

I. Mandate and Roles

Section 4 – Charter of Expectations

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4.01 Board Responsibilities

The Board is explicitly responsible for the effective and timely operation and management of the Plan. To discharge this obligation, the Board assumes responsibility in the following areas.

Plan Design:

- Review the design of the Plan from time to time, recommend changes to the Plan when required and implement changes to the Plan;
- Review market place statistics, imminent trends and analysis, to ensure that the Plan design is competitive with or comparable to similar trustee plans.

Compliance:

- Recommend changes to the Plan that arise from *The Pension Benefits Act, 1992* (PBA) or are required by the *Income Tax Act (Canada)* (ITA);
- Ensure timely reporting to the Canada Revenue Agency (CRA) in accordance with the ITA;
- Ensure timely reporting to the Financial and Consumer Affairs Authority in accordance with the PBA and *The Public Employees Pension Plan Act* (PEPP Act);
- Monitor Statement of Investment Policies and Goals compliance;
- Appoint an independent Auditor, review performance and terminate services when necessary;
- Review reports from the Auditor, determine appropriate action and implement the recommendations contained therein (statutorily, the Provincial Auditor remains as the Auditor of the Plan);

- Monitor Plan administration to ensure compliance with the PEPP Act.

Administration:

- Ensure the timely payment of benefit entitlements to Plan members and beneficiaries;
- Monitor and review the performance of the Public Employees Benefits Agency (PEBA) and other administrative service providers;
- Make decisions resulting in an increase to the funding and operational costs of the Plan and any changes in the interim;
- Make decisions regarding the eligibility of an employer/employee to join the Plan.

Communication:

- Promote the communication, awareness and understanding of the Plan among Plan members;
- Ensure that statutory disclosure regulations are being met and exceeded for the benefit of Plan members/beneficiaries;
- Ensure that all relevant information affecting members' rights, benefits and entitlements is provided to members and beneficiaries.

Funding and Custody:

- Review PEBA's co-ordination of the asset management of the Plan and make appropriate changes, if necessary.

Investment:

- Appoint Investment Managers and terminate their services when necessary;
- Monitor the performance of the Investment Managers and the assets under their management;
- Appoint a Strategic Investment Consultant, a Private Markets Consultant, and a Custodian, review performance, and terminate their services when necessary;
- Review PEBA's recommendations and determine appropriate action; and
- Approve the Statement of Investment Policies and Goals and subsequent amendments.

Governance:

- Conduct a self-assessment review of the governance process on a periodic basis;
- Monitor and confirm the governance framework, and implement changes as deemed necessary.

Strategic Planning Process:

- Develop, implement and assess short- and long-term measurable directions and objectives;
- Monitor performance against adopted directions and objectives;
- Review and approve annual budget and operating plan, and monitor performance against those plans; and
- Ensure, to the extent possible, that necessary resources will be available to pursue strategies, establish priorities and achieve objectives.
- An annual planning cycle will consist of:
 - A strategic planning session to set, review, or update the Board's Strategic Business Plan, typically in April;
 - An annual work plan at the Board's June meeting to set the pace and plan for the initiatives the Board will look to accomplish over the next September through June meeting cycle; and
 - A comprehensive education plan at its September meeting to identify in-meeting education by service providers and other industry experts to assist the Board in its preparation for upcoming decisions on the initiatives approved in its annual work plan.

Risk Assessment:

- Identify business risks which would adversely or positively affect the operation of the Plan;
- Ensure that appropriate systems and actions are in place to manage such risks; and
- Ensure that risk is formally considered and integrated into all decisions made.

Integrity:

- Ensure the integrity of the Plan's internal controls and information systems; and
- Ensure ethical behavior of all participants involved in the administration of the Plan.

Orientation/Ongoing Education:

- Ensure the establishment and implementation of an appropriate, formal orientation program for new members of the Board; and
- Ensure that resources are available for an appropriate and practical ongoing educational program for all members of the Board.

Board Effectiveness:

- Evaluate the effectiveness of the Board in fulfilling its responsibilities on a periodic basis; and
- Monitor the effectiveness and contribution of individual members of the Board.

4.02 Appointment of Associate Deputy Minister and Senior Management

By Order in Council, the Lieutenant Governor of Saskatchewan designates the Public Employees Benefits Agency (PEBA) as administrator of the Public Employees Pension Plan. PEBA staffing is the responsibility of the Minister of Finance, and as such:

- Selection, appointment, evaluation and, if necessary, termination of the Associate Deputy Minister of PEBA, is the sole jurisdiction of the Ministry of Finance, Government of Saskatchewan;
- Succession planning, appointment, training, evaluation and, if necessary, termination of senior management at PEBA is the responsibility of the Associate Deputy Minister of PEBA in conjunction with the Ministry of Finance, Government of Saskatchewan.

While the Board recognizes that senior level staffing is the sole jurisdiction of the Ministry, the Board will send a letter to the Deputy Minister of Finance each time the position of Associate Deputy Minister of PEBA is being staffed, requesting input into the selection process.

The PEBA Governance Committee was established to make possible discussion amongst the Ministry of Finance, the Public Employees Pension Board, and the Municipal Employees' Pension Commission regarding the mutually beneficial allocation of the resources of PEBA with respect to the administration of PEPP and the Municipal Employees' Pension Plan.

4.03 Board Member Attributes

To execute the Board responsibilities, members of the Board must, collectively and/or individually, possess certain characteristics and traits:

Integrity and Accountability:

- Members of the Board must demonstrate high ethical standards and integrity in their personal and professional dealings, and be willing to act on and remain accountable for their boardroom decisions;
- Members of the Board must act solely in the best interest of Plan members/beneficiaries and are required to exercise the care, skill and diligence of a prudent person in carrying out their duties;
- Members of the Board must be seen to possess the qualities of integrity and accountability by being able to demonstrate they are individuals who conduct themselves at all times in accordance with the law as specified in section 12.05 - Ethical Standards in the Board's Code of Conduct and Conflict of Interest Procedures.

Informed Judgment:

- Members of the Board must develop a depth of knowledge of pension related matters in order to understand and question the assumptions upon which the strategic and operational plans are based, and to form an independent judgment regarding the probability that such plans can be achieved.

Financial Literacy:

- An important function of the Board is to monitor financial performance. Members of the Board must have a high level of financial literacy. They should know how to read financial statements and reports, and understand appropriate terminology for the evaluation of investment performance.

Mature Confidence:

- Members of the Board should value Board and team performance over individual performance, possess respect for others, and facilitate superior Board performance;

- Members of the Board should demonstrate openness to the opinions of others, and the willingness to listen should rank as highly as the ability to communicate persuasively;
- Members of the Board must approach others assertively, responsibly and supportively, and be willing to raise difficult questions in a manner that encourages open discussion.

4.04 Board-Level Special Competencies

The Board believes that an important prerequisite to good governance is having a board composed of individuals who collectively have the full range of skills, expertise, and experience necessary to oversee the management and performance of the Plan and otherwise fulfill its duties and responsibilities. The Board recognizes that the competencies required for effective oversight of the Plan are influenced by the size and complexity of the Plan. The Board has developed a list of special competencies related to the Plan's design and features. Because the Board functions and makes decisions as a group, not all individuals need to possess the same competencies.

However, the Board has determined that it needs individuals who collectively have knowledge, skill, and experience in the following areas:

1. Pension funds:
 - Pension industry, including key risks, trends, issues
 - Design, funding, and administration of defined contribution pension plans
 - Member investment choice
 - Custody
 - Employee retirement options
 - Regulatory requirements
2. Investment:
 - Investment management concepts (e.g., capital markets, asset mix, returns)
 - Asset classes (e.g., equities, bonds, infrastructure, real estate)
 - Investment portfolios (e.g., active versus passive management, pooled funds versus segregated portfolios, investment styles)
 - International investing considerations, such as currency and political risk
 - Setting and monitoring investment policy and strategy
 - Derivatives
 - Investment performance reporting

- Trends and current issues
3. Risk management:
 - Enterprise risk management
 - Internal controls
 - Trends and current issues
 4. Finance and accounting:
 - Generally accepted accounting principles, financial statements
 - Audits
 - Trends and current issues
 5. Human resources/supplier management:
 - Supplier selection and evaluation
 - Reliance on expert advice
 - Succession planning
 - Trends and current issues
 6. Governance:
 - Pension governance structures
 - Fiduciary duties
 - Conflict of interest
 - Trend and current issues
 7. Stakeholder relations:
 - Government functioning
 - Public policy
 - Trends and current issues

4.05 Board Member Responsibilities

To discharge their collective obligation as a Board of Trustees, individual Board members assume responsibility in the following areas:

Duty of Due Diligence

Members shall:

- Be informed of *The Public Employees Pension Plan Act and Regulations, 2015*; *The Pension Benefits Act, 1992 and Regulations, 1993*; and *The Trustee Act, 2009*, which define the Board's responsibilities and powers;
- Have knowledge of the Board's Governance Manual and the Board's Policy Manual;

- Keep generally informed about issues that affect the Plan and about general trends in the sector in which the Plan operates;
- Develop a depth of knowledge of pension plan-related matters in order to understand and question the assumptions upon which operational plans are based;
- Develop a high level of financial literacy. They should know how to read financial statements and reports, and understand appropriate terminology for the evaluation of investment performance;
- Regularly attend Board meetings and contribute to the work of the Board.

Duty of Loyalty

Members shall:

- Act with honesty and good faith in what they believe to be the best interests of the members of the Plan and their beneficiaries;
- Maintain solidarity with fellow Board members in support of decisions that have been made in good faith in a legally constituted meeting by members in reasonably full possession of the facts;
- Exercise vigilance for and declare any apparent or real personal conflict of interest in accordance with the Board's conflict of interest procedures; and
- Keep confidential all Board information, including post service, as it remains property of the Board.

Duty of Care

Members shall:

- Exercise the same degree of care, diligence, and skill that a reasonably prudent person would show in comparable circumstances;
- Demonstrate high ethical standards and integrity in their personal and professional dealings, and be willing to act on and remain accountable for their boardroom decisions;
- Offer their personal perspective and opinions on issues that are the subject of Board discussion and decision;
- Demonstrate openness to the opinions of others; the willingness to listen should rank as highly as the ability to communicate persuasively;
- Voice, clearly and explicitly at the time a decision is being made, any opposition to a decision being considered by the Board;
- Ask that the Board review any decision made if he or she has reasonable grounds to believe that the Board acted without full information or in a manner inconsistent with its trusteeship responsibilities; and,

- Work cooperatively with the staff of the Public Employees Benefits Agency, respecting the distinction between the roles of Board and staff consistent with generally established principles of governance.

4.06 Chair Responsibilities and Duties

Primary Responsibilities:

- Consult with the Board regarding the frequency and dates of regular meetings;
- Call special meetings of the Board whenever the Chair considers it necessary;
- Preside over the meetings of the Board;
- Vote on motions of the Board;
- Approve the agenda for Board meetings;
- Approve draft minutes of Board meetings for distribution to the Board;
- Approve/release the communication of Board business;
- Receive and table before the Board notices of conflict of interest;
- In consultation with the Board, determine the appropriate course of action regarding the resolution of conflicts of interest;
- Receive and table before the Board notices of bias;
- In consultation with the Board, determine the appropriate course of action regarding the resolution of situations of bias;
- Decide whether to approve requests by Board members to exceed their Education Allowances by the amount prescribed in section 9.02 Board Remuneration/Reimbursement;
- Represent the Board at meetings of the Public Accounts Committee as required;
- Authorize individuals to represent the Board at meetings of the Public Accounts Committee;
- Act as spokesperson and representative of the Board to management and outside parties, or authorize individuals to speak on behalf of the Board;
- Communicate recommended amendments to the Plan to the Minister of Finance;
- In conjunction with the other members of the Board, ensure that the contract with the Public Employees Benefits Agency is appropriately carried out;
- Authorize or approve the timely and appropriate execution of Board business;
- Be available for consultation with management when required;
- Authorize the signing of contracts for services acquired by the Board that are in excess of \$24,999; and
- Authorize the termination of investment managers.

- Facilitate the Board’s process for making decisions outside of regularly scheduled meetings;
- Comply with the Board’s Code of Conduct/Conflict of Interest policy and administer the policy as required;
- Undertake a Criminal Record Check prior to an offer of appointment;
- Keep confidential all Board information, including post service, as it remains property of the Board; and
- Provide other duties as necessary as agreed to by the Board.

Personal Attributes

The position of Chair requires a person who is able to use alternative ways of looking at issues or problems and linking complex information to a solution.

The Chair will be responsible to analyze, plan and integrate concepts into a structured and rational process. This person will be able to make complex situations or ideas clear, simple and understandable. This person will assemble ideas, issues and observations into clear and useful explanations and solutions.

Teamwork:

- The Chair builds team spirit and acts to promote a friendly climate, good morale and co-operation between team members. This person will resolve team conflicts and promote team reputation with others.

Leadership:

- The Chair effectively manages the Board and its performance in order to maximize the productive use of Board members’ time and efforts.

Board Culture:

- The Chair creates a positive and inclusive environment, where members of the Board function as a team, and feel free to participate and express dissenting views, and to identify and remedy conflicts of interest.

Relationships/Communication:

- The Chair fosters relationships and acts as a communication link between the Board, stakeholders and service providers.

4.07 History

Approval date: September 27, 2006; November 26, 2008;
September 23, 2009; October 27, 2010;
October 23, 2013; May 27, 2020; and
June 24, 2020.

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