The Shared Risk Plan for CUPE Employees Of New Brunswick Hospitals

Statement of Investment Policy and Goals

February 2018

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I - Definitions

"Act" means the *New Brunswick Pension Benefits Act*, 1991, as amended from time to time, and the Regulations issued thereunder and the administrative rules adopted by the Superintendent of Pensions, from time to time.

"Agent" means a company, an organization, association or individual, as well as its employees, which is retained by the Board of Trustees to provide specific services with respect to the administration, investment or management of the Pension Fund.

"Benchmark Portfolio" means the asset allocation against which the total fund performance is measured.

"Board of Trustees" or *"Board"* means the Board of Trustees as defined in the Pension Plan Document.

"Fund Manager" or *"Manager"* means any professional investment management firm that may be appointed from time to time by the Board of Trustees to manage the investments of the Pension Fund.

"Funding Policy" means the funding policy for the CUPE Shared Risk Plan, as amended from time to time, in accordance with the Act.

"Pension Fund" or *"Fund"* means the money and other property set aside to finance the Pension Plan.

"Pension Plan" or *"Plan"* means the Shared Risk Plan for CUPE Employees of New Brunswick Hospitals.

"Pension Plan Document" means the plan text for the Shared Risk Plan for CUPE Employees of New Brunswick Hospitals, as amended from time to time.

"Third Party Administrator" means Vestcor Pension Services Corporation (VPSC) or such other body or bodies as may be appointed by Board of Trustees from time to time to act on behalf of the VPSC.

II - Purpose of the Statement of Investment Policy and Goals

This Statement of Investment Policy and Goals (the "Investment Policy") applies to the assets held in trust in the Pension Fund in respect of the liabilities of the Pension Plan.

The purpose of the Investment Policy is to formulate investment principles and guidelines, which are appropriate to the needs and objectives of the Pension Plan, which include ensuring that the desired security for the base and ancillary benefits is achieved. In particular, the Investment Policy ensures that the assets of the Pension Fund are invested at all times in a prudent and diversified manner within the context of the nature of the liabilities of the Pension Plan and its financial characteristics. The Investment Policy also describes the monitoring procedures adopted for the ongoing operation of the Pension Fund.

The Board has entered into contracts with a number of Fund Managers for the investment of certain assets of the Pension Fund. The individual Fund Managers and specific objectives are identified in Appendix 2. Reporting requirements are identified in Appendix 1.

This Investment Policy may be changed or modified at any time by the Board. Any such change shall be properly communicated to the Fund Managers appointed by the Board. The Investment Policy will be reviewed on an annual basis.

Any Fund Manager or Agent providing services in connection with the Pension Fund shall accept and adhere at all times to this Investment Policy.

III - Roles and Responsibilities

The Board recognizes its responsibility for overall management of the Pension Fund, as well as its ability to delegate certain functional responsibilities to various Agents. The following list is intended to be representative of the responsibilities assigned to each Agent.

The Board

The overall responsibility for the operation and administration of the Pension Plan is that of the Board.

The Board consists of 8 trustees. Four of the trustees are appointed by the Canadian Union of Public Employees and its Council of Hospital Unions, Local 1252. The Secretary of Treasury Board of the Province appoints the other four trustees.

As described in section 14 of the Pension Plan Document, the Board's responsibilities include, but are not limited to:

- administering the Pension Plan, in accordance with the Act, the Pension Plan Document, the Income Tax Act (Canada) and the Funding Policy; and
- appointing one or more Agent(s) to carry out any act or transaction required for the administration and management of the Pension Plan and Pension Fund. Every Agent appointed by the Board shall report to and be subject to the directions and continuing supervision of the Board.

The Investment Advisor

The Investment Advisor advises the Board on matters such as:

- annual reviews of the Investment Policy and recommendations of amendments when necessary;
- selection of the Fund Manager(s) and Custodian;
- asset rebalancing; and
- such other matters related to the investment management of the Fund as may arise from time to time.

III - Roles and Responsibilities (continued)

The Fund Manager

Each Fund Manager shall:

- make investment decisions that comply with the content and spirit of this Investment Policy or if applicable, the pooled fund investment policies;
- file a quarterly compliance report in the format directed by the Board;
- have the opportunity to participate in the annual review of the Investment Policy;
- during its regular meetings with the Board, make presentations on their past performance, their future strategies and such topics as the Board of Trustees may request;
- reconcile their own records with the Custodian, if applicable, monthly;
- update the Board on potential new asset classes or investment instruments and how they may assist in achieving the Pension Fund's objectives;
- inform the Board of developments occurring within the Fund Manager's firm that may impact the firm's business, including developments such as the loss or acquisition of key personnel, changes in ownership structure and rapid growth or decline in assets under management;
- meet with the Board as frequently as may reasonably be requested;
- provide such information as may reasonably be requested from time to time by the Board, as per Appendix 1;
- if required under the New Brunswick Securities Act, register with the Financial and Consumer Services Commission of New Brunswick; and
- comply with the Code of Ethics and Standards of Professional Conduct, as well as the Asset Manager Code of Conduct adopted by the CFA Institute and with the Manager’s own codes of business conduct and conflict policies.

III - Roles and Responsibilities (continued)

The Custodian

The Custodian shall:

- maintain safe custody over the assets of the Pension Fund;
- execute the instructions of the Board, as delegated to the Third Party Administrator, the Investment Advisor and to any Fund Manager;
- provide monthly statements to the Board, the Fund Manager(s) (if applicable) and the Performance Measurement Consultant;
- lend securities on behalf of the Board; and
- perform quarterly compliance testing on behalf of the Board. The results are included in a quarterly report sent to the Board. The reports indicate whether the Fund Managers are in compliance with Appendix 2 of the Investment Policy.

The Performance Measurement Consultant

The Performance Measurement Consultant shall:

- monitor the performance of each Fund Manager and of the consolidated Pension Fund relative to the objectives stated in the Investment Policy;
- provide quarterly reports to the Board measuring the Fund Manager’s performance and attribution against specific benchmarks;
- provide summary returns to the Fund Managers to ensure the Fund Managers are in agreement with the information presented by the Performance Measurement Consultant;
- participate in the discussion with the Fund Managers; and
- perform additional analyses as may be directed by the Board from time to time.

III - Roles and Responsibilities (continued)

Third Party Administrator

The Third Party Administrator shall:

- provide administrative functions for plan members and employers;
- provide administrative support for cash management, financial services, policy and governance issues and to the Board; and
- perform such other studies as the Board may request from time to time.

The Actuary

The Actuary shall:

- inform the Board of potential liquidity requirements for the Pension Fund resulting from decisions that may be taken by the Board;
- prepare annual funding valuations;
- upon request from the Board, provide demographic and financial projections that may be useful to them in their annual review of this Investment Policy; and
- perform such other studies as the Board may request from time to time.

IV - Pension Plan Characteristics

The Pension Plan is registered under the Income Tax Act (Canada) (ITA), registration number 0385849 and with the NB Superintendent of Pensions, registration number NB 0385849.

The Pension Plan is a "Shared Risk Plan" having all of the characteristics set out in Part 2 of the Act, some of which are as follows:

- a Funding Policy for the pension plan is established at inception and reviewed at least annually by the Board in accordance with the regulations;
- the employer and the members make contributions to the Pension Fund in the amount set in accordance with the Plan and the Funding Policy;
- risk management goals and procedures for the Pension Plan are established at inception and reviewed at least annually by the Board in accordance with the regulations;
- cost of living adjustments may only be granted in respect of pensions accrued in past periods and if the Funding Policy so permits, and
- contributions shall not be reduced or suspended except in accordance with the Income Tax Act (Canada) and the Funding Policy.

The liability discount rate expectation is currently 4.5%.

Liquidity is not a preoccupying concern currently due to the positive net cash flow position; however, future benefit improvements will increase the benefits payable. Liquidity requirements will continue to be assessed after future actuarial valuations.

Demographic and financial statistics about the Pension Plan can be found in Appendix 4.

V - Investment Policy Asset Allocation

The Board of Trustees has given due consideration to the unique characteristics of the Pension Plan, including its liability structure, liquidity requirements, and tolerance for risk inherent in the Pension Fund. Based on this due consideration, the choice of investments must take into account the following facts:

- the investment horizon is relatively long, although the need for actuarial valuations at 1-year intervals must be taken into account along with the need to act upon them; and
- employee and employer contributions are defined in the Pension Plan and subject to variability as defined in the Funding Policy.

The Benchmark Portfolio is as follows for the Pension Fund:

Asset class	Proportion in Benchmark Portfolio	Permissible range
Cash and Cash Equivalents	0.50%	0.00% to 1.50%
Canada Universe Bonds	9.00%	7.50% to 12.50%
Canada Long Bonds	25.50%	23.00% to 28.00%
U.S. High Yield	7.50%	5.00% to 10.00%
Global Government Bonds	7.50%	5.00% to 10.00%
Canadian Equity	10.00%	7.50% to 12.50%
Foreign Equity	15.00%	12.50% to 17.50%
Canadian Real Estate	10.00%	5.00% to 15.00%
Global Real Estate	5.00%	0.00% to 10.00%
Infrastructure	10.00%	5.00% to 15.00%
TOTAL	**100.00%**	

The Board will use the rebalancing policy outlined in Appendix 3 to adhere to the Benchmark Portfolio.

VI – Return Expectation

The total rate of return achieved by the Pension Fund can be separated into the return contributed by the Benchmark Portfolio of the Pension Fund, and the additional return contributed by the actions of the Fund Manager(s). For the avoidance of doubt, each Fund Manager is responsible for managing the assets allocated to such Fund Manager in compliance solely with the investment objectives assigned to such Fund Manager.

Benchmark Portfolio Return

plus

Additional return achieved through
active management by the Fund Manager(s)

equals

Total Pension Fund Return

While the total return of the Pension Fund is one of the most important contributors to the level of benefits ultimately provided by the Pension Plan, for purposes of this Investment Policy, it is important to distinguish the components of this total return.

Performance Objectives for the Pension Fund

The following long-term performance objectives have been established for the Pension Fund:

- meet or exceed the annual rate of return on the Benchmark Portfolio on a consistent basis net of trading expenses, pooled fund operating costs and investment management fees by 0.50%; and

- achieve a standard deviation less than or equal to that implicit in the Benchmark Portfolio.

The rate of return on the Benchmark Portfolio of the Pension Fund will be calculated by multiplying the rates of return on each underlying asset class by the proportion of that asset class represented in the Benchmark Portfolio.

The rates of return on each asset class will be represented by the rate of return on an index deemed to be indicative of that asset class's performance. The appropriate indices are provided in Section IX – Monitoring.

VI – Return Expectation (continued)

The total value added objective for each asset class, net of trading expenses, pooled fund operating costs and investment management fees is provided below.

Asset class	Proportion in Benchmark Portfolio	Value added
Cash and Cash Equivalents	0.50%	n/a
Canada Universe Bonds	9.00%	0.25%
Canada Long Bonds	25.50%	0.25%
U.S. High Yield	7.50%	0.50%
Global Government Bonds	7.50%	0.35%
Canadian Equity	10.00%	0.50%
Foreign Equity	15.00%	1.00%
Canadian Real Estate	10.00%	0.00% (1)
Global Real Estate	5.00%	0.00% (2)
Infrastructure	10.00%	0.75%
TOTAL	**100.00%**	
Total value added		**0.43%**

(1) The value added target for Canadian Real Estate is to meet or exceed the REALPAC/IPD Canada Quarterly Property Fund Index, net of fees, over moving 4-year time periods.

(2) The value added target for Global Real Estate is to meet or exceed Cash + 5% over moving 4-year time periods, where Cash is defined as the 3-month U.S. T-Bill rate.

The expectation is that all objectives will be met consistently over moving 4-year time periods.

VII - Administrative Matters

Loans and Borrowings

No part of the Pension Fund will be loaned to any individual.

The Fund Manager will not borrow money, except to the extent those temporary overdrafts occur in the normal course of day-to-day portfolio management.

The lending of securities through the Custodian is permitted, subject to applicable legislation and provided that a minimum collateral coverage of at least 105% of the current market value of the loaned securities is maintained at all times high quality liquid securities. Fund Managers bear no responsibility for the securities lending activities as such activity is undertaken solely by the Board and the Custodian.

Voting Rights

In the absence of specific written instructions from the Board to the contrary, all voting rights attached to securities included in the investment portfolio shall be exercised by and remain under the control and direction of the Fund Manager.

Any exercise of voting rights acquired through the investments of the Pension Fund will be made at all times solely in the best interests of the Pension Fund.

If requested by the Board, the Fund Manager shall indicate how voting rights have been exercised in the past and, in any situation where the Fund Manager voted against management, the rationale for the Fund Manager's decision.

Conflicts of Interest

Any person involved in the investment or in the administration of the Pension Fund, including the Fund Manager, may not permit personal interests to conflict with the exercise of duties and powers with respect of the Pension Fund. Such conflicts of interest, actual or perceived, must be disclosed in writing to the Board immediately before any advice is rendered or any decision is made, including, where possible, the value of all actual or perceived conflicts of interest to the persons in charge of the investment of the Pension Fund. No Agent shall participate in discussions on a matter in relation to which they have disclosed an actual or apparent conflict of interest.

A conflict of interest is defined as any personal stake, interest, or relationship, which has the potential to compromise a person's ability to maintain impartiality and objectivity in assessment of facts, decision-making, or recommendation on any issue. This stake, interest, or relationship may exist, or merely appear to exist.

VII - Administrative Matters (continued)

Valuation of Investments

Investments in publicly traded securities will be valued no less frequently than monthly at their market value.

Investment in pooled funds will be valued according to the unit values calculated at least quarterly by the Fund Manager, and verified at least annually by an independent third party.

The Fund Manager will provide, at least quarterly, the Custodian with an estimated fair value of a security if a market valuation is not readily available. Such fair value may be determined by reference to the most recent independent expert appraisal or by other means such as risk-adjusted discounted cash flows or comparison with similar assets, which are publicly traded. In all cases the methodology should be applied consistently over time.

As the Custodian is not accepting liability for the custody of investments in certain "high risk" markets, the Board prohibits Fund Managers from trading, on a segregated fund basis, in the following markets:

- Nigeria
- Bosnia & Herzegovina
- Lebanon
- Pakistan
- Russia
- Serbia
- Ukraine
- Uruguay
- Vietnam

VIII - Monitoring

The Board uses the services of a Performance Measurement Consultant to calculate Fund Manager(s) benchmark performance as appropriate and the Fund's rates of return, along with other pertinent performance and risk measures on a quarterly basis.

The Board's assessment as to whether the Fund Manager is meeting the return objectives defined in Appendix 2 of the Investment Policy are based on the Performance Measurement Consultant's results. The returns calculated by the performance measurement consultant are total return based (i.e. total return takes into consideration price changes, purchases/sales transactions as well income distribution/reinvestment). For the MSCI EAFE (in Canadian dollars) and MSCI World ex. Canada indices, the returns are Net Return based. Dividends are reinvested after deduction of withholding tax, applying the rate applicable to non-resident individuals who do not benefit from double taxation treaties.

The Performance Measurement Consultant uses the Custodian's data records, in Canadian dollars, when calculating returns.

A Fund Manager shall meet with the Board on at least an annual basis to review the assets, net cash flow and performance of the Pension Fund, the current economic outlook and investment strategies of the Fund Manager, and to take any action necessary to ensure compliance with this Investment Policy. Additional meetings may be held at the request of the Board.

The Fund Manager, on a quarterly basis, will provide reports on the portion of the Fund's performance they have been allocated. These reports, along with the quarterly reports provided by the Performance Measurement Consultant, will be used to monitor the Fund Manager's performance. In addition to the Fund Manager's returns, the Performance Measurement Consultant reports also provide detail on the consolidated performance of the Pension Fund, the Fund Manager's and the Pension Fund's performance in comparison to the applicable benchmarks, and the rank of the Fund Manager and the Pension Fund in the Performance Measurement Consultant's Universe.

The Fund Manager shall provide a letter to the Board stating the status of their portfolio's compliance with this Investment Policy or the pooled fund's policy (if applicable) on a quarterly basis.

The Board will also ensure compliance on a quarterly basis to make certain the constraints imposed by the Investment Policy are being met. If any violations are found, the Fund Manager will be promptly notified in writing.

In the event the portfolio is not in compliance, the Fund Manager will be liable for any loss to the assets of the Fund resulting from the non-compliance. Further, the Fund Manager should provide a memo explaining how the breach occurred, and what they are doing to rectify it going forward. The Board treats breaches seriously, and could represent a rationale for termination depending on the circumstances.

VIII – Monitoring (continued)

The following benchmarks will be used for evaluation of the Fund Manager(s) performance:

Canada Universe Bonds:	FTSE TMX Canada Universe Bond Index
Canada Long Bonds:	FTSE TMX Canada Long Term Overall Bond Index
Canadian Equities:	S&P/TSX Composite Capped Index
U. S. Equities:	S&P 500 (in Canadian dollars)
International Equities:	MSCI EAFE (in Canadian dollars)
Global Equities:	MSCI World ex. Canada Index (in Canadian dollars)
Infrastructure:	CPI + 4%

The Performance Measurement Consultants' source for the benchmarks above is Morningstar Direct. The S&P 500, MSCI EAFE and MSCI World ex. Canada index are converted to Canadian dollars using the Thompson Reuters Closing Rate.

For the following four asset classes, the Performance Measurement Consultant uses the indicated indices, as provided by the investment manager.

U.S. High Yield	Bank of America Merrill Lynch US High Yield, BB-B Rated Constrained Index (in USD)
Global Bonds	JP Morgan Global Government Bond Index (in USD)
Canadian Real Estate	REALPAC/IPD Canada Quarterly Property Fund Index
Global Real Estate	Cash + 5%, where Cash is defined as the 3-month U.S. T-Bill rate

The custodian uses the followings sources for the foreign exchange rates:

<u>**Asset Class**</u>	<u>**Source**</u>
Segregated U.S, International and/or Global Equities	Bank of Canada Noon Rate on the last business day of the month
Pooled U.S., International and/or Global Equities	The Canadian equivalent price supplied by the Fund Manager, or if not provided, the foreign price converted using the Bank of Canada Noon Rate on the last business day of the month

Appendix 1 – Reporting Expectations by the Fund Manager

This outline is meant to ensure that essential information is conveyed to the Board on a regular basis. Unless otherwise noted, the following should be contained in the quarterly reports to the Board and incorporated in any presentations made before the Board. The Fund Manager is expected to appear before the Board annually.

IF AND WHEN THEY OCCUR:

People/Firm

- Ownership changes or new strategic alliances shall be conveyed to the Board.

- Senior staffing additions, changes and/or departures shall be conveyed to the Board together with the reasons why.

QUARTERLY:

Portfolio

- If pooled funds are employed, provide holdings report of the pool.

- Provide an economic overview and factors influencing investment decisions over their preferred time horizon.

- What are the positions that potentially have the largest impact on the portfolio for the upcoming quarter or other relevant time horizon? This could include asset mix, country, sector, security selection and interest rate decisions. Significant deviations from the benchmarks shall be quantified.

- Include a statement as to compliance with the Investment Policy. If pooled funds are used, include a statement of compliance with the offering memorandum or the investment policy of each pooled fund. If non-compliant, what was the cause and what was done to resolve the situation?

- If applicable, provide a list of securities that do not have a liquid market.

- If applicable, provide information on any conflict of interest encountered and how it was managed.

- If applicable, the rationale for any situation where the Fund Manager voted against management.

Appendix 1 – Reporting Expectations by Fund Manager (continued)

Performance

- Overview of asset class rates of return relative to the benchmark defined in Appendix 2. Explain reason for over/under performance in past quarter and the impact on the one-year, four-year (if sufficient data) and rates of return since inception. Rates of return analyses should be relative to the benchmarks.

- Provide relevant information on how value was added or subtracted by various investment decisions

- Identify and quantify the investment decisions that had the largest positive and negative impacts on the Fund's rate of return.

ANNUALLY:

People/Firm

- Discuss gains or losses of accounts and/or assets in the last 12 months. Do the changes affect the way the Fund is being managed? Do funds have capacity targets? How does the firm ensure business considerations are not interfering with investment considerations and alignment?

- What are your firm's growth targets? If these are achieved, what is the impact on the way that the Fund is managed?

Process

- Discuss new and different types of investment categories that could be explored or considered for the Fund.

- Explain any major shift in style, thinking or strategy and why.

- Has the Investment Policy limited your fully discretionary approach? If so, explain why.

- Provide a brief description of the firm's overall investment philosophy and style, including the individual asset classes contained within the Fund's mandate. What are the various return objectives and risk tolerances relative to the benchmarks? If return objectives and risk tolerances are linked to measures other than benchmarks, please elaborate.

- List any applicable internal risk controls that are more restrictive than those contained in the Investment Policy. How could these internal policies affect the performance of the Fund?

Appendix 1 – Reporting Expectations by Fund Manager (continued)

Portfolio

- What was the portfolio turnover for the previous 5 years? Please explain any large variance in turnover distribution.

Performance

- Economic overview and factors influencing investment decisions over the previous year.

APPENDIX 2 – Asset Class Mandates

The assets of the Pension Fund are currently distributed among the following six Fund Managers:

Franklin Advisers, Inc.	U.S. High Yield Corporate BB/B Constrained
Franklin Templeton Investments Corp.	Global Government Bonds
Leith Wheeler Investment Counsel Ltd.	Canadian and Global Equities
MFS Investment Management Canada Limited	Domestic and Long Term Fixed Income
Bentall Kennedy	Canadian Real Estate
Invesco	Global Real Estate
IFM Global Infrastructure (Canada), L.P	Infrastructure

APPENDIX 2.1 – Canadian and Global Equities

Effective Date: October 19, 2017

Equities Fund: The Canadian and International equities mandate managed by the Equities Fund Manager.

Equities Fund Manager: Leith Wheeler Investment Counsel Ltd., solely with respect to its management of the Equities Fund.

Assets Eligible for Investment:

From time to time, and subject to the Investment Policy, the Equities Fund Manager may invest in any or all of the following asset categories and subcategories of investments either directly or through pooled funds, which hold only these investments.

(a) **Canadian Equity:** common stock, income trusts, convertible debentures, share purchase warrants (rights), preferred shares or convertible preferred shares of Canadian public companies.

(b) **Foreign Equity;** common stock, convertible debentures, share purchase warrants, share purchase rights, preferred shares, convertible preferred shares, American depository receipts (ADRs) and Global depository receipts (GDRs) of publicly traded non-Canadian companies.

The manager shall not invest in equity instruments of:
Extendicare
Chartwell Retirement Residences

Portfolio Diversification and Constraints:

Canadian Equity

- The Equities Fund and any portion allocated to the Equities Fund Manager must be well diversified across industry sectors and capitalization ranges consistent with the following:

  (a) No one equity holding shall represent more than 10% of the market value of the Canadian equity portfolio.

  (b) There will be a minimum of 30 stocks in the Canadian Equity portfolio.

  (c) No more than 10% of the market value of a Canadian equity portfolio may be invested in companies with a market capitalization of less than $250 million at the time of purchase.

Appendix 2.1 – Canadian and Global Equities (continued)

- Proper diversification will be maintained across industry groups, (i.e., with investments in a majority of the major sub-indices of the S&P/TSX). Purchase of an equity investment in an industry group cannot be made if the resulting aggregate equity investment in that industry group will exceed the lesser of:

  (i) the S&P/TSX weight for that group, plus 15%, and
  (ii) 40% of the total Canadian equity portfolio.

United States Equity

- The Equities Fund and any portion allocated to the Equities Fund Manager must be well diversified across industry sectors and capitalization ranges consistent with the following:

  (a) No 1 equity holding shall represent more than 8% of the market value of the US equity portfolio.

  (b) There will be a minimum of 25 stocks in the US Equity portfolio.

  (c) No more than 15% of the market value of a U.S. equity portfolio may be invested in companies with a market capitalization of less than $500 million at the time of purchase.

  (d) No more than 20% of the market value of a U.S. equity portfolio may be invested in companies with a market capitalization of less than $2 billion at the time of purchase.

- Proper diversification will be maintained across industry groups (i.e., with investments in a majority of the major sub-indices of the S&P 500). Purchase of an equity investment in an industry group cannot be made if the resulting aggregate equity investment in that industry group will exceed the lesser of:

  (i) the S&P 500 weight for that group, plus 15%, and
  (ii) 40% of the total U.S. equity portfolio.

International Equity

- The Equities Fund and any portion allocated to the Equities Manager must be well diversified across industry sectors, geographical areas and capitalization ranges consistent with the following:

Appendix 2.1 – Canadian and Global Equities (continued)

(a) No 1 equity holding shall represent more than 8% of the market value of the International equity portfolio.

(b) There will be a minimum of 25 stocks in each International equity portfolio.

(c) No more than 15% of the market value of an International equity portfolio may be invested in companies with a market capitalization of less than $500 million at the time of purchase.

(d) No more than 20% of the market value of an International equity portfolio may be invested in companies with a market capitalization of less than $2 billion at the time of purchase.

- Proper diversification will be maintained across industry groups (i.e., with investments in a majority of the major sub-indices of the MSCI EAFE). Purchase of an equity investment in an industry group cannot be made if the resulting aggregate equity investment in that industry group will exceed the lesser of:

  (i) the MSCI EAFE weight for that group, plus 15%, and
  (ii) 40% of the total International equity portfolio.

- The Fund Manager may invest a portion of its international equity mandate in emerging markets not to exceed 20% of the international equity portfolio under management by the Equities Fund Manager.

Use of Derivatives

The Equities Fund Manager shall not use derivatives without obtaining prior written permission from the Board.

Use of Equities Fund Manager's Pooled Funds:

If the Board retains a manager utilizing a pooled fund, the Board will, with respect to the assets invested in the pooled fund, accept the investment policy or other governing documents of the pooled fund in lieu of this Investment Policy.

If the Manager were to invest in pooled funds, the investment policy or other governing documents of the pooled fund would, with respect to assets invested in the pooled fund, override any specific requirements contained in this Investment Policy. Pooled funds may invest in instruments that a Manager is not authorized to hold directly as per this Investment Policy. The

Appendix 2.1 – Canadian and Global Equities (continued)

Manager is required to notify the Board promptly of any changes to that investment policy of the pooled fund.

In addition, investment management fees shall not be increased because of the use of pooled funds of the Equities Fund Manager unless approved by the Board.

Pooled Funds:
Leith Wheeler Special Canadian Equity Fund
Leith Wheeler International Pooled fund

Asset Allocation:

The asset allocation for the Equity Fund Manager's share of the total portfolio is as follows:

	Minimum	Target	Maximum
Canadian equities	35%	40%	45%
Global equities	55%	60%	65%
(Market Value)			

Currency Hedging Policy:

The foreign currency exposure in equities is to remain un-hedged.

Return Objective:

The Equities Fund Manager will be allowed to employ security selection techniques in an effort to increase the Equities Fund's total return, within the limits of the Investment Policy or, if managed using pooled funds, the Leith Wheeler Special Canadian Equity Fund and Leith Wheeler International Pooled fund Investment Policies.

In order to achieve satisfactory overall investment performance, the Equities Fund Manager is expected to meet or exceed the following performance targets:

(0.40 * S&P/TSX Composite Index) +
(0.60 * MSCI World ex Canada Index (CDN$)) +
0.80% per annum net of fees, assuming quarterly re-balancing and calculated on an annualized basis over moving 4 year time periods.

The Board recognizes that the Equities Fund Manager may not achieve the investment return objective over a particular measurement period and will therefore take into consideration the trend of results relative to the objective when evaluating the performance of the Equities Fund Manager.

In addition to meeting or exceeding these objectives, the Equities Fund Manager will be monitored in other aspects of his/her operation, including (but not limited to):

- compliance with this Investment Policy and the Leith Wheeler Special Canadian Equity Fund and Leith Wheeler International Pooled fund Investment Policies;
- continuity of personnel within the firm;
- continuity of management style, and
- overall management of the firm's business.

Non-Compliance: The Equities Fund Manager will be liable for any realized monetary loss to the assets of the Equities Fund resulting from non-compliance to this Investment Policy or in the case of pooled funds, with the Leith Wheeler Special Canadian Equity Fund and Leith Wheeler International Pooled fund Investment Policies, if such non-compliance was directly due to a material breach of the applicable investment policy by the Manager.

Acceptance: The Equities Fund Manager hereby acknowledges receipt of a copy of this Investment Policy, agrees to act in compliance with it, or in the case of pooled funds, with the Leith Wheeler Special Canadian Equity Fund and Leith Wheeler International Pooled fund Investment Policies, and to provide the quarterly compliance letters.

The Equities Fund Manager also agrees that the Investment Policy's return and risk expectations are reasonable given the Equities Fund Manager's investment management style.

The Equities Fund Manager does not guarantee any of the return and risk expectations.

Name: NEIL WATSON
Title: VP, PORTFOLIO MANAGER

APPENDIX 2.2 – Canadian Bonds

Effective Date: October 19, 2017

Canadian Fixed Income Fund: The Canadian bonds, mortgages and short-term securities mandate managed by the Canadian Fixed Income Fund Manager.

Canadian Fixed Income Fund Manager*:* MFS Investment Management Canada, solely with respect to its management of the Canadian Fixed Income Fund.

Assets Eligible for Investment:

From time to time, and subject to the Investment Policy, the Canadian Fixed Income Fund Manager may invest in any or all of the following asset categories and subcategories of investments either directly or through pooled funds, which hold only these investments.

- Bonds, debentures, notes or other debt instruments (government, government agencies and corporations)
- Treasury Bills and Commercial Paper
- Guaranteed Investment Certificates and Term Deposits
- Convertible debentures
- Mortgage-backed and asset-backed securities
- First mortgages on industrial, apartment, commercial, and office buildings across Canada
- Strip coupons and bond residues
- Real return bonds issued, guaranteed or backed by a province
- Fixed income private placement of Canadian issuers in the infrastructure sector

Portfolio Diversification and Constraints:

Canadian Fixed Income consists of the following three asset sub-classes – bonds, mortgages and short-term securities and will be invested primarily in fixed-income securities in the domestic Canadian market.

A. Bonds

All bonds shall be classified as federal, provincial or corporate according to the FTSE TMX Canada Universe classification system for the purpose of the following guidelines.

Government Issues

(i) There are no limits on Federal issues or AAA and AA provincial issues

(ii) The maximum weighting in A provincials is 80% of the Canadian Fixed Income Fund

(iii) Any government foreign issuers cannot exceed 15% of the Canadian Fixed Income Fund.

Appendix 2.2 – Canadian Bonds **(continued)**

Corporate Issues

(i) Not more than 10% of the Canadian Fixed Income Fund shall be invested in any group of affiliated companies

(ii) The maximum weighting in A corporate issues is 45% of the Canadian fixed Income Fund

(iii) The maximum weighting in BBB corporate issues is 15% of the Canadian Fixed Income Fund and not exceeding 3% per position

(iv) Corporate issues in total should not exceed 45% for the Canadian Fixed Income Fund.

Infrastructure Bonds

The fundamental investment objective of the Infrastructure Bond allocation is to provide stable long term returns through distribution of income. This objective will be attained by investing in fixed income securities with a focus on infrastructure bonds. Infrastructure projects are ideally suited for long-term investors looking for high current yield. The investment may be less liquid than other fixed income investments. Characteristics include:

(i) Permitted securities: bonds (non-convertible), strip coupons and bond residues, real return bonds issued, guaranteed or backed by a province. Corporate debentures, bonds or fixed income private placement of Canadian issuers in the infrastructure sector. Securities not included in the index are allowed.

(ii) Canadian bonds issued for infrastructure projects in the UK, Australia or the United States are allowed. A maximum of 5% of the Canadian fixed income portfolio can be invested in these bonds.

Minimum Quality

(i) The minimum average quality of the Canadian Fixed Income Fund is to be A

(ii) No purchases may be made within the Canadian Fixed Income Fund of issues rated BB or less

(iii) Quality standards for the total Canadian Fixed Income Fund shall be as follows:

Maximum % of Canadian Fixed Income Fund	
Total BB or Lower	5%*
Total BBB or Lower	15%
Total A or Lower	50%
AA or Higher	no limit

** only to be used with the prior approval of the Board*

Appendix 2.2 – Canadian Bonds **(continued)**

The Canadian Fixed Income Fund Manager shall notify the Board of any issues that fall to BB or lower within twenty business days of the downgrading of the issue, and should be prepared to discuss their plan of action on such holdings.

(iv) Not more than 15% of the Canadian fixed income component shall be in foreign pay Canadian domiciled bonds (including Canadian recognized supra-nationals); or in Canadian pay bonds issued by foreign issuers (including Maple bonds).

B. Mortgages

Mortgages will be first mortgages on industrial, apartment, commercial, and office buildings across Canada. Mortgage investments in total may not exceed 15% of the Canadian Fixed Income Fund without prior discussion with and approval of the Board.

C. Short Term Securities

Minimum credit rating at time of purchase for any single security:	"R-1 low"
Maximum term to maturity for any single security:	1 year
Maximum exposure to Corporate issues:	40% of Cash and Short-term*
* Unless a Canadian Chartered bank with R-1 High rating, then:	100% of Cash and Short-term
Maximum exposure to a single or related issuer:	10% of Cash and Short-term**
** Unless Government of Canada, Province with a AA rating or a Canadian Chartered bank with R-1 High rating, then:	100% of Cash and Short-term

ASSET CLASS	Minimum	Maximum
Cash and Short term	0%	10%
Bonds	75%	100%
Mortgages	0%	15%

Other:

The Canadian Fixed Income Fund shall not borrow or use the assets of the portfolio as a loan guarantee. Margin purchases and short sales are prohibited.

Appendix 2.2 – Canadian Bonds (continued)

Ratings:

For the purposes of this Investment Policy, fixed income ratings referenced are Dominion Bond Rating Service (DBRS) or equivalent credit ratings provided by S&P or Moody's. If the rating for an issue varies across rating services, the rating rules used by PC Bond Analytics for bonds in the FTSE TMX Canada Universe shall apply as follows:

(i) If two agencies rate a security, and the ratings are not equal, use the lower of the two ratings.

(ii) If three agencies rate a security, use the most common rating.

(iii) In the rare event that all three agencies disagree, use the middle rating.

All ratings shall be inclusive of low, mid and high qualifiers or their equivalent within each rating band.

Duration:

The Canadian Fixed Income Fund Manager will maintain the duration of the Canadian Fixed Income Fund within a range of +/- 2.25 years of the duration of the Canadian fixed income benchmark, and will report the duration as information with each quarterly written report.

Use of Derivatives:

Derivatives such as swaps, options, futures and forward contracts may be used:

a. For hedging purposes, to expand the investment opportunities available and / or to achieve an intended term structure objective
b. for non-hedging purposes, where derivatives are used as an alternative to direct investment and no leverage is involved, meaning derivative securities will be fully backed by cash or government bonds with the intent of creating a synthetic investment

Use of Fund Manager's Pooled Funds:

If the Board retains a manager utilizing a pooled fund, the Board will, with respect to the assets invested in the pooled fund, accept the investment policy or other governing documents of the pooled fund in lieu of this Investment Policy.

Appendix 2.2 – Canadian Bonds (continued)

If the Manager were to invest in pooled funds, the investment policy or other governing documents of the pooled fund would, with respect to assets invested in the pooled fund, override any specific requirements contained in this Investment Policy. Pooled funds may invest in instruments that a Manager is not authorized to hold directly as per this Investment Policy. The Manager is required to notify the Board promptly of any changes to that investment policy of the pooled fund.

In addition, investment management fees shall not be increased because of the use of pooled funds of the Fund Manager unless approved by the Board.

Pooled Funds:
MFS Canadian Fixed Income Fund

MFS Canadian Long Term Fixed Income Fund

Asset Class Allocation:
As per Appendix A in the Investment Management Agreement dated September 6, 2013 (the "IMA").

Return Objective:

The Canadian Fixed Income Fund Manager will be allowed to employ security selection, sector allocation and curve positioning techniques in an effort to increase the Canadian Fixed Income Fund's total return, within the limits of the Investment Policy or, if managed using pooled funds, the MFS Investment Management Canada Offering Memorandum dated July 22, 2016.

In order to achieve satisfactory overall investment performance, the Canadian Fixed Income Fund Manager is expected to meet or exceed the following performance targets.

- MFS Canadian Fixed Income Fund
  FTSE TMX Canada Universe Bond Index + 0.25% per annum net of fees on an annualized basis over moving 4 year time periods.
- MFS Canadian Long Term Fixed Income Fund
  FTSE TMX Canada Long Term Bond Index +0.25% per annum net of fees on an annualized basis over moving 4 year time periods.

The Board recognizes that the Canadian Fixed Income Fund Manager may not achieve the investment return objective over a particular measurement period and will therefore take into consideration the trend of results relative to the objective when evaluating the performance of the Canadian Fixed Income Fund Manager.

Appendix 2.2 – Canadian Bonds (continued)

In addition to meeting or exceeding these objectives, the Canadian Fixed Income Fund Manager will be monitored in other aspects of his/her operation, including (but not limited to):

- compliance with this Investment Policy, or the appropriate pooled fund investment policy statement if utilized;;
- continuity of personnel within the firm;
- continuity of management style, and
- overall management of the firm's business.

Non-Compliance: As per Article 3 and Article 11 in the IMA.

Acceptance: As per Article 1 in the IMA.

The Canadian Fixed Income Fund Manager also agrees that the Investment Policy's return and risk expectations are reasonable given the Canadian Fixed Income Manager's investment management style.

The Canadian Fixed Income Fund Manager does not guarantee any of the return and risk expectations.

Name: Christine Girvan
Title: Head of Canadian Distribution.

APPENDIX 2.3 – U.S. High Yield Bonds

Effective Date: October 19, 2017

US High Yield Fund: The US high yield corporate BB/B constrained fixed income mandate managed by the US High Yield Manager for the Pension Plan.

US High Yield Manager: Franklin Advisers, Inc. solely with respect to its management of the US High Yield Fund.

Assets Eligible for Investment:

From time to time, and subject to the Investment Policy, the U.S. High Yield Fund may invest in any or all of the following asset categories and subcategories of investments either directly or through pooled funds, which pooled funds may hold these investments as well as other investments that the U.S. High Yield Fund is not authorized to hold directly.

- U.S. Dollar- ("USD")-denominated high yield debt securities of corporations globally
- Convertible bonds
- Mortgage-backed and asset-backed securities
- Commercial mortgage obligations
- Preferred Securities and Trust Preferred Securities
- Equity-oriented securities received as part of a bond offering or restructuring (or similar action) or from convertible securities, including but not limited to warrants and options
- Rule 144A and Reg S private placement fixed income securities
- Secured high yield bonds and investment grade corporate bonds
- Pay In Kind (PIK) and Zero Coupon Bonds
- Bank loans
- Credit default swaps

In addition, the U.S. High Yield Manager is authorized to manage the cash balance of the U.S. High Yield Fund and may use any instruments customarily used by the U.S. High Yield Manager for such purposes, including but not limited to, overnight discount notes and treasuries.

Portfolio Diversification and Constraints:

The U.S. High Yield Fund consists of a U.S. high yield corporate BB/B constrained fixed income mandate *(the "U.S. High Yield Fund").* For the purposes of the following ratings requirements, where a bond is only rated by two agencies, then a rating below B3/B- by either agency will preclude purchase. Where a bond is only rated by one agency, it must be B3/B rated or higher for purchase.

Appendix 2.3 – U.S. High Yield Bonds (continued)

The U.S. High Yield Fund and any portion allocated to the U.S. High Yield Fund Manager must be well diversified across industry sectors, geographical areas and capitalization ranges consistent with the following:

- No purchases of securities rated below B3/B-/B3 (Long Term) by at least two of the three major rating agencies S&P, Moody's and Fitch
- In the event of downgrade only may the portfolio hold up to 10% of the portfolio market value in securities rated below B3/B-/B3 (Long Term) by at least two of the three major rating agencies S&P, Moody's and Fitch
- The use of cash leverage (defined as borrowing cash to make additional investments above total net assets) is not permitted
- Maximum investment in a single issuer shall not exceed 5% of the portfolio market value at the time of investment.
- The portfolio may not purchase securities of companies that are not rated by at least one of the three major rating agencies (S&P, Moody's or Fitch).

The U.S. High Yield Fund may purchase a maximum of 10% of the portfolio market value in each of the following categories of securities, and no more than 25% in aggregate of the following security types:

- Preferred Securities and Trust Preferred Securities
- Convertible Bonds
- Pay In Kind (PIK) and Zero Coupon Bonds
- Bank Loans
- Equity-oriented securities received as part of a bond offering or restructuring (or similar action) or from convertible securities, including but not limited to warrants and options

In addition to the investments listed above, credit default swaps are also eligible investments and may be used by the U.S. High Yield Fund to manage the risks of the portfolio and to provide credit exposure. In the case of long swap exposures, the U.S. High Yield Manager must maintain an amount of cash and cash equivalents at least equal to the notional amount of credit default swaps then outstanding.

The U.S. High Yield Manager shall notify the Board of any issues that fall below B3/B-/B3 (Long Term) or lower by at least two of the three major rating agencies within twenty business days of the downgrading of the issue, and should be prepared to discuss their plan of action on such holdings within 20 business days of the downgrade.

Appendix 2.3 – U.S. High Yield Bonds (continued)

Any percentage limitations or credit or other requirements referenced in this section shall be determined solely at the time of investment. If any event out of the U.S. High Yield Manager's control (including but not limited to market movements, cash inflows to or outflows from the U.S. High Yield Fund, or rating changes) shall cause any of the percentages or requirements set forth in this section to be exceeded or not met, it shall not be deemed to be a breach of this section by the U.S. High Yield Manager, provided that the U.S. High Yield Manager contacts the Board within five (5) business days of such percentage or requirement being exceeded or not met to discuss the plan of action.

The U.S. High Yield Manager will seek to maintain the duration of the U.S. High Yield Fund portfolio within a range of +/- 2 years around the modified duration of the Merrill Lynch U.S. High Yield BB-B Rated, Constrained Index (HUC4) Index, and will report the duration of the portfolio as information with each quarterly written report.

Use of Pooled Funds

If the Board retains a manager utilizing a pooled fund, the Board will, with respect to the assets invested in the pooled fund, accept the investment policy or other governing documents of the pooled fund in lieu of this Investment Policy.

If the Manager were to invest in pooled funds, the investment policy or other governing documents of the pooled fund would, with respect to assets invested in the pooled fund, override any specific requirements contained in this Investment Policy. Pooled funds may invest in instruments that a Manager is not authorized to hold directly as per this Investment Policy. The Manager is required to notify the Board promptly of any changes to that investment policy of the Pooled fund.

In addition, investment management fees shall not be increased because of the use of pooled funds of the Fund Manager unless approved by the Board.

Operational Hedging Policy:

The U.S. High Yield Fund is managed from a U.S. dollar return perspective. The U.S. High Yield Manager will position the U.S. High Yield Fund parallel to other accounts which have a base currency in U.S. dollars. Thus, the U.S. High Yield Manager will seek to align the U.S. High Yield Fund's performance with the strategy's total return investment objective from a U.S. dollar perspective.

Since the U.S. High Yield Fund's base currency is U.S. dollars, the U.S. High Yield Manager will implement a portfolio-level "operational" currency hedge separate and independent from the investment portfolio positions. This currency hedge will translate the U.S. dollar total return to a total return in Canadian dollars, adjusted for interest rate differentials.

Appendix 2.3 – U.S. High Yield Bonds (continued)

The operational currency hedge typically consists of short maturity (three months or less) currency forwards or futures, selling U.S. dollar and buying the Canadian dollar, that are rolled over on an ongoing basis. The notional exposure of these operational hedge currency forwards is managed to generally be ninety-seven percent (97%) of total net assets, plus or minus three percent (3%).

Return Objective:

The U.S. High Yield Manager will be allowed to employ security selection techniques in an effort to increase the Pension Fund's total return. The various limits set out previously must be adhered to.

In order to seek satisfactory overall investment performance, the U.S. High Yield Manager is expected to seek the following performance targets for the U.S. High Yield Fund on an annualized basis over moving 4 year time periods:

Bank of America Merrill Lynch U.S. High Yield, BB-B Rated Constrained (in USD) +
0.50% per annum net of fees, assuming quarterly re-balancing

The U.S. High Yield Fund is to be hedged to Canadian Dollars. The index will be measured as a hedged investment for reporting purposes.

The Board recognizes that the Manager may not achieve the investment return objective. The Board may take into consideration the trend of results relative to the objective when evaluating the performance of the U.S. High Yield Manager.

The U.S. High Yield Manager will be monitored in other aspects of his/her operation, including (but not limited to):

- compliance with this Investment Policy;
- continuity of personnel within the firm;
- continuity of management style, and
- overall management of the firm's business.

Non-Compliance:

The U.S. High Yield Manager will be liable for any realized monetary loss to the assets of the U.S. High Yield Fund resulting from non-compliance with this Investment Policy, or in the case of pooled funds, with the respective pooled fund investment policy, if such non-compliance was directly due to a material breach of the applicable investment policy by the U.S. High Yield Manager.

Appendix 2.3 – U.S. High Yield Bonds (continued)

Acceptance:

The U.S. High Yield Manager hereby acknowledges receipt of a copy of this Investment Policy, agrees to act in compliance with it or in the case of pooled funds, with the respective pooled fund investment policy, and to provide the quarterly compliance letters.

The U.S. High Yield Manager also agrees that the Investment Policy's return and risk expectations are reasonable given the U.S. High Yield Fund Manager's investment management style.

The Manager does not guarantee any of the return and risk expectations.

Glenn Voyles

____

Name: Glenn Voyles

Title SVP

APPENDIX 2.4 – Global Government Bonds

Effective Date: October 19, 2017

Global Bond Fund: The Global fixed income mandate managed by the Global Bond Fund Manager for the Pension Plan.

Global Bond Fund Manager: Franklin Templeton Investments Corp. solely with respect to its management of the Global Bond Fund.

Pooled funds: Templeton Global Bond Fund (Fully hedged to Canadian dollars).

Return Objective:

The Global Bond Fund Manager will be allowed to combine macroeconomic analysis with quantitative tools in an active management, benchmark unconstrained style in an effort to increase the Pension Fund's total return within the limits of the Investment Policy or, if managed using pooled funds, the pooled funds' investment policy.

In order to seek satisfactory overall investment performance, the Global Bond Fund Manager is expected to seek the following performance targets for the Global Bond Fund on an annualized basis over moving 4 year time periods:

JP Morgan Global Government Bond Index (USD) + 0.35% per annum net of fees, assuming quarterly re-balancing.

The Global Bond Fund is to be operationally hedged to Canadian Dollars. The index will be measured as a hedged investment for reporting purposes.

The Board recognizes that the Global Bond Fund Manager may not achieve the investment return objective. The Board may take into consideration the trend of results relative to the objective when evaluating the performance of the Global Bond Fund Manager.

The Global Bond Fund Manager will be monitored in other aspects of his/her operation, including (but not limited to):

- compliance with the Simplified Prospectus dated June 6, 2017
- continuity of key senior personnel within the firm;
- continuity of management style, and
- overall management of the firm's business.

Compliance:

The Global Bond Fund Manager is required to act in accordance with the Simplified Prospectus dated June 6, 2017 relating to the pooled fund named above.

Appendix 2.4 – Global Government Bonds (continued)

Non-Compliance:
The Global Bond Fund Manager will be liable for any realized monetary loss to the assets of the fund resulting from non-compliance with this Investment Policy, or in the case of pooled funds, with the Simplified Prospectus dated June 6, 2017 if such non-compliance was directly due to a material breach of the applicable investment policy by the Global Bond Manager.

Acceptance:

The Global Bond Fund Manager hereby acknowledges receipt of a copy of this Investment Policy, agrees to act in compliance with it, or in the case of pooled funds, with the respective Simplified Prospectus dated June 6, 2017, and to provide the quarterly compliance letters.

The Global Bond Fund Manager also agrees that the Investment Policy's return and risk expectations are reasonable given the Global Bond Fund Manager's investment management style.

The Manager does not guarantee any of the return and risk expectations.

Name:

Dennis C. Tew
Head of National Sales, **Canada**

APPENDIX 2.5 – Canadian Real Estate

Effective Date: February 23, 2018

Canadian Real Estate Fund: Canadian Real Estate mandate managed by the Canadian Real Estate Fund Manager for the Pension Plan.

Canadian Real Estate Fund Manager: Bentall Kennedy (Canada) Limited Partnership solely with respect to its management of the Canadian Real Estate Fund.

Pooled Fund: Bentall Kennedy Prime Canadian Property Fund Ltd. (Investment Policy is attached).

Return Objective: Meet or exceed the REALPAC/IPD Canada Quarterly Property Fund Index over moving 4-year time periods.

Compliance: The Canadian Real Estate Fund Manager confirms that the investments of the pooled fund comply with the Prime Canadian Property Fund Ltd. Investment Policy. The Canadian Real Estate Fund Manager is required to act in accordance with the investment policy by the Third Amended and Restated Management Agreement (the "Management Agreement") relating to the pooled fund named above and the limited partnerships in which it invests. It is required by the terms of that agreement to indemnify the pooled fund (and other parties to the Management Agreement) for certain damages arising as a result of the breach of the Management Agreement by the Canadian Real Estate Fund Manager or the negligence or willful misconduct of the Canadian Real Estate Fund Manager.

The Investment Policy provides target ranges for Prime Canadian's exposure to different real estate asset classes and locations. All of the current allocations are within the target ranges. The Canadian Real Estate Fund Manager also confirms compliance with its Code of Business Conduct and Conflict Policy.

Non-Compliance: The Canadian Real Estate Fund Manager will be liable for any realized monetary loss to the assets of the Canadian Real Estate Fund resulting from non-compliance to the Prime Canadian Property Fund Ltd. Investment Policy, if such non-compliance was directly due to a material breach of the applicable investment policy by the Manager.

Appendix 2.5 – Canadian Real Estate (continued)

Acceptance: The Canadian Real Estate Fund Manager hereby acknowledges receipt of a copy of this Investment Policy, agrees to act in compliance with it, or in the case of pooled funds, with the Prime Canadian Property Fund Ltd. investment policy, and to provide the quarterly compliance letters.

The Canadian Real Estate Fund Manager is of the view, based on current real estate market and economic conditions, that the Investment Policy's return and risk expectations are reasonable given Bentall Kennedy's investment management style.

The Canadian Real Estate Fund Manager does not guarantee any of the return and risk expectations.

Name:
Title: **MICHEL CORMIER**
SENIOR VICE PRESIDENT

APPENDIX 2.6 – Global Real Estate

Effective Date: February 23, 2018

Global Real Estate Fund: Global Real Estate mandate managed by the Global Real Estate Fund Manager for the Pension Plan.

Global Real Estate Fund Manager: Invesco Global Direct Real Estate GP Ltd. solely with respect to its management of the Global Real Estate Fund.

Pooled Fund: Invesco Global Direct Real Estate Fund (Investment Policy is attached).

Return Objective: Meet or exceed Cash + 5% over moving 4-year time periods, where Cash is defined as the 3-month U.S. T-Bill rate.

Compliance: The Global Real Estate Fund Manager confirms that the investments of the pooled fund comply with the Invesco Global Direct Real Estate Fund Investment Policy.

Non-Compliance: The Global Real Estate Fund Manager will be liable for any realized monetary loss to the assets of the Global Real Estate Fund resulting from non-compliance to the Invesco Global Direct Real Estate Fund Investment Policy, if such non-compliance was directly due to a material breach of the applicable investment policy by the Manager.

Acceptance: The Global Real Estate Fund Manager hereby acknowledges receipt of a copy of this Investment Policy, agrees to act in compliance with it, or in the case of pooled funds, with the Global Real Estate Fund Manager investment policy, and to provide the quarterly compliance letters.

The Global Real Estate Fund Manager is of the view, based on current real estate market and economic conditions, that the Investment Policy's return and risk expectations are reasonable given Invesco's investment management style.

Name: ANIK PAQUET
Title: VP, INSTITUTIONAL INVESTMENTS

APPENDIX 2.7 - Infrastructure

Effective Date: October 19, 2017

Infrastructure Fund: Infrastructure mandate managed by the Infrastructure Fund Manager for the Pension Plan.

Infrastructure Fund Manager: IFM Investors solely with respect to its management of the Infrastructure Fund.

Pooled Fund: IFM Global Infrastructure (Canada) L.P.

Return Objective: CPI plus 4% calculated on an annualized basis over moving 4 year time periods.

Compliance: The Infrastructure Fund Manager is required to act in accordance with its Group Investment Governance Policy and the applicable Private Placement Memorandum relating to the pooled fund named above.

APPENDIX 3 - Rebalancing

The following guidelines have been established to address Fund Manager allocations deviating from the desired allocations along with ranges of what is tolerable and what is actionable. Cash inflows and outflows are used as a rebalancing tool before making actual allocation shifts. The Board may allocate cash flows as per their discretion regardless of the rules below.

The following guidelines govern how the plan cash flows should be allocated. The rules below assume that the Plan has a positive annual net cash flow:

<u>Definitions:</u>

"Cash Account" means the account with the Custodian used to pay Fund expenses, contributions, and benefit payments.

"Cash Inflow" means contributions and other money deposited to the Fund

"Cash Outflows" means benefit payments, expenses or any other draws on the cash of the Fund

"Illiquid" refers to investment funds for which a redemption or capital call cannot be redeemed or invested within a short term timeframe and no publicly available market price is available on a daily basis.

"Liquid" refers to investment funds that are easily invested or redeemed, typically with available markets and daily updated pricing.

"Net Cash Flow" means the difference between the Cash Inflow and cash Outflow

"Overweight Manager" means a Fund Manager whose allocation is greater than their Target Allocation

"Relative Weight" means the difference between a Fund Manager's actual allocation and Target Allocation, divided by the Target Allocation. [1]

"Target Allocation" means the proportion in the Benchmark Portfolio.

"Underweight Manager" Fund Manager whose allocation is less than their Target Allocation

[1] Relative means compared to their target allocation. If a manager had a 20% allocation that subsequently went to 22% the relative increase is 10% (22% / 20% - 1). The absolute increase in this case would be 2% (22% - 20%)

Appendix 3 – Rebalancing (continued)

If the Cash Account has accumulated to more than the Target Allocation (0.50%) the excess amount should be applied to Underweight Managers as described below after funding any immediate cash distribution requirements.

If there are any expected capital calls upcoming for the Illiquid investments the Net Cash Flow should be used to fund the capital call. Should the Net Cash Flow not be enough to completely fund the capital call then any Overweight Manager(s) may be reduced to accomplish this goal, with the Board exercising discretion in this case. Any remaining positive Net Cash Flow should be dispersed as described below.

If no Underweight Manager holding Liquid investments is less than -10% relative to their Target Allocation, then the Net Cash Flow is split proportionately by absolute underweight, amongst all managers satisfying this requirement

If any Underweight Manager holding Liquid investments is less than -10% relative to their Target Allocation, then the Net Cash Flow should be split proportionately, by absolute underweight, amongst all such managers satisfying this requirement to bring them to -10%. All remaining positive cash flow should be split proportionately, by absolute underweight, amongst all underweight liquid managers.

If an Overweight Manager holding Liquid investments is more than +5% relative to their Target Allocation, then that manager will be redeemed to bring them to Target Allocation with the proceeds going to fund the other managers as described above.

In the case where a Fund Manager has discretion on the allocations for multiple asset classes, their Target Allocation shall be calculated on an aggregate level for purposes of rebalancing. For example, if a Fund Manager manages Canadian Equity with a Target Allocation of 10% and Foreign Equity with a Target Allocation of 15% and they have discretion on the Canadian and Foreign equity allocations, then the aggregate Target Allocation is 25%. Designation of being an Overweight or Underweight Manager will be made based on the aggregate Target Allocation. Any rebalancing required as a result of these guidelines will be applied at the aggregate level. At all times the Fund Manager is responsible for remaining within their mandated constraints.

There may be circumstances where the above rebalancing guidelines become impractical – namely in situations where the allocation to Illiquid asset classes are well above or below the target allocation. In these circumstances, the Board has discretion in how to ultimately allocate, but the default preference is to ensure that the relative weightings of the Liquid asset classes remain consistent. In these circumstances, the Board will re-evaluate their Illiquid investment program to see what course of action should be taken, if any, to rectify the situation.

APPENDIX 4 – Demographic and Financial Statistics

The following statistics are taken from the actuarial valuation report for the Pension Plan as at December 31, 2016 and will be updated from time to time by the Board of Trustees.

The funded status is as follows:

Funded status at December 31, 2016 (in millions)	
Market value of assets	$792.1
Funding policy liabilities	$932.0
Excess (unfunded liability)	($139.9)
Termination value funded ratio	85.0%
Present value of 15 years of excess contributions	$339.7
Open group funding excess (unfunded liability)	$199.8
Open group funded ratio	121.4%

The funding policy liabilities are broken down as follows:

Funding policy liabilities (in millions)	
Active members	$392.7
Retired members and beneficiaries	$447.0
Terminated and suspended members	$62.3
Total	$932.0

The measures of the risk management goals under the Act are as follows:

Risk management goal	Threshold under the Act	Measure at December 31, 2016
Primary risk management goal *(probability that base benefits will not be reduced at any point over the next 20 years)*	at least 97.5%	99.75%
Secondary risk management goal *(average escalated adjustments over the next 20 years)*	at least 71.8% of CPI *(75% of average of what was provided under the former plan)*	89.4% of CPI

Appendix 4 – Demographic and Financial Statistics **(continued)**

The following is the expected cash flows for the upcoming year:

Expected cash flows for 2017 (in millions)	
Employer and employee contributions	$62.1
Benefits payable	$43.3*

**The Board of Trustees may provide for escalated adjustments in future years*

The following is a summary of membership data:

Plan membership at December 31, 2016		
Active members	Number	8,065
	Average age	44.9 years
	Average credited service	8.5 years
Terminated and suspended members	Number	2,022
	Average age	44.8 years
Retired members and beneficiaries	Number	3,675
	Average age	69.9 years