



DUTIES AND POWERS OF TRUSTEES OF THE NORTHERN EMPLOYEE BENEFITS SERVICES PENSION PLAN

The NEBS Pension Committee is established in the Corporate By-law to be the administrator of the Pension Plan. The Pension Committee is to operate in accordance with Terms of Reference approved by the Board of Directors.

Pension Committee Members are Trustees, holding ownership of the Pension Trust Fund and exercising the rights of ownership for the benefit of Plan Members. Trustees bear the obligations of ownership.

Trustees' have duties and powers:

- duties are imposed and must be carried out, and as a general principle trustees are subject to liability for any loss that may flow from a failure to act properly
- powers do not obligate trustees to act, however they are obligated to consider when it is appropriate to exercise a power and to do so if appropriate

The powers and duties of NEBS Pension Plan Trustees are found in the general law of trusts, the applicable legislation and our trust documents.

The Income tax Act establishes responsibilities and requirements for sponsorship of a registered pension plan. The Board and Pension Committee have, by formal resolutions, committed to voluntary compliance with the Canada Pension Benefits Standards Act, 1985 (PBSA), which establishes standards for plan management and the broad extension of liability.

SPECIFIC TRUSTEES' DUTIES

1. Duty to adhere to the law and the trust:

- must comply with the mandatory provisions of the general law or legislation;
- must comply with the Canada Pension Benefits Standards Act (1985), except where it can be demonstrated as good governance practise for a multi-employer, public sector plan;
- must comply to the terms of the Pension Plan Text; and
- must act in accordance with the general law of trusts.

2. Duty to act personally and not to delegate:

- must participate in the administration of the trust, it being no defence to plead one did not take part in a decision that led to a breach. Failure to act being in itself a breach of trust;
- must not delegate to others, it being a breach of trust, except where the power to delegate is explicitly conferred on trustees;

- where a permitted power, delegation is acceptable to employees, independent contractors retained to give advise or assist, and agents who have authority from the trustees to commit to contractual arrangements; and
- when delegating, trustees are expressly obligated to select the third party taking reasonable care and carefully monitor their work.

3. Duty of Care:

- must exercise the standard of care of a prudent person when dealing with the property of others, it being no defence to plead lack of expertise.

4. Duty of loyalty:

- must owe a duty of loyalty, manifested in acting in honesty and good faith, taking into account only these matters that may legitimately be taken into account, and avoiding conflicts of duty and interest;
- where being a member of the Plan or entitled to benefits does not constitute a conflict in itself; and
- where participating in decisions which improve benefits to a class of beneficiaries of which the trustee is a member is not a conflict in itself.

5. Duty of impartiality:

- must hold an “even hand”, as between beneficiaries, when exercising discretionary power; and
- must give due weight to the interests of all beneficiaries.

6. Duty to safeguard and invest assets:

- must ensure the Plan receives all monies that should be transferred to them;
- must safeguard and invest assets, except as allowed by legislation in the name of a custodian or trustee; and
- must draw up and annually review a statement of investment policy and procedures under which investments are delegated to an investment advisor.

7. Duty to inform beneficiaries:

- must adhere to the requirements of the PBSA to provide information such as annual statements, information on amendments, and specific information on termination of membership;
- must permit inspection of specific documents as outlined in the PBSA; and
- must provide accurate and complete information, being potentially liable for providing beneficiaries with erroneous or incomplete information about the Plan which is relied on to the beneficiaries’ detriment.