

**THE EDMONTON PIPE INDUSTRY PENSION TRUST FUND**  
**BOARD OF TRUSTEES GOVERNANCE GUIDELINES**

The Board of Trustees (the "Board") of The Edmonton Pipe Industry Pension Trust Fund (the "Fund") wishes to formalize the guidelines pursuant to which the Board governs the business of the Fund. The guidelines are intended to be flexible and are intended to provide parameters and direction to the Board in conjunction with its obligations and mandate to oversee and direct the affairs of the Fund.

**BOARD RESPONSIBILITIES**

Under the *Alberta Employment Pension Plans Act (the "Act")*, the Board is the administrator of The Edmonton Pipe Industry Pension Plan (the "Plan") and is therefore responsible for:

- administering, and shall administer, the Plan (and the Fund) in accordance with the *Act*;
- ensuring that the Plan (and the Fund) complies with the *Act*, including its contractual provisions;
- having the Plan reviewed in accordance with the *Employment Pension Plans Regulations (the "Regulations")* and have the results of the review set out in the form of an actuarial valuation report and a cost certificate;
- standing in a fiduciary capacity in relation to members, former members and others entitled to benefits; and
- ensuring that any agreement relating to the investment of the Fund does not contain any provision that a pension plan is prohibited by the Act from containing.

The Board is responsible for the stewardship and governance of the Fund. Governance includes the supervision of the administration services provider, assessing whether the objectives of the Fund and the Plan are being met, and whether the administration services provider is fully and adequately

performing their duties. The Board shall act in the best interests of the Plan members, and for the protection and enhancement of the members' fund value on a long-term basis. In executing this role, the Board shall oversee the conduct, direction and results of the business of the Fund. In turn, the administration services provider is mandated to conduct the day-to-day business and affairs of the Fund and is responsible for implementing the Fund's strategies, goals and directions as directed and approved by the Board. The Board and its members shall at all times act in the best interests of the Fund. The actions of the Board and its members shall reflect the responsibility of establishing and following proper business practices and high ethical standards expected of the Fund.

In discharging the Board's stewardship obligations, the following are eight specific principal responsibilities of the Board.

**1. Documentation**

The Plan and the Fund are governed by a number of documents including, but not limited to, the Plan text, the pension trust agreement, the statement of investment policies and procedures, the funding and benefits policy and other constative documents. All such documents are important and encompass the purpose and objectives of the Plan. It is therefore incumbent on the Board to ensure that such documents are in place, are reviewed from time to time, are maintained on a current basis, and are implemented properly.

**2. Administration**

The Board is charged with the proper administration of the Fund and must therefore ensure that the administration of the Fund is carried out properly, efficiently and effectively. The day-to-day administration of the Fund is delegated under an agreement to an administration services provider, McAteer-Employee Benefit Plan Services Limited; however, it is incumbent on the Board to monitor the activities of the administration services provider to ensure that the duties and functions delegated to the administration services provider are being effectively carried out. The administration services provider should, amongst other things:

- implement the Plan provisions,
- interpret provisions consistently with the objectives of the Plan,
- use discretionary powers in a fair, transparent and objective manner,
- seek clarification for unclear Plan provisions from the Board or with professional advice,
- keep accurate and complete records,
- ensure compliance with the *Act*, the *Regulations* and other governing statutes, and
- ensure that all duties as set out administration services agreement are being properly performed.

### **3. Funding and Investment**

The strategic planning for the Plan should project both funding and investment policies together, and should examine how contributions and solvency will vary under a variety of plausible scenarios. This work should be done with the advice and assistance from both the investment manager(s) and the actuary.

The role of the Board is to ensure that the funding levels are adequate to permit the payment of benefits. The following responsibilities may be included in the management of the funded status of the Plan:

- to review the adequacy of contributions to meet current and future needs;
- to investigate the sensitivity of the plan to economic and demographic conditions;
- to determine the desired level of surplus needed as a cushion against potential downturns;  
and
- to maintain the desired level of benefit security by recommending the restraining or reshaping of benefits, modifying investment policy, or recommending accelerated contributions.

### **4. Managing Risks and Protecting Member Value**

The Board shall be responsible to ensure that proper procedures are established for the protection of the value of the Fund for the benefit of Plan members. The Board is expected to

adequately scrutinize all material actions and matters affecting the Fund.

Members of the Board are responsible for, and are therefore expected to understand, the principal risks associated with the Fund's business. In this regard, the Board must rely upon McAteer to identify and monitor risks on a day-to-day basis. However, the Board must ensure that there are adequate systems in place, which effectively monitor and manage the risks of the business to ensure the Fund's long term viability. It is acknowledged and understood that all business decisions involve balancing risks with reward and benefit, and hence any material business actions must balance the potential return against the potential damage to Fund members.

**5. Appointing and Monitoring the Administration Services Provider**

The responsibility of the Board is to ensure that the Fund's strategies, goals, directions and resolutions are implemented through delegation to the administration services provider and with the advice of professional advisors where appropriate. In turn, the administration services provider must inform and communicate properly and effectively with the Board and in accordance with the Board's stated goals and objectives. As a result, the Board must ensure that it has retained an administration services provider of the highest calibre. The Board must implement systems to assess the performance of the administration services provider against objectives established by the Board.

**6. Communications Policy**

The Board shall ensure that the Fund has a policy in place to enable it to communicate effectively with members, the regulators and the public generally. The Fund's communications policy must effectively relate the operations of the Fund to the members and the regulators, and should facilitate open communication with members. The administration services provider will be directly responsible for supervising the issuance of all material communications to members.

## **7. Internal Corporate Controls and Management Information Systems**

The Board shall ensure there are control and information systems in place to ensure the effective discharge of its responsibilities hereunder and in law. In particular, the Board will ensure the Fund has an audit system and internal controls which verify the integrity of the financial data and the compliance of financial information with appropriate accounting principles.

It is also incumbent upon the Board to seek and obtain appropriate expertise and advice whenever required or deemed advisable in carrying out its fiduciary and other responsibilities, and also ensuring that all decisions are in compliance with the Act and the regulations thereunder.

The Board at large is responsible for its approach to governance issues. In considering these issues and in assessing the effectiveness of the Board and its committees, the Board will be guided by the principles and guidelines set out in various published materials to the extent they are relevant to the operations of the Fund and the Plan.

### **ACCOUNTABILITY**

The Board is responsible to ensure that the Fund meets its accountability obligations to the members by:

1. the preparation, issuance and distribution of an annual report;
2. ensure the attendance by the Executive Administrator, as requested, at any Local 488 meeting of the members to present any pertinent information and providing the opportunity for questions;
3. the preparation and issuance of a semi-annual interim report; and
4. responding in a timely manner to all queries and information requests.

In addition, the Board is responsible to ensure that the Fund meets its reporting obligations to the Superintendent of Pension for the province of Alberta, as set out in Act and the regulations thereunder.

## **BOARD OF TRUSTEES**

### **1. Composition of the Board**

At the present time, the Board of Trustees is comprised of seven persons, being four members elected by the United Association of Journeymen and Apprentices of The Plumbing & Pipefitting Industry of the United States and Canada - Local 488 ("Local 488") and three independent trustees appointed by the Board on the recommendation of the Nominating Committee.

The Local 488 trustees have a three year term limit and are eligible for re-election. The independent trustees have a two year term limit with renewable terms.

### **2. Board Compensation**

At the present time, the members of the Board elected by the Local 488 membership do not receive any compensation for their services. The independent trustees are entitled to such remuneration as determined from time to time by the Board in a written policy.

### **3. Assessing the Board's Performance**

The Board shall implement a mechanism for an assessment of the Board's performance and the performance of the committees of the Board. This should be done on a periodic basis (at least once every two years) and the performance assessment should be discussed with the full Board.

This assessment should be of the contribution of the Board and the Committees as a whole, and should specifically review areas in which the Board and/or the administration services provider believe a better contribution could be made. Its purpose is to increase the effectiveness of the Board, not to target individual Board members.

#### **4. New Members Orientation**

New members of the Board shall be provided with an orientation and education program as to the nature of the business of the Fund and the Plan, current status and appropriate background information, including a review of the Trustees Handbook and the responsibilities of being an effective Trustee.

### **BOARD COMMITTEES**

The Board may establish such committees as it considers appropriate. However, in establishing such committees, the Board recognizes that they are only established to assist the Board in carrying out its mandate.

The current standing committees of the Board are the Audit Committee, the Nominating Committee and the Investment Committee.

The responsibilities of committees shall be as set forth in their written mandates as prescribed from time to time by the Board.

The administration services provider's staff shall not be members of any Board committees. However, staff of the administration services provider will attend committee meetings as resource personnel, at the invitation of the committees.

Appointment of members to all committees of the Board shall be the responsibility of the Board, after consideration of the desires of individual Board members. There shall be at least one independent trustee member on any committee of the Board, other than the Nominating Committee. Consideration should be given to rotating committee members from time to time and to the special skills of particular Trustees. However, the Board does not feel that such a rotation should be mandated as a policy since there may be reasons at any given point of time to maintain an individual Trustee's committee membership or chairmanship for a longer period.

Committee chairs will be selected by the Board except for the Nominating Committee. The Committee chairs will be responsible for determining the agenda of meetings and determining the frequency and length of meetings.

The Board may constitute additional standing committees or special committees with special mandates as may be required or appropriate from time to time. In appropriate circumstances, the committees of the Board shall be authorized to engage independent advisors as may be necessary in the circumstances.

Minutes of all Committee meetings shall be prepared. It will be the responsibility of the Committee chair to ensure that a recording secretary is appointed for each meeting and that the minutes are drafted within three (3) days of the meeting and subsequently reviewed by the chair. Minutes of all meetings shall be included as an information item in the agenda of the next regularly scheduled meeting of the Board of Trustees.

### **CHAIRMAN OF THE BOARD**

The Chairman of the Board shall be elected annually by the Board from among the independent trustees on the Board.

The Chairman of the Board assures the integrity of the Board's processes, and is responsible for ensuring that the Board operates in a manner that is consistent with the Act, the Superintendent's directives, the Pension Trust Agreement and all the policies of the Fund.

The Chairman is the only member of the Board who has the authority to speak for, and on behalf of, the Board. In his absence, the Chairman may designate another member of the Board to speak on his behalf or the Board may appoint a spokesperson in the absence of the Chairman.

The role and responsibilities of the Chairman of the Board are set out in a written position description approved by the Board.



## **BOARD MEETINGS, AGENDAS AND MINUTES**

The administration services provider will be responsible for drafting the agenda for each Board meeting for the review and approval of the Chairman.

The administration services provider shall be responsible for ensuring that all information and data material, relevant or important to the Board's understanding of the business to be considered by it at any particular meeting, is distributed to members on a timely basis in advance of meetings. The Board and the administration services provider shall be cognizant that its members are expected to make diligent and fully informed decisions after giving the subject matter due and thorough consideration. Accordingly, early dissemination of materials is encouraged wherever possible so that members of the Board may have a full understanding of the issues to be considered and discussed. It should be a standard practice to deliver the agenda and materials for consideration at all meetings at least five (5) days prior to the meeting so that the Board meeting time may be conserved and discussion time focused on questions that the Board has about the material. On those occasions in which the subject matter is too sensitive to put on paper, the presentation will be discussed at the meeting. In addition, material should be as succinct and lucid as possible, yet provide the necessary information.

Each Board member is free to suggest the inclusion of item(s) on the agenda.

Wherever possible, and particularly with respect to regularly scheduled meetings of Trustees, personal attendance should be encouraged and telephone attendance should be restricted to urgent or special circumstances.

The Trustees will meet in Executive Session (i.e. without the administration services provider present) at least two times each year. The Executive Sessions will be held at the end of a regular Board meeting. The Chairman will retain confidential minutes of the Executive Sessions.

The recording secretary for the meetings of the Board of Trustees shall be the Executive Administrator or his designate. It shall be the normal practice that the recording secretary will prepare the minutes in draft within four (4) days of the meeting and forward the draft minutes to the Chairman for review. The draft minutes will then be distributed to each Trustee within 7 to 10 days of the meeting. The minutes will be included in the agenda of the next meeting for review and approval by the Board of Trustees.

### **CONFIDENTIALITY**

Board members may see confidential or sensitive information as part of their information packages and agendas. Members shall ensure that all board and committee materials are kept confidential, both physically and verbally.

### **MANAGEMENT PERFORMANCE, OBJECTIVES AND EVALUATIONS**

The Board, through the Chairman, shall establish objectives for which the administration services provider is responsible for meeting and shall formally assess the performance of the administration services provider annually. The annual evaluation will be carried out by the Chairman of the Board and reviewed by the Board at an Executive Session. The Chairman of the Board will review the results of the evaluation with the administration services provider.

This evaluation should be based upon objective criteria previously authorized by the Board, including consideration of the performance of the Fund, accomplishment of short and long term strategic objectives, material business accomplishments and the performance of the staff.

### **BOARD ACCESS TO THE STAFF OF THE ADMINISTRATION SERVICES PROVIDER**

Board members have complete access to the management and staff of the administration services provider. However, it is assumed that Board members will use careful judgement to be sure that this contact is not distracting to the business operation of the Fund or to the relationship of the administration services provider and their staff.

Approved by Board of Trustees – November 22, 2005 and updated May 26, 2009 and August 1, 2012 (re: addition of Investment Committee)