees of the Commission's administrator are required to swear or affirm an oath of office that prohibits personal benefit from the performance of official duties.

Members of PEBA's Investment Services branch are subject to an additional conflict of interest procedure.

- b) Does your code of conduct incorporate a conflict of interest policy that identifies and addresses potential conflicts of interest that may arise in particular circumstances of your pension plan, whether actual or perceived?**

Yes

Comments/Reference/Actions

The Board has identified and addressed procedures related to potential conflicts of interest in its Code of Conduct and Conflict of Interest Procedures within its Governance Manual.

- c) Do your delegates have a code of conduct that incorporates a conflict of interest policy?**

Yes

Comments/Reference/Actions

All service providers are to provide PEBA with a signed statement affirming that they abide by a code of conduct.

Employees of the Commission's administrator are required to swear or affirm an oath of office that prohibits personal benefit from the performance of official duties.

Members of PEBA's Investment Services branch are subject to an additional conflict of interest procedure.

d) Do you have processes in place to receive appropriate disclosure from your delegates of conflicts and any breaches of the code of conduct? (new)

Yes

Members of the Commission are asked to declare any conflicts of interest at each meeting.

11. GOVERNANCE REVIEW

The Plan administrator should establish and document a process for the regular review of the Plan's governance framework and processes.

a) Have you established and documented a process for a regular review of your pension plan's governance?

Yes

Comments/Reference/Actions

Section 13 of the Governance Manual provides for an annual completion of:

- Self-Assessment Questionnaire; and
- Governance Self-Assessment Questionnaire.

Both questionnaires are used to regularly review the Plan's governance processes.

The Governance Manual is reviewed and updated annually.

The Commission reviews the Governance Self-Assessment Questionnaire (this document) at its November meeting.

b) Does your governance review process include methods to address identified governance shortfalls?

Yes

Comments/Reference/Actions

The Commission is required to perform an annual review of the Plan's governance. The review includes the development of action plans for resolving inconsistencies or inadequacies in the Plan's governance.

COMPLETED BY:



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16 November 2018
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16 November 2018
Date