

IN THE MATTER OF the *Pension Benefits Act*, R.S.O. 1990, c. P.8 (the “Act”), in particular sections 62.1(5);

AND IN THE MATTER OF Pension Plan for the Employees of LG Electronics Canada, Inc., Registration Number 1029438 (the “Plan”).

NOTICE OF INTENDED DECISION

TO: LG Electronics Canada, Inc.
20 Norelco Drive
North York ON M9L 2X6

Attention: Kai Paek
HR Manager - Canada

Employer and Administrator

AND TO: Jonathan Marin
Osler, Hoskin & Harcourt LLP
Box 50, 1 First Canadian Place
Toronto ON M5X 1B8

Associate

TAKE NOTICE THAT pursuant to section 62.1(5) of the Act, and by delegated authority from the Chief Executive Officer of the Financial Services Regulatory Authority of Ontario (the “Chief Executive Officer”), the Head, Pension Plan Operations and Regulatory Effectiveness (the “Head”), intends to consent to the payment out of the pension fund in respect of the Plan to LG Electronics Canada, Inc., in the amount of \$40,814 as at April 22, 2019, plus investment earnings thereon to the date of payment. Details of this intended decision are described below.

SI VOUS DÉSIREZ RECEVOIR CET AVIS EN FRANÇAIS, veuillez nous envoyer votre demande par courriel immédiatement à: contactcentre@fsrao.ca.

YOU ARE ENTITLED TO A HEARING BY THE FINANCIAL SERVICES TRIBUNAL (THE “TRIBUNAL”) PURSUANT TO SUBSECTION 89(6) OF THE ACT. A hearing by the Tribunal about this Notice of Intended Decision may be requested by completing the enclosed Request for Hearing Form (Form 1) and delivering it to the Tribunal within thirty (30) days after this Notice of Intended Decision is served on you. The Request for Hearing Form (Form 1) must be mailed, delivered, faxed or emailed to:

Address: Financial Services Tribunal
25 Sheppard Avenue West
Suite 100
Toronto ON M2N 6S6
Attention: Registrar

Fax: 416-226-7750

Email: contact@fstontario.ca

TAKE NOTICE THAT if you do not deliver a written request for a hearing to the Tribunal within thirty (30) days after this Notice of Intended Decision is served on you, an order will be issued as described in this Notice of Intended Decision.

For additional copies of the Request for Hearing Form (Form 1), visit the Tribunal's website at www.fstontario.ca.

The hearing before the Tribunal will proceed in accordance with the *Rules of Practice and Procedure for Proceedings before the Financial Services Tribunal* ("Rules") made under the authority of the *Statutory Powers Procedure Act*, R.S.O. 1990, c. S.22. The Rules are available at the website of the Tribunal: www.fstontario.ca. Alternatively, a copy can be obtained by telephoning the Registrar of the Tribunal at (416) 590-7294, or toll free at 1-800-668-0128 extension 7294.

REASONS FOR INTENDED DECISION

1. LG Electronics Canada, Inc. is the Employer and Administrator of the Plan (the "Employer").
2. Under the terms of the Plan, the Employer required contributions and Employee matching contributions are determined in reference to a Plan member's annual earnings, which includes any management by objectives bonuses (MBO) and short-term incentive (STI) payments. The Employer's application of the Bonus Projection Methodology to determine the MBO and STI as opposed to using the actual MBO and STI payments received by members, has resulted in overpayments by the Employer into the pension fund for the calendar years 2012, 2013, 2014 and 2018, in respect of members who remain active in the Plan.
3. Evidence of the Employer overpayment to the pension fund has been submitted to the Financial Services Regulatory Authority of Ontario.
4. The Employer sought the consent of the Superintendent of Financial Services (the "Superintendent"), which is now the Chief Executive Officer of the Financial Services Regulatory Authority of Ontario (the "Chief Executive Officer") in an application dated June 6, 2018, to the refund of specified Employer over-contributions of \$149,986. These over-contributions had been identified in an internal audit of the

Plan by PricewaterhouseCoopers for the period between January 2012 and April 2018.

5. The Employer submitted a revised application on April 22, 2019 seeking the Chief Executive Officer's consent to payment of \$40,814, payable to the Employer. This revised amount represented Employer overpayments that were made during the 2012-2014 and 2018 calendar years.
6. Section 62.1(4) of the Act states that if an employer makes an overpayment into the pension fund, the application for reimbursement must be filed before the later of: (a) 24 months after the date on which the employer made the overpayment; and (b) six months after the date on which the administrator, acting reasonably, becomes aware of the overpayment.
7. The Employer's application for reimbursement of the overpayment was originally made on June 6, 2018 and then revised by letter dated April 22, 2019. The date of the original application is within six months after the date on which the administrator, acting reasonably, became aware of the overpayment. Accordingly, the application has been filed within the time limits set out in subsection 62.1(4) of the Act.
8. Such further and other reasons as may come to my attention.

DATED at Toronto, Ontario, September 22, 2021.



Jennifer Rook
Head, Pension Plan Operations and Regulatory Effectiveness

By delegated authority from the Chief Executive Officer