



# ALBERTA PENSIONS SERVICES CORPORATION (“APS”)

## BOARD CHARTER

made by the Board of Directors, September 30, 2020

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### 1. PURPOSE AND SCOPE

APS is a corporation incorporated under the Alberta *Business Corporations Act* (the “BCA”). As such, the Directors of APS are mandated to “manage or supervise the management of the business and affairs” of APS. This Board Charter documents *how* the APS Board of Directors (the “Board”) has resolved to collectively carry out that mandate and to individually fulfill their legal duties as corporate directors. To that end, this Board Charter reflects the following:

- various requirements of the BCA;
- the Unanimous Shareholder Agreement that is presently in effect;
- the current Bylaws of APS;
- various practices, procedures and protocols that have been adopted by the Board, by resolution or otherwise; and
- the context of APS as a “Provincial corporation” and “public agency” under various Alberta enactments.

### 2. ROLE OF THE BOARD

#### Limitations under the Unanimous Shareholder Agreement:

As the sole shareholder of APS, the Government of Alberta has put into effect a Unanimous Shareholder Agreement (the “USA”) that reserves the following functions to the shareholder and thereby removes these functions from the responsibilities of the Board of Directors:

- arranging for election / appointment of Directors;
- designation of the Chair of the Board of Directors;
- establishing the remuneration of Directors;
- selecting (with assistance from the Board), appointing, and terminating the chief executive officer (by whatever title);
- issuing additional shares;
- financial commitments in excess of \$10 million without prior shareholder consent;
- entering into contractual arrangements to provide pension administration services to new clients or other than on a cost recovery basis; and
- establishing subsidiaries.



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#### **Strategic direction and oversight:**

**Except as reserved to the** shareholder by the USA, the Board of Directors are collectively responsible for all aspects of the strategic management, strategic direction, and risk oversight of APS, including without limitation the following:

- directing and approving the Business Plan and Strategic Plan;
- directing and approving the Budget;
- directing and approving the Annual Report, including audited financial statements (and including engaging with APS’ auditor as required);
- engaging the chief executive officer (the “President and Chief Executive Officer”, or “CEO”), as selected by the shareholder pursuant to the USA, and providing direction to, oversight of, and evaluation of the CEO;
- evaluation of organizational performance, including via an annual “Corporate Scorecard”;
- organizational culture (in particular, that the operations of APS are conducted ethically and with a culture of integrity);
- human resources and compensation structures within the organization;
- strategies for consulting and collaborating with and alignment with clients;
- identification, assessment, and management of risk within the organization; and
- compliance with all applicable legal requirements and ethical standards.

#### **Policies and charters:**

The Board specifically approves, periodically reviews, and from time to time amends the following corporate policies and charters:

- Board of Directors Code of Conduct
- Employee Code of Conduct
- Whistleblower Policy
- Fraud Prevention Policy
- Travel, Meal and Hospitality Expense Policy
- Enterprise Risk Management Charter



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- Internal Audit Charter
- Compliance Management Charter
- this Board Charter

Various other corporate policies are established from time to time by APS management and reported to the Board for information.

#### **Delegations:**

As contemplated by the Bylaws, the Board has delegated to the CEO responsibility to establish a divisional structure and to appoint corporate officers (including Vice Presidents and including a Corporate Secretary).

The Board has also established signing authority on the part of the CEO and authorized the CEO to subdelegate signing and expenditure authority, in each case subject to specified limitations.

#### **Internal and external resources:**

The Board may require any officer or other employee of APS to attend a meeting of the Board for the purpose of providing to the Board information, explanations or assurance relevant to any duty or function of the Board.

The Board may, on behalf of and in the name of APS, engage such resources, including the retention of outside experts, advisors, or legal counsel, as it considers necessary, and for the purpose of any such procurement the Board Chair (i) shall have signing and expenditure authority on behalf of APS, and (ii) may direct any officer of APS to provide such assistance and support as may be required in order to carry out the procurement.

#### **Commitment to “best practices”:**

The Board is committed to staying informed of evolving governance “best practices”, and to implementing new or improved practices where appropriate and suitable to the corporate context and scope of operations of APS.



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#### 3. DUTIES OF INDIVIDUAL DIRECTORS

##### **Fiduciary duty and duty of care:**

The Directors acknowledge and are committed to fulfilling their fiduciary duty to act honestly and in good faith with a view to the best interests of APS, having regard to the interests of the shareholder as well as other stakeholders (including clients, members of pension plans, employers participating in pension plans, and APS employees).

The Directors also acknowledge their duty to exercise the care, diligence, and skill that a reasonably prudent person would exercise in comparable circumstances.

##### **Board of Directors Code of Conduct:**

The Board has established, and periodically reviews, a “Board of Directors Code of Conduct” (posted on APS’ website) that addresses ethical and behavioural standards, including conflicts of interest (and meets all requirements of the *Conflicts of Interest Act* (Alberta)).

##### **Orientation and continuing education:**

Directors, upon being appointed, must engage in an orientation program designed for them, and are expected to avail themselves on an ongoing basis of additional opportunities to gain a full working understanding of elements of the business and operations of APS that are material to the strategic management of APS.

##### **Preparation for meetings:**

Directors are expected to prepare for meetings of the Board by reviewing all materials distributed in advance of meetings.

##### **Attendance:**

Directors are expected to attend, where possible, all meetings of the Board. A Director who is unable to attend a meeting of the Board is responsible to inform themselves of all matters that transpired at such meeting.



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#### Participation on Committees:

Directors are expected to actively participate on, and if requested (and appointed by Board resolution) to do so, serve as Chair or Vice-Chair of, Committees of the Board that are a match for their particular knowledge and expertise.

#### 4. THE CHAIR

##### Appointment:

The Board Chair (the “Chair”) is appointed from among the Directors by the shareholder, pursuant to the USA.

##### Functions:

The roles and responsibilities of the Chair include the following:

- Providing leadership and guidance to the Board of Directors;
- Chairing meetings of the Board;
- Directing the preparation and distribution of Agendas for meetings of the Board;
- Addressing any issues with lack of attendance at, or inappropriate conduct at, meetings of the Board;
- Communicating and following up on, as appropriate, any matters arising from *in camera* portions of Board meetings;
- Serving as “Code Administrator” under the Board of Directors Code of Conduct;
- Serving as spokesperson for the Board of Directors, including receiving and sending correspondence, and attendance at events as required in such capacity as spokesperson;
- Serving as the primary liaison to the President of Treasury Board and Finance (being the representative of the shareholder);
- Liaison with the chairs of the boards of directors of corporations that are clients of APS;
- Executing and amending from time to time the “Mandate and Roles Document” required by the *Alberta Public Agencies Governance Act*;



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- Chairing the “Stakeholder Advisory Committee” that has been established by APS pursuant to the USA;
- Serving as public spokesperson for APS, in any circumstance where that function cannot suitably be carried out by the CEO;
- Recommending to the Board the appointment of Directors as Chairs and Vice-Chairs of Committees of the Board;
- Participating as the shareholder may request in the recruitment and selection of new Directors;
- Leading (with the assistance of the CEO and other APS management) the orientation and continuing education of Directors;
- Leading Board self-evaluation and Director evaluation and, where appropriate, providing recommendations in respect of the reappointment of Directors whose terms will be expiring;
- Serving as the principal liaison between the Board and APS management, including maintaining a regular and ongoing liaison with the CEO; and
- Reviewing and approving the expenses of the CEO.

#### 5. THE VICE-CHAIR

##### **Appointment:**

The Vice-Chair is appointed from among the Directors annually by resolution of the Board of Directors.

##### **Functions:**

The role of the Vice-Chair is to carry out all functions of the Chair when and for so long as the Chair is unavailable. In addition, under the Board of Directors Code of Conduct, the Vice-Chair serves as “Code Administrator” in relation to the Chair.



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#### 6. BOARD MEETINGS

##### **Calling and notice of meetings:**

The APS Bylaws provide for the calling of Board meetings by or at the direction of the Chair, or at the request of two or more Directors. The APS Bylaws further provide for the method of giving notice of Board meetings.

##### **Virtual (electronic) meetings:**

The APS Bylaws provide for Board meetings to be held on a virtual (electronic) basis, and for the manner of voting at such meetings.

##### **Meeting schedule:**

The Board will meet as often as the Board considers appropriate to fulfill its duties, but in any event will hold regular meetings at least four times annually (and at least once each quarter) pursuant to a schedule determined by the Board in advance of each calendar year. In addition, special Board meetings are scheduled as and when needed to deal with matters that are emergent and of strategic importance.

##### **Meeting Agendas:**

Meeting Agendas are developed with the assistance of a “Three-Year Agenda Plan” that is maintained by or on behalf of the Corporate Secretary. The Chair directs and approves the final form of Agendas.

Individual Directors may suggest items for inclusion on an Agenda, and may raise at any Board meeting subjects that are not on the Agenda.

The Board has adopted a practice of including in a “Consent Agenda” matters that are not expected to require discussion and deliberation in the course of the Board meeting. Matters may be removed from the Consent Agenda to the main Agenda at the request of a Director.

##### **Meeting materials:**

Materials for meetings are distributed to Directors ten days in advance of regular meetings, and seven days in advance of special meetings. For emergent matters, supplementary materials may be added.



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#### **Quorum and voting:**

Per the Bylaws, a majority of Directors constitutes a quorum, and resolutions of the Directors may be passed by a majority of Directors present and voting.

Per the Bylaws, in the event of an equal number of votes for and against, the Chair shall not have a second or casting vote.

#### **Conduct at meetings:**

Meetings of the Board of Directors will observe the following principles:

- The Board will cultivate a sense of group responsibility and collective decision-making.
- The Board will make use of the expertise of individual Directors (and potentially the expertise of external advisors) in order to enhance understanding, but will not substitute that for the judgment of the full Board.
- The Board will encourage diversity in viewpoints.
- The Board will focus on strategic leadership rather than operational detail.
- The Board will seek to be proactive rather than reactive, and will maintain a future-focused approach to strategic issues.
- The Board will have regard to consultations with and opportunities for collaboration and enhanced alignment with clients of APS.

#### **Procedural rules:**

The Chair (or in the absence of the Chair, the Vice-Chair) will be responsible for ensuring that meetings of the Board are conducted following suitable rules of procedure and decorum, including if the Chair sees fit some or all of Robert’s Rules of Order.

#### ***in camera* meetings:**

Although the officers of the Corporation will generally be expected to attend meetings of the Board, at least some portion of each meeting of the Board will be held *in camera*, including a portion attended only by a particular officer of the Corporation, and a portion attended only by Directors.

Any resolutions arising from *in camera* discussions should be moved and voted on only after the *in camera* session has concluded.





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#### **Minutes of meetings:**

The Corporate Secretary shall attend all meetings of the Board (other than *in camera* portions of meetings), and may be accompanied by a recording secretary for the purpose of taking minutes. If the

Corporate Secretary is unavailable for any meeting of the Board, the Corporate Secretary may designate a recording secretary to attend the meeting in lieu of the Corporate Secretary.

Draft minutes are to be prepared by the recording secretary and reviewed for accuracy by the Corporate Secretary and then by the Board Chair before being circulated for review and approval at the next meeting of the Board. Minutes when approved by the Board will be maintained by the Corporate Secretary as part of the corporate “minute book”.

#### **External communications:**

Except for external communications directed by the Board and except for resolutions and other directions made by the Board in the course of a Board meeting, the particulars of discussions and deliberations at meetings of the Board are confidential.

## **7. COMMITTEES OF THE BOARD**

#### **Board may establish Committees:**

Per the Bylaws, and as contemplated by the BCA, the Board may by resolution establish such Committees, and establish Terms of Reference for such Committees, as it sees fit from time to time.

#### **Committee Membership, Chairs and Vice-Chairs:**

Where the Board has established a Committee, the Board will annually by resolution at the first meeting of the Board determine Committee membership and select a Chair and Vice-Chair of the Committee for the following year.

#### **Current Committees:**

The current Committees of the Board are the following:



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- Audit Committee – oversees the integrity of APS’ financial reporting, risk management and compliance policies, practices, and disclosures, and internal controls management.
- Governance Committee – ensures that the Board fulfills its legal, ethical and functional responsibilities, follows sound corporate governance practices, and operates effectively.
- Human Resources Committee – oversees APS’ human resources policies and practices, and ensures their alignment with corporate objectives.
- Technology and Innovation Committee – monitors and oversees APS information technology emerging issues, principal contracts, projects, innovations, and risks.

#### **Review:**

Each Committee Chair is responsible to lead a periodic review of the Terms of Reference and effectiveness of the Committee, and to provide recommendations to the Board following such review.

#### **8. COMMITTEE MEETINGS**

##### **Frequency and calling of meetings:**

Subject to the Terms of Reference for a particular Committee, meetings of the Committee shall be scheduled at the discretion of the Committee Chair, in consultation with the Board Chair.

##### **Meeting agendas:**

Subject to the Terms of Reference for a particular Committee, the Agenda for meetings of each Committee will be developed by the Committee Chair, with the assistance of the pertinent APS officer, in consultation with the Board Chair, and with the benefit of a Three-Year Agenda Plan maintained by or on behalf of the Corporate Secretary. Consent Agendas will be deployed in the same manner as for Board meetings.



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#### **Conduct of meetings:**

Subject to the Terms of Reference for a particular Committee, meetings of each Committee will be conducted in the same manner and subject to the same principles and procedures (including, without limitation, in regard to retention of experts, *in camera* meetings, minutes, and confidentiality) as meetings of the Board, except that the Committee Chair will preside and not the Board Chair.

#### **9. THE BOARD AND THE CEO**

##### **CEO accountability:**

The CEO has authority, responsibility, and accountability for all aspects of the day-to-day operations of APS, including the direction, management, and supervision of the other officers and employees of APS.

The CEO is responsible for ensuring that all directions and resolutions of the Board are carried into effect.

The CEO provides annually to the Board a “Governance Compliance Report” certifying compliance by APS with requirements under various laws, constating documents, and corporate policies.

##### **Delegation to CEO:**

The Board has delegated to the CEO authority to structure operating divisions and appoint the officers of APS.

##### **CEO’s employment contract:**

Although pursuant to the USA the CEO is selected by the shareholder, the employment contract of the CEO is negotiated and entered into with APS, and is signed by the Chair with the approval of the Board.



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#### **Compensation:**

As APS is subject to the *Reform of Agencies, Boards and Commissions Compensation Act (Alberta)*, the Board determines the compensation of the CEO within the parameters established by that statute and the regulations made under it.

#### **Evaluation:**

Although the Board has no authority to terminate the CEO except at the direction of the shareholder, the Board conducts a thorough annual evaluation of the performance of the CEO, and will provide any recommendation to the shareholder that the Board considers appropriate.

#### **Selection process:**

Per the USA, in the event of a vacancy in the office of the CEO, the Board is to identify, through an appropriate recruitment process, suitable candidates, and may provide a recommendation to the shareholder.

#### **10. DIRECTORS’ CONTINUING EDUCATION**

The Chair, with the assistance of APS management, oversees a program of continuing education designed to meet the needs of Directors.

#### **11. DIRECTORS’ COMPENSATION**

Per the USA, the compensation payable to the Directors of APS is determined by resolution of the shareholder.

Out-of-pocket expenses incurred by Directors in carrying out their duties are reimbursable in accordance with APS’ Travel, Meals and Hospitality Expense Policy.



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#### **12. BOARD AND DIRECTOR EVALUATION**

##### **Board self-evaluation:**

The Chair leads an annual self-evaluation by the Board, with a focus on continuous improvement.

##### **Evaluation of individual Directors:**

The Chair leads an annual process of evaluation of the performance of individual Directors.

#### **13. BOARD SUCCESSION PLANNING**

##### **Competencies, skills, attributes, and diversity:**

The Board has identified the following competencies that it feels the Directors should collectively possess in order to best fulfill the responsibilities of the Board:

- pension services
- human resources
- risk management
- corporate governance
- financial reporting and audit
- information technology
- legal and regulatory
- senior management experience

The Board has identified the following skills and attributes that are important for Directors to possess:

- communications
- strategic planning
- team player
- results oriented
- ethical behaviour
- facilitation



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- customer focus
- priority setting
- negotiating
- networking / Government relations

In addition to the above competencies, skills and attributes, the Board considers it essential that the Directors collectively have a diversity of backgrounds, viewpoints, and perspectives.

#### **Role in recruitment:**

The Board, through the Chair, provides such assistance or participation as the shareholder may invite or allow in the course of recruiting and selecting candidates to fill vacancies on the Board of Directors.

#### **Term limits:**

Term limits for Directors of APS are established by the *Alberta Public Agencies Governance Act*.

#### **14. MEDIA AND PUBLIC STATEMENTS**

The CEO is assigned primary responsibility for media inquiries and public statements on behalf of APS, and may engage the assistance of communications specialists within the organization to assist in such matters. For any matter where it would be inappropriate for the CEO to respond to media inquiries or make public statements, the CEO will refer the matter to the Board Chair.

#### **15. UPDATING AND REVIEW**

This Board Charter is to be updated as appropriate from time to time, and shall be reviewed and reconsidered by the Board at least every three years.