

# **WorkSafeBC Pension Plan**

## **Pension Committee Terms of Reference**

Effective October 21, 2016

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**1. The WorkSafeBC Pension Plan**

The Workers' Compensation Board, a corporation established under the *Workers Compensation Act*, R.S.B.C. 1996, c. 492 (the "**WCA**") and operating under the name "WorkSafeBC" ("**WSBC**"), is the sponsor and administrator of the WorkSafeBC Pension Plan (the "**Plan**"), a pension plan created by WSBC pursuant to s. 331 of the WCA. Effective September 30, 2015 the board of directors of WSBC (the "**Board of Directors**") amended and restated the Plan text in its entirety to bring it into compliance with the *Pension Benefits Standards Act*, S.B.C. 2012 c. 30 (the "**PBSA**").

**2. Creation of the Pension Committee**

Prior to the Plan text's restatement as of September 30, 2015 the Plan text contemplated that three individuals styled "Trustees" had certain powers and duties in respect of the Plan. Pursuant to section 112 of the Plan text's restatement as of September 30, 2015, the Trustees previously appointed under the Plan text were restyled as "**Pension Committee Members**" and were constituted as the Plan's "**Pension Committee**". The Pension Committee shall perform certain administrative and investment related duties relating to the Plan on WSBC's behalf in accordance with these Terms of Reference. These Terms of Reference are adopted on WSBC's behalf by the Board of Directors, who can amend them at any time.

**3. Other Parties Involved in Plan Administration, Fund Holding and Investment**

WSBC employs individuals ("**Pension Management**") to perform day-to-day management of the Plan and to work with and assist the Board of Directors and the Pension Committee. WSBC has entered into a Pension Plan Administration Services Agreement with the British Columbia Pension Corporation ("**BCPC**") pursuant to which BCPC provides certain plan administration services, serves as WSBC's "plan administrative agent", as that term is defined in the Plan text, and serves as the fundholder of the Plan's pension fund. The British Columbia Investment Management Corporation ("**BCI**") has been retained as the investment manager for the Plan, whose responsibilities are principally set out in the Statement of Investment Policies and Procedures for the Plan (the "**SIPP**") and in a Funds Management Agreement between WSBC and BCI.

**4. WSBC's Role as Administrator and the Pension Committee**

WSBC is the "administrator" of the Plan as that term is defined in the PBSA and the *Income Tax Act* (Canada). Each of these Acts prescribes certain functions that must be performed or supervised by the administrator of a pension plan. In particular, the administrator is responsible for managing the day to day operations of the Plan, including the supervision of fund holders, actuaries, investment managers and advisors, legal counsel and other service providers, the maintenance of Plan documents and records, communication with Plan members and regulatory authorities, and overall good management and governance of the Plan. Consequently, WSBC, acting through Pension Management and BCPC as its plan administrative agent, shall perform all the duties of an administrator in respect of the Plan, except those duties described in these Terms of Reference as being the responsibility of the Pension Committee. While acting in the capacity of administrator of the Plan, WSBC stands in a fiduciary capacity in relation to the Plan's members and others entitled to

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benefits from the Plan. While carrying out its duties described in these Terms of Reference which form part of the duties of the administrator of the Plan the Pension Committee stands in a fiduciary capacity in relation to the Plan's members and others entitled to benefits from the Plan.

## 5. Composition of Pension Committee

### (a) Constitution of Pension Committee

The Pension Committee consists of three members ("**Pension Committee Members**"), each appointed by the Board of Directors. One Pension Committee Member shall be appointed to represent WSBC. One Pension Committee Member shall be appointed after consultation with the Compensation Employees' Union to represent the employees of WSBC. The third Pension Committee Member shall be an individual selected by the other two Pension Committee Members and subsequently appointed to the Pension Committee by the Board of Directors.

### (b) Ceasing to be a Pension Committee Member

A Pension Committee Member ceases to be a Pension Committee Member in any of the following circumstances:

- (i) upon removal as a Pension Committee Member by the Board of Directors;
- (ii) upon a Pension Committee Member's resignation being received by the remaining Pension Committee Members or by the Board of Directors;
- (iii) if the Pension Committee Member was appointed for a term, when their term of office expires;
- (iv) if a Pension Committee Member is unable or unavailable, as determined by the remaining Pension Committee Members or by the Board of Directors, to carry out their duties by reason of illness or other cause for four consecutive months or more; or
- (v) upon death.

### (c) Vacancies and Interim Appointments

- (i) If there is a vacancy on the Pension Committee, the remaining Pension Committee Members shall promptly notify the Board of Directors of the vacancy. The Board of Directors will endeavor to appoint another person to fill the vacancy on the Pension Committee in a timely manner.
- (ii) If there is a vacancy on the Pension Committee the remaining Pension Committee Members will have the full power to act and carry out the duties and obligations of the Pension Committee.

- (d) Meetings of the Pension Committee
- (i) Regular meetings of the Pension Committee shall be held at least four times per year and may be called at any time by any two Pension Committee Members.
  - (ii) Written or electronic notice of each regular or special meeting shall be provided to each Pension Committee Member by or on behalf of the convenor of the meeting not less than 24 hours before the meeting time.
  - (iii) An agenda shall be prepared and distributed prior to each regular meeting.
  - (iv) A quorum for a meeting shall consist of two Pension Committee Members. Presence for quorum purposes may be satisfied by attendance in person, by telephone or live audio internet participation.
  - (v) Attendance at and minutes of all meetings shall be taken by the Pension Committee Members or by a member of Pension Management invited to participate in the meeting for such purpose.
  - (vi) Subject to the requirements set out in these Terms of Reference, the Pension Committee may establish additional rules, policies and procedures for its meetings.
  - (vii) The Pension Committee may invite from time to time such persons as it sees fit to attend meetings and take part in discussions.
  - (viii) The Pension Committee will address the topics set out in Appendix A in its meetings in the frequency set out therein, as well as such other matters as the Pension Committee Members consider appropriate.
- (e) Decision Making

Each Pension Committee Member in attendance at a meeting shall have one vote on matters voted on by the Pension Committee at that meeting. The Pension Committee shall decide matters by a majority of Pension Committee members in attendance and voting on the matter in question.

## 6. Duties and Powers of the Pension Committee

The Pension Committee has the following duties and powers:

- (a) On WSBC's behalf, annually review the SIPP and make recommendations to the Board of Directors as necessary with respect to amendments to the policy asset mix as set out in the SIPP, and to otherwise make amendments to the SIPP as necessary. In deciding whether to recommend any amendments to the policy asset mix specified in the SIPP, or to otherwise amend the SIPP, the Pension Committee shall have regard to such factors as it considers

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appropriate, including policy asset mix recommendations received from BCI, and any recommendations received from BCI or the Plan actuary as a result of asset liability studies prepared in respect of the Plan.

- (b) On WSBC's behalf, supervise BCI implementation of the SIPP, and provide BCI with such specific instructions and approvals as are necessary to carry out the day to day investment of the Plan's pension fund. Without limiting the generality of the foregoing, the Pension Committee may approve recommendations from BCI to participate in specific funds and to amend the benchmarks for specific funds.
- (c) Review with the Plan actuary draft actuarial valuations of the Plan and, as appropriate, provide comments on any draft actuarial valuation to the Board of Directors.
- (d) On WSBC's behalf, determine the amount of the cost of living benefits to be granted in accordance with section 73 of the Plan text.
- (e) Review and comment on BCPC service delivery plans and reports with a member centric focus.
- (f) Receive and review reports from BCPC on proposed changes to the Plan text.
- (g) Provide input to and approval of BCPC's communication work plans, the Report to Members and the Annual Report (content and layout of reports).
- (h) On WSBC's behalf, approve the annual Audit Representation Letter and the Plan's audited Financial Statements.
- (i) Prepare responses to Plan member inquiries as they arise.
- (j) Maintain current knowledge of pension legislation and trends by participating in pension industry organizations and educational events.
- (k) Make recommendations to the Board of Directors regarding transfers to the Plan's inflation adjustment account pursuant to paragraph 75(3)(e) of the Plan text.
- (l) Consult with and provide input to WSBC on any matter relating to the Plan on which WSBC seeks their views.
- (m) On WSBC's behalf, receive and decide appeals from persons directly affected by a BCPC final decision in the application of the Plan terms.

## **7. Limitation of Liability**

No Pension Committee Member shall be liable to any person whatsoever for anything done or omitted to be done in respect of the administration of the Plan, except where the act or omission was fraudulent or in bad faith.

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**8. Indemnification**

WSBC shall indemnify and save harmless the Pension Committee Members from the effects and consequences of their acts, omissions and conduct in their formal capacity to the extent permitted by law except for their own wilful and intentional malfeasance or misconduct. No part of the Plan funds shall be used for indemnification payments.

**9. Annual Report to Board of Directors**

The Pension Committee shall provide a written report to the Board of Directors at least once per calendar year on its activities during the preceding year. This report shall address compliance with these Terms of Reference, the Plan's investment and funds management performance, BCI's compliance with the SIPP, and such other topics as the Pension Committee wishes to address or the Board of Directors requests be addressed.

**10. Handling of Plan Documents and Records**

(a) Confidential Information

For the purposes of these Terms of Reference, confidential information is information relating to the Plan that is not within the public domain.

(b) Use of Confidential Information

No member of the Pension Committee may disclose any confidential information acquired in the course of carrying out such person's office or powers, unless such disclosure is expressly consented to by the person to whom the confidential information relates, or such disclosure is authorized by law. No person shall use any confidential information they acquired in the course of carrying out their office or powers for the personal benefit of that person or the personal benefit of a friend, associate or relative of that person.

(c) Safeguarding of Confidential Information

Each member of the Pension Committee shall exercise due diligence in the protection of confidential information and in so doing shall make use of appropriate methods and technologies.

(d) Records and Destruction Policy

If WSBC's records retention and destruction policy contains standards applicable to pension records, such standards shall be considered incorporated into these Terms of Reference.

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**APPENDIX A**  
**AGENDA CALENDAR**

	<b>TASK</b>	<b>MINIMUM FREQUENCY</b>
1.	Meet with or receive reports from BCPC	Four times per year
2.	Review and if necessary make amendments to the SIPP	Once per year
3.	Meet with or receive report from BCI	Four times per year
4.	Consultation with Actuary	Once per year
5.	Annual Report to the Board of Directors	Once per year