

# **Pension Plan of The United Church of Canada**

## **Governance Policy**

**2025**

## 1.0 Introduction

The United Church of Canada (“**The Church**”) established the Pension Plan of The United Church of Canada (the “**Plan**”) effective September 1928. The Church also established the Pension Fund of The United Church of Canada (the “**Fund**”) to hold the assets of the Plan.

The Plan and Fund provided for the amalgamation of the Pension Plans of The Congregational Union Church of Canada, The Presbyterian Church in Canada and The Methodist Church in Canada, at the same time, established a Transferees’ and New Entrants’ Branch to take care of transfers from the old Funds and new admissions after June 10, 1925.

On January 1, 1962, the Overseas Missionaries of The Woman’s Missionary Society who were members of the Society’s Retirement Plan were transferred to the Plan.

On January 1, 1968, the pension funds of the former Evangelical United Brethren Church were transferred and merged with the Fund.

On January 1, 1986, the Lay Pension Plan was merged with the Plan. The Lay Pension Plan ceased to exist on that date as a result of merger with the Plan.

The Plan is a defined benefit, multi-employer pension plan registered with the Financial Services Regulatory Authority of Ontario (“**FSRA**”) under the *Pension Benefits Act* (Ontario) (“**PBA**”) and with the Canada Revenue Agency (“**CRA**”) under the *Income Tax Act* (Canada) (“**ITA**”). The Plan is registered with FSRA and with the CRA under Registration No. 0355230.

## 2.0 Purpose and Objectives

This governance policy (“**Policy**”) outlines the governance framework for the Plan and the Fund with a view to:

- supporting effective oversight;
- enhancing transparency, accountability and prudent decision-making; and
- promoting compliance with applicable laws,

in relation to the administration of the Plan, and the investment and operation of the Fund.

## 3.0 Governance Structure

The Executive of the General Council (the “**Executive**”) is the legal administrator of the Plan for the purpose of the PBA and the ITA and their related regulations. As such, the Executive bears the ultimate legal responsibility to ensure that the Plan and the Fund are operated prudently and in accordance with their terms and applicable law.

Recognizing that the Executive is not comprised of individuals having subject matter expertise in the administration of pension plans and the administration and investment of pension funds, the Executive has established the Pension Board to support the Executive in governing, managing and operating the Plan and the Fund. The Pension Board is substantially comprised of individuals possessing relevant experience and expertise in core areas of pension practice, such as institutional investing, actuarial, legal, human resources and pension governance.

The Pension Board has two primary supporting committees, which advise and act on matters related to their areas of expertise, specifically:

- The Investment Committee (“**IC**”) supports the Pension Board in governing, managing and operating the Fund; and
- The Pension Plan Advisory Committee (“**PPAC**”) supports the Pension Board in the following areas: general governance, plan design, plan funding and plan administration.

#### **4.0 Responsibility for Tasks Relating to the Plan and the Fund**

The roles and responsibilities of the Executive of the General Council, Pension Board, the Investment Committee, and the Pension Plan Advisory Committee are set out in their respective Terms of Reference. For greater clarity, the allocation of responsibility for specific governance tasks is summarized in the Responsibility Matrix set out in Appendix “A” to this Policy. To the extent of any inconsistency between Appendix “A” to this Policy and the applicable Terms of Reference, the latter govern.

#### **5.0 Standard of Care**

In carrying out duties and responsibilities in relation to the administration of the Plan, and the investment and operation of the Fund, the Executive and its delegates are subject to a fiduciary standard of care. The fiduciary standard of care requires, among other things, that the legal administrator of the Plan and its delegates:

- Act honestly, in good faith, and in the best interests of Plan and the Fund and their beneficiaries;
- Exercise the care, diligence, and skill in the administration of the Plan and the investment of the Fund that a person of ordinary prudence would exercise when dealing with the property of another person; and
- not knowingly permit their interests to conflict with the administrator’s duties and powers in respect of the Plan and the Fund.

Without limiting the foregoing, individuals who have responsibility with respect to the Plan (“**Covered Persons**”) must comply with the Code of Conduct for the Plan and the Fund.

Unlike its authority vis-à-vis the denomination in matters unrelated to the Plan, the Executive’s legal authority as Plan administrator does not derive from General Council. In order that its fiduciary discretion may remain unfettered, when carrying out its responsibilities as administrator of the Plan and the Fund, the Executive is not subject to the direction of General Council, the denomination or any other body.

#### **6.0 Governance Documentation**

Appendix “B” to this Policy lists other documents that provide for the governance of the Plan and Fund.

#### **7.0 Policy Review, Review Cycle**

This Policy is drafted for approval by the Executive of the General Council, in its role as the Administrator of the Plan. This Policy is initiated by the Pension Plan Advisory Committee and recommended by the Pension Board to the Executive for its approval.

This Policy is intended to be reviewed in connection with periodic review of the governance structure for the Plan and the Fund, or on an ad hoc basis as appropriate.

## Appendix “A”

### Responsibility Matrix

	Provide Input	Recommend	Decide/ Approve	Implement
<b>Plan Changes</b>				
Establish any new retirement arrangements or terminate the existing Plan.	PPAC, IC, Staff, Plan Actuary, Legal Counsel	Pension Board	GCE	Staff
Assess modifications or refinements to Plan design.	Staff, Plan Actuary, Legal Counsel	PPAC	Pension Board	Staff
Plan amendments including any ad hoc increases in Plan benefits.	Staff, Plan Actuary, Legal Counsel	PPAC	Pension Board	Staff
Ensure that documents and reports relating to Plan amendments required by applicable legislation are filed with the regulators.	Staff, Plan Actuary, Legal Counsel		PPAC	Staff
<b>Governance Structure</b>				
Review the Plan’s governance structure at least every seven years.	Staff, PPAC, IC, Legal Counsel	Pension Board	GCE	Staff
<b>Oversight</b>				
Deliver Annual Stewardship Report to the GCE.	Staff, PPAC, IC	Pension Board	GCE	
Annually, review compliance with: <ul style="list-style-type: none"> <li>i. applicable pension standards and the Income Tax Act, Canada;</li> <li>ii. all policies adopted by the Pension Board and the Executive;</li> <li>iii. the Code of Conduct for the Plan and the Fund; and</li> </ul>	Staff, PPAC, IC, Plan Actuary, Legal Counsel		Pension Board	Staff PPAC, IC

	Provide Input	Recommend	Decide/ Approve	Implement
iv. the Pension Board's Terms of Reference; and report results to the Executive of the General Council.				
Ensure that documents and reports relating to the Plan's benefit administration required by applicable legislation are filed with the regulators.	Staff, PPAC, Plan Actuary, Legal Counsel		Pension Board	Staff
Investment Committee annual self-assessment and report to the Pension Board.	Staff	IC	Pension Board	
PPAC annual self-assessment and report to the Pension Board.	Staff	PPAC	Pension Board	
<b>Service Providers</b>				
Appoint / terminate the Plan's Custodian.	Staff, Legal Counsel	IC	Pension Board	Staff
Appoint the Fund's auditor and arrange for the review and execution of related documents in accordance with the Pension Board's relevant policies.	Staff	Audit Committee	Pension Board	
Monitor and evaluate the performance of the Fund's auditor and its compliance with contracts, mandates and applicable legislation.	Staff	Audit Committee	Pension Board	
Appoint the Plan actuary.	Staff	PPAC	Pension Board	Staff
Appoint external agents that provide Plan administration services, such as third-party administration service provider(s), consultants and legal advisers and arrange for the review and execution of related documents in accordance with the Pension Board's relevant policies.	Staff	PPAC or IC (optional)	Pension Board	Staff
<b>Note:</b> For ad hoc providers (e.g., consultants who support communications like the Pension Plan Annual Report), Pension Board may give approval in the form of budget approval or authorization for Staff to engage the consultant.				

	Provide Input	Recommend	Decide/ Approve	Implement
Appoint investment related advisers and service providers.	Staff	IC	Pension Board	Staff
<b>Appointments to Governance Bodies</b>				
Appoint Pension Board members, review expressions of interest for Pension Board member-at-large positions.	Pension Board Chair, Staff	Pension Board > Nominations Committee	GCE	Staff
Appoint the Chair of the Pension Board.	Pension Board, Staff	Nominations Committee	GCE	Staff
Appoint PPAC members.	Staff	Pension Board > Nominations Committee	GCE	Staff
Appoint IC members.	Staff	Pension Board > Nominations Committee	GCE	Staff
Re-appoint members of the Pension Board, PPAC and IC.	Chair of the Pension Board, PPAC or IC, as applicable	Pension Board > Nominations Committee	GCE	Staff
<b>Policies (excluding Investment Policy)</b>				
Approve governance policies necessary for the effective governance of the Plan.	Staff, PPAC, IC, Legal Counsel	Pension Board	GCE	Pension Board, PPAC, IC, Staff
Approve significant Plan administration policies which specifically relate to Plan design, funding and administration.	Staff, Plan Actuary, Legal Counsel	PPAC	Pension Board	Staff
Approve the Statement of Beliefs and Guiding Principles related to Plan design, funding, and investment.	Staff, PPAC, IC, Legal Counsel	Pension Board	GCE	Pension Board, PPAC, IC

	Provide Input	Recommend	Decide/ Approve	Implement
Adopt a communications policy.	Staff, Legal Counsel	PPAC	Pension Board	Staff
Develop policies regarding orientation and continued learning of Pension Board members.	Staff		Pension Board	Staff
<b>Funding</b>				
Approve the Funding Policy for the Plan.	Staff, Plan Actuary, Legal Counsel	PPAC	Pension Board	Staff
Ensure that funding related documents and reports that are required by applicable legislation are filed with the regulators.	Staff, Plan Actuary	PPAC	Pension Board	Plan Actuary, Staff
Modify or refine Plan funding.	Staff, Plan Actuary	PPAC	Pension Board	Staff
Approve the economic, financial and demographic assumptions and the methods employed to calculate the value of the Plan's assets and liabilities, consistent with the Plan's funding policy.	Staff	Plan Actuary	PPAC	
Approve actuarial valuation reports and cost certificates.	Staff, Plan Actuary	PPAC	Pension Board	Staff, Plan Actuary
Monitor and evaluate the consistency of the Plan's funded status with the funding policy.	Staff, Plan Actuary	PPAC	Pension Board	
Approve changes to contribution levels for pastoral charges and other participating employers and/or Plan members.	Staff, Plan Actuary	PPAC	Pension Board	
<b>Administration and Communications</b>				
Material modifications or refinements to Plan administration.	Staff, Legal Counsel		Pension Board	Staff
Approve non-routine Plan communications to Plan members, their spouses and beneficiaries, participating employers and relevant regulators.	Staff, Legal Counsel	PPAC	Pension Board	Staff

	Provide Input	Recommend	Decide/ Approve	Implement
<b>Note:</b> In practice, “non-routine” Plan communications entails communications delivered over the signature of the Pension Board Chair.				
Decide matters of Plan interpretation (including the payment of benefits) referred to PPAC by Staff, and initiate the review of Staff decisions on matters of Plan interpretation where PPAC deems such review necessary.	Staff, Legal Counsel	Staff	PPAC	Staff
Refer matters of Plan interpretation to Pension Board, where PPAC deems necessary.	Staff, Legal Counsel	PPAC	Pension Board	Staff
Monitor and evaluate the maintenance of member records and the enrolment of eligible members by Staff.	Staff		PPAC	Staff
Approve Plan administration service standards and monitor and evaluate the Plan’s administration service in accordance with these standards.	Staff		PPAC	Staff
Adjudicate new participating employer applications (organizational or conditional employers) - straightforward applications for organizational employers.	Staff		Staff, with report to PPAC	
Changes to eligibility guidelines for organizational employers.	Staff		PPAC	
<b>Financial Controls (Pension Board)</b>				
Approve the audit plan for the financial statements of the Fund.		Audit Committee	Pension Board	
Approve the audited financial statements for the Fund.	Auditor, Staff		Pension Board	Staff
Respond to the auditor’s recommendations.	Staff		Pension Board	Staff
Receive and approve the auditor’s independence letter.			Pension Board	Staff
<b>Operating Expenses</b>				
Approve the annual budget for the payment of Plan and Fund operating expenses.	Staff		Pension Board	Staff

	Provide Input	Recommend	Decide/ Approve	Implement
Approve the expense chargeback policy for the Plan.	Staff, Legal Counsel	PPAC	Pension Board	Staff
Monitor and evaluate expense performance relative to the budget.	Staff		Pension Board	Staff
<b>Investment</b>				
Approve all investment policies, including the Statement of Investment Policies and Procedures (SIPP) and policies relating to responsible investing.	Staff	IC	Pension Board	Staff
Review and recommend changes to the Statement of Investment Policies and Procedures (SIPP) (annually) and other investment policies (regularly, or as requested by the Pension Board).	Staff		IC	
Approve new asset classes, investment strategies and risk mitigation strategies of significance to the Fund.	Staff	IC	Pension Board	Staff
Report to the Pension Board quarterly, on compliance with the SIPP and related investment policies of the Fund and on Fund performance in each asset class.	Staff	IC	Pension Board	Staff
Approve appointments and terminations of investment managers.	Staff		IC	Staff
Rebalance the asset mix of the Fund in accordance with the Statement of Investment Policies and Procedures (SIPP).	Staff		IC	Staff

**Appendix “B”**  
**List of Governance Documents**  
**(as of February 20, 2026)**

- 1) Statement of Beliefs and Guiding Principles ([Link](#))
- 2) Code of Conduct for the Pension Plan and Fund ([Link](#))
- 3) Terms of Reference of the Executive of the General Council ([Link](#))
- 4) Pension Board Terms of Reference ([Link](#))
- 5) Investment Committee Terms of Reference ([Link](#))
- 6) Pension Plan Advisory Committee Terms of Reference ([Link](#))
- 7) Pension Plan Funding Policy ([Link](#))
- 8) Statement of Investment Policies and Procedures ([Link](#))
- 9) Responsible Investment Process Guidance ([Link](#))