

Purpose and Scope

The *Pension Benefits Standards Act* and regulations (PBSA) require that the Board of Trustees of the Teachers' Pension Plan (the board and pension plan respectively) ensure that a written governance policy is established in respect of the structures and processes for overseeing, managing and administering the pension plan. The Teachers' Pension Plan Governance Policy (policy) is established to guide and inform the various stakeholders on the governance framework of the pension plan, including the board, plan partners, agents, service providers and pension plan members as those terms are used in the policy.

This policy is the only “governance policy” for the purposes of the PBSA.

Nothing in this policy is intended to be construed or to impose on the board (or on any delegate or agent of the board), a standard of care or a duty that exceeds the standard of care or duty that is applicable by law at the relevant time. Further, nothing in this policy changes the terms or effect of the Joint Trust Agreement (JTA), as defined, below, or the terms of the pension plan. In the event of a conflict, the terms of the JTA or pension plan (as applicable) will prevail.

Governance Framework

The *Public Sector Pension Plans Act* (PSPPA) establishes the ability for the plan partners to enter into a joint management agreement that provides, amongst other things, for:

- The joint management of the pension plan and the pension fund
- The establishment of who will manage the joint management agreement
- The composition of the board, the appointment process and the powers, duties and functions of the board
- The method for amending the pension plan by agreement of the plan partners

As contemplated by the PSPPA, the plan partners entered into a joint management agreement called the Teachers' Pension Plan Joint Trust Agreement (JTA), effective on April 5, 2001. A restated joint trust agreement was agreed between the plan partners effective June 28, 2021.

The plan partners for the pension plan are the Government of British Columbia (plan employer partner) and the British Columbia Teachers' Federation (plan member partner). The plan partners appoint the trustees to the board in the manner set out in the JTA.

The JTA states that for the purposes of the *Income Tax Act (Canada)* and the PBSA, the board is the “administrator” of the pension plan. The JTA confers on the board all the powers necessary to administer the pension plan and manage the pension fund, in accordance with applicable federal and provincial statutes, the JTA and the pension plan rules.

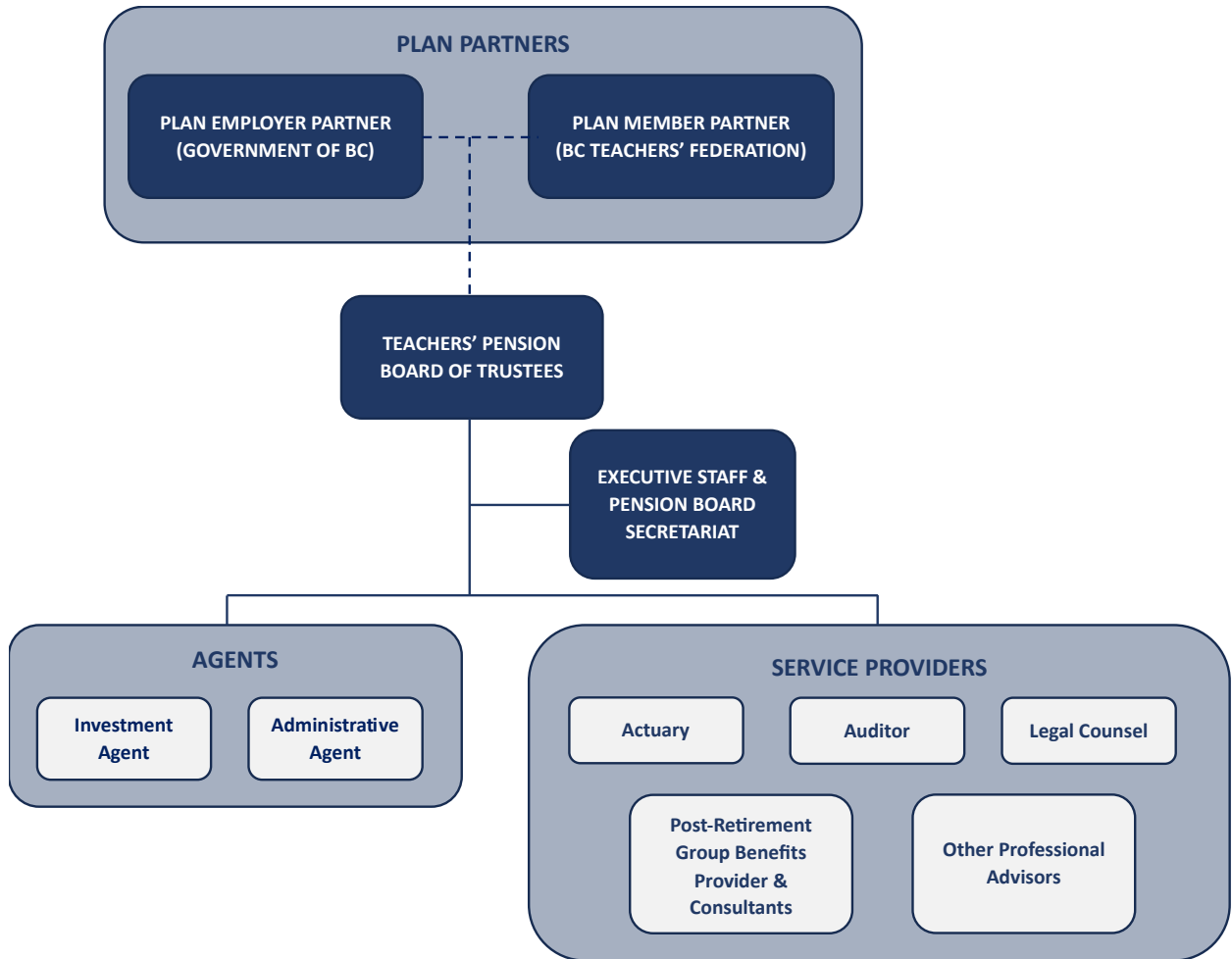
The PSPPA establishes two agencies which provide services to the board:

1. the BC Pension Corporation (Pension Corporation or plan administrative agent), which must provide the pension plan administration services required to deliver pension benefits to plan members, and
2. the BC Investment Management Corporation (BCI or plan investment agent) which may provide investment management services including the making of investments and loans and any additional services as may be agreed, for funds placed with BCI.

As contemplated by the JTA, the board:

- establishes a written statement of investment policies and procedures for the Pension Fund in accordance with the PBSA;
- establishes a written governance policy and a funding policy for the Pension Plan in accordance with the PBSA;
- monitors the performance of the Pension Corporation and BCI or any other fund manager with which the board has placed all or some of the pension fund;
- ensures that the pension fund is invested in the best financial interests of plan members;
- directs the Pension Corporation in the application of the pension plan rules;
- sets out the required plan administration services to be performed by the Pension Corporation in a service agreement between the board and the Pension Corporation;
- sets out the investment management services to be performed by BCI or any other investment manager in an investment management agreement between the board and the respective fund manager;
- adopts annual budgets for plan administration, investment management and board activities;
- prepares an annual report, including audited financial statements, on the pension plan and the pension fund;
- obtains an actuarial valuation on the pension plan and pension fund at least every three years;
- retains professional, technical and other advisors the board feels necessary for the purpose of assisting the board with the administration of the pension plan and management of the pension fund;
- provides for the financial administration of the pension plan; and
- establishes committees of the board, and determines the composition, mandate, duties and responsibilities of those committees.

The following graphic illustrates the governance framework for the pension plan:



Purpose of the Governance Framework

The JTA states its purpose as “to provide for the prudent management of the pension plan and the pension fund in a framework where the plan members and employers share the responsibility of plan governance and share the risks and rewards of plan sponsorship.”

The JTA also sets out the principles on which the joint trusteeship structure is based. These are:

- equal sharing of responsibility for management of the pension assets in the best interests of plan beneficiaries;
- agreement on the sharing of contributions;
- equal sharing of responsibility for any unfunded liabilities generated during the period of joint trusteeship;
- equal ownership of any surpluses generated during the period of joint trusteeship; and
- protection of the pension plan from unilateral actions by government.

The governance structures described in this policy also help ensure accountability of decision makers and help ensure that decisions are made by the person or entity with the most appropriate knowledge or skill.

Governance Framework Participants and Responsibilities

Plan Partners: are the signatories to the JTA and are the only ones who may make amendments to the JTA. The plan partners are responsible for appointing the trustees to the board, and have the authority to remove a trustee they appointed. The plan partners may direct the board to amend the plan rules, having first received and considered advice from the board on the cost and administrative impact of the proposed amendment and provided the board can make the amendment given the terms of the JTA. The plan partners may terminate the JTA or the pension plan, in whole or in part at any time, but only after first consulting with the board.

Board of Trustees: is the administrator of the pension plan. As permitted by the JTA the board may:

- pass resolutions it considers necessary or advisable to administer the pension plan and the pension fund;
- exercise its duties and functions;
- make and/or amend the pension plan rules;
- make recommendations to the plan partners about amending the JTA; and
- take other actions as described in the JTA.

The board must make amendments to ensure that the pension plan complies with the applicable law.

The board is responsible for having an actuarial valuation report conducted on the pension plan at least every three years and will respond to the report as required by law and the terms of the JTA. If the valuation report indicates that the pension plan has surplus assets, the board may apply the surplus assets in the manner set out in the JTA and the board's funding policy, and in accordance with applicable law.

The board is responsible for appointing trustees to act as directors of the management boards of the Pension Corporation and BCI, and for rescinding those appointments.

The board is accountable to the pension plan members and any other party to whom a fiduciary duty is owed, as set out in the PBSA and the JTA.

Pension Corporation: as an agent of the board, the Pension Corporation provides pension plan administration services as set out in the service agreement between the board and the Pension Corporation (service agreement).

The Pension Corporation must adhere to the standards set out in the service agreement.

The Pension Corporation is accountable to the board for the conduct and completion of the delegated activities and must report on that accountability as required by the board.

BCI: as an agent of the board, BCI provides investment management services as set out in the fund's investment and management agreement (FIMA).

As described in the FIMA, BCI must invest funds in a manner consistent with the board's policies and relevant legislation.

BCI is accountable to the board for the conduct and completion of the delegated activities and must report on that accountability as required by the board.

Performance Measuring and Monitoring

Plan Partners: The plan partners have a unique role in the governance framework of the pension plan and, therefore, there are no applicable performance measures.

Board of Trustees: The board conducts, at intervals chosen by the board, an assessment which reviews the board's practices in fulfilling its governance responsibilities. The assessment examines the board's responsibilities and accountabilities with respect to the pension plan and pension fund including legislative compliance, plan funding, asset management, benefit administration and communication. The board's processes also include trustee assessment, chair and vice chair assessments, trustee skills gap analysis and board committee assessments.

As permitted by the JTA, the board establishes committees which may, in accordance with their respective mandates as set out by the board from time to time, assist the board in its oversight and monitoring of the board's agents and service providers through reports and recommendations to the board.

Pension Corporation: The service agreement between the board and the Pension Corporation includes a service delivery plan which sets out the performance measures for administration services. The Pension Corporation reports to the board on its achievements against the service standards at regular intervals. The Pension Corporation may provide, from time to time, an independent benchmarking report in which its administration costs and service complexity are compared to those of Canadian and international peers.

BCI: The board's [Statement of Investment Policies and Procedures](#) sets out the investment performance objectives and required reporting and other criteria which are used by the board to review and evaluate the investment results of the pension fund. BCI reports to the board on its achievements against the performance objectives at regular intervals. In addition, BCI provides, on an annual basis, an attribution analysis which summarizes whether the organization added value due to its tactical asset mix decisions and security selection. BCI may provide, from time to time, an independent benchmarking report in which its management fees are compared to those of Canadian peers.

Access to Relevant Information

The board receives regular reports from the Pension Corporation as described in the service agreement and service delivery plan, and from BCI as described in the FIMA and the Statement of Investment Policies and Procedures.

Reporting from the Pension Corporation includes, but is not limited to, reports on legal and legislative compliance, plan rules compliance, write-offs and settlements, service dashboards and administrative service costs. Reporting from BCI includes, but is not limited to, reports on net cash flows, fund values, investment returns, investment strategy, economic analysis, changes in key personnel, compliance certificates and investment management fees.

The board also receives briefing notes and reports from its committees and executive staff on various issues regarding board-related business, for the board's decision or information.

When urgent issues arise between reporting periods, the board is contacted by the Pension Board Secretariat and takes appropriate action.

The Pension Board Secretariat produces and distributes a number of documents, as described in the Pension Board Secretariat Service Standards, summarizing decisions of the board and requests of the board to the agents and service providers. The board approved meeting minutes are the official record of the board's decisions and proceedings. Meeting minutes are distributed to the board's agents as is appropriate in the quarter following the subject meeting. Information about the board's decisions is also provided to the plan partners.

For the purposes of transparency to the pension plan members and others, an array of documents about the pension plan is posted on the [pension plan website](#).

Code of Conduct and Conflict of Interest Policy

The board has a [Code of Conduct and Conflict of Interest Policy](#) that outlines the primary duties that apply to the trustees and the rules and procedures for addressing conflicts or potential conflicts of interest. The terms of the Code of Conduct and Conflict of Interest Policy will prevail but by way of summary, each trustee must:

- in the administration of the pension plan, exercise the degree of care that a person of ordinary prudence would exercise in dealing with the property of another person;
- in respect of the investment of the plan fund, invest the assets in a manner that a reasonable and prudent person would apply in respect of the assets of a pension fund;
- act on behalf of the plan beneficiaries and must act in the beneficiaries' best interests; and
- not knowingly permit their personal interests, or interests from their roles with other organizations, to conflict or appear to conflict with their duties and powers with respect to the management of the pension plan and the pension fund.

Trustees must review and reaffirm their commitment to, and compliance with, the [Code of Conduct and Conflict of Interest Policy](#) annually.

Trustee Knowledge, Skills and Ongoing Development

The board is comprised of trustees with varied backgrounds and experiences which broadly reflect the membership of the pension plan itself.

Trustees are encouraged to develop the knowledge and skills required to properly fulfill their responsibilities and do so in accordance with procedural documents adopted by the board from time to time. Trustees are encouraged to participate in education programs and all new trustees are expected to complete the in-house curriculum, “Becoming an exemplary trustee; a made in B.C. journey”, within two years of their appointment.

The board participates in an Interplan Trustee Education Committee (ITEC) with the College, Municipal and Public Service boards. The mandate of the ITEC is to develop the knowledge and skills of the trustees, to work together on common educational issues and to provide information to trustees on trends in benefits, pensions, investments, etc., in a variety of jurisdictions.

Risk Management

The board, on a periodic cycle, completes a comprehensive risk management review with its agents and service providers, to understand material risks to the board, risk exposure, mitigation and action required. The board has identified the following major risk categories in its risk dashboard, which is updated and monitored by the board four times a year:

- Organizational capacity and capability risks: risks associated with inadequacies in the plan’s organizational capacity and resources to support its strategic priorities.
- Reputational risks: risks resulting in the material impact to the reputation of the plan or the trustees.
- Plan performance risks: risks that the plan will not perform as expected and the pension promise to members is in danger of compromise.
- Governance risks: risks that the board will not be able to comply with its fiduciary duties.
- Stakeholder relationship risks: risks resulting in a loss of credibility or perceived value of the plan with key stakeholders.
- Service provider risks: risk that actions of the plan’s service providers fail to meet expected or contractual performance objectives.

For the risks that are in the purview of the board’s agents or service providers, the board receives reports on the risk mitigation measures implemented by the agents and service providers.

The board also has developed a rolling [three-year strategic plan](#). The strategic plan outlines the board’s strategic direction and specific planned activities for the time period, which are measurable and assessed with its comprehensive risk reviews conducted quarterly.

Dispute Resolution for Those Entitled to Benefits under the Plan

If a member of the pension plan, or any other person entitled to a benefit under the pension plan, disagrees with a decision by the Pension Corporation about the application of the pension plan rules, the person is encouraged to try to resolve that dispute with the Pension Corporation. If such resolution is not achieved, the individual may appeal to the board in accordance with the process adopted by the board from time to time. Any such review process is established in accordance with the JTA and the pension plan rules.

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