

**WorkSafeBC Pension Plan  
(the “Plan”)**

**GOVERNANCE POLICY**

Effective October 21, 2016

Revised January 27, 2021

## 1. WORKSAFEBC PENSION PLAN GOVERNANCE POLICY

The Plan was established to provide pension benefits to employees of the Workers' Compensation Board, a corporation established under the *Workers Compensation Act* (B.C.) and operating under the name "WorkSafeBC" ("**WSBC**"). The Plan is sponsored and administered by WSBC and is registered in British Columbia (Registration #85663-1) pursuant to the *Pension Benefits Standards Act* (the "**PBSA**"). The Plan is also registered pursuant to the *Income Tax Act* (Canada).

This Policy is intended to constitute the "governance policy" as contemplated in section 42 of the PBSA and section 50 of the regulations under the PBSA.

WSBC maintains several other documents that govern the Plan, including a plan text document, a funding policy and a statement of investment policies and procedures, all as contemplated by the PBSA. WSBC also maintains a terms of reference for the WSBC's pension committee (the "**PC**").

**Nothing in this Policy is intended to be construed or to impose on WSBC, any director or employee of WSBC or any person or entity providing services in respect of the Plan, a standard or duty (fiduciary or otherwise) that exceeds the standard or duty under the applicable law at the applicable time.**

## 2. PLAN OVERSIGHT, MANAGEMENT AND ADMINISTRATION

### (a) WSBC's Role as Administrator of the Plan

WSBC is the "administrator" of the Plan as that term is used in the PBSA. As administrator, WSBC will perform each of the duties assigned to it under the PBSA and in so doing shall:

- (i) act honestly, in good faith and in the best interest of the members of the Plan and of others entitled to benefits from the Plan;
- (ii) exercise the care, diligence and skill that a person of ordinary prudence would exercise when dealing with the property of another person; and
- (iii) avoid knowingly allowing the interests of WSBC to conflict with its powers and duties as administrator.

### (b) Governance Structures

The day to day administration of the Plan is conducted in part by employees of WSBC engaged in pension related positions ("**Pension Management**") reporting ultimately to the Chief Executive Officer of WSBC who in turn is accountable to the Board. Other aspects of day to day Plan administration, including those related to benefit payments and associated record keeping and reporting, are conducted by the British Columbia Pension Corporation ("**BCPC**"), which is under contract to WSBC as its plan administrative agent.

The Board of Directors of WSBC (the "**Board**") has established the PC for the purposes of assisting WSBC in certain tasks relating to the Plan's administration and the investment of the Plan's assets. These responsibilities are set out in a Terms of Reference document adopted by the Board, as it may be amended from time to time.

Pursuant to the PC's Terms of Reference, the Board appoints the three members of the PC. The Board may amend the Terms of Reference as it deems appropriate from time to time.

(c) **Goals of Governance Structures**

The goals of the structures set out in subsection 2(b) are to:

- (i) help ensure governance of the Plan that complies with the PBSA and any other applicable law;
- (ii) identify the specific roles and obligations for each person and entity involved in the administration of the Plan;
- (iii) help ensure accountability of those involved in the administration of the Plan;
- (iv) minimize risks associated with poorly defined governance; and
- (v) promote effective decision making with decisions being made by the person or entity with the most appropriate knowledge or perspective.

(d) **Duties of the PC and Pension Management**

The PC has the responsibilities, powers and duties with respect to the Plan that are set out in its Terms of Reference document adopted by the Board, as it may be amended from time to time. Pension Management and BCPC have all other pension administrative duties related to the Plan.

**3. PERFORMANCE MEASURES**

(a) **Third Party Service Providers**

WSBC requires the services of third party service providers in the administration of the Plan. Before appointing a service provider and on a regular basis while a service provider is retained, Pension Management shall consider the service provider's:

- (i) training, skill, specialization and experience;
- (ii) cost;
- (iii) quality and consistency of work
- (iv) references provided by other clients of the provider;

- (v) the presence of any conflicts of interest relevant to the provider's services; and
- (vi) any other factors that may be relevant.

Pension Management will be responsible for approving a service provider or recommending a service provider to the Board if appropriate.

At regular intervals and any time that is warranted by the circumstances, Pension Management will assess the performance of the service provider and will use the factors outlined above to assess the provider's performance. If, at any time, Pension Management has a concern about the activities of a service provider, it may seek an explanation or a report from the service provider, provide further clarification on the expectations of the provider or may terminate a service provider's services in accordance with the terms of the agreement with that service provider. If appropriate given the nature of the service provider, Pension Management may engage in a formal request for proposal to replace or choose a service provider. Pension Management will, as appropriate, seek advice and input from the PC on service provider issues.

(b) Pension Management

All WSBC employees, including the members of Pension Management, have their performance assessed in accordance with WSBC's policies and procedures for assessing employee performance. Each of the duties set out herein forms part of the employment obligations of the members of Pension Management and their obligations as set out in this Policy will be reviewed in accordance with WSBC's employment assessment policies and practices.

(c) The Pension Committee

The Board will periodically assess the performance of the PC members having regard to such factors as it considers appropriate.

**4. PROCEDURES TO ENSURE TIMELY ACCESS TO RELEVANT PLAN INFORMATION**

Information relevant to the Plan and its administration is always available to members of Pension Management, the PC and the Board, including copies of the Plan text, all amendments to the Plan text, all policies adopted in respect of the Plan, all valuation reports and any significant agreements entered into in respect of the Plan.

When amendments are made to significant Plan related documents, they will be made available to all persons who have decision-making power with respect to the Plan and will be provided to third party service providers if appropriate.

**5. CODE OF CONDUCT AND CONFLICT OF INTEREST PROCEDURES**

The members of Pension Management and the Board are bound by any Code of Conduct established by WSBC which is designed to apply to them except as modified

by the rules set out below. Any such Code of Conduct will, with any necessary modifications, also apply to the PC members

There may also be times where Pension Management will be acting on behalf of WSBC in its capacity as sponsor and not administrator and in such circumstances they will comply with this Policy, any conflict of interest rules adopted by WSBC in respect of that dual role and the applicable law.

## **6. EDUCATIONAL AND OTHER REQUIREMENTS FOR DECISION MAKERS**

In addition to their own professional and managerial experience, members of Pension Management and PC should strive to obtain and maintain general understanding of the following:

- (a) pension and tax legislation that impacts the Plan;
- (b) actuarial principles and liability management;
- (c) fiduciary duties and trust principles;
- (d) financial markets;
- (e) pension risk management; and
- (f) the terms of the Plan.

Members of Pension Management and PC will be encouraged to attend educational seminars to further their understanding of the issues that relate to the Plan and its administration. Any costs incurred attending seminars must be approved by WSBC, and if approved, will be paid for from the Plan assets.

## **7. RISK MANAGEMENT**

- (a) Identification of Specific Plan Management Risks

There are a number of risks that apply to any defined benefit pension plan, including the Plan. Some key plan management risks are:

- (i) Strategic risk: the risk that the Plan does not support workforce attraction, retention, and renewal.
- (ii) Financial risk: the risk that the Plan assets will not be sufficient to meet liabilities.
- (iii) Operational risk: the risk that deficiencies or breakdowns in internal controls or processes, human errors or fraud will negatively affect Plan administration.
- (iv) Legal and regulatory risk: the risk that the Plan will not be administered in accordance with the applicable law.

- (b) Management of Specific Plan Management Risks
  - (i) Strategic risk will be managed through:
    - A. the Plan's integration into the overall workforce management and total rewards strategy;
    - B. communication of the Plan's value to employees.
  - (ii) Financial risk will be managed through:
    - A. the valuation of the Plan's assets and liabilities and ensuring compliance with the legislative requirements and the professional standards of the Canadian Institute of Actuaries in respect of such valuations. It also encompasses any advice, analysis, testing or special reports which may be provided by the actuary at the request of WSBC;
    - B. the retention and oversight of qualified investment managers, the establishment and adherence to an appropriate Statement of Investment Policies and Principles (SIPP) and implementation of a well-diversified portfolio that is consistent with the plan liabilities, investment objectives and beliefs of the Plan;
    - C. the establishment of and adherence to an appropriate funding policy;
    - D. regular monitoring of Plan costs.
  - (iii) Operational or administration risk will be managed by having Pension Management:
    - A. follow an appropriate process for retaining, monitoring and terminating service providers, maintaining formal contracts where appropriate that detail the roles and responsibilities of the provider and having a process by which the service provider's performance can be measured;
    - B. regularly review all of the policies relevant to the Plan at appropriate intervals;
    - C. with BCPC's assistance, maintain benefit calculation procedures that address data collection and the method of calculating the benefit and consistency of calculations;
    - D. with BCPC's assistance, maintain procedures for verifying that contributions and special payments are made as required in accordance with applicable law;
    - E. with BCPC's assistance, maintain procedures related to

recordkeeping, storage, privacy protection and data retention;  
and;

- F. with BCPC's assistance, assess the appropriateness of Plan amendments and ensure that the full effect of an amendment is understood before being introduced.
- (iv) Legal and regulatory risk will be managed by maintaining a good relationship with the regulator for the Plan and working with legal counsel to help ensure that statutory and other legal requirements are met.

## **8. DISPUTE RESOLUTION**

Plan members are encouraged to contact WSBC if they have any concerns about the administration of the Plan or their entitlement to benefits from the Plan. WSBC (through Pension Management or the PC) will respond to the inquiry or complaint and may involve any third party service providers to the extent required to do so. Persons directly affected by a decision of BCPC in the application of the Plan terms may appeal all or part of that decision to the PC.

## **9. NO INCORPORATION BY REFERENCE**

For greater certainty, it is confirmed that despite the references herein to the PC's Terms of Reference, that document, and any other policy or other document referred to in this Policy, is not incorporated by reference into this Policy, nor do the terms of any such document form part of this Policy.