

2019 - 2021 Business Plan



▶ Alberta Pensions Services

Our Vision What We Strive to Achieve

Relentlessly pursuing excellence in pension benefits administration, to serve those who serve Albertans.

Our Mission What We Exist To Do

As a pension benefits administrator serving Albertans, we are knowledgeable, caring professionals committed to guiding the pension experience, delivering the highest standard of accurate, cost-effective service.

Our Values Do The Right Thing

Every action of our professional and highly engaged team is guided by three core values:

- **Service**
Make every interaction count
- **Quality**
What we do, we do well
- **Accountability**
Take responsibility

▶ The Evolving Future

Alberta's pension landscape is evolving right before our eyes. Developments in technology, shifting demographics, and changes in governance are driving changes to service expectations and transforming the way we need to do business.

Our strategy and business plan position APS to be resilient and succeed in a time of change.

- It is a blueprint which strengthens the **reliability** of our core services, and to help members feel more confident in their pension plan and enjoy their retirement.
- It sets the path for **innovation** utilizing our people, process and system to provide an enhanced member experience.
- It guides us towards **operational excellence** so that we can be a partner in the success of our clients.

APS has worked hard to be one of the top pension service providers in Canada, with overall service that ranks above the national average of our peers. Our pension plan clients account for more more than \$65 billion in assets to support nearly 370,000 active and retired members.

We will harness industry-leading data analytics and business intelligence to develop sophisticated insight that allows us to allocate resources more effectively, enhance and develop services, and support evidence-based decision making for our clients.

Our people are engaged and have a passion for member service. Service is our calling and we will continue to make adjustments to deliver industry-leading member experience.

We are resilient within our organization, allowing APS to be more responsive to our clients and agile in a rapidly changing landscape. We are creating an organization of leaders who demonstrate our values of service, quality and accountability in every action and decision. We are demonstrating our ability to make strategic business decisions along-side clients. We do all of this while also being acutely aware of risk, and engaging our mature risk mitigation strategies to be proactive and diligent.

Our vision is still bold; APS will be the provider of best-in-class service, and we will become a trusted partner in the success of our clients.

Sincerely,



Darwin Bozek
President and Chief Executive Officer

▶ Services, Clients and Scope

APS guides the pension experience with great care and expertise under the direction of the pension boards we serve and the Government of Alberta. We work on behalf of the following seven public sector pension plans plus two supplementary plans:

- Local Authorities Pension Plan (LAPP)
- Public Service Pension Plan (PSPP)
- Management Employees Pension Plan (MEPP)
- Special Forces Pension Plan (SFPP)
- Public Service Management (Closed Membership) Pension Plan (PSM(CM)PP)
- Members of the Legislative Assembly Pension Plan (MLAPP)
- Supplementary Retirement Plan for Public Service Managers (SRP)
- Provincial Judges and Masters in Chambers (Registered) Pension Plan (PJMC(R)PP)
- Provincial Judges and Master in Chambers (Unregistered) Pension Plan (PJMC(U)PP)

In 2017, we provided direct services to over

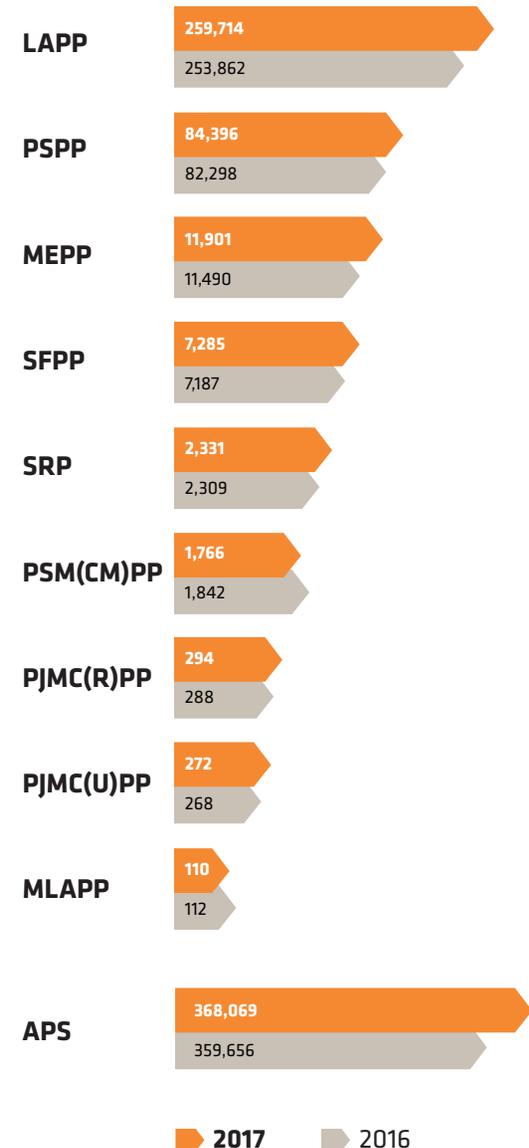
505
employers

368,069
members, pensioners
and beneficiaries

and managed approximately

\$6.4 Billion
in annual pension funds

MEMBERS BY PLAN



► Planning for the Future

How we prepare for and respond to change, and how we support our clients through change, will have a heavy impact on the future of APS. To adjust and refocus for 2019, we worked in close collaboration with the APS Board and our clients.

To re-examine our current strategic and business plans, APS identified eight key principles to guide our thinking:

✓ Delivery of excellent client service

✓ Integration between people and technology

✓ Consultation and collaboration

✓ Leadership development

✓ Organizational resilience

✓ Engaged workforce

✓ APS Values

✓ Cost effectiveness

Key Themes for the Future

In the strategy and planning discussions with stakeholders, a path became clear.





Our Strategic Objectives

By focusing our passion and energy on five strategic priorities, we will aspire to be best-in-class in the delivery of client services. We will be reliable and innovative in providing services to members and pensioners on behalf of our clients.

- 1** *Enhance* Stakeholder Relationships
- 2** *Transform* Member and Employer Interactions
- 3** *Elevate* Member and Employer Pension Benefit Education
- 4** *Optimize* Service Delivery
- 5** *Align and Grow* Workforce Capabilities

1 Enhance Stakeholder Relationships

We will strengthen the relationship between APS and the boards we serve.

We will constantly demonstrate the value of our services in order to better meet their needs.

Focus Area	Outcomes	Description	Measures
1.1 Process Assurance Excellence <i>Provide assurance to stakeholders that key processes related to security, availability, processing integrity, confidentiality and privacy are assessed and compliant.</i>	1.1.1 Ensure an Effective Corporate Internal Controls Framework	A formal corporate register is established for all key business processes that documents risks, mitigating controls and accountabilities. Additionally, internal processes ensure the register is current and controls are operating effectively.	<ul style="list-style-type: none"> • Creation of a Corporate Internal Controls Register • Monitoring framework for controls register • Establish necessary reporting to drive value from the register
	1.1.2 Provide Independent Financial and Compliance Reporting	An annual System and Organization Controls (SOC) report is issued to provide independent assurance on key business controls related to APS' security, availability, processing integrity, confidentiality and privacy protection processes.	<ul style="list-style-type: none"> • Completion of an independent readiness assessment • SOC report issued annually
1.2 Increase Collaboration <i>Work closer with our clients and identify opportunities for collaboration.</i>	1.2.1 Establish Service Level Agreements (SLAs)	Service level agreements are developed for use with APS' clients outlining the services provided along with performance standards.	<ul style="list-style-type: none"> • Signed agreements between APS and our clients on mutually favourable terms
	1.2.2 Develop Performance Reporting (to monitor SLA progress)	Reports are developed that meet the needs of clients.	<ul style="list-style-type: none"> • Adoption of the new reporting framework by APS clients
	1.2.3 Define Client Engagement Model	A client engagement model is developed.	<ul style="list-style-type: none"> • Adoption of the new model by APS for our clients
	1.2.4 Improved Accuracy Validation of Payouts	The payout accuracy sample and guidelines are updated to demonstrate to our stakeholders the accuracy of pension calculations.	<ul style="list-style-type: none"> • Payout calculation accuracy

1

Enhance Stakeholder Relationships

We will strengthen the relationship between APS and the boards we serve.

We will constantly demonstrate the value of our services in order to better meet their needs.

Focus Area	Outcomes	Description	Measures
1.3 Support Governance Changes <i>Support the implementation of plan governance changes being undertaken by the clients and government.</i>	1.3.1 Develop a Foundation of EPPA-Related Knowledge	A sound understanding of the Employment Pension Plans Act (EPPA) and Employment Pension Plans Regulation (EPPR) is developed through internal and external work with clients and government.	<ul style="list-style-type: none"> • Implement recurring internal and external meetings • Develop critical-area documentation
	1.3.2 Enter into Pension Services Agreements with Clients	Work with the clients to establish pension services agreements.	<ul style="list-style-type: none"> • Established pension services agreements
	1.3.3 Manage Governance-Related System and Process Changes	Identify, document and initiate system and process changes arising from the governance changes.	<ul style="list-style-type: none"> • Implement required system and process changes that meet client needs
	1.3.4 Review Plan Texts and Develop Exemption Documentation	Assist in the review of plan text documents and development of EPPA and EPPR exemption documentation.	<ul style="list-style-type: none"> • Review of plan text documents completed • Obtain required exemptions

2 Transform Member and Employer Interactions

We will enhance the interactions between APS, employers and plan members (active, deferred and retired) by considering audience age and stage, communication channels, access to information and self-service transactions.

Focus Area	Outcomes	Description	Measures
2.1 Age and Stage Relevance <i>Be proactive and relevant to members by targeting our service solutions to members' needs at their age and stage in the plan.</i>	2.1.1 Move to Outcome-Based Results	Member interactions are transformed to focus on outcome-based results.	<ul style="list-style-type: none"> Development of the new model in collaboration with plan boards
	2.1.2 Defining Employer Service Delivery Model	An employer service model is developed.	<ul style="list-style-type: none"> Adoption of the new model by the APS team
2.2 System Reliability and Planning <i>Focus on furthering system stability, while simultaneously planning the next evolution of both member and employer experiences.</i>	2.2.1 IT Infrastructure Evolution	IT infrastructure is available, responsive, reliable and scalable.	<ul style="list-style-type: none"> Clients and stakeholders can receive more of the data and reports they want directly through self-serve options Implementation of systems supporting the work of other business areas (e.g.: HR, Legal, etc.)
	2.2.2 Pension Administration System (Compass) Evolution	The Compass system is well managed and maintained and capable of addressing future challenges facing the organization.	<ul style="list-style-type: none"> Clients, stakeholders and staff can rely on and trust APS systems

3 Elevate Member and Employer Pension Benefit Education

We will commit to the education of employers and plan members in the reasons for and workings of defined benefit pension plans.

Focus Area	Outcomes	Description	Measures
<p>3.1 Define Education Needs</p> <p><i>Work with the plan boards to establish APS' involvement in member, employer and stakeholder education. This includes, but is not limited to, education-event timing and delivery channels.</i></p>	<p>3.1.1 Enhance Member and Employer Education Materials</p>	<p>Engaging and interactive pension-benefit education is developed for our members and employers.</p>	<ul style="list-style-type: none"> Member and employer education model developed in collaboration with plan boards

4 Optimize Service Delivery

We will continue to focus on opportunities for innovation as a key way to administer and improve our services.

Focus Area	Outcomes	Description	Measures
<p>4.1 Leverage Information and Analytics</p> <p><i>Focus on the opportunities provided by organizational data to make better informed decisions, improve overall effectiveness and enhance efficiency of pension services.</i></p>	<p>4.1.1 Data Governance Excellence</p> <p>4.1.2 Data Availability and Accessibility</p>	<p>APS data is accurate and reliable and maintained through effective data governance and information management practices.</p> <p>APS data is made available via self-serve reporting, process automations and workflows.</p>	<ul style="list-style-type: none"> Clients, stakeholders and staff have confidence in the information and data provided through the APS systems Decision makers get the information they need in a timely basis to make decisions

4 Optimize Service Delivery

We will continue to focus on opportunities for innovation as a key way to administer and improve our services.

Focus Area	Outcomes	Description	Measures
4.2 Support Operational Excellence <i>Investing in APS processes and systems to improve the service delivery efficiency and effectiveness throughout APS operations.</i>	4.2.1 Enhance the Member Experience Through the Improvement of Processes	Effectiveness of service delivery is increased through the review of key pension benefit administration processes.	<ul style="list-style-type: none"> • Completion of four major end-to-end process reviews • Net turnaround time • Completion of Six Sigma training for identified staff in Q1 2019 • Identify key processes by end of Q2 2019 • Select process improvements initiated by end of Q4 2019 • Voice of the Client results
	4.2.2 Improved Overpayment Recovery Process	Effectiveness of the overpayment recovery process is increased by outlining consistent practices, identifying and mitigating risks, and enhancing the efficiency of the process.	<ul style="list-style-type: none"> • Overpayment prevention and recovery program documented and required processes in place
	4.2.3 Systems Optimization	IST systems are reliable and sustainable, supported by a stable and secure suite of products and services.	<ul style="list-style-type: none"> • APS services are enabled by reliable, robust and sustainable IT systems
	4.2.4 Corporate PMO Implementation	APS projects are well-managed and delivered on time, in scope and to budget.	<ul style="list-style-type: none"> • APS projects are tightly managed and realize the anticipated benefits
	4.2.5 Holistic IST Service Support	IST delivers outstanding technical and information services in support of APS business areas and operations.	<ul style="list-style-type: none"> • APS business priorities and services are directly supported and aligned with IST efforts

4 Optimize Service Delivery

We will continue to focus on opportunities for innovation as a key way to administer and improve our services.

Focus Area	Outcomes	Description	Measures
<p>4.3 Fraud Risk Program</p> <p><i>Enhance our organizational protection mechanisms to make APS proactive in fraud prevention.</i></p>	<p>4.3.1 Proactive Management of Fraud Risk</p>	<p>A corporate fraud risk assessment program is delivered to ensure fraud risks are effectively managed.</p>	<ul style="list-style-type: none"> • Number of known and/or reported fraud incidents • Engagement questions related to corporate culture/trust/ethics meet or exceed overall engagement score target
<p>4.4 Advance Agility and Innovation</p> <p><i>Provide the ability for APS staff, clients and stakeholders to access the APS systems whenever needed, regardless of physical location, without incurring undue risk.</i></p>	<p>4.4.1 Workforce Mobility</p> <p>4.4.2 Process and Service Innovations</p>	<p>APS staff are equipped and supported to function from any location.</p> <p>IST enables business areas to leverage automation, paperless processes, and innovative solutions.</p>	<ul style="list-style-type: none"> • APS staff are better able to work where they are most productive • Improved APS service efficiency, delivery and value on routine processes
<p>4.5 Ensure Business Resilience and Risk Management</p> <p><i>Institute risk management and disaster recovery strategies to ensure that APS services can continue in a secure and unbroken manner.</i></p>	<p>4.5.1 IT Security and Risk Management Evolution</p>	<p>IT security and risk management controls are robust, fully integrated with the corporate risk management framework and enable proactive and agile management of threats to APS data and services.</p>	<ul style="list-style-type: none"> • Threats to APS IT systems and data are mitigated and data is safe and secure

5

Align and Grow Workforce Capabilities

We will harness the passion and professionalism of APS employees and provide engaging management, performance measures and development opportunities.

Focus Area	Outcomes	Description	Measures
5.1 Develop Leadership Alignment <i>Ensure leaders have the right skills and behaviours to support employees and navigate change.</i>	5.1.1 Establish Leadership Competencies and Succession Framework	Clearly defined leadership principles and behaviours are developed to achieve APS' organizational vision and business strategies. The behaviours define a leadership culture for APS and form the framework for a revised succession planning program grounded in transparency and regular, open dialogue about APS talent potential.	<ul style="list-style-type: none"> • Defined set of leadership principles • Established succession plan framework • Successor roles and candidates identified • High-potential identification processes developed
	5.1.2 Develop Leadership Program	APS leaders have the skills and competencies required to support employee engagement, development and change, and to successfully lead employees in achieving organizational business priorities. This program ensures ongoing commitment to and sustainability of A PS' desired leadership culture.	<ul style="list-style-type: none"> • Established succession plan framework • Develop program evaluation measurements • Develop participant evaluation measurements
	5.1.3 Performance Management Process	APS leaders are held accountable for demonstrating APS' desired leadership principles and behaviours. Performance appraisals enhance performance conversations and result in leaders who are aligned to APS' desired leadership culture.	<ul style="list-style-type: none"> • Development of performance management key performance indicators
5.2 Establish Organizational Alignment <i>Align team structures to job functions and skill sets to gain maximum efficiencies and optimum client service.</i>	5.2.1 Align Organizational Structures	APS' human resources infrastructure systems are aligned to the long-term vision of APS and effectively support employees in the delivery of APS' long-term vision, the strategic plan and client service level agreements.	<ul style="list-style-type: none"> • All positions defined including compensation structure • Track full-time equivalent (FTE) utilization by type • Roles needs defined and learning paths established • Conduct employee assessment pilot • Complete bargaining mandate

5

Align and Grow Workforce Capabilities

We will harness the passion and professionalism of APS employees and provide engaging management, performance measures and development opportunities.

Focus Area	Outcomes	Description	Measures
5.2 Establish Organizational Alignment	5.2.2 Review and Enhance Learning Programs	APS' learning programs are aligned to and support the desired corporate culture and knowledge requirements to ensure compliant and effective pension administration services that support a customer-centric organization.	<ul style="list-style-type: none"> • Roles needs defined and learning paths established • Development of metrics related to learning programs • Develop "Time to Work" evaluations
5.3 Support Employee Engagement <i>Develop and implement an enhanced customer service training program that empowers APS employees to deliver service excellence to internal and external clients.</i>	5.3.1 Further Workforce Engagement 5.3.2 Refresh APS Value Commitment	The APS workforce is engaged at all levels for the purpose of driving service innovation and customer service excellence. The APS workforce has built customer trust by interacting with peers and customers in alignment with APS' values behaviours.	<ul style="list-style-type: none"> • Employee engagement score • Enhance engagement plans/goals/actions • Develop reporting benchmarks • Develop reporting benchmarks
5.4 HR System Evolution <i>Expand internal training programs to include competency-specific training.</i>	5.4.1 Enhance HR System Capabilities	APS has the tools to ensure effective utilization of APS' human resources to ensure all aspects of the employee life-cycle support and enhance the strategic objectives of the organization.	<ul style="list-style-type: none"> • Complete request for proposal (RFP) process • Implement solution and load data • Provide training for staff • Provide reporting training

Appendix A

Identifying Relationships between Corporate Risks and Business Plan Focus Areas

Description	Risk Definition	Focus Areas that Contain Outcome Related to that Risk
<p>1 Corporate Governance: Inability to deliver on approved strategic direction and other internal and external stakeholder obligations</p>	<p>The risk of an inability to deliver on approved strategic direction and other internal and external stakeholder obligations caused by the lack of an appropriate business model or governance oversight and monitoring processes, resulting in reputational and/or financial loss to APS.</p>	<p>1.2 Increase Collaboration 1.3 Support Governance Changes 4.1 Leverage Information and Analytics 4.2 Support Operational Excellence 4.5 Ensure Business Resilience and Risk Management 5.1 Develop Leadership Alignment 5.2 Establish Organizational Alignment 5.3 Support Employee Engagement</p>
<p>2 Shareholder Alignment: Issues, complaints or dissatisfaction from the trustee</p>	<p>The risk of issues, complaints or dissatisfaction from the trustee caused by the lack of demonstrated compliance with the Unanimous Shareholder Agreement and/or other governance protocols, resulting in trustee dissatisfaction, which may impact APS' reputation and its ongoing operations.</p>	<p>For this category, APS' risk mitigation activities are performed at an operational level which include:</p> <ul style="list-style-type: none"> • Adherence to approved Mandates and Roles document • Annual reviews of the governing documents and agreements • Quarterly and annual reporting on fiscal and governance-related matters • Continuity of communications via board representative(s)
<p>3 Planning and Performance Reporting: Gaps and misalignments between emerging client and stakeholder needs and current operations</p>	<p>Gaps and misalignments between emerging client and stakeholder needs and current operations caused by the lack of appropriate strategic and operational planning and reliable performance and decision support, resulting in sub-optimal performance and/or misallocation of resources which may impact APS' ability to provide effective services.</p>	<p>1.2 Increase Collaboration 1.3 Support Governance Changes 3.1 Define Education Needs 4.1 Leverage Information and Analytics 5.1 Develop Leadership Alignment 5.2 Establish Organizational Alignment 5.3 Support Employee Engagement 5.4 HR System Evolution</p>

Description	Risk Definition	Focus Areas that Contain Outcome Related to that Risk
<p>4 Business Interruption: Loss or non-accessibility of systems or data following temporary, unplanned interruptions (short term or protracted) or failures in core or support business applications</p>	<p>The risk of loss or non-accessibility of systems or data following temporary, unplanned interruptions (short term or protracted) or failures in core or support business applications caused by the lack of a robust and periodically tested disaster recovery plan to support the restoration of systems and data, resulting in business (operational processing capability) and reputational loss to APS.</p>	<p>1.1 Process Assurance Excellence 2.2 System Reliability and Planning 4.2 Support Operational Excellence 4.5 Ensure Business Resilience and Risk Management</p>
<p>5 Information Security: Unauthorized access to APS systems and data and the related loss or compromises to the integrity, privacy or confidentiality of the corporate data assets</p>	<p>The risk of unauthorized access to APS systems and data and the related loss or compromises to the integrity, privacy or confidentiality of the corporate data assets caused by the lack of adherence to a comprehensively designed system of a user access management system and other preventive and detective security and physical protection safeguards, resulting in loss or compromises of information assets and potential business and financial loss to APS.</p>	<p>1.1 Process Assurance Excellence 2.2 System Reliability and Planning 4.4 Advance Agility and Innovation 4.5 Ensure Business Resilience and Risk Management</p>
<p>6 Key Vendors: Poor or delayed services provided to customers/stakeholders</p>	<p>The risk of poor or delayed services provided to customers/stakeholders caused by the inability of a key vendor(s) to deliver quality services/products and/or meet contractual obligations, resulting in financial, business and reputational loss to APS.</p>	<p>4.1 Leverage Information and Analytics 4.2 Support Operational Excellence</p>
<p>7 Physical Security: Unauthorized access to facilities or assets, or their theft, loss or misuse</p>	<p>The risk of unauthorized access to facilities or assets, or their theft, loss or misuse caused by the lack of adequate security and protection measures, resulting in financial, business or reputational loss to APS.</p>	<p>1.1 Process Assurance Excellence 4.3 Fraud Risk Program</p> <p>Additionally, APS performs several risk mitigation activities at an operational level:</p> <ul style="list-style-type: none"> • Use of Government of Alberta insurance coverage • On-site physical security outside business hours x 365 days • Electronic accesses and locks with monitored usage • Inventory of assets is completed monthly • Internal periodic audits of data centre access • Annual capital asset audit performed by Financial Services

Description	Risk Definition	Focus Areas that Contain Outcome Related to that Risk
<p>8 Records and Information Governance: Lack of availability, accessibility or authenticity of records</p>	<p>The risk of the lack of availability, accessibility or authenticity of records caused by a lack of an established records management policy and process framework to capture, retain and dispose of records in a timely, accurate and secure manner, resulting in errors or delays in proper completion of transactions and reputational loss to APS.</p>	<p>1.1 Process Assurance Excellence 4.1 Leverage Information and Analytics</p>
<p>9 System Maintenance: Erroneous, unauthorized or fraudulent processing of transactions through the systems</p>	<p>The risk of erroneous, unauthorized or fraudulent processing of transactions through the systems caused by poorly maintained systems and/or lack of adherence to industry-accepted standards and practices to ensure that only properly tested and authorized application systems are deployed in the production environment, resulting in financial or reputational loss to the pension plans and/or APS.</p>	<p>1.1 Process Assurance Excellence 2.2 System Reliability and Planning 4.2 Support Operational Excellence 4.5 Ensure Business Resilience and Risk Management</p>
<p>10 Compliance: Non-compliance with statutory and corporate obligations</p>	<p>The risk of non-compliance with relevant statutory requirements and other corporate obligations caused by the lack of a robust framework for the interpretation, application and monitoring of legislative requirements and obligations, resulting in financial or reputational loss to APS.</p>	<p>1.1 Process Assurance Excellence 4.4 Advance Agility and Innovation 4.5 Ensure Business Resilience and Risk Management</p>
<p>11 Cost Management: Failure to maintain budgetary and cost controls</p>	<p>The risk of operational and capital costs exceeding approved thresholds and targets caused by the lack of business planning and budgetary controls, resulting in reputational and financial loss to APS.</p>	<p>4.2 Support Operational Excellence</p>
<p>12 Ethics and Fraud: The presence of fraudulent and unethical activities in the organization</p>	<p>The risk of unethical and/or fraudulent activities in APS caused by the lack of appropriate measures and controls to prevent, detect and report on such activities, resulting in the misappropriation of financial assets of APS and the pension plans and/or reputational loss or other damages to the organization.</p>	<p>4.3 Fraud Risk Program 4.5 Ensure Business Resilience and Risk Management</p>

Description	Risk Definition	Focus Areas that Contain Outcome Related to that Risk
13 External Reporting: Gaps/omissions/errors in financial or operational reports	The risk of gaps, omissions or errors in financial or operational reporting to external stakeholders caused by lack of adherence to proper professional accounting standards and established reporting obligations, resulting in reputational loss due to qualified audit opinion or other reasons.	1.1 Process Assurance Excellence 1.2 Increase Collaboration 4.1 Leverage Information and Analytics
14 Plan Fund Accountability: Errors/omissions/delays in plan trust accounting	The risk of errors, delays or omissions in accounting for the receipts, disbursements and contribution revenue relating to each plan caused by the lack of proper processing, posting and reconciliation controls, resulting in financial loss to the plans and/or reputational loss to APS.	1.1 Process Assurance Excellence 4.2 Support Operational Excellence
15 Privacy Protection: Non-compliance with privacy legislation and regulations	The risk of non-compliance with applicable privacy legislation and regulations and any unauthorized disclosure of information caused by the lack of adequate protocols and security measures related to collection, use, disclosure, retention or disposition of personally identifiable information, resulting in loss of reputation and potential legal liability to APS.	1.1 Process Assurance Excellence 1.3 Support Governance Changes 4.5 Ensure Business Resilience and Risk Management
16 Health and Safety: Injury or harm to employees, contractors or visitors	The risk of injury or harm to employees, contractors or visitors caused by the lack of preventive or security measures, resulting in physical harm or workers compensation liabilities, loss of business reputation or other costs to APS.	For this category, APS' risk mitigation activities are performed at an operational level which include: <ul style="list-style-type: none"> • Formal health and wellness program (with supporting policy and procedures) • Annual health and safety reviews • Online health and safety orientation as part of onboarding of process for new staff
17 Human Resources Infrastructure: Misalignment between organizational needs and available resources	The risk of gaps and mismatches between organizational needs and the available resources caused by the lack of an established change management or other processes to ensure the right people with the right skills are positioned correctly in the organization, resulting in APS' inability to meet its internal and external service expectations.	<ul style="list-style-type: none"> • 4.2 Support Operational Excellence • 5.1 Develop Leadership Alignment • 5.2 Establish Organizational Alignment • 5.4 HR System Evolution

Description	Risk Definition	Focus Areas that Contain Outcome Related to that Risk
<p>18 Recruitment and Retention: Failure to attract, develop and retain suitably skilled individuals in APS' workforce</p>	<p>The risk of the failure to attract, develop and retain suitably skilled individuals in APS' workforce including key personnel caused by misalignments between performance, training and development, compensation and other related incentives, resulting in APS' inability to effectively deliver its services in accordance with its strategic and operational goals.</p>	<p>4.4 Advance Agility and Innovation 5.1 Develop Leadership Alignment 5.2 Establish Organizational Alignment 5.3 Support Employee Engagement 5.4 HR System Evolution</p>
<p>19 Business Resilience: Inability to deliver critical services for an extended period of time</p>	<p>The risk of the inability to deliver critical services for an extended period of time following a major system failure or other disaster caused by lack of robust and periodically tested business resilience plans to support the restoration of services, resulting in operational and reputational loss to APS.</p>	<p>1.1 Process Assurance Excellence 2.2 System Reliability and Planning 4.2 Support Operational Excellence 4.4 Advance Agility and Innovation 4.5 Ensure Business Resilience and Risk Management</p>
<p>20 Employer Relations: Breakdown in employer relations, or gaps in employers submitting member data</p>	<p>The risk of gaps in timely submission of member data or breakdown in relationship caused by the lack of established protocols, employer training or availability of pension systems, resulting in delays on member files.</p>	<p>2.1 Age and Stage Relevance 2.2 System Reliability and Planning 3.1 Define Education Needs 4.2 Support Operational Excellence 4.4 Advance Agility and Innovation</p>
<p>21 Member/Pensioner Relations: Members/pensioners receiving poor customer service</p>	<p>The risk of members/pensioners receiving poor customer service caused by the lack of quality, timeliness and unclear or incorrect information impacting APS' ability to meet customer satisfaction targets and resulting in increased escalations and complaints.</p>	<p>1.2 Increase Collaboration 2.1 Age and Stage Relevance 3.1 Define Education Needs 4.2 Support Operational Excellence</p>
<p>22 Processing Integrity: Errors/omissions/fraudulent processing of transactions relating to clients and employers</p>	<p>The risk of errors, omissions or fraudulent processing of transactions relating to clients and employers caused by an inadequate or ineffective system of internal controls and quality assurance processes related to transaction processing and the calculation of pension benefits, resulting in APS' inability to correctly process benefit payments according to applicable pension plan rules and regulations.</p>	<ul style="list-style-type: none"> • 1.1 Process Assurance Excellence • 1.2 Increase Collaboration • 4.2 Support Operational Excellence • 4.4 Advance Agility and Innovation

Description	Risk Definition	Focus Areas that Contain Outcome Related to that Risk
<p>23 Data Integrity: Errors, omissions or quality issues in processing and posting of pension administration transactions</p>	<p>The risk of errors, omissions or quality issues in processing and posting of pension administration transactions caused by the lack of an established framework of data edits and quality assurance checks and proper audit trails, resulting in pension administration errors and reputational loss to APS.</p>	<p>1.1 Process Assurance Excellence 1.2 Increase Collaboration 4.1 Leverage Information and Analytics 4.4 Advance Agility and Innovation</p>
<p>24 Client Relations: Issues, complaints or dissatisfaction from clients</p>	<p>The risk of issues, complaints or dissatisfaction from clients caused by the lack of up-to-date service level agreements and communication protocols, resulting in loss of confidence in or reputational loss to APS.</p>	<p>1.2 Increase Collaboration 1.3 Support Governance Changes 2.1 Age and Stage Relevance 2.2 System Reliability and Planning 3.1 Define Education Needs 4.2 Support Operational Excellence 4.4 Advance Agility and Innovation</p>

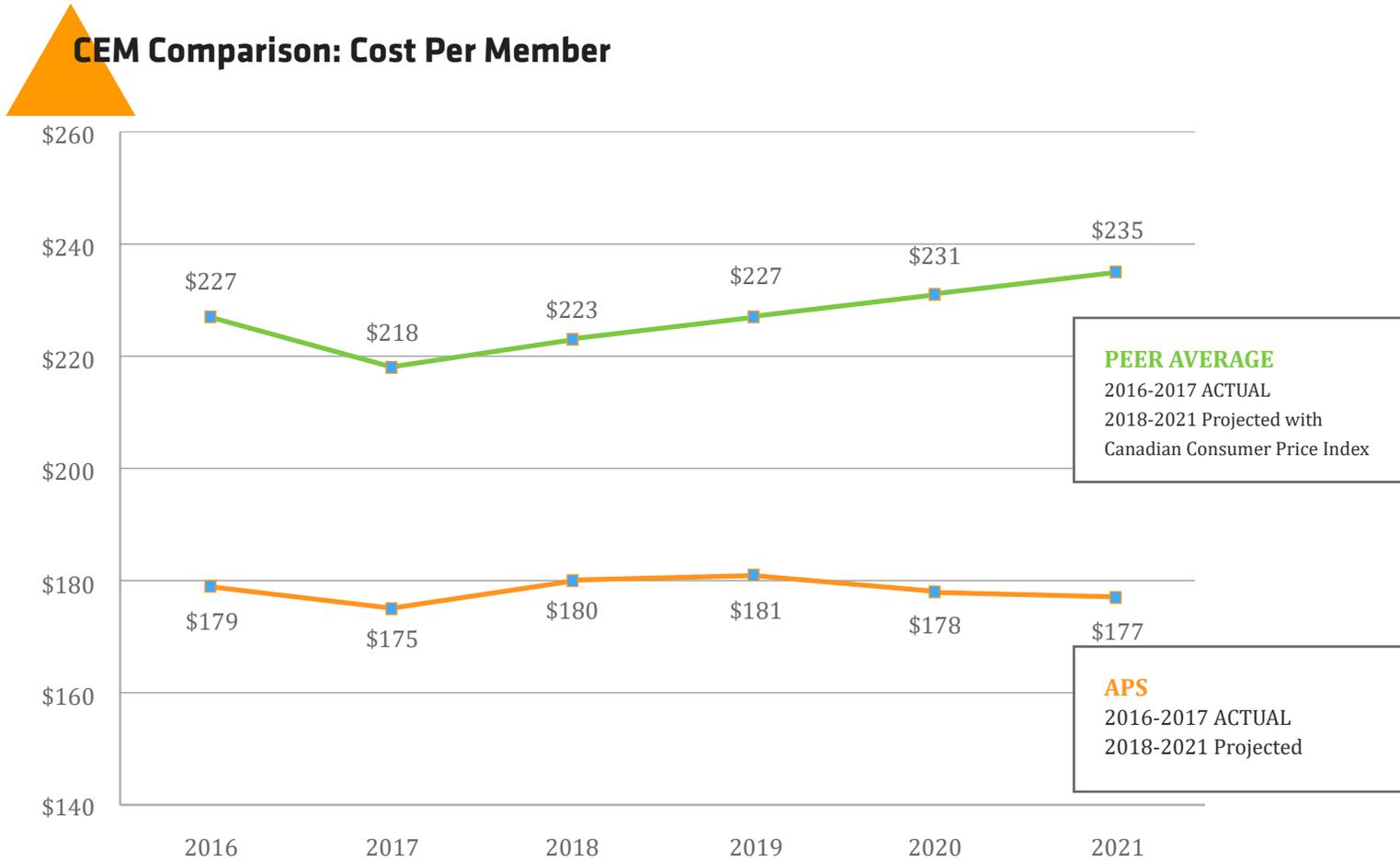
Appendix B

Budget and Financials

<i>(\$ millions)</i>	2018 Budget	2019 Budget	2020 Estimate	2021 Estimate
APS OPERATING EXPENSES AND AMORTIZATION				
Staff and related expenses	35.3	36.2	37.2	38.3
Contract services	2.8	3.3	3.6	3.5
Materials and supplies	4.6	4.8	4.4	4.4
Data processing	5.8	6.0	6.0	5.9
Amortization	5.9	5.5	5.6	5.5
APS OPERATING EXPENSES AND AMORTIZATION	54.4	55.8	56.8	57.6
PLAN BOARD EXPENSES	4.4	2.5	1.6	1.7
ATC PLANS - PSPP, LAPP, SFPP	0.0	1.8	2.0	1.8
TOTAL OPERATING EXPENSES	58.8	60.1	60.4	61.1
CAPITAL INVESTMENT	2.2	2.9	2.6	2.5
Total CEM cost per member	\$180	\$181	\$178	\$177

Appendix B

Budget and Financials



2016-2017: Actual APS and Peer Average CEM Cost per Members as reported by CEM Benchmarking Inc.

2018: APS CEM Cost per Member projected for the year ending December 31, 2018. Peer CEM Cost per Member projected using 2017 peer average with Canadian Consumer Price Index for 2018 of 2.3%.

2019-2021: APS CEM Cost per Member projected with 2019-2021 budget and membership forecasts. Peer Average CEM Cost per Member projected with Canadian Consumer Price Index of 2.0% per year.

▶ Appendix B

Budget and Financials

2019-2021 Budget Overview

The 2019-2021 budget presented is driven by our continual focus on our clients' needs and what is required of APS to meet existing and future service levels in the midst of plan governance and legislation changes. A change beginning in 2019 is the addition of the budget line for the new Administrative Trust Corporations (ATC). The ATCs will be the Trustee for the Plans affected by anticipated governance changes and APS will provide corporate and other business support services to those corporations and their plans.

The 2019 total operating budget of \$60.1M is \$1.3M (2.2%) higher than 2018 budget of \$58.8M. This translates into a \$1 cost per member increase from \$180 in 2018 to \$181, which is \$46 per member less than the projected 2019 peer average of \$227. The total operating budgets in 2020 and 2021 will see slight increases of \$0.2M (0.4%)¹ and \$0.8M (1.2%) respectively as the transition stabilizes. This will result in a decrease in the cost per member to \$178 in 2020 and \$177 in 2021 as the number of active members and pensioners increases, widening the gap between APS and its peers in each year. The 2020-2021 increases largely pertain to the customization of our pension administration services and systems to accommodate client requests and projected inflationary increases.

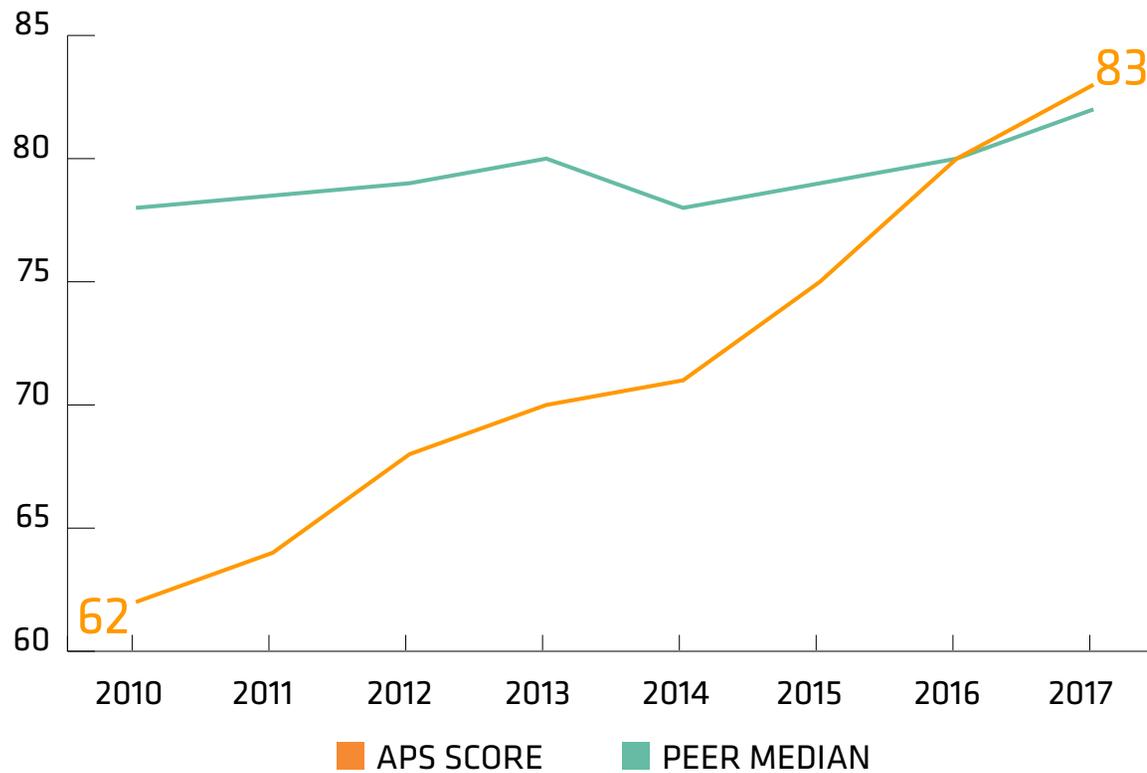
Capital investment will see an increase from \$2.2M in 2018 to \$2.9M in 2019 largely for the upgrade to our pension system that will begin in the second quarter of 2019 and for the continued development and implementation of business intelligence infrastructure and tools to support our leading edge in the realm of data analytics. The pension system upgrade will continue into 2020 where capital investment is maintained to support existing services and infrastructure. Capital investment in 2021 will continue to support the innovation and sustainability projects that our clients will be looking to us for as we continuously improve and expand our services.

¹ 2019 budget includes partial year operating costs for PSPP and SFPP Plan Boards not present in 2020-2021.

Appendix C

CEM Comparison: Performance and Service

CEM Total Service Score
2010 - 2017



Source: 2017 Benchmarking Analysis for the Alberta Pensions Services Corporation, CEM Benchmarking Inc.