

Alberta Pensions Services Corporation
Business Plan 2022

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CEO Message: Building Trust in the Foundation

Over the last few years, you have heard me say that Alberta Pensions Services Corporation (APS) is focused on our foundation. We have been building on this, year over year, by finding better ways to provide our cost-effective pension benefits administration services.

We do this because we care about people and their futures. We care about the pensioners that are relying on their pension benefit, the members who are planning for their retirement, the staff who are working tirelessly to provide timely and accurate support, and the clients who are trusting us to represent their pension plans and work with their employers.

Through the challenges of the last few years—COVID-19 included—our ability to maintain our foundational services has been critical and valuable to Albertans. I applaud the collaboration and effort by Team APS and our clients to work diligently and maintain the member experience.

In that time, we also focused on finding ways to innovate and improve our foundational work while balancing the needs of all clients and stakeholders. Examples of this are process improvements in our operations teams, new online data analytics tools and more efficient reporting.

In 2022, we will continue. We will continue to maintain trust in our core services by finding innovative ways to improve our services, projects and initiatives. I am very pleased to share our Board-approved 2022 business plan which describes how we will achieve our goals over the next year.

While we continue to face budget restraints in 2022, there are over 389,600 members and pensioners who rely on our services and whom we will not let down. In fact, we will be implementing an extensive technical upgrade which will result in further stability and improved services.

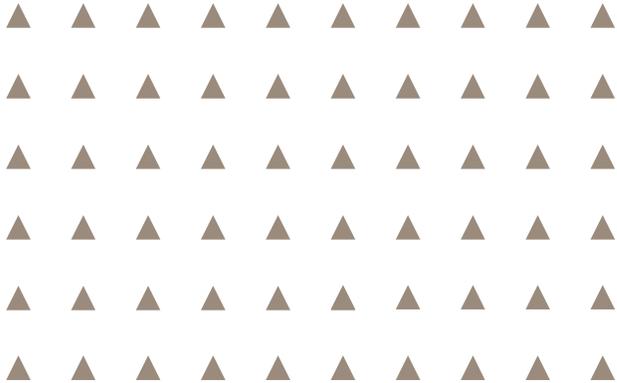
Our commitment remains strong, and we will maintain our position as a trusted pension services provider.

Sincerely,



Darwin Bozek

President and Chief Executive Officer



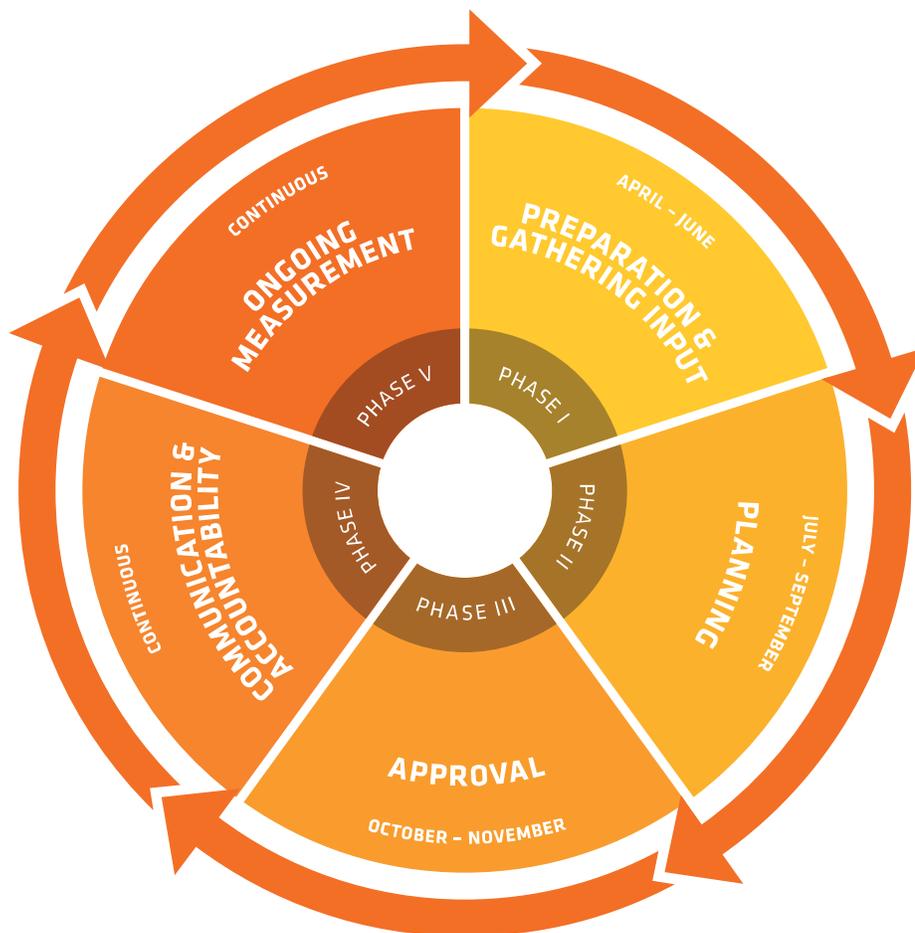
Business Planning Process

Over the last few years, APS has been refining the business planning process, using a five-phase approach as shown in the diagram below. A primary goal of this process is to improve the collaboration and transparency between APS and clients.

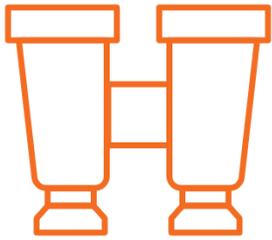
Consultation with clients was an integral step in ensuring that APS maximized resources in a manner that best served the needs of the members, pensioners, employers and clients we support, and took into account external factors such as budget constraints.

APS' continued commitment to a collaborative approach will be reflected throughout the strategic plan, business plan, service delivery plans, project execution plans and corporate scorecard.

During our planning process, a key step is the development and approval of service delivery plans. These plans contain our commitments for the year, including the fee budget for the annual initiatives and pension benefits administration services as outlined in the service agreements with our clients. We work with our clients to ensure their high-priority and high-impact initiatives are identified and implemented into our annual business plan, ultimately enabling us to prioritize projects and initiatives and to be effective within the directed budget.



Vision, Mission & Values



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

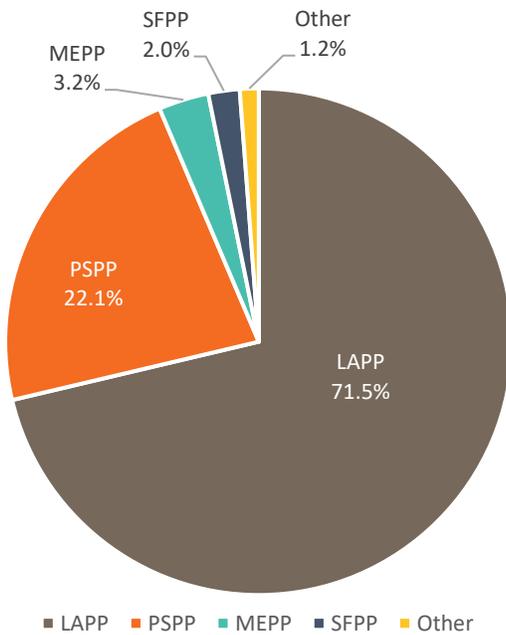
We are driven by our values to always "do the right thing."

- ▶ SERVICE
Make every interaction count
- ▶ QUALITY
What we do, we do well
- ▶ ACCOUNTABILITY
Take responsibility

Service, Clients & Scope

APS works alongside its clients to help guide the pension experience for members, pensioners and employers. In collaboration and consultation with the clients we serve and the Government of Alberta, we deliver services on behalf of the following seven public sector pension plans and two supplementary plans:

MEMBERS BY PLAN



- ▶ 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)

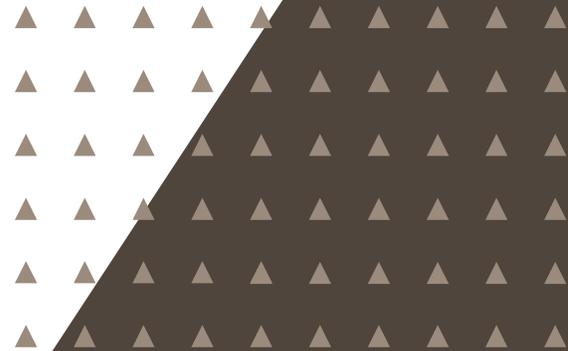
Currently, we provide services to

over 500 employers

389,600 members and pensioners around the world

and manage over

\$6.3 Billion in pension receipts and disbursements



Our Strategic Objectives

APS' strategic objectives are focused on improving the delivery of core pension benefits administration services in a cost-effective and efficient manner, and on improving relationships with our stakeholders.



1. Enhance Stakeholder Relationships

We will strengthen the relationship between APS and the clients and other stakeholders we serve. We will constantly demonstrate the value of our services in order to better meet their needs.



2. Transform Member and Employer Interactions

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



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.



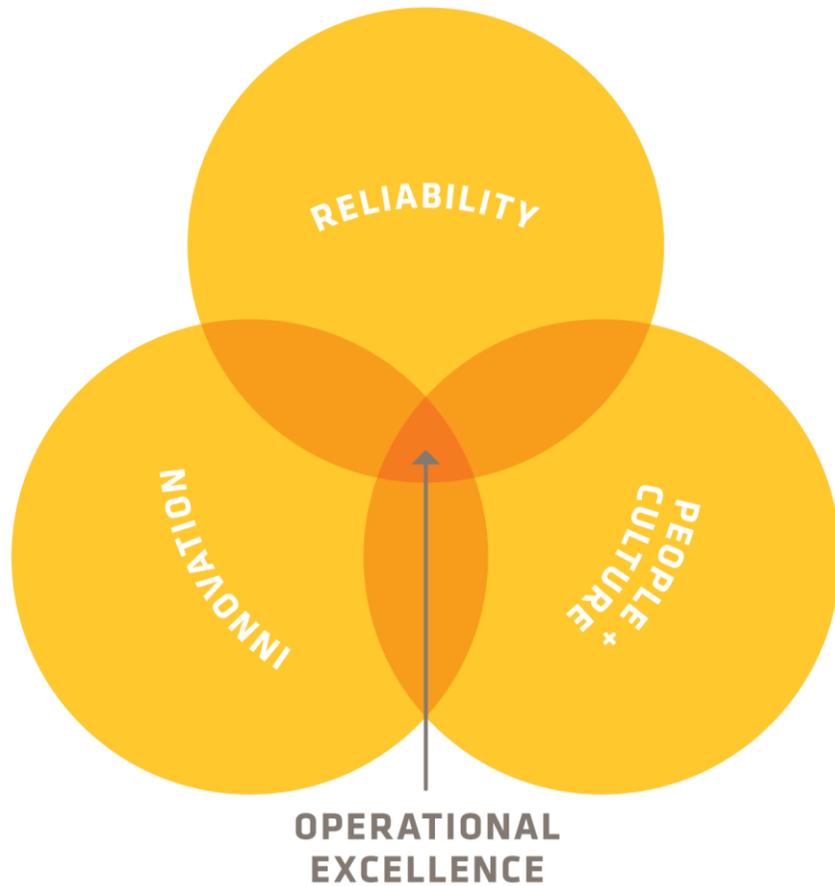
4. Optimize Service Delivery

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



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.



Key Themes for 2022

The three themes of APS—reliability, innovation, people and culture—will lead APS toward the ultimate goal of operational excellence. Success will mean success for us and our clients in the services and support we provide members, pensioners and employers. We achieve all this through collaboration with our clients.

Reliability

Strengthening a solid and dependable foundation

To ensure we are delivering on our core pension benefits administration services in a cost-effective, efficient and high-quality manner.

Innovation

Exploring ways to improve

To explore new ideas, methods, and capabilities for process improvements. Implement solutions with business outcomes, to deliver efficient and effective service. Target programs and projects that deliver value and positive results for the people we serve and support and our employees, while being a good environmental steward.

People & Culture

Elevating a culture of service with a highly engaged workforce

To foster an environment where collaboration and service come naturally because the people are inspired, empowered and values-driven.

Reliability

Strengthening a Solid and Dependable Foundation

- ▶ To ensure we are delivering on our core pension benefits administration services in a cost-effective, efficient and high-quality manner.

We are accountable to clients and their members, pensioners and employers for reliable pension services. Ultimately, we make sure members and pensioners receive the correct benefits and pension payments at the right time. Our benefits administration services are the basis of everything we do, and people count on us to consistently get them right. Every person at APS contributes to the core benefits administration work.

2022 Core Service Reliability Highlights

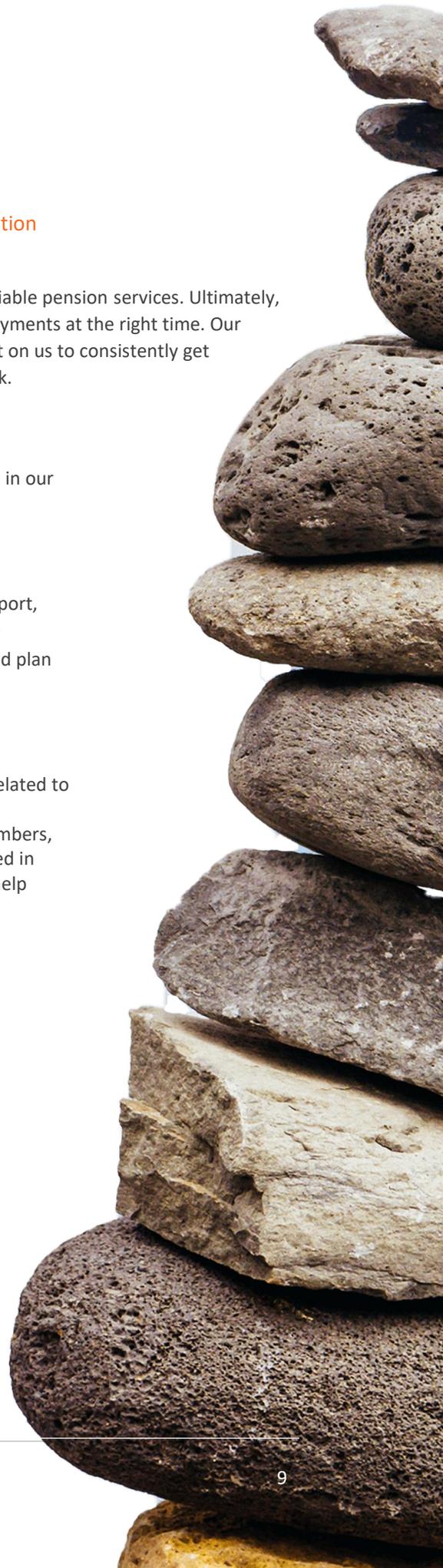
Our primary focus is on the core pension benefits administration services as defined in our agreements with clients, which are:

- ▶ Client services
- ▶ Members Services Centre
- ▶ Contributions management
- ▶ Member and pensioner management and communications
- ▶ Benefits calculations and disbursements
- ▶ Employer enrollment, support, education and compliance
- ▶ Compliance, regulatory and plan financial reporting

2022 Projects and Initiatives

The following descriptions are a high-level summary of the projects and initiatives related to reliability that we are planning to work on in 2022. Each project listed enhances the reliability of our systems and core services, which will have a positive impact on members, pensioners and employers. These projects and initiatives were identified and selected in collaboration with clients, and they are projects that support strategic priorities or help support APS' efforts to improve processes and services. These initiatives are in addition to, and in support of, the activities and service level requirements outlined in each client's pension services agreement.

The descriptions are intended to be brief overviews and are not a reflection of detailed scope or timeline.



Compass D6 Upgrade

The APS Compass system is a complex suite of software developed by our pension system service provider (the vendor). The vendor makes changes to their base product on a quarterly basis. Therefore, each year there are improvements available for the applications that make up our Compass system. These improvements may include new features, security upgrades, bug fixes and new versions of the software applications.

In 2021, as part of our strategic partnership with the vendor, APS undertook an annual Compass system upgrade. This means, each year will have a project to update the Compass system; the work will take place spanning two calendar years. Generally, beginning in Q2 of the first year, the Compass project will focus on design and configuration of the features and improvements for APS in the next release. In the second year, the project will shift towards testing and implementation of the work completed in year one. Implementation will always be targeted for Q3 of the second year.

Currently, APS is using an older version (2019) of the Compass system. In 2022, this project—the Compass D6 Upgrade—will move APS to the 2021 version of the Compass system. APS will work with the vendor to complete the configuration and customization, with implementation commencing in Q4 2021 and completed in 2022. Our goal is to remain current with the latest version of the Compass system provided by the vendor.

Benefits:

The 2021 version will include a significant number of new configurable features and provide increased performance and systems improvements. Other key benefits include:

- ▶ Fixes to the current employer processes, including ability to enhance the existing employer portal (see Employer Portal Data Validation on page 12) and plan-specific banking functionalities that can be configured in future Compass upgrades.
- ▶ Lower support costs as enhancements and client-request costs grow when using non-current versions of the software.
- ▶ Lower risk of potential security vulnerabilities by upgrading to a more current software version.

Estimated completion: 2022

System Upgrades

The planned IT initiatives for 2022 include the following critical upgrades and implementations:

1. Digitizing APS Legal

- ▶ The current legal database has reached the end of its support and useful life, requiring a system upgrade. This system upgrade will also allow APS to move any remaining legal paper records filing to a digital format, helping to reduce physical storage costs and gain disaster recovery ability. Project commenced in Q4 2021, with system implementation to be completed in 2022.

2. Angular Java Script

- ▶ The Angular Java Script Software platform is the underpinning web development toolset used by APS. The software version being used will no longer be supported by the vendor. This project is to upgrade software to the newest supported version. Development is scheduled to be completed by Q3 2022.

3. Telephony Migration to Cloud

- ▶ The current telephony system requires a migration to the cloud that will allow for disaster recovery capabilities and will enable future functionality for integration with the Compass system. In 2021, APS will define the architectural strategy, approach and process for data migration to a cloud-based phone system. In 2022, APS will implement the phone system for all APS employees.

Estimated completion: 2022

Compliance Risk Mitigation

Between 2019 and 2021, we completed a multi-year Joint Governance project to transition to compliance with the *Employment Pension Plans Act* (EPPA) and the *Employment Pension Plans Regulation* (EPPR) by March 31, 2021, along with legislative changes brought forward by Bill 22. To date, we have completed implementation of the changes necessary to meet the requirements of EPPA and EPPR.

As a result of Joint Governance, the three plan corporations (LAPP Corporation, PSPP Corporation and SFPP Corporation) were required to develop new Plan Texts for the pension plans as the *Public Sector Pension Plans Act* was no longer applicable with the pension plans being subject to EPPA. Along with the required legislative changes, all three plans continued to implement and explore changes to their Plan Texts.

The Compliance Risk Mitigation project planned for 2022 involves performing an in-depth review of the Plan Texts for the three pension plans to ensure alignment with the pension benefits administrative practices and systems at APS. As the review of the Plan Text changes happens, APS will update the pension plan analysis from the Defined Benefit Pension Administration Implementation Workbook, commonly referred to as Chapter 2; these activities will happen in parallel.

The information in the Chapter 2 documentation is the core foundation for how our vendor coded the Compass pension administration system. Chapter 2 has up to 25 sections, including Service, Eligibility for Membership, Salary, Eligibility for Retirement, Pension Plan Benefits, Termination, Death Benefits, Buybacks, etc.

The project can be very extensive as tasks include reviewing complex plan documentation and legislation, then cross-referencing and updating documentation as well as comparing to current administrative practices. In addition, if any potential non-compliances are identified, further actions will be required to confirm non-compliance and propose changes to APS' current administrative practices, amendments to Plan Texts, or other options.

Given the volume and complexity of plan information to be reviewed, APS is anticipating this to be a multi-year project. To determine the extent of this project, APS will be completing a pilot project that commenced in October 2021 with target completion by end of April 2022. Decision on any further actions will depend on the results of the pilot project. Any required changes to systems, administrative practices or Plan Text will be handled individually outside this project, which is focused on the identification, assessment and determination of actions to be taken in the event of a discrepancy between Plan Text and administrative practices.

Benefits:

- ▶ A higher degree of confidence in compliance with pension Plan Texts while developing proper documentation and a process to ensure more effective mitigation of compliance risk regarding future implementations.
- ▶ Creation of documentation that is a single source of truth of the current state to reduce risk of misinterpretation, uncertainty and research time.
- ▶ Increased file/service quality and reduce time to process will improve the member experience.
- ▶ Improved communication between APS employees and clients.

Estimated completion: April 2022 for pilot project, with subsequent phases to immediately follow in 2022 and beyond

Review of Internal Control Over Financial Reporting

In 2020, clients approached APS to obtain additional assurance regarding the internal control over financial reporting (ICOFR) at APS for the pension plans' financial statements. As a result, it was agreed that an independent review of APS' ICOFR will be completed by an external firm, commencing in 2021. The review will be completed through a specified auditing procedures (SAP) engagement with the external firm. We anticipate that annual assurance will be required by clients, therefore, we have budgeted for a SAP engagement for 2022.

Benefits:

- ▶ Improved assurance and comfort for APS and all clients over the internal control in place over financial reporting.

Estimated completion: 2022

Employer Portal Data Validation

APS has identified that there are potential gaps in data validity and quality received from employers. An Employer Portal Data Validation project, conducted in collaboration with one of our clients, will further analyze data quality and accuracy provided by a large, complex employer to ensure that validations and edit checks are correct and reflect plan rules.

The pilot portion of this project was launched in Q3 of 2021, with a review of the data provided by the large employer. Results from this pilot will inform the development of further appropriate mitigations and determine our current risk level. Implementation of identified deficiencies is targeted for after the Compass D6 Upgrade is completed (after Q3 2022).

Benefits:

- ▶ Improved member pensionable earnings contribution calculation accuracy.
- ▶ Reduced time required by APS to answer employer questions about contributions and to resolve validation errors and warnings.
- ▶ Improved confidence that submissions are accurate and in compliance with Plan Text rules and other legislative requirements.

Estimated completion: 2022

Innovation

Exploring Ways to Improve

- ▶ To explore new ideas, methods, and capabilities for process improvements. Implement solutions with business outcomes, to deliver efficient and effective service. Target programs and projects that deliver value and positive results for the people we serve and support and our employees, while being a good environmental steward.

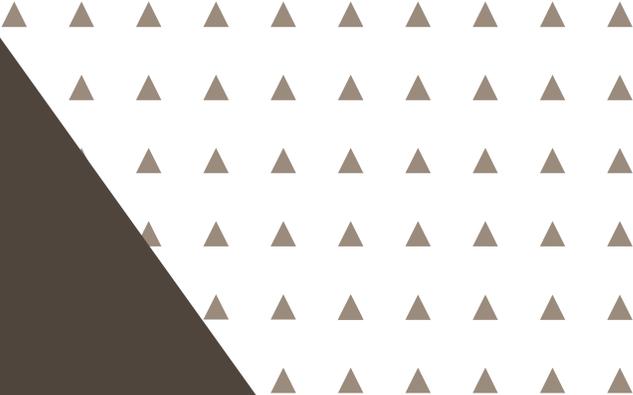
We are continually striving to provide cost-effective and efficient services. We constantly search for innovations and improvements, not only within the core services we offer every day but also in our major projects and initiatives. Whether we are building a new online tool for members, reworking a retirement process, or testing ways to use automation in our operations, we are using innovation to improve our services and the client, member, pensioner, employer and employee experience.

2022 Projects and Initiatives

The following descriptions are high-level summaries of the projects and initiatives related to innovation that we are planning for 2022. Each project listed embodies the innovation mindset to drive process improvement and efficiency and positively impact members, pensioners and employers.

These projects and initiatives were identified and selected in collaboration with clients, and they are projects that support strategic priorities or help make our processes and services more efficient and cost-effective. These initiatives are in addition to, and in support of, the activities and service level requirements outlined in each client's pension services agreement.

The descriptions are intended to be brief overviews and are not a reflection of detailed scope or timeline.



BI Platform – Data Management Program

This initiative improves data quality and reliability by providing items such as a single source of data truth, client access (self-serve) to member data, data governance and analytics. Along with the data governance and information management initiatives, APS has implemented self-serve capabilities for each client consisting of 50% of the data requests in 2020 can be accessible through self-serve, with more data releases planned for 2022. Consultation and planning have been ongoing to understand what insights are most valuable to each client and ensure a single source of truth to make data-informed business decisions.

APS will accomplish the above objectives in 2022 through the following activities:

- ▶ Make an additional four subject areas available via self-serve, which will address 70% of the data requests.
- ▶ Continue to evolve the business glossary based on the subject areas – subject area releases.
- ▶ Introduce data quality processes and start data quality monitoring.
- ▶ Continue maturing data governance processes and capabilities.
- ▶ Define a metadata management strategy and begin implementation. Metadata is information that describes various facets of an information asset to improve its usability throughout its life cycle.
- ▶ Leverage analytics capabilities across the organization for greater insights, easily identifying outliers / anomalies, data drill downs, and starting to enable predictive analytics.

Benefits:

- ▶ Increased value and efficiency for clients as they are able to access data and undertake the analysis they need using self-serve capabilities.
- ▶ Leverage analytics to gain data insights, anomalies, trends, predictions to make data informed business decisions.
- ▶ By reducing the time APS employees spend on client data requests , employees will be able to spend more time on other value-add projects and tasks.
- ▶ Improved data quality and integrity, essential for fact-based decision making.

Estimated completion: 2022

Pension e-guide Rebuild

Pension e-guide is a component of the employer portal; it is the current location where employers go to access resources and report pension information. The platform that the current Pension e-guide is on is at the end of its lifecycle and the guide requires a complete review. Fundamental aspects of the employer resource review are the user experience, user need and content.

This project commenced in 2021, however, during our strategic roadmap work with clients, it was determined that we will complete the following steps to fully understand all requirements before further work progresses:

1. Conduct an internal review to evaluate whether APS has an existing tool/platform to support this content.
2. Consult with clients to understand needs and expectations for the employer resource.

Clients were engaged and surveyed early in the process to obtain buy-in and alignment. Although the employers are the primary stakeholders for the portal and its content, clients will continue to be involved in developing any changes to project scope, requirements and content.

Benefits:

- ▶ Improved experience for employers.

- ▶ Improved information management, ensuring the information employers have access to is correct and cost-effective to maintain on a continuous basis.

Estimated completion: 2022

Enhance Member Experience

Background: Enhance Member Experience is a continuation of two projects carried over from 2021: Member Services Center (MSC) Member Experience & Efficiency Program and Enhance Online Services. Both projects focused on improving the member experience.

The goal of the MSC Member Experience & Efficiency Program was to improve the efficiency of the MSC to enable an improved member and employee experience. The program will continue with an omni-channel strategy, building on automation and reduced manual processes for a tangible impact on MSC volumes, average handling times, call abandonment rates and seasonal volume management.

Enhance Online Services focused on automation opportunities within commonly used online platforms, such as the Buyback Purchase tool, PensionEase, Your Pension Profile and CRM. The goal was to streamline associated processes to enhance the overall member experience and provide members with more self-serve options.

Enhance Member Experience: In 2022, we are amalgamating the two projects, MSC Member Experience & Efficiency Program and Enhance Online Services, into a single program. This will improve the efficiency of APS resources as well as improve and enhance the self-service options for members. The scope and direction of the Enhance Member Experience project will be informed by the strategic roadmap process. The proposed activities outlined below will help reduce manual intervention to the workflows and the time required for indexing, mailroom and admin work.

Benefits:

- ▶ Enhanced digital channels, enhanced phone channel services, shorter wait times, faster response times and omnichannel opportunities.
- ▶ Simplify and expedite the buyback purchases, payment process and document submission for members through the ability to submit electronically.
- ▶ Reduce overhead to indexing, mailroom and admin teams, while also reducing the impact on service levels as a result of Canada post disturbances.
- ▶ Improved SLAs and value add work through ~50% call automation through digital channels or voice channels.

Estimated completion: TBD (multi-year project)

People & Culture

Elevating a Culture of Service with a Highly Engaged Workforce

- ▶ To foster an environment where collaboration and service come naturally because the people are inspired, empowered and values-driven.

Our people, and the people we serve matter. Employees lean on the values (quality, service, accountability) to make decisions in support of our commitment to service—service to each other as well as clients and their members, pensioners and employers. This leads to an organization that is collectively “doing the right thing.”

At APS, we believe that leveraging the strength of our diversity is the key to delivering high-quality service and support, and to reaching operational excellence. As such, as part of our focus on people and culture, we will focus on the following goals:

1. Enhance Human Resources (HR) service delivery through providing consistent customer service while promoting collaboration and communication.
2. Innovate our HR processes through the effectiveness of HR technology and simplifying HR operations and support.
3. Deliver a multi-year talent management strategy that focuses on individual and leadership career development, including succession planning.
4. Reinforce a culture of diversity, equity and inclusion (DEI) that solicits positive participation and cooperation from the entire workforce.

Enhance HR Service Delivery

Goal 1: We will provide consistent customer service while promoting collaboration and communication

How will we achieve this goal?

- ▶ Continue to leverage findings from the HR survey and continue with gathering feedback.
- ▶ Identify top HR metrics per division.
- ▶ Ensure everyone on team has clear job descriptions and understands role/key performance indicators per position.
- ▶ Create consistent processes and procedures.
- ▶ Share. Share. Share. Embrace this large team and work together with all levels of management.

Innovate HR Process (HR Transformation)

Goal 2: Drive the effectiveness of HR technology and simplifying HR operations and support. Advanced functionality builds on the core to further enable HR and operations functions.

How will we achieve this goal?

- ▶ Implement HR system enhancements, including the roll out of the recruitment, onboarding, performance management, and succession planning modules that leverage the HRIS system to help improve the delivery of services.
- ▶ Strategize HRIS functionality to enable the organization to perform future-facing activities like planning and predictive analytics.

- ▶ Integrate performance management system to streamline our HR process leading to an effective HR cycle.
- ▶ Solicit positive participation and cooperation from the entire workforce.

Talent Management Strategy

Goal 3: Deliver a multi-year talent management strategy that focusses on individual and leadership career development, including succession plan.

How will we achieve this goal?

- ▶ We will build talent within our team and across the organization.
- ▶ Foster confidence and accountability from within.
- ▶ Properly identify competencies for each position, and partner with our leaders to identify leader's competencies.
- ▶ Develop a job competency framework and workforce planning, while identifying critical positions and developing succession plans for the identified roles and executive leadership positions.

Adopt a DEI Culture

Goal 4: Continue to reinforce a DEI culture that solicits positive participation and cooperation from the entire workforce.

How will we achieve this goal?

- ▶ Unveil the DEI strategy and plan.
- ▶ Consistently apply DEI policy and procedures with leaders and employees.
- ▶ Ensure expectations are clear and hold everyone accountable.
- ▶ Work closely with all business areas and encourage participation by all employees in program roll-out.

Corporate Scorecard

The four quadrants of the balanced scorecard provide a framework for strategic alignment and effective measurement, while providing a structure in which performance can be evaluated holistically. APS reports quarterly results against targets and aims to optimize resource allocation to improve the key performance indicators below.



Metrics

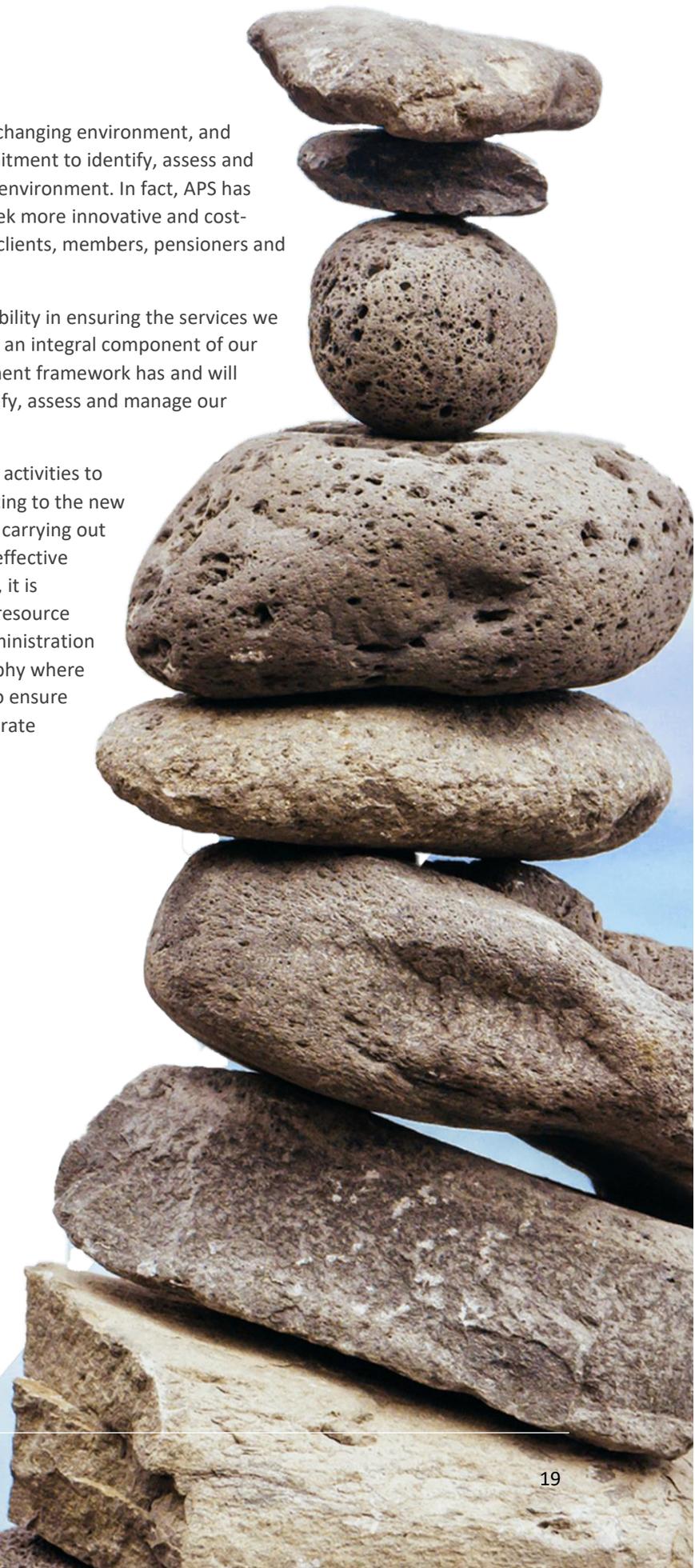
Stakeholder Alignment & Satisfaction	
Client Relations	▶ The qualitative assessment of relationship and aggregated client scorecards.
Member and Pensioner Satisfaction	▶ The ongoing external survey of members and pensioners interacting with the Member Services Centre.
Employer Engagement	▶ Equal weighting of employer satisfaction survey, employer portal survey and employer compliance score.
Shareholder Alignment	▶ Qualitative assessment of shareholder alignment.
Operational Effectiveness	
Key Pension Administration Services Index	▶ Comprised of three key business areas: weighting of 40% Operations, 20% Employer Services and 40% Member Services.
Pension Services Agreement (PSA) Compliance	▶ Importance and quantity of compliant vs. non-compliant items with the PSAs.
System Availability	▶ Equal weighting of availability vs. unplanned downtime of Compass, portals and client websites.
System Reliability	▶ The number and average duration of unscheduled outages of Compass, portals and client websites.
Financial Performance & Risk Management	
CEM Cost Per Member	▶ CEM Benchmarking Inc., an external survey organization that aggregates various operational costs in order to calculate the cost per member.
Adherence to Client Fee Budgets	▶ Adherence to client fee budgets as agreed to in the annual service delivery plans.
Payout Calculation Accuracy	▶ The accuracy of calculation payouts for members and post retirement death for pensioners based upon a random on-going sampling methodology.
People & Culture	
Employee Engagement	▶ APS employee responses to an external engagement survey.
Absenteeism Rate	▶ The total number of absenteeism hours divided by the total number of FTE (full-time equivalents), converted to days.
Voluntary Turnover Rate	▶ Number of voluntary employee terminations divided by the total number of employees.

Risk Management

2021 proved to be a year of significant challenges and a changing environment, and with challenges there is risk and opportunity. APS' commitment to identify, assess and manage our corporate risks has not changed in this new environment. In fact, APS has embraced this new environment as an opportunity to seek more innovative and cost-effective methods to continue to meet the needs of our clients, members, pensioners and employers.

Risk management has always been the pillar of accountability in ensuring the services we deliver are accurate, timely and efficiently delivered; it is an integral component of our quality and efficiency measurements. APS' risk management framework has and will continue to serve as a guide in our commitment to identify, assess and manage our corporate risks.

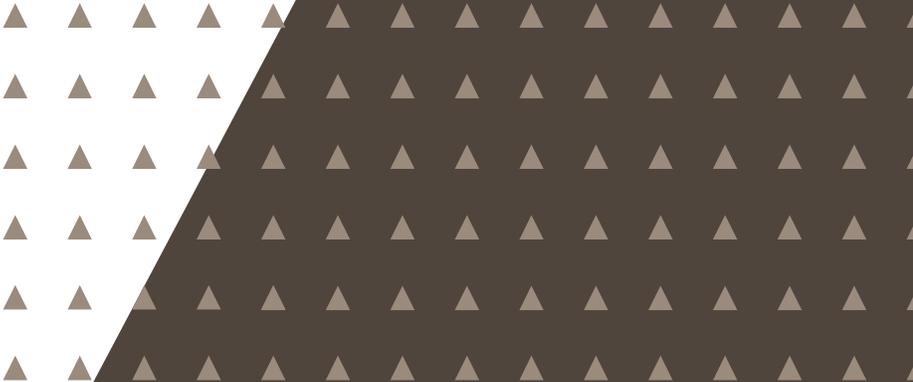
The 2022 Business Plan outlines many key initiatives and activities to manage these significant challenges by proactively adapting to the new environment and ensuring the organization is capable of carrying out its mandate to deliver quality pension services in a cost-effective manner. With the current budgetary constraints in place, it is paramount that APS use a risk-based strategy to ensure resource allocations are prioritized to provide pension benefit administration services for all our stakeholders. We believe in a philosophy where the benefits of our initiatives are weighed against risks to ensure our decisions are assessed and measured in order to operate within our corporate risk appetite.



Looking Ahead

As we continue to navigate through the challenges of the past two years, we must also look to the opportunities that lie ahead. In 2022, APS will be rolling out a multi-year strategic roadmap and a new five-year strategic plan. We are working closely with clients on the strategic roadmap initiative to create alignment between our organizations. Together, we will chart a path that improves our services, support our functions and delivers a better pension experience for members. We will continue to demonstrate our commitment to collaboration, transparency and building trust with clients so that we can face any future challenges together.

We will continue to build on the foundation of the reliability of our core services, innovation around how we deliver our services, and the development of our people and culture. This helps us to adapt to any environment and realize the goals of our organization and our clients in the years to come.



Appendix A

2022 Budget Overview

The 2022 APS budget reflects a strong focus on providing cost-effective and efficient pension benefits administration to the members, pensioners and employers we serve and the clients we support. In 2022, APS will focus on the provision of reliable core pension benefits administration services, the implementation of several projects to improve and innovate our services and building a culture of service excellence with an engaged workforce.

APS continues to be challenged to find ways to reduce costs in a complex operating environment while still aligning to client goals and managing risks. The mandate from the Government of Alberta is to control costs and they have directed a reduced budget from 2020 through 2023. APS' 2022 operating budget of \$56.5M represents an overall decrease of \$0.4M from the 2021 APS budget.

Client goals are balanced and prioritized in the 2022 business plan initiatives, and resources have been designated to support the activities to achieve maximum benefit for our stakeholders. The 2022 cost per member (based on CEM Benchmarking Inc. methodology) is anticipated to be \$170, which is approximately \$87 (34%) less than the estimated cost per member of the peer average of comparable Canadian public sector organizations.

The reductions in the 2022 operating budget are realized through previous years' workforce reductions, decreased discretionary spending and decreased temporary staffing. These decreases are offset to a degree by additional expenses to hire six fulltime, permanent positions and amortization of capital assets relating mainly to the pension benefits administration system upgrade completed in 2020.

Capital investment will remain relatively flat at \$2.5M as compared to 2021. In 2022, capital investment includes necessary upgrades to our pension benefits administration systems and several client-driven initiatives to improve member, pensioner and employer experience, and to support client requirements for more timely access to data and analytics. In addition, APS will need to prioritize continued capital investments to maintain and support existing services and infrastructure along with new innovations and projects.

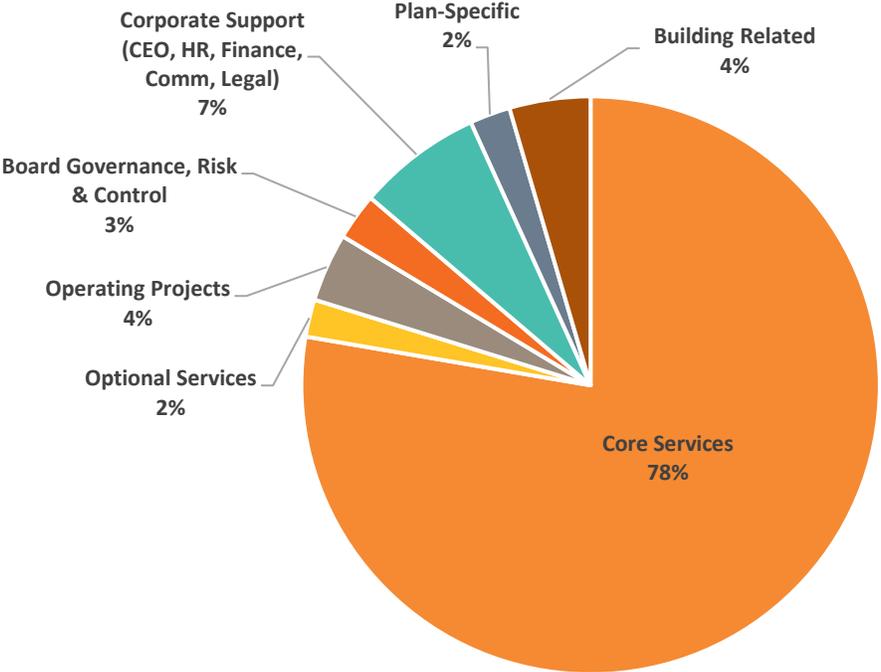
Budget and Financials

(\$ MILLIONS)	2020 ACTUAL	2021 BUDGET	2022 BUDGET
APS OPERATING EXPENSES			
Salaries and Benefits	31.2	34.0	34.9
Contract Services	2.5	2.7	2.3
Software Licensing and Support	5.2	5.5	5.2
Office Related Expenses	4.8	4.8	4.8
Amortization	5.5	5.9	5.7
SUB-TOTAL	49.2	52.9	52.9
Joint Governance Requirements	1.2	1.3	0.0
Other Operating Projects	0.7	0.9	1.9
Crown Trusteed Plans	1.0	1.8	1.7
TOTAL APS OPERATING EXPENSES	52.1	56.9	56.5
TOTAL APS CAPITAL INVESTMENT	2.3	2.4	2.5

	2020 ACTUAL	2021 BUDGET	2022 BUDGET
CEM Cost Per Member	\$157	\$172	\$170
# of Active Members and Pensioners (excludes deferred members)	331,913	331,913	333,252

2022 Operating Budget is \$56.5M

The 2022 APS budget reflects a strong focus on providing cost-effective and efficient pension benefits administration to the members, pensioners and employers that we serve and to the clients that we support.



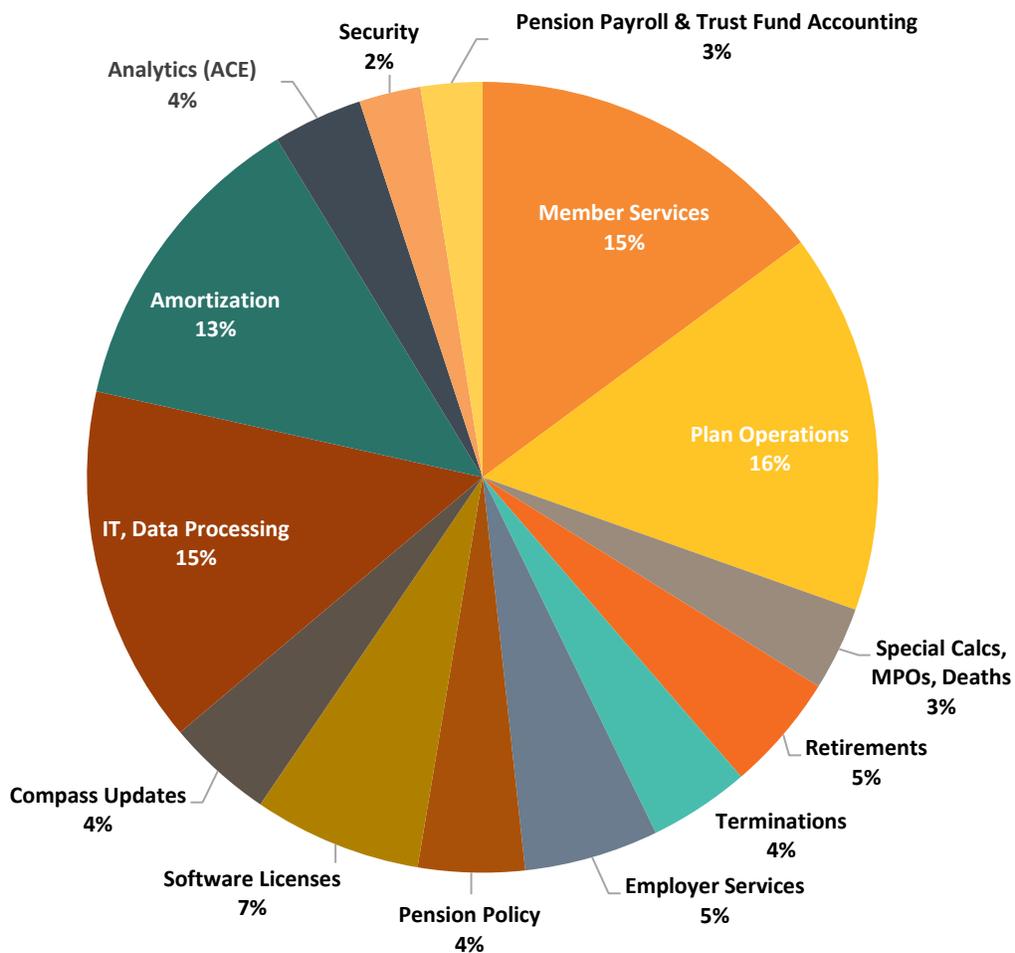
Core Services

2022 CORE SERVICES COST BREAKDOWN

We strive to deliver a high standard of pension benefits administration services to all of our clients, members, pensioners, and employers.

These services and associated costs include:

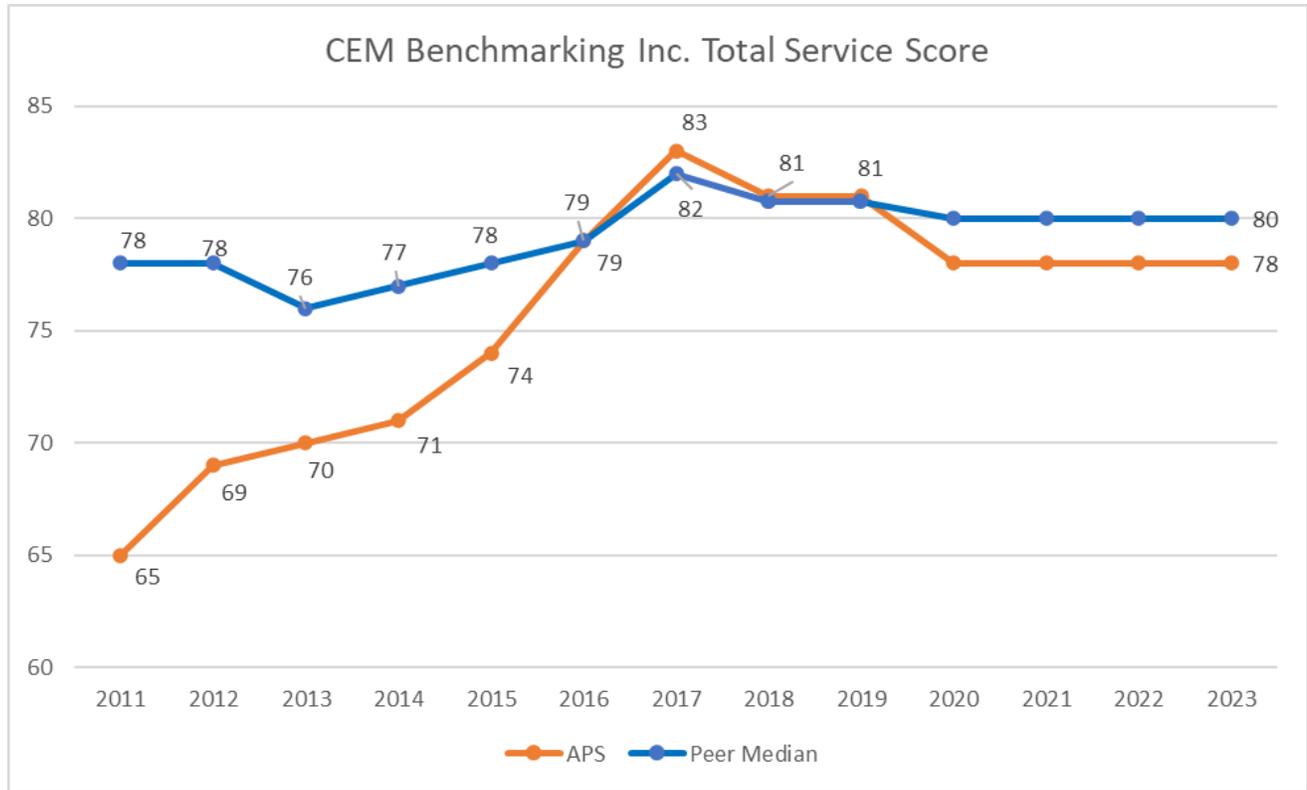
- ▶ Client services
- ▶ Member Services Centre
- ▶ Pension payments
- ▶ Contributions management, benefits calculations and disbursements
- ▶ Member and pensioner management and communications
- ▶ Employer enrollment, support, education and compliance
- ▶ Compliance, regulatory and plan financial reporting
- ▶ Software licensing and support: maintenance and updates to member service software (Compass), data storage, software licenses and cybersecurity
- ▶ Amortization: long-life capital investments (primarily Compass) are expensed over the expected asset life



Appendix B

CEM Comparison: Performance & Service

APS' operating costs, membership numbers and transactional information are submitted annually to CEM Benchmarking Inc. for comparison to our peer group in a comprehensive survey. While our peer group includes Canadian public sector pension administrators of a similar size to APS, some the largest in Canada, we operate in a more complex pension environment than most. APS administers nine plans with often distinct rules and pension options.



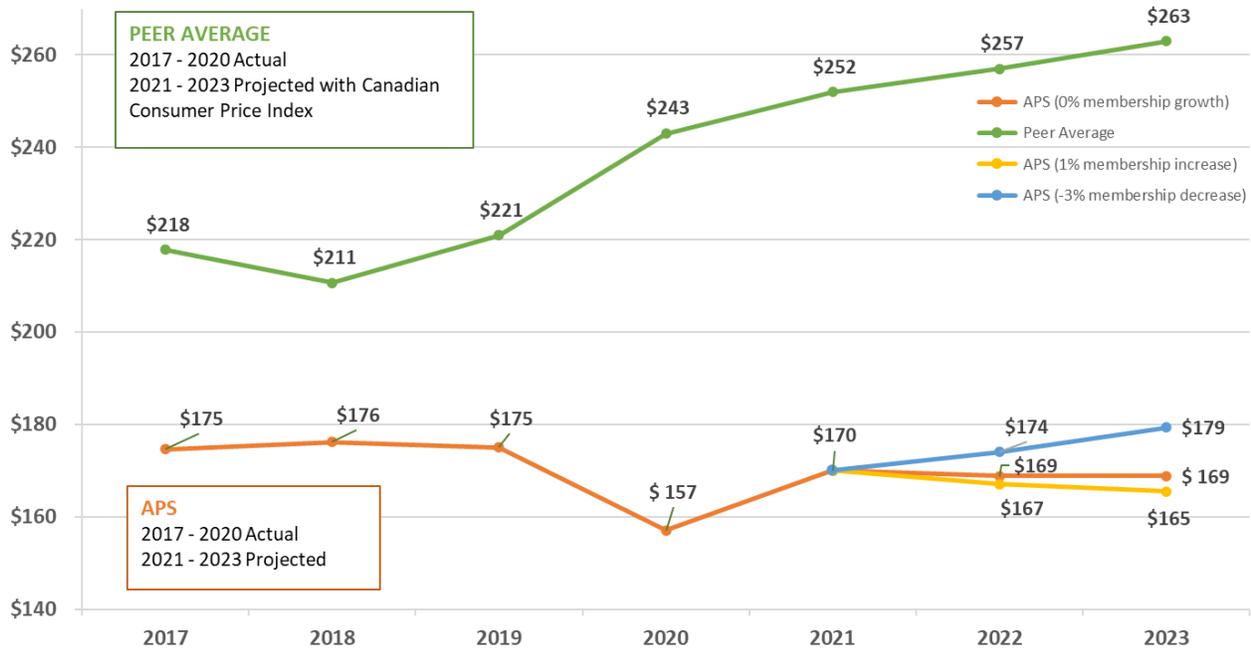
CEM total service score per member will continue to be a key indicator of how APS' service compares to peers.

Taking into consideration the challenges of accomplishing the various strategic directions of our multiple clients and the government mandated budgetary constraints, APS aspires to maintain the relative total service score ranking and will strive to make incremental improvements over time.

CEM Comparison: Performance & Service (Continued)

Based on the most recent (2020) CEM Benchmarking Inc. survey, APS service costs are \$86 (35%) per member lower than the peer average. APS cost per member is projected to remain well below the peer average in 2022 (estimated to be \$87 or 34% below the peer average) due to anticipated membership remaining flat amid fixed pension benefits administration costs resulting from budget constraints. Should plan membership decrease slightly, APS should continue to maintain a cost advantage over our peers in the survey, as shown in the scenarios below.

CEM Benchmarking Inc. Cost Per Member





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