

**UNIVERSITY OF OTTAWA
PENSION GOVERNANCE STRUCTURE
November, 2002**

Approved by the Board of Governors and
Revised on May 28, 2012

NATURE OF PLAN

- University of Ottawa currently sponsors a Defined Benefit Canadian registered pension plan ("Plan").
- University of Ottawa intends to meet its legal and fiduciary obligations to plan members by an appropriate governance structure that deals with its Plan.

Governance Structure

The pension governance structure forms the basis for assisting University of Ottawa to deliver its pension promise in a manner which reflects the risk attributes of the pension obligations. This framework also recognizes both the continuing liability of University of Ottawa as employer, plan sponsor and legal Plan Administrator, and the relative size of the pension fund. Pension law has incorporated the common law fiduciary duty of prudence, which recognizes that University of Ottawa may delegate powers to appropriately qualified staff, committees and advisors.

The University of Ottawa's Board of Governors ("Board") is ultimately responsible for the management and administration of the pension plan. The Board is the Administrator of the registered pension Plan for purposes of pension legislation and oversees the Plan and related funds. The Board is responsible for all aspects of benefits policy, plan design, establishment and windup of the Plan. However, the Board delegates certain powers in respect of the administration of the Plan and related funds to committees of the Board and authorized officers who in turn may obtain assistance from others, where permitted by regulations.

The committees and individuals involved in the management and administration of the Plan include the following:

- The Executive Committee of the Board (Executive Committee)
- The Committee on Governance of the Board
- The Administrative Committee of the Board ("AC")
- The Pension Plan Committee of the Board ("PPC")
- The Pension Fund Investment Committee of the Board ("PFIC")
- The Director, Pension Fund

- The Vice-President, Resources
- The Associate Vice-President, Human Resources
- The Associate Vice-President, Financial Resources

Professional investment managers may be used to invest the assets of the Plan.

Proposed Mandate

The mandate of the respective committees and individuals involved in the management and administration of the pension plan and related funds are outlined below.

University of Ottawa Board of Governors

The Board has the power to:

1. Approve plan modifications or to delegate such power to others.
2. Approve the pension governance structure.
3. Appoint the membership of the Pension Plan Committee and of the Pension Fund Investment Committee. Appointment of PPC and PFIC members will be in accordance with the member selection criteria approved by the Committee on Governance. Appointment of APUO members shall comply with the relevant collective agreement.
4. Approve the Plan's Statement of Investment Policies and Procedures and a policy related to fees and expenses which may be payable from the plan fund.
5. Delegate to the Pension Fund Investment Committee the power to select, retain and dismiss the investment managers of the fund.
6. Delegate to the Pension Plan Committee all of the powers necessary for the interpretation of the pension plan and the administration of the pension fund, save and except certain powers that are under the exclusive jurisdiction of the Board.
7. Delegate to the Pension Fund Investment Committee pension investment and monitoring responsibilities, including the power to modify or adopt the criteria for investment manager selection and investment manager performance criteria.
8. Approve the actuarial strategy, funding strategy and contribution strategy.
9. Approve the actuarial funding, solvency and windup valuations.
10. Monitor the activities of the Executive Committee, Committee on Governance, Administrative Committee, Pension Plan Committee and the Pension Fund Investment Committee with respect to the Plan and fund through receipt of reports as required from the respective committees.

Executive Committee of the Board

The Executive Committee of the Board will, in respect of pension matters, be given power, on behalf of the Board of Governors to:

1. Receive the advice of the PPC on issues of plan interpretation, compliance and administration policy. The Executive Committee will monitor the activities of PPC with respect to the Plan and fund as required. The Executive Committee may request advice from the PPC with respect to any other matters that the Executive Committee deems appropriate.
2. Monitor the activities of the Pension Fund Investment Committee with respect to investment issues as required.
3. Monitor the activities of the Administrative Committee on relevant funding and financial Plan issues as required.
4. Recommend to the Board the actuarial strategy, funding strategy and contribution strategy.
5. Recommend to the Board the actuarial funding, solvency and windup valuations.
6. Approve an annual budget of eligible fees and expenses to be charged to the pension fund.

The Executive Committee shall report to the Board at least annually or more often as requested, on relevant pension issues.

Committee on Governance

The Committee on Governance will, in respect of pension matters, be given power, on behalf of the Board of Governors to:

1. Determine PPC and PFIC member selection criteria and selection process. Selection of APUO members shall comply with the relevant collective agreement.
2. Approve the orientation and training policies for the PPC, PFIC, AC, Executive Committee and Board with respect to pension matters.
3. Determine rules of operation/regulations and conflict of interest guidelines for the PPC and PFIC.
4. Evaluate the performance of members of the Board, Executive Committee, PPC, PFIC and AC in respect of pensions.
5. Make recommendations to the Board on matters of pension governance.

The Committee on Governance shall report to the Board as required, on relevant pension issues.

Administrative Committee

The Administrative Committee will:

1. Recommend to the Executive Committee an actuarial strategy, funding strategy and a contribution strategy.
2. Recommend to the Executive Committee the approval of the actuarial funding, solvency and windup valuations, based on information and advice from the actuary.

The AC shall report to the Board as required, on relevant pension issues.

Pension Plan Committee

Save and except the powers to appoint the members of the committee, modify the pension plan, and appoint the trustees and investment managers of the pension fund which are under the exclusive jurisdiction of the Board of Governors, the Pension Plan Committee has been delegated all of the powers necessary for the interpretation of the pension plan and the administration of the pension fund.

In accordance with and without limiting the above, the Pension Plan Committee shall:

1. Monitor the administration of the pension fund so as to ensure compliance with the terms of the Plan bylaws, the pension fund expense policy and the Statement of Investment Policies and Procedures. In order to fulfill this function, the PPC shall receive all relevant information including a copy of the Plan documents, the Annual Information Return and the related Statement of Investment Policies and Procedures, the reports of the Director, Pension Fund in respect of fees and expenses charged to the fund and the relevant parts of the minutes of the meetings of the PFIC.
2. Monitor any proposed plan benefit modifications and advise the Board or one of its committees with respect to these modifications and on any other matters on which the PPC has been asked by the Board or one of its committees to advise.
3. Monitor member communications so as to ensure an appropriate dissemination of Plan matters to the Plan members through the Associate Vice-President, Human Resources, as required.
4. Monitor the funding of the Plan, at least annually, and comment as appropriate. In order to fulfill this function, the PPC will receive the Plan's audited financial statements and the actuarial reports. The PPC will also receive the reports of the Pension Fund Investment Committee to the Board of Governors.
5. Monitor compliance with legislation through receipt of copies of legislated reports/filings and of annual compliance reports from each of the Director, Pension Fund and the Associate Vice-President, Human Resources.
6. Interpret, when required, any matters relating to the Plan bylaws, the methods to be employed for the calculation of benefits and the determination of a right to a benefit.
7. Review and recommend on the actuarial valuation in a timely manner.

8. Review and recommend on policies relating to the administration of the pension fund, including the pension fund expense policy.
9. Review and recommend on the proposed annual budget of fees and expenses to be charged to the pension fund prepared by the Director, Pension Fund. The budget shall include an allowance for external assistance for the PPC as is necessary for the exercise of its mandate.
10. Request, through the Chair of the PPC, external assistance when necessary for the PPC to exercise its mandate, subject to the approved annual budget, and subject to the pension fund expense policy for unbudgeted amounts.

With respect to the SIPP, the PPC will review and comment on the SIPP prior to any recommendation by the PFIC to the Board. If there are differences between the PPC and the PFIC after the PFIC has provided a response to the PPC on its comments and recommendations, a meeting between the PPC and the Chair of the PFIC will take place if requested. On those parts of the SIPP where there is still a disagreement following such a meeting, the PPC will make its own recommendation to the Board of Governors.

The PPC shall report to the Board at least annually or more often as requested, on relevant pension issues within its mandate.

Pension Fund Investment Committee

The Pension Fund Investment Committee will, after giving proper consideration to the comments and recommendations of the PPC, recommend to the Board of Governors the approval of the Plan's related SIPP. This includes establishing the return on investment objective and risk tolerance including the asset mix policy and strategic ranges for asset classes.

Within the parameters of the approved SIPP, the PFIC will be given the exclusive power to:

1. Approve criteria for investment manager selection and performance.
2. Monitor investment manager performance and compliance with SIPP and applicable legislation.
3. Approve the adoption of any investment manager mandates related to the Plan.
4. Approve the adoption of any securities lending agreements related to the Plan.
5. Approve the appointment, removal or retention of the investment managers.

The PFIC shall report to the Board of Governors at least annually or more often as requested, on relevant pension issues within its mandate.

Director, Pension Fund

The Director, Pension Fund will act as a key resource person for the Pension Fund Investment Committee, the Pension Plan Committee, the Administrative Committee and the Committee on Governance in fulfilling their respective mandates related to pension issues.

As a key resource person for the Pension Fund Investment Committee, the Director, Pension Fund will:

1. Recommend to the PFIC on all matters relating to the investment of the pension fund, including return on investment objective and risk tolerance, the asset mix policy and strategic ranges for asset classes, and on the investment manager structure, with the assistance of advisors as needed.
2. Monitor, in conjunction with advisors, the performance of the investment managers against benchmarks, manager mandates/contracts and compliance matters and rebalance assets as necessary. Report to the PFIC.
3. Recommend to the PFIC issues related to investment strategies, including the hiring, retention or dismissal of investment managers.
4. Recommend to the PFIC, the investment manager mandates, securities lending agreements and other activities related to the pension fund, with assistance from staff and advisors as needed.
5. Provide support and advice to the PFIC on matters pertaining to the SIPP and the selection and performance criteria to be established for investment managers.
6. Recommend to the Vice-President Resources the hiring, retention or dismissal of the trustee/custodian.
7. Monitor with the Associate Vice-President, Human Resources the performance of the trustee/custodian.

As a key resource person for the Pension Plan Committee, the Director, Pension Fund will:

8. Monitor with the Associate Vice-President, Human Resources, the performance of third party administrators, as appropriate.
9. Monitor that all plan documentation and filings required by regulatory authorities are completed and filed in a timely manner and report annually to PPC on any non-compliance matters.
10. Prepare an annual budget of fees and expenses to be paid from the Plan, in compliance with the Plan expense policy for review and recommendation by the PPC and subsequent approval by the Executive Committee. Monitor the payment of all fees and expenses paid from the Plan and compliance with Plan expense policy. Report to the PPC, at least semi-annually, in respect of fees and expenses charged to the fund.
11. Approve fees and expenses in accordance with the Plan's expense policy and approved budget.

12. Approve trustee/custodian and investment manager statements and related transaction reports, and verify compliance with legal requirements.

As a key resource person for the Administrative Committee, the Director, Pension Fund will:

13. Monitor the progress of the Plan against funding policy and related contribution levels.

14. Monitor cash flow needs to ensure sufficient cash exists to meet monthly payments of benefits, fees and expenses.

15. Recommend to the Vice-President, Resources contribution requirements.

As a key resource person for the Committee on Governance, the Director, Pension Fund will:

16. Recommend to the Committee on Governance training needs for committee members.

The Director, Pension Fund shall prepare the reports to the Board, on behalf of the Executive Committee, at least semi-annually or more often as requested, on relevant pension issues including:

- overall financial conditions: assets, liabilities, surpluses or deficits, on a funding, solvency or windup basis as appropriate; current services costs; cash flow; highlights of related expenses
- proposed plan amendments and related funding impact, if any
- report on compliance matters.

The Director, Pension Fund reports administratively to the President.

Where appropriate and with the approval of the President, the Director, Pension Fund may obtain assistance for certain functions from qualified staff, while retaining monitoring responsibility. The Director, Pension Fund may retain advisors in accordance with the Plan's expense policy.

Vice-President, Resources

The Vice-President, Resources will:

1. Monitor the activities of the Associate Vice-President, Human Resources and the Associate Vice-President, Financial Services.

2. Recommend to the AC matters pertaining to the actuarial strategy, the funding strategy and the contribution strategy.

3. Approve the hiring, retention or dismissal of the trustee/custodian.

Associate Vice-President, Human Resources

The Associate Vice-President, Human Resources will:

1. Submit all plan documentation and filings required by regulatory authorities in a timely manner, and report annually to the PPC and the Director, Pension Fund on any non-compliance matters.
2. Monitor with the Director, Pension Fund, the performance of trustee/custodian and third party administrators, as appropriate.
3. Design and implement member communication and education strategies, including communication of governance structure.
4. Approve payments of benefits, fees and expenses as per the Plan's expense policy and approved budget.
5. Recommend to Vice-President, Resources issues of plan design.
6. Perform plan management functions including:
 - Collect membership data.
 - Perform plan enrollment.
 - Perform record keeping, data maintenance.
 - Produce member statements in accordance with terms of contract and legislation.
 - Handle general member inquiries via hotline and on-line system.
 - Reconcile pension contributions with UO payroll records.

Where appropriate, the Associate Vice-President, Human Resources may obtain assistance for certain functions from qualified staff, while retaining monitoring responsibility, and may retain advisors in accordance with the Plan's expense policy.

Associate Vice-President, Financial Resources

The Associate Vice-President, Financial Resources will:

1. Prepare financial statements for the Plan and interface with auditors.
2. Distribute and present the Plan's audited financial statements to the Audit Committee and Board, as required.
3. Distribute copies of the Plan's audited financial statements to the AC, PFIC and PPC.
4. Ensure the University's financial practices related to the Plan are appropriate, including but not limited to the appointment of signing officers and cash management control.

Where appropriate, the Associate Vice-President, Financial Resources may obtain assistance for certain functions from qualified staff, while retaining monitoring responsibility, and may retain advisors in accordance with the Plan's expense policy.

Advisors

Services to be provided by advisors include:

1. Analyzing proposed changes to plan design, as needed and as requested.
2. Drafting plan amendments, as requested.
3. Preparing actuarial funding, solvency, windup and expense valuations, as needed and as requested.
4. Analyzing and recommend investment policy changes, as requested.
5. Advising on investment manager/custodian/trustee/administrator selection criteria and selection process, as requested.
6. Monitoring the performance and compliance of the investment managers.
7. Conducting the analysis of the investment manager search process.

Investment Manager(s)

Services to be provided by investment manager(s) include

1. Investing Plan assets as per SIPP and manager mandates/contracts.
2. Providing monthly and quarterly performance reports to Director, Pension Fund.
3. Providing the Director, Pension Fund with quarterly statements of compliance with mandate/contract and SIPP or indication of corrective action taken, where applicable.
4. Providing to the Director, Pension Fund confirmation of compliance with securities lending agreements or indication of corrective action taken, where applicable.
5. Reviewing performance with the Director, Pension Fund on a regular basis, as needed.
6. Making presentations to Director, Pension Fund and PFIC, as requested.

Trustee/Custodian

Services to be provided by the trustee/custodian include:

1. Providing custodial and trustee services as per agreement.

2. Providing monthly, quarterly and annual reports to Director, Pension Fund recording all payments, expenses and contributions to the related trusts and addressing any compliance issues included in the service agreement.

3. Preparing any government filings needed for trust.

Director, Internal Auditor

The Internal Auditor has the authority to conduct such audit examinations of financial and accounting records, documents, reports, systems, procedures and physical assets, as may be deemed necessary.