Calgary Firefighters Supplementary Pension Plan
Governance Policy

INTRODUCTION AND APPLICATION OF GOVERNANCE POLICY

The Calgary Firefighters Supplementary Pension Plan (the "**Plan**") and Trust Fund (the "**Fund**") was jointly established in 1974 by the City of Calgary (the "**City**") and the International Association of Firefighters Local 255 ("**IAFF**") to provide ancillary early retirement benefits and supplementary death and disability benefits to members of the Plan and other beneficiaries.

The Plan is a registered pension plan under the *Income Tax Act* (Canada) and the *Employment Pension Plans Act* (Alberta) (the "**EPPA**"). The Trustees have established this governance policy (the "**Policy**") in accordance with section 42 of the EPPA, which requires that the Plan have a formal governance policy. This Policy is the sole governance policy for the Plan as that term is used in the EPPA.

This Policy does not expand or otherwise change the existing rights and obligations of the Trustees, IAFF, the City or the members of the Plan. If there is any conflict between this Policy and the provisions of the Plan, , the Trust Agreement or applicable law, as the case may be, will prevail.

Nothing in this Policy is intended to impose on the Trustees, officers or employees of the Board, or any external service provider providing services in respect of the Plan, a standard of care or duty (fiduciary or otherwise) that exceeds the standard of care or duty that is applicable pursuant to law at the relevant time.

GOVERNANCE STRUCTURE

(a) Goals

Governance refers to the framework of roles and responsibilities, structures, policies and processes that provide for the oversight and accountability of the bodies that administer a pension plan. Good governance facilitates the successful achievement of core plan objectives, namely the long-term sustainability of the pension plan and the ability to provide the benefits earned by its members.

In particular, the governance framework of the Plan is in place to:

(i) help ensure the Plan complies with the EPPA and any other applicable law;

(ii) identify the roles and obligations for each person and entity involved in the administration of the Plan;

(iii) help ensure accountability of those involved in the administration of the Plan;

(iv) minimize risks associated with poorly defined governance; and

(v) promote effective decision making with decisions being made by the person or entity with the most appropriate knowledge or perspective.

(b) **Roles and Responsibilities**

The Plan's Board of Trustees (the "**Board**" or the "**Trustees**"**)** is subject to and governed by the trust agreement between the City and IAFF (the "**Trust Agreement**"). The Board, which is the "administrator" of the Plan for the purposes of the EPPA, is a jointly sponsored board of Trustees, with an equal number nominated by each of the City and the IAFF and one independent trustee appointed by the trustees nominated by the City and IAFF. Responsibilities of the Trustees arise by virtue of statutory, fiduciary and contractual obligations.

In fulfilling its obligations as administrator under the EPPA, the Board has a duty to:

(i) act honestly, in good faith and in the best interests of members of the Plan and other beneficiaries entitled to benefits from the Plan;

(ii) exercise the care, diligence and skill that a person of ordinary prudence would exercise when dealing with the property of another person; and

(iii) avoid knowingly allowing the interests of the Trustees or any other party to conflict with its powers and duties in respect of the Plan.

The Board has two distinct roles with respect to the Plan:

(i) setting overall direction and providing oversight, and

(ii) overseeing the day-to-day administration of the Plan.

The Board delegates its day-to-day administration functions but retains accountability for direction-setting and ultimate oversight. The Board has delegated the day-to-day administration of the Plan, including the responsibility for maintaining Plan records and managing the day-to-day affairs and operation of the Plan, to its administration center (the "**FSPP Administration Centre**"). The FSPP Administration Centre acts in accordance with the directions, instructions and approvals given by the Board, and reports back to the Board regularly. The Board has also delegated authority for other specialized tasks, such as investment management services, legal services, actuarial services etc., to third-party service providers. These third-party service providers also act in accordance with the directions, instructions and approvals given by the Board, and report back to the Board regularly.

Contractually, the Trustees are bound by the terms of the Trust Agreement and the Plan. Other contractual obligations initiated by the Trustees are third-party services relating to Plan administration, investment management of Plan assets, custodial, banking, actuarial, auditing, insurance, legal and other consulting services.

(c) **Powers of the Board**

The Board has all of the powers given to it by the EPPA, the Plan and the Trust Agreement, and is vested with all power and authority necessary to administer and invest the Plan and the Plan's assets fully and effectively. Without limitation, these include the power to:

(i) obtain such professional services as the Board considers are needed from time to time including, without limitation, actuarial, auditing, custodial, banking, insurance, legal, investment, consulting and day-to-day administration services, and to pay their reasonable expenses and compensation out of the Fund;

(ii) invest or cause to be invested the Plan assets and pay from the Fund all costs and expenses of the Board attributable to the operation and administration of the Plan;

(iii) prepare amendments to the Plan and the Trust Agreement in all or in part for the approval and execution by the City and IAFF, subject to any limitations set out in the Trust Agreement and/ or the Plan text, as applicable;

(iv) conduct actuarial valuations and set contribution rates;

(v) calculate the amount of benefits or other payments which shall be paid to members of the Plan and other beneficiaries out of the Fund in accordance with the provisions of the Plan;

(vi) sell, redeem, exchange or otherwise dispose of or deal with any property forming part of the Plan; and

(vii) make and enforce such rules and regulations as it deems necessary or proper for the efficient administration of the Plan.

(d) **Obligations of the Board**

The Board is responsible for the administration of the Plan and ensuring that such administration complies with the EPPA. In its capacity as administrator of the Plan under the EPPA, the Board will comply with the following obligations imposed by the EPPA and the Trust Agreement:

(i) administer the Plan in accordance with applicable legislation;

(ii) administer the Plan in accordance with the Trust Agreement and exercise and discharge its rights and responsibilities under the Trust Agreement in accordance with applicable legislation;

(iii) set and revise as appropriate the statement of investment policies and procedures for the Plan;

(iv) set and revise as appropriate all material policies that relate to the Plan, including this Policy;

(v) select third-party service providers to provide material services to the Plan where considered appropriate by the Board;

(vi) assess the governance of the Plan as required by the EPPA;

(vii) ensure that the Plan and the "Plan Documents" (as defined in the EPPA) comply with the EPPA;

(viii) ensure that any wind up of the Plan is conducted in accordance with the EPPA; and

(ix) perform all other tasks and obligations assigned to the Board by the EPPA.

(e) **Obligations of the FSPP Administration Centre**

As noted above, the day-to-day administration of the Plan is carried out by the FSPP Administration Centre, with the Board maintaining appropriate oversight.

The responsibilities of the FSPP Administration Centre include:

(i) overseeing member communication and benefit calculation;

(ii) liaising with regulatory authorities involving the Plan, as requested by the Board;

(iii) liaising with, responding to queries from and providing information to all third-party service providers of the Board as appropriate, including information required for valuations and audits;

(iv) monitoring the compliance of the Plan and its administration with the EPPA, other applicable legislation, regulatory governance standards and this Policy and responding to any necessary changes;

(v) maintaining records related to the Plan;

(vi) arranging for regulatory filings, as requested by the Board;

(vii) arranging for the filing of Plan amendments, as requested by the Board;

(viii) receiving and reconciling contributions to the Plan, and reporting any delinquent contributions to the Board;

(ix) paying and reconciling expenses that relate to the Plan and maintaining a database of member related information;

(x) processing claims for pensions and benefits and the payment thereof;

(xi) providing reports to the Board as required; and

(xii) any other responsibility delegated by the Board.

PERFORMANCE MEASURES

(a) Third-Party Service Providers

Depending on the nature of the services being provided, familiarity with the possible candidates and the options that are available, any or all of the following factors may be used to assess the appropriateness of a third-party service provider who may be retained by the Board to provide services to the Plan:

(i) the provider's training, skill and experience;

(ii) the provider's specialization and cost;

(iii) references provided by other clients of the provider; and

(iv) the presence of any conflicts of interest relevant to the provider's services.

If appropriate given the nature of the third-party service provider, the Board may issue a formal request for information/proposal before selecting a service provider.

In addition to the regular monitoring of its third-party service providers including any such assessment required by law, when warranted by the circumstances the Board may

undertake a more formal assessment and review of a service provider. In the process of such an assessment or review the Board may consider the following:

(i) the service provider's mandate;

(ii) the history of the provider's services in respect of the Plan or in providing other similar services;

(iii) any changes at the service provider in terms of personnel or ability to provide the services for which the provider was retained;

(iv) any specific concerns with services provided since the service provider was retained by the Board;

(v) proposals by other service providers;

(vi) fees; and

(vii) any other factor determined to be appropriate by the Board.

At any time, the Board may ask a third-party service provider to provide a written or verbal report or presentation to the Board on an issue related to that service provider's mandate.

The Board has the power to select, monitor and terminate the services of any such service provider, in accordance with the terms of any agreement in place with a provider and the applicable law. The Board may delegate certain monitoring functions to a third-party service provider as is appropriate.

(b) **The Board and the FSPP Administration Centre**

The Board will assess its own performance and the performance of the FSPP Administration Centre in the manner required by the EPPA and will have the discretion to determine the best process by which to conduct that assessment. Such assessment will occur no less frequently than as is required by the EPPA.

Procedures to Ensure Timely Access to Relevant Plan Information

Information relevant to the Plan and its administration are available to the Board, as well as to the FSPP Administration Centre and to each third-party service provider retained by the Board (to the extent that such access is appropriate given the nature of services being provided).

Such information includes:

(i) copies of the Plan text and Trust Agreement;

(ii) all relevant policies adopted in respect of the Plan;

(iii) valuation reports, cost certificates and any other similar document prepared in respect of the Plan; and

(iv) any amendments to the documents referred to above.

CODE OF CONDUCT AND CONFLICTS OF INTEREST

The Trustees will act honestly, in good faith and in the best interests of members of the Plan and other beneficiaries entitled to benefits from the Plan. The Trustees understand that their responsibility, impartiality, honesty, integrity and ethical and accountable conduct are integral to operating the Plan.

Any conflicts of interest, and the procedures to disclose and address such conflicts of interest, will be managed in accordance with the Board's conflict of interest policy.

EDUCATION

The Board wishes to ensure that all Trustees are offered access to continuous and quality education to assist in the performance of their duties and obligations. In addition to their own professional and other experience, Trustees will strive to obtain and maintain general understanding of the following:

(i) pension and tax legislation that impacts the Plan;

(ii) actuarial principles and liability management;

(iii) fiduciary duties and trust principles;

(iv) financial and investment markets; and

(v) risk management.

Trustees will be encouraged to attend educational seminars to further their understanding of the issues that relate to the Plan and its administration. Third-party service providers also provide educational seminars and information on issues related to the Plan and its administration and the members of the Board are encouraged to receive such information and participate in such seminars.

FRAMEWORK FOR RISK MANAGEMENT

(a) **Identification of Risks**

The Trustees maintain and annually review an Enterprise-Wide Risk Management plan (the "ERM") that outlines the Trustees' approach in assessing the enterprise-wide risks of the Plan. Under the ERM, the Trustees manage Plan risks in order to protect the Plan's strategic directions and realize the opportunities set out in the Trustees' business plans.

The Board recognizes that in any pension plan, including the Plan, there are a number of risks that, if realized, have the potential to adversely affect the interests of the members of the Plan and other beneficiaries and have a significant impact on the business, operations, reputation, rate of return or net assets of the Plan. The material risks include:

(i) Investment risk: the risk that changes in the market will negatively affect the return on the investment of the Plan's assets.

(ii) Valuation risk (to the extent that it arises given the nature of the benefits provided through the Plan): the risk that the methods and assumptions used to estimate the relevant portion of the Plan's assets and liabilities will result in values that differ from actual experience.

(iii) Operational risk: the risk that deficiencies or breakdowns in internal controls or processes, human errors or fraud will negatively affect Plan administration.

(iv) Legal and regulatory risk: the risk that the Plan will not be administered in accordance with the applicable law.

(b) **Management of Risks**

Investment risk will be managed through the retention and oversight of qualified investment managers, and the establishment and adherence to an appropriate statement of investment policies and procedures.

Valuation risk will be managed through the valuation of the relevant portion of the Plan's assets and liabilities and ensuring compliance with the legislative requirements and the professional standards of the Canadian Institute of Actuaries in respect of such valuations. The Board and the FSPP Administration Centre will strive to communicate with the Plan's actuary to help ensure that the actuary possesses all the relevant information for the valuation, such as relevant Plan amendments and changes to relevant policies. The Board will promptly review actuarial reports and respond to actuarial recommendations.

Operational or administration risk will be managed by:

(i) following an appropriate process for retaining, monitoring and terminating third-party service providers and using formal contracts with such providers where appropriate that set out standards, roles and responsibilities and that help facilitate an assessment of that provider's services;

(ii) regularly reviewing all of the policies relevant to the Plan at appropriate intervals;

(iii) maintaining benefit calculation procedures that address data collection and the method of calculating the benefit and consistency of calculations;

(iv) maintaining procedures for verifying that contributions and special payments are made as required in accordance with applicable law;

(v) maintaining procedures related to recordkeeping, privacy protection and data retention; and

(vi) assessing the appropriateness of Plan amendments and ensuring that the full effect of an amendment is understood before being introduced.

Legal and regulatory risk will be managed by maintaining a good relationship with the regulator for the Plan and working with legal counsel as appropriate to help ensure that statutory and other legal requirements are understood in a timely way and responded to as is appropriate.

DISPUTE RESOLUTION

Members of the Plan and other beneficiaries are entitled to use the Board's Member Dispute Resolution Policy if they have questions or concerns about their entitlement.

Where the City or the IAFF disagrees with a Board decision, the Board's interpretation of the Plan or a Board-proposed amendment to the Plan, the Board will meet with both the City and the IAFF in an effort to resolve the disagreement. If the disagreement cannot be resolved, the Board recognizes and acknowledges that either the City or the IAFF have access to the resolution processes set out under the Plan and/or any other resolution mechanism available at law.

AMENDMENT

The Board may amend this Policy at any time in its sole discretion.

This Policy was reviewed by the Board of Trustees on May 7, 2026.