

Power Corporation Superannuation Plan

Governance Manual

This Governance Manual is designed to guide the Board, Operations Administrator and Administration Staff in understanding and successfully fulfilling their roles, responsibilities and accountabilities with respect to plan governance.

It is hereby certified by the undersigned that this Manual was approved by the Power Corporation Superannuation Board and made effective as at the date indicated below.



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Operations Administrator
September 14, 2018

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GOVERNANCE MANUAL

Introduction

Governance refers to the legislation and organizational structure, together with the decision-making authority, practices and controls that direct and manage the business affairs of the Power Corporation Superannuation Plan (Plan). Effective governance serves the objective of increasing Plan Sponsor value by accomplishing the Plan's mandate of providing plan members a pension.

The Governance Manual will be reviewed by the Board annually.

This manual does not replace or supersede the legislation or rules of law governing The Power Corporation Superannuation Plan. It is for reference purposes and is meant as a tool to assist the Board in fulfilling its obligations.

Objectives

The objectives of this manual are:

- To provide a reference guide to the Plan's governance framework for the Board, the Operations Administrator, Administration Staff, and SaskPower as the Plan Sponsor.
- To document the delegation of authority by the Board to the Operations Administrator and Administration Staff.
- To provide a means by which the Operations Administrator can effect improvements to the Plan's general governance framework.

Structure of Manual

This manual is comprised of three parts:

1. Governance Policy – this part prescribes the authority delegated by the Board to the Operations Administrator and Administration Staff. It also provides direction to the Operations Administrator with respect to decisions that are outside of the Operations Administrator's authority, including decisions that require approval by SaskPower.
2. Governance Procedures – This part provides guidance for the Operations Administrator and Administration Staff on the approval process as well as the exercise of the Operations Administrator's authority.
3. Appendices – the appendices attached to the manual provide information to the Operations Administrator and Administration Staff on matters such as SaskPower's statutory environment and roles and responsibilities related to the Plan.

Plan Governance Relationships

SaskPower, CIC and Other External Requirements

SaskPower has a parent company, Crown Investments Corporation of Saskatchewan (CIC). As a subsidiary of CIC, SaskPower is governed by the CIC Subsidiary Governance Policy. As well, Cabinet, the Ministry of Finance, the Provincial Auditor and the Crown and Central Agencies Committee each have certain oversight responsibilities.

Board and the Operations Administrator Relationship

One of the Plan's most important governance relationships is the interaction between its Board and the Operations Administrator. The matters that are central to the manual include the authority delegated by the Board to the Operations Administrator and the processes and controls the Board uses to ensure the Operations Administrator is effectively discharging its responsibility.

GOVERNANCE POLICY

Definitions

In this Governance Manual:

“Administrator” means the Board

“Administration Staff” mean individuals employed by SaskPower that work on the Plan

“Board” means the Power Corporation Superannuation Plan Board.

“Operations Administrator” means the position in Finance, designated by the Vice President/Chief Financial Officer, presently the Manager, Pension Administration, that is assigned responsibility for the Plan, including on an acting or interim basis. Although the Operations Administrator may not perform all tasks related to the governance of the Plan, it remains ultimately responsible and accountable for the management of the Plan.

“Plan” means the Power Corporation Superannuation Plan

“Plan Policy” means a high-level statement about the Plan’s beliefs, goals and objectives related to a specific subject area, including the general means by which they will be attained.

Board Structure

The Board is responsible for administering the Plan in accordance with *The Power Corporation Superannuation Act (Act)*. The Board delegates specific authority to the Operations Administrator as described in this policy.

This section details the Board’s role, Board composition and organization. The section also covers corporate matters and policies requiring Board approval.

Role of the Board

The Board is responsible for setting direction, monitoring progress, analyzing, evaluating and taking corrective action for the Plan. The Board has overall responsibility for the stewardship of the Plan. In meeting this responsibility, the Board works with the Operations Administrator to develop and approve the Plan’s strategic plan, business plans and investment policies. It participates in identifying business risk and overseeing the implementation of appropriate systems to achieve a balance between the risks incurred and potential returns.

Board Composition

The Board is appointed by the Lieutenant Governor in Council pursuant to *The Power Corporation Superannuation Act*.

Items Requiring Board Approval

Plan Policy Approval

A “Plan Policy” is a high-level statement about the Plan’s beliefs, goals and objectives related to a specific subject area, including the general means by which they will be attained. Only policies that establish the Plan’s beliefs or values, are politically or socially sensitive, or have a significant impact on the Plan, require the Board’s approval. Pension administration specific policies or procedures are not Plan Policies unless they have this overarching character. This section uses “Plan Policy” to distinguish these policies from those that do not require the Board’s approval.

Plan Policies may only be changed (or eliminated) by a decision item of the Board. However, unless the Board or the specific language of a decision item directs otherwise, the Operations Administrator may set standards, make management directives, and create processes, procedures, guidelines and documentation to implement the intent of the Plan Policy.

A Plan Policy normally designates one or more employees as responsible for the Plan Policy. If there is no such designation, then the owner is the Operations Administrator. The owner of a Plan Policy is accountable to the Board for ensuring that its intent and purpose are fully met.

Plan Policies

Board Expenses

Board Member Orientation

Board Member Training

Board Member Selection Process

Code of Conduct

Communications

Privacy

Records and Information Management

Statement of Investment Policies & Procedures

Whistleblower

Other Board Approved Documents

Governance Manual

Terms of Reference

Decisions Outside of the Operations Administrator Authority

The following matrix lists the Plan matters requiring Board approval as well as further approval by SaskPower's board including their timing.

Decision Matrix

Issue	Operations Administrator	PCSP Board	SaskPower Board	Frequency
Financial Transactions				
Report of superannuate experience	Recommend (PEBA prepares)	Approve		Quarterly
Planning & Reporting				
Strategic Plan	Recommend	Approve		Annually
Annual Report/Quarterly Report	Recommend/ prepare	Approve/ review		Annually/ quarterly
Operational				
Statement of Investment Policies and Procedures (includes investment strategy/asset mix)	Recommend	Approve		Annually
Asset Mix Study	Recommend (Investment Advisor prepares)	Approve		Every 5 years
Appointment of Auditors	Recommend	Approve	Recommend (Cabinet approves SaskPower's auditor)	5 years
Appointment of investment managers	Recommend	Approve		As required
Appointment of investment consultant	Recommend	Approve		3 - 5 years
Appointment of custodian	Recommend	Approve		As required

Issue	Operations Administrator	PCSP Board	SaskPower Board	Frequency
Appointment of actuary	Recommend	Approve		3 - 5 years
Appointment of external advisors	Recommend	Approve		As required
Appointment of corporate secretary ¹		Approve		As required
Sensitive matters and significant matters that are not part of the Plan's ordinary business activities	Recommend	Approve		As required

Legislation, directives & responsibilities

Plan Policies	Recommend	Approve		Annually
Matters requiring Board approval pursuant to a Plan Policy or Board directive	Recommend	Approve		As required

Note: The Plan's activities are also subject to the requirements and limitations set out in The Power Corporation Superannuation Act and other applicable legislation. Refer to Appendix A for a summary of key legislative provisions.

Reporting to the Board

Items that must be reported as information items to the Board are determined by Board directives, past practices and through the Operations Administrator's assessment of information that it feels is significant enough to require reporting to the Board. The reporting to the Board should not be fixed but should evolve over time and be developed through close communication between the Operations Administrator and the Board.

Delegation of Authority to the Operations Administrator

Appendix B includes roles and responsibilities of the Operations Administrator, Administration Staff, the Board and SaskPower as the plan sponsor.

Authority Exercised within Plan Agreements/Plan Policies

The Operations Administrator and Administration Staff must establish internal controls to ensure expenses being paid are: consistent with the amounts specified in the Agreements signed by the

¹ Recommended by SaskPower's Legal Department

Board chair, authorized in policies approved by the Board or are consistent with the Plan's governing legislation and are a reasonable charge to the Plan.

GOVERNANCE PROCEDURES

Governance Responsibilities

Operations Administrator

The Operations Administrator, in consultation with the Board chair coordinates Board meetings and agendas. All agendas are subject to the approval of the Board chair.

Corporate Secretary

The secretary to the Board serves in an administrative capacity, is recommended by SaskPower and approved by the Board.

Tracking Board Orders and Directions

The Operations Administrator is responsible for maintaining the list of matters arising, which is a Board approved tracking system for items on which the Board gave orders or directions. The tracking system reflects when requested material will be provided to the Board/committee for each tracked item along with the individual responsible for the item.

Authority for Banking Activities

The Resolution regarding banking and security is approved by SaskPower's board. It identifies the positions within SaskPower that have the authority to carry out or authorize others to carry out various banking activities. The Treasury Department in Finance must be consulted before any new bank accounts are opened for the Plan.

APPENDICES

Appendix A – Governing Legislation

As a pension plan of a Crown corporation, the Plan is governed by a number of statutes passed by the Saskatchewan Legislative Assembly. This legislation outlines the authority of the Plan, details the overall controls directly applicable to the Plan, and sets parameters around the financial behavior of the Plan.

This Appendix contains highlights from the legislation that governs the Plan, grouped into the following categories:

- Business activities
- Investments
- Spending Authority
- Accountability/Reporting Requirements, Procedures and CIC Authority
- Audit Requirements and Authority
- Matters requiring Orders-In-Council

The names of the statutes and their abbreviations are:

<i>The Power Corporation Superannuation Act</i>	PCSA
<i>The Superannuation (Supplementary Provisions) Act</i>	SSPA
<i>The Superannuation Acts Uniform Regulations</i>	SAUR
<i>The Pension Benefits Act, 1992</i>	PBA
<i>The Pension Benefits Regulations, 1993</i>	PBR
<i>Pension Benefits Standards Act (Canada), 1985</i>	PBSAC – federal
<i>Pension Benefits Standards Regulations, 1985</i>	PBSRC – federal
<i>The Provincial Auditor Act</i>	PAA
<i>Income Tax Act (Canada)</i>	ITA – federal
<i>Income Tax Regulations (Canada)</i>	ITR – federal

Although the full legal impact of each statute may only be determined by a complete review, the following excerpts highlight their significant sections.

Additional legislation directs internal policies and procedures, including *The Freedom of Information and Protection of Privacy Act*.

In the interest of public accountability, Crown Investments Corporation (CIC) has a Tabling of Documents and Disclosure Policy which requires all CIC Crown Corporations to table all subsidiary corporations and pension plan financial statements. This tabling requirement originates in *The Executive Government Administration Act*, Section 12.

The tables on the following pages list the activities specifically authorized by the statutory provision(s) listed in the column to the right of each activity description.

Business Activities

	Summary of Statutory Provisions	Applicable Legislation
1.	The retirement timing, amount of superannuation and other payments obligating the Plan.	PCSA 4 to 35 SSPA 4 to 53

Investments

1.	Subject to the approval of the Minister of Finance, the board may, from time to time, invest any part of the moneys standing to the credit of the superannuation fund in securities which are authorized for investment of moneys pursuant to <i>The Pension Benefits Act, 1992</i> .	PCSA 37(1)
2.	The minister may impose any terms and conditions that he considers appropriate on an approval pursuant to subsection (1).	PCSA 37(1.1)
3.	Assets of a plan must be invested, and the investments must be made in accordance with the regulations.	PBA 44
4.	Notwithstanding the provisions of any plan or any instrument governing a plan, the assets of a plan must be invested and the investments made in accordance with this section and section 44 of the Act.	PBR 38(1)
5.	The assets of a plan must be invested and the investments made in accordance with the regulation made pursuant to the <i>Pension Benefits Standards Act, 1985 (Canada)</i> , as amended from time to time.	PBR 38(2)
6.	The administrator shall invest the assets of a pension fund in accordance with the regulations and in a manner that a reasonable and prudent person would apply in respect of a portfolio of investments of a pension fund.	PBSAC 8 (4.1) federal
7.	SCHEDULE III Permitted Investments: The administrator of a plan shall not, directly or indirectly, lend or invest moneys of the plan to or in any one person, any associated persons or any affiliated corporations if 10% or more of the total market value of the plan's assets will be invested with that issuer.	PBSRC 9 federal
8.	SCHEDULE III Permitted Investments:	PBSRC 11 federal

	The administrator of a plan shall not, directly or indirectly, invest the moneys of the plan in the securities of a corporation to which are attached more than 30% of the votes that may be cast to elect the directors of the corporation.	
9.	Where a superannuation Act creates or continues a fund and the board or trustee constituted pursuant to that superannuation Act has the power to make investments in respect of moneys held in the fund, that board or trustee may: (a) enter into any agreement; (b) engage the services of or retain any technical, professional or other advisers, specialists or consultants; or (c) do any other things; that it considers necessary for the purpose of managing, investing or disposing of all or any part of the assets of the fund.	SSPA 3.1(1)

Spending Authority

1.	The payment of any benefit under this Act shall be made upon a resolution of the board directing the issue of a cheque on the Power Corporation Superannuation Fund for the amount named in the requisition. Such direction shall be final and conclusive. Cheques on the fund shall be signed by such person or persons as may be designated by the board.	PCSA 36
2.	The costs incurred by the Board that it considers necessary to: manage, invest or dispose of all or any part of the assets of any fund are a charge on and payable out of that fund.	SSPA 3.1(2)
3.	Subject to subsection (2), the chairman shall sign all orders, regulations and other documents on behalf of the Board. (2) In the absence or during the disability of the chairman, the vice-chairman may sign all orders, regulations or other documents, and, when so signed, such documents have the same effect as if signed by the chairman.	SAUR 3
4.	Where reasonable notice of a meeting of the board is given to all members, a majority of the members present at the times and place stated in the notice is a quorum, and those members have all the powers of the board. ²	SAUR 4

² This provision is overridden by the Power Corporation Superannuation Plan Board Terms of Reference which is a higher standard and states:

A quorum for meetings shall be 50% plus one (1) of the members of the Board, present either in person or by telephone or other telecommunications device that permits all members participating in the meeting to speak to and hear each other.

Accountability/Reporting Requirements, Procedures and CIC Authority

1.	This Act shall continue to be administered by The Power Corporation Superannuation Board.	PCSA 3(1)
2.	The board shall, each year, transmit to the minister a report showing its revenues and expenditures and balance sheet for the last calendar year together with the auditor's certificate thereon.	PCSA 52
3.	The board appointed pursuant to each superannuation Act shall administer that Act and the applicable provisions of this Act as a pension plan, and shall cause the plan set out in that Act and the applicable provisions of this Act to be registered and maintain its registration as a pension plan pursuant to the <i>Income Tax Act (Canada)</i> .	SSPA 3.2(1)
4.	A contribution that is made by an employer to a registered pension plan is described in this subsection if: (a) the contribution is made pursuant to a recommendation by an actuary in whose opinion the contribution is required to be made so that, if the plan is terminated immediately after the contribution is made, it will have sufficient assets to pay benefits accrued under the defined benefit provisions of the plan, as registered, to the time the contribution is made; (b) the recommendation is based on an actuarial valuation that complies with the following conditions: (i) The effective date of the valuation is not more than four years before the date on which the contribution is made	ITR 8516 – federal ITA 147.2(2) – federal ITA 147.2(3) – federal

Audit Requirements and Authority

1.	The Provincial Auditor or any other auditor or firm of auditors that the Lieutenant Governor in Council may appoint shall annually and at any other time that the Lieutenant Governor in Council may require; audit the accounts and financial statements of the superannuation fund.	PCSA 40
2.	"Appointed auditor" means an auditor appointed by the Lieutenant Governor in Council.	PAA 2(a.1)

3.	The Provincial Auditor shall examine all accounts related to public money and shall determine whether, in his opinion: <ul style="list-style-type: none"> - the accounts have been faithfully and properly kept; - public money has been fully accounted for; - public money expended has been applied to the purpose for which it was appropriated; - essential records are maintained and the rules and procedures applied are sufficient to safeguard and control public money. 	PAA 11(1)
4.	An appointed auditor is subject to the same examination responsibilities as the Provincial Auditor	PAA 11(2)
5.	The Provincial Auditor may rely on the report of the appointed auditor of a Crown corporation.	PAA 11.1(1)
6.	Where the Provincial Auditor is unable to rely on the report of the appointed auditor, the Provincial Auditor shall conduct additional audit work with respect to the accounts of that Crown corporation.	PAA 11.1(3)
7.	At the end of each fiscal year, the Provincial Auditor and every appointed auditor shall report on the results of all examinations and on any instances they consider to be of significance and of a nature that should be brought to the attention of the Legislative Assembly, including any cases in which they observe: <ul style="list-style-type: none"> - any officer or employee of a department of the Government of Saskatchewan or Crown agency has willfully or negligently omitted to collect or receive any public money belonging to the Crown; - any public money was not duly accounted for and paid into the appropriate fund; - any appropriation was exceeded or was applied to a purpose or in a manner not authorized by the legislature - an expenditure was made for which there was no authority or which was not properly vouchered or certified; - there has been a deficiency or loss to the Crown through fraud, default or mistake of any person; - essential records were not maintained or the rules and procedures applied were not adequate. 	PAA 12(1)
8.	An appointed auditor shall submit to the Provincial Auditor the report.	PAA 12(1.1)
9.	The Provincial Auditor shall submit his report to the Legislative Assembly.	PAA 12 (1.2)
10.	The Provincial Auditor may prepare a special report to the Legislative Assembly on any matter that is, in his opinion, important or urgent.	PAA 13

11.	The Provincial Auditor is not required to audit or report on the financial statements of a Crown corporation for which there is an appointed auditor.	PAA 15(2)
12.	The Provincial Auditor or the appointed auditor as the case may be, is entitled to free access at all convenient times to all electronic data, files, documents, and other records relating to the accounts.	PAA 24(1)

Matters Requiring Orders-in-Council

1.	Appointment of members of the Board of Directors	PCSA 3(2)
2.	Designation of chairperson of the Board	PCSA 3(2)
3.	Appointment of external auditors (other than the Provincial Auditor)	PCSA 40
4.	Setting or changing regulations pursuant to the PCSA.	PCSA 51

Appendix B – Roles and Responsibilities

Industry best practice is for the Administrator to clearly describe and document the roles, responsibilities, and accountabilities of all participants in the pension plan governance process. When the same person performs both pension plan governance and corporate functions, there must be a clear recognition, understanding and documentation of the different roles and responsibilities of each function. Although the Operations Administrator may not perform all tasks related to the governance of the pension plan, it remains ultimately responsible and accountable for the management of the Plan.

The Operations Administrator means the position in Finance, designated by the Vice President/Chief Financial Officer, presently the Manager, Pension Administration, that is assigned responsibility for the Plan, including on an acting or interim basis. Therefore in the chart below, with the exception of the appointment and monitoring of the Actuary, Operations Administrator can be interchanged with Finance.

R – responsible

A – accountable

C – consulted

I – informed

Function	Actuary	Investment Advisor	Human Resources	Finance	PCSP Board	SaskPower Board
(1) Plan Design						
Establishment/termination of plan ³			R	R	C	A
Plan amendment (substantive) ³			R	R	C	A
Plan amendment (housekeeping/regulatory compliance) ³			R	R	C	A
(2) Plan Funding						
Reconciliation of contributions payable and paid to the Plan				R	A	
Actuarial methods and assumptions	R			C	I	
Funding Policy				R	I	A

³ These items require amendments to legislation and/or regulation

Function	Actuary	Investment Advisor	Human Resources	Finance	PCSP Board	SaskPower Board
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(3) Investment of Pension Assets

Statement of Investment Policy and Procedures/Guidelines including selection of investments		I or C (depending on the changes)		R	A	
Selection of investment advisor				R	A	
Selection of investment managers		C		R	A	
Monitoring of investment performance (including review of reports)		R		R	A	

(4) Administration

Appointment of investment advisor				R	A	
Appointment of legal counsel				R	A	
Appointment of actuary				R/A (Sask-Power)	A	
Appointment of record keeper/Operations Administrator/ custodian				R	A	
Appointment of corporate secretary ⁴					A	
Monitoring of investment advisor				R	A	
Monitoring legal counsel				R	A	
Monitoring actuary				R/A (Sask-Power)	A	

⁴ Recommended by SaskPower's Legal Department

Function	Actuary	Investment Advisor	Human Resources	Finance	PCSP Board	SaskPower Board
Monitoring of record keeper/Operations Administrator/ custodian				R	A	
Communications strategy			R	R	A	
Communications content			R	R	A	
Summary of the Plan			R	R	I	
Plan documentation – service provider agreements			R	R	A	
Plan documentation/retention				R	A	
Monitoring case law/legislative compliance				R	I	
Interpretation of plan provisions			C	R	A	
Fiduciary education				R	A	
Fiduciary insurance				R	A	
Treatment of unusual cases			R	R	A	
Member inquiries			R	R	A	
Member dispute resolution/appeals			R	R	A	
Payment of benefits			R	R	A	
Payroll deductions			R	R	A	
Other filings (Annual Information Return)				R	A	
Audited pension plan financial statements				R	A	
(5) Governance						
Governance structure review				R	A	