

II. Governance

Section 10 – Educational Program

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10.1 Purpose

In order for the Commission to fulfill its fiduciary responsibilities, each member of the Commission should possess a sound knowledge and understanding of pension related issues to better serve the interests of all MEPP members.

Members of the Commission must be in a position to question assumptions dealing with the operation of the Plan, and be able to form independent judgment regarding the soundness and practicality of advice received from their service providers.

To achieve the desired objectives, an education program must address relevant and current legislative and pension industry issues, as well as recognize the “hot” topics of the day. In order to meet the education goals of the Commission, members of the Commission have decided to implement the following ongoing program for new members joining the Commission and for current Commission members.

10.2 Orientation Program for New Members

Upon appointment to the Commission the new member will receive the following information:

- A list and description of documents that come before Commission members at regular Commission meetings
- Member booklet
- Annual Report
- Administration budget
- Funding policy
- Statement of Investment Policies and Procedures
- Commission meeting minutes from the last 12 meetings
- Commission meeting schedule for the current year
- Strategic Business Plan and Plan update
- Risk Management Review and Risk Management Plan
- A sheet of common acronyms used in the pension industry

Within three months of appointment to the Commission, the new Commission member will receive an orientation provided by the Public Employees Benefits Agency (PEBA). This orientation will normally occur in two sessions.

As part of PEBA's orientation, the Commission member will be asked to identify any education or specialized training that he or she has taken that relates to the duties and responsibilities outlined in section 4 of the Governance Manual – Charter of Expectations. This information will assist PEBA in identifying training requirements for Commission members during the compulsory education phase of the educational program.

During this orientation period, a mentor (either the Commission Chair or an experienced Commission member) will be assigned to the new Commission member to answer questions and offer guidance (refer to section 10.10).

Prior to his or her first Commission meeting, the new member may speak with the Commission Chair in order to prepare for the meeting.

After three Commission meetings, PEBA will contact the new Commission member to answer any additional questions or address any additional concerns or issues that the new Commission member may have.

10.3 Compulsory Educational Program

The following courses and/or seminars are to be attended by new Commission members within the stated time frame:

- Within one year of appointment to the Commission:
 - A basic or introductory level course on board governance, trust management and administration, and/or fund investment provided by a recognized school or an industry expert identified as appropriate for will be outlined in the Education Events information item provided to the Commission at its meetings;
 - A course on basic investment principles facilitated by PEBA's Investment Services area; and
 - A basic actuarial principles course(s) facilitated by the Commission's actuary.
- Within two years of being appointed to the Commission, a more advanced course on board governance, trust management and administration, and/or fund investment provided by a recognized school or an industry expert as outlined in the Education events as appropriate for second year trustees.

Commission members who are completing the compulsory educational program will receive individual updates on their progress through the program. If a Commission member is deficient in completing the required training, the deficiency will be highlighted and the next available training date(s) for the course will be provided.

A Commission member who is actively pursuing the above courses is exempt from the obligations found in the ongoing development program for all members. However, all members are strongly encouraged to attend an education event annually.

NB: The registration fee for the Pension Governance Education Program, presented by the International Centre for Pension Management at the Rotman School of Management, University of Toronto is more than the annual \$5,000 education allowance for Commission members. In order to allow Commission members to take the training, the annual allowance for a member attending this course will be increased to cover the registration fee, and it will be the only education event for which a registration fee applies that a Commission member will be able to attend in the year.

Aside from the courses identified in as appropriate education to meet first and second year education requirements, a Commission member may submit a request to PEBA to attend an alternate comparable course. PEBA will evaluate whether the course would be suitable as mandatory first or second year education or may be more appropriately considered for the ongoing education portion of a Commission member's education program.

10.4 Comprehensive Education Program

The goal of the comprehensive education program is to address the Commission's education needs with respect to its responsibilities as set out in section 4 of the Governance Manual – Charter of Expectations.

The content of the program is to be driven by the Commission. Annually, Commission members will complete a training and development assessment that lists attributes and competencies outlined in the Charter of Expectations. Members will identify the areas in which they require further training. Based on the responses, PEBA will design an education program for the Commission's approval.

Education presentations are to occur at regularly scheduled Commission meetings.

10.5 Ongoing Developmental Program for All Members

The Ongoing Developmental Program for All Members is meant to provide Commission members with an opportunity to continually develop their understanding of pension related issues in order to fulfill their fiduciary duties to the members of the Plan.

This ongoing program will be reviewed periodically to ensure that it addresses current needs as governance practices evolve and new trends develop within the pension industry.

In order to fulfill their ongoing educational needs, members of the Commission, shall each year attend at least one educational event facilitated by an industry-recognized business school, governance institute, or pension and benefits organization, such as, the School of Pension Investment Management, the Canadian Pension and Benefits Institute, the International Foundation of Employee Benefit Plans, or the Association of Canadian Pension Management.

A Commission member who is actively engaged in fulfilling the requirements of the Compulsory Educational Program is exempt from the requirements of the Ongoing Developmental Program for All Members.

PEBA will inform Commission members on a regular basis regarding *ad hoc* courses and/or seminars being offered by the pension industry for Commission consideration.

Commission members who are in the last year of the second term of their appointment are not required to attend an education event and are exempted from any requirement to take further education courses and/or seminars.

10.6 Final Year of Appointment

Expenditures of plan funds on education by a Commission member who is near the end of his or her tenure with the Commission may give rise to the perception of a lack of value to the Plan. Such expenditures may consequently give rise to the perception that a Commission member is seeking personal enrichment at the expense of the Plan.

This policy applies to any Commission member who is in the final year of his or her appointment to the Commission and is ineligible to serve a subsequent term or who does not intend to serve a renewed term on the Commission.

Commission members who are in the last year of the second term of their appointment are not required to attend an education event and are exempted from any requirement to take further education courses and/or seminars.

Also, any such member who does attend education in their final year shall not engage in any education activity that requires travel outside of the province or is of a greater than nominal cost.

10.7 Commission Member Reporting on Educational Activities

To support the Commission's accountability to the Plan's members, Commission members will provide PEBA with a report on educational opportunities attended. The report shall be provided no more than 60 days after the event.

10.8 Commission Extension

The Commission reserves the right to extend or alter the stated time frame for any course and/or seminar for a member of the Commission as circumstances are warranted and as deemed appropriate.

10.9 Commission Exemption

The Commission may exempt a member of the Commission from attending a particular course if the member's education background or work experience warrants such exemption.

10.10 Commission Travel for Education Purposes

The Commission recognizes that a number of quality education events take place outside of Canada, many of which are within the continental United States. The Commission is of the view that it is not in the best interests of plan members to limit Commission member access to education events based on geographic location, but also recognizes the need to be prudent in its expenditures for education. If a course held internationally is also available in Canada, in recognition of fiscal prudence, consideration should be made to attending the Canadian offering if at all possible.

Commission members who are interested in attending an education event outside of Canada and the continental United States are required, prior to attending the event, to provide the Commission with the following information:

- A description of the education event
- The cost of the event
- An explanation of how the event meets the objectives of the Commission's education program
- An explanation related to why this education (or a comparable education event) cannot be attained within Canada or the continental United States.

10.11 Commission Trustee Mentor Program

Objective:

The Mentor Program is intended for new Commission members to help them gain a greater understanding of their fiduciary roles and responsibilities and how the Commission operates within the governance framework.

The assignment of an experienced Commission member to a new member (the mentee) to answer his or her questions about their roles and responsibilities should serve to reduce the mentee's learning curve and help the individual to become more effective in his or her role as a Commission member.

Role of the Mentor:

The role of the mentor is to provide a contact point for the mentee to ask questions about issues of how the Commission operates based on mentor's experience, to provide feedback on how the mentee is progressing in meeting his or her responsibilities in the conduct of meetings. The mentor also may provide insight into areas of governance and oversight that may have been unclear during his or her initial period on the Commission, or on any issues that the mentor anticipates the mentee may not understand. Mentors will be encouraged (but will not be obligated) to be present at orientation sessions. Mentors are encouraged to provide explanations where necessary regarding materials mentees receive in their orientation binder, and to make any suggestions for preparation for upcoming education events the mentees are required to attend.

Role of the Mentee:

The mentee is encouraged to ask questions of the mentor on any issues that are unclear during meeting discussions, with respect to materials distributed in meeting packages, or current issues that may impact the mentee's role as a Commission member.

Assignment of a Mentor:

Commission members will be asked to indicate if any of them is willing to act as a mentor. A list of potential mentors would be compiled and kept on file, and, each year, Commission members will be asked to confirm that they are still interested in acting as a mentor. If no members voluntarily come forward as potential candidates, the Chair of the Commission will approach eligible Commission members and ask them to consider becoming a mentor.

A Commission member is eligible to participate as a mentor once he or she has completed at least two years of service on the Commission.

When a new Commission member is appointed, the Chair of the Commission will assign a mentor to the member from the list of potential candidates based on the potential mentor availability. If an appointed mentor is unable to continue a mentorship role, an alternate candidate will be assigned to the mentee.

Timeframe and Format of the Mentor Program:

The mentor relationship will not have a fixed timeframe, but it is anticipated that the period where most activity will take place will be the first six months of the assignment. The mentor relationship can extend beyond the six-month period if the mentor and mentee determine that more time is needed. The format and frequency of meetings will depend on how often the mentor and the mentee need to meet. The mentor and mentee can meet after Commission meetings or at a set time when both individuals are able to make contact with each other. The method of communication will also depend on the needs of the mentee and can take the form of face to face meetings, phone calls, or emails where appropriate.

10.12 Director Certification

The Commission recognizes the value of continuing education for members of the Commission, and recognizes the increasing emphasis in the pension industry on director certification.

The Commission is also aware of the financial cost of pursuing director certification, and notes that the cost for an individual to pursue the certification is approximately \$20,000.

Balancing the need to support members of the Commission who undertake ongoing education in the form of a course of director certification with the need to be prudent in its expenditures of member funds, the Commission has developed the following criteria for determining whether to provide financial support to Commission members who pursue certification.

The Commission will consider providing financial support to Commission members pursuing certification on the following conditions:

- The Commission member has completed the orientation program for new members set out in section 10.02 of this Governance manual;

- The Commission member has completed one year of service on the Commission and has fulfilled all of the first-year educational program requirements within the first year of the member's term; and
- The Commission member's course of certification will be completed during the member's current appointment to the Commission.

Where a member's appointment will end during the intended course of certification, the Commission may determine on a case-by-case basis the appropriateness of providing financial support, taking into account a member's intention to serve a renewed appointment to the Commission.

10.13 History

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