

II. Governance

Section 10 – Educational Program

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10.01 Purpose

In order for the Board to fulfill its fiduciary responsibilities, each member of the Board should possess a sound knowledge and understanding of pension related issues to better serve the interests of all PEPP members.

Members of the Board must be in a position to question assumptions dealing with the operation of the Plan, and be able to form independent judgment regarding the soundness and practicality of advice received from their service providers.

To achieve the desired objectives, an educational program must address relevant and current legislative and pension industry issues, as well as recognize the “hot” topics of the day. In order to meet the educational goals of the Board, members of the Board have decided to implement the following ongoing program for new members joining the Board and for current Board members.

The purpose of this policy is to define the education that Board members will be required to undertake in order to acquire and maintain the knowledge and experience required for the Board to fulfill its fiduciary responsibilities to Plan members.

10.02 Orientation Program for New Members

Upon appointment to the Board the new member will receive access to the following information on the Diligent Boards online meeting information system:

- A list and description of documents that come before Board members at regular Board meetings;
- Member booklet;
- Annual report;
- Administration budget;
- Statement of Investment Policies and Goals;
- Board meeting minutes from the last 12 meetings;
- Board meeting schedule for the current year;
- Strategic Business Plan and Plan update;
- Risk Management Review and Risk Management Plan; and
- A sheet of common acronyms used in the pension industry.

Within three months of appointment to the Board, the new Board member will undertake the following orientation activities in two sessions:

First session:

- Meet Associate Deputy Minister (ADM) and PEBA Policy and Governance personnel.
- Overview presentation on the Board and its duties:
 - What is the Plan?
 - What is the Board?
 - What is a trustee?
 - What are the rules?
 - Who makes the rules?
 - What is the pension plan environment like?
 - Who are the Plan's service providers? What do they do?
 - What are the duties of the Board?
 - Strategic Business Plan
 - Significant past decisions of the Board
 - Current and upcoming issues and decisions

- Administrative information on the operation of the Board: how to complete expense forms, computer requirements, etc.

Second session:

- Presentation: Understanding the Plan with the Executive Director, Client Service.
- Presentation: Information on Investments: A review of the investment portfolio with the Assistant Director, Investment Management.
- Presentation: PEBA Revolving Fund Budget Development Process with the Senior Manager, Planning and Accountability.
- Meeting with Director, Policy and Governance and ADM.
- Review information with PEBA Policy and Governance personnel:
 - Governance Manual;
 - Policy Manual;
 - Minutes of the last 12 Board meetings;
 - Current issues before the Board;
 - *The Public Employees Pension Plan Act and Regulations, 2015*;
 - *The Pension Benefits Act, 1992 and Regulations, 1993*; and
 - *The Trustee Act, 2009*.

During this period, a mentor (either the Board Chair or an experienced director) will be assigned to the new Board member to answer questions and offer guidance (refer to section 10.11).

Prior to his or her first Board meeting, the new member shall speak with the Board Chair in order to prepare for the meeting.

After three Board meetings, the Supervisor Governance and Legislation, PEBA (the Supervisor) will contact the new Board member to answer any additional questions or address any additional concerns or issues that the new Board member may have.

The following courses/seminars are to be attended by new Board members within the stated time frame:

- Within one year of being appointed to the Board:
 - A basic trustee development course facilitated by a recognized pension and benefits organization, such as:
 - International Foundation of Employee Benefit Plans (IFEBP);
 - School of Pension Investment Management;
 - Rotman International Centre for Pension Management; and
 - Humber College Centre for Employee Benefits.

- Within three years of being appointed to the Board:
 - The Pension Governance Education Program, presented by the International Centre for Pension Management at the Rotman School of Management, University of Toronto.

NB: The registration fee for the Pension Governance Education Program, presented by the International Centre for Pension Management at the Rotman School of Management, University of Toronto is more than the annual \$5,000 education allowance for Board members. In order to allow Board members to take the training, the annual allowance for a member attending this course will be increased to cover the registration fee, and it will be the only education event for which a registration fee applies that a Board member will be able to attend in the year.

10.03 Ongoing Developmental Program for All Members

The Ongoing Developmental Program for All Members is meant to provide Board members with an opportunity to continually develop their understanding of governance best practices and pension-related issues in order to fulfill their fiduciary duties to the members of the Plan.

This ongoing program will be reviewed periodically to ensure that it addresses current needs as governance practices evolve and new trends develop within the pension industry.

In order to fulfill their ongoing educational needs, members of the Board, shall each year attend at least one educational event facilitated by an industry-recognized business school, governance institute, or pension and benefits organization, such as the Canadian Pension and Benefits Institute, the International Foundation of Employee Benefit Plans, or the Association of Canadian Pension Management.

A Board member who is actively engaged in fulfilling the requirements of the Orientation Program for New Members is exempt from the requirements of the Ongoing Developmental Program for All Members.

PEBA will inform Board members, on a regular basis, regarding *ad hoc* courses/seminars being offered by the pension industry, for Board consideration.

10.04 Final Year of Appointment

Expenditures of Plan funds on education by a Board member who is near the end of his or her tenure with the Board may give rise to the perception of a lack of value to the Plan. Such expenditures may consequently give rise to the perception that a Board member is seeking personal enrichment at the expense of the Plan.

This policy applies to any Board member who is in the final year of his or her appointment to the Board and is ineligible to serve a subsequent term or who does not intend to serve a renewed term on the Board.

Any such member shall not engage in any education activity that requires travel outside of the province or is of a greater than nominal cost.

10.05 Board member reporting on educational activities

To support the Board's accountability to the Plan's members, Board members will provide the Board with a written report on educational opportunities attended no more than 60 days after the event.

10.06 Board Extension

The Board reserves the right to extend or alter the stated time frame for any course or seminar for a member of the Board as circumstances are warranted and as deemed appropriate.

10.07 Board Exemption

The Board may exempt a member of the Board from attending a particular course or seminar if the member's educational background and/or work experience warrants such exemption.

10.08 Substitution of Courses

The Chair may approve a request by a Board member to substitute a course of a similar or higher level of learning on the same subject area for one of the required courses.

Any such substitution shall be reported to the Board.

10.09 Board Travel for Educational Purposes

The Board recognizes that a number of quality educational events take place outside of Canada, many of which are within the continental United States. The Board is of the view that it is not in the best interests of Plan members to limit Board member access to educational events based on geographic location, but also recognizes the need to be prudent in its expenditures for education. Board members who are interested in attending an educational event outside of Canada and the continental United States are required, prior to attending the event, to provide the Board with the following information:

- A description of the educational event;
- The cost of the event;
- An explanation of how the event meets the objectives of the Board's education program; and
- An explanation related to why this education or a comparable one cannot be obtained within Canada or the continental United States.

10.10 Supplier-sponsored Opportunities for Board Member Education

A supplier-sponsored educational opportunity is one that is offered to a member of the Board free of charge by a service provider retained by the Board.

This policy applies to any educational opportunity that:

- is sponsored by a service provider who is currently engaged by the Board, has previously been engaged by the Board, or could reasonably be expected to provide services to the Board in the future, and
- could reasonably be considered to be of a value greater than a nominal value that could be accepted by a Board member under paragraph 11.05.

Board member attendance at such events creates the appearance of a conflict of interest.

To avoid any real or perceived conflict of interest, the Board prohibits attendance at such events by Board members.

10.11 Board Trustee Mentor Program

Objective:

The Mentor Program is intended for new Board members to help them gain a greater understanding of their fiduciary roles and responsibilities and how the Board operates within the governance framework.

The assignment of an experienced Board member to a new member (the mentee) to answer his or her questions about their roles and responsibilities should serve to reduce the mentee's learning curve and help the individual to become more effective in his or her role as a Board member.

Role of the Mentor:

The role of the mentor is to provide a contact point for the mentee to ask questions about issues of how the Board operates based on mentor's experience and to provide feedback on how the mentee is progressing in meeting his or her responsibilities in the conduct of meetings. The mentor also may provide insight into areas of governance and oversight that may have been unclear during his or her initial period on the Board, or on any issues that the mentor anticipates the mentee may not understand. Mentors will be encouraged (but will not be obligated) to be present at orientation sessions. Mentors are encouraged to provide explanations where necessary regarding materials mentees receive in their orientation binder, and to make any suggestions for preparation for upcoming educational events the mentees are required to attend.

Role of the Mentee:

The mentee is encouraged to ask questions of the mentor on any issues that are unclear during meeting discussions, with respect to materials distributed in meeting packages, or current issues that may impact their role as a Board member.

Assignment of a Mentor:

Board members will be asked to indicate if any of them is willing to act as a mentor. A list of potential mentors will be compiled by PEBA and kept on file, and each year members will be asked to confirm that they are still interested in acting

as mentors. If no member voluntarily comes forward as a potential candidate, the Chair of the Board will approach eligible Board members and ask them to consider becoming mentors. A Board member becomes eligible to participate as a mentor once he or she has completed at least two years of service on the Board. When a new Board member is appointed, the Chair of the Board will assign a mentor to the member from the list of potential candidates based on the potential mentor availability. If an appointed mentor is unable to continue a mentorship role, an alternate candidate will be assigned to the mentee.

The mentor will be assigned to the new Board member as part of the new Board member's orientation.

Timeframe and Format of the Mentor Program:

The mentor relationship will not have a fixed timeframe, but it is anticipated that the period where most activity will take place will be the first six months of the assignment. The mentor relationship can extend beyond the six-month period if the mentor and mentee determine that more time is needed. The format and frequency of meetings will depend on how often the mentor and the mentee need to meet. The mentor and mentee can meet after Board meetings or at a set time when both individuals are able to make contact with each other. The method of communication will also depend on the needs of the mentee and can take the form of face-to-face meetings, phone calls or e-mails where appropriate.

10.12 Director Certification

The Board recognizes the value of continuing education for members of the Board, and recognizes the increasing emphasis in the pension industry on director certification.

The Board is also aware of the financial cost of such course of certification, and notes that the program fees for an individual to pursue director certification are approximately \$20,000.

Balancing the need to support members of the Board who undertake ongoing education in the form of a course of director certification with the need to be prudent in its expenditures of member funds, the Board has developed the following criteria for determining whether to provide financial support to Board members who pursue certification:

The Board will provide financial support to Board members pursuing certification on the following conditions:

- The Board member has completed the orientation program for new members set out in section 10.02 of this Governance Manual; and
- The Board member's course of certification will be completed during the Board member's current appointment to the Board.

Where a member's appointment will elapse during the intended course of certification, the Board may determine on a case-by-case basis the appropriateness of providing financial support, taking into account a member's intention to serve a renewed appointment to the Board.

10.13 History

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