



PENSION FUND

Statement of Investment Policies and Procedures

Effective January 1, 2019

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PENSION FUND

Statement of Investment Policies and Procedures

This Statement of Investment Policies and Procedures (“SIPP”) is effective as of January 1, 2019 and applies to the assets (the “Fund”) held on behalf of the WSIB Employees’ Pension Plan (the “Plan”) of the Workplace Safety and Insurance Board of Ontario (“WSIB”) as continued under the Workplace Safety and Insurance Act (the “Act”) as amended from time to time. The Board of Directors of the WSIB (“Board of Directors”), the Investment Committee of the Board of Directors (“Investment Committee”), the Investment Managers as hereinafter defined, and any officer, employee, agent or advisor providing services in connection with the investments of the Fund shall accept and adhere to the SIPP.

1. PURPOSE

The purpose of the SIPP and related policies is to describe the WSIB’s essential investment policies and define permitted investments that are appropriate to the needs and objectives of the Fund. In formulating the SIPP, the Investment Committee and the Board of Directors have had regard to all factors that may affect the funding and solvency of the Plan and the ability of the Plan to meet its financial obligations, including the following:

- a. the nature and quantum of the liabilities and obligations of the Plan;
- b. the investment horizon of the Plan (the allocation of such liabilities between active, deferred vested and retired members);
- c. the funded and solvency positions of the Plan;
- d. the net cash flow position of the Plan;
- e. historical capital market returns and future return prospects;
- f. risk factors, including those described in Section 7 of the SIPP; and,
- g. the benefits and risks associated with alternative investment policies,

in a manner conforming to the applicable portions of the Act and the provisions of the Pension Benefits Act (Ont.) (“**Pension Benefits Act**”) and/or the regulations thereunder.

In addition, the SIPP describes the governance structure that enables the ongoing administration of the Fund in a prudent and effective manner (section 4.1).

2. FUND CHARACTERISTICS & BACKGROUND

The Plan is a defined-benefit pension plan established under the Act for the payment of retirement and disability pensions to employees of the WSIB and employees of the Safe Workplace Associations. The WSIB, acting through the Board of Directors, is the Administrator of the Plan under the provisions of the Pension Benefits Act. Plan membership is mandatory for full-time permanent employees and optional for part-time and temporary employees under certain circumstances. The Fund is funded jointly by the employee members and the WSIB. The WSIB is responsible to ensure that the Plan is adequately funded to meet the accrued employee pension benefits. The amount and timing of the WSIB’s contributions are made in accordance with the provisions of O. Reg. 455/97, as amended (Pension Plan for Board Employees), under the Act and on the advice of the actuary. The level of WSIB contributions is influenced in part by the Fund’s investment return.

As of the date of this SIPP, the net cash flow (contributions minus payouts) of the Fund will, for the foreseeable future, be negative each year given that the level of contributions is less than the payouts. The annual amount of investment earnings is a significant contributor to the Fund.

Under the provisions of the Act, the WSIB is responsible for the administrative costs of maintaining, investing, and administering the Fund, which cost is charged to the Insurance Fund.

3. REGULATORY STANDARDS

The funds available for investment must be invested in accordance with the provisions of the Pension Benefits Act, and in the manner described in Section 22 thereof, that is, with the care, diligence and skill that a person of ordinary prudence would exercise in dealing with the property of another person and using all relevant knowledge and skill that the person possesses or, by reason of their profession, business or calling ought to possess.

Pursuant to Section 166 of the Act, and the Memorandum of Understanding between the WSIB and the Minister of Labour, the WSIB is required to provide annually a statement of its investment policies and goals to the Ontario Minister of Labour and, to that end, shall annually provide a copy of this SIPP to the Minister.

4. GOVERNANCE

4.1 Administration of the Fund

The WSIB, through its Board of Directors, is responsible for the prudent management of the Fund's investments. The Board of Directors has delegated certain aspects of the administration and oversight of the Fund's investments to the Investment Committee, the President & Chief Executive Officer ("**CEO**") and the Chief Investment Officer ("**CIO**") and, through the Board of Directors' appointment of Investment Management Corporation of Ontario ("**IMCO**"), to IMCO. The specific roles, responsibilities, and authorities of the Board of Directors, the Investment Committee, the President/CEO, the CIO and IMCO in the administration and oversight of the Fund are documented in the Investment Committee mandate, in the delegation of investment authority document, and in other documents which are reviewed periodically and amended as required by the Board of Directors.

The Pension Management Committee ("**PMC**") provides co-ordinated advice and recommendations from senior management of the WSIB to the Board of Directors on employer and plan sponsor issues. PMC also monitors the administration of the Plan to ensure that it is administered in accordance with the provisions of the plan text as contained in O.Reg.455/97, as amended, made under the Act and with all other relevant regulatory and legal requirements.

The Plan Manager oversees the day-to-day administration of the Plan.

A Member Advisory Committee, established pursuant to s.24 of the Pension Benefits Act, is comprised of representatives of the various member constituencies who are either elected by members and former members or appointed by the relevant bargaining agent.

4.2 Fund Structure

The assets of the Fund may be held directly or indirectly through interests in one or more corporations, trusts, partnerships or other entities formed by or on behalf of WSIB for the express purpose of holding investments permitted in Section 8 of this SIPP (“**Investment Holding Vehicles**”). Investment Holding Vehicles will be invested, administered or overseen by the WSIB or IMCO.

4.3 Mandate & Authority of the Investment Managers

“**Investment Manager**” means an external investment management organization that invests and manages Fund assets (whether held directly or through an Investment Holding Vehicle). For greater certainty, the term “Investment Manager” includes IMCO. Effective July 24, 2017, IMCO was appointed as the sole and exclusive investment manager for substantially all of the Fund, including related Investment Holding Vehicles. IMCO is delegated the selection and oversight role in respect of all other external Investment Managers.

The mandate of each Investment Manager shall be described in a written and executed Investment Management Agreement (“**IMA**”).

Investment Managers shall have full authority, acting as a “prudent person” within the provisions of this SIPP and such additional restrictions as may be contained in the IMA, to manage all aspects of the investments of the Fund or the applicable Investment Holding Vehicle or portions thereof as specified in the applicable IMA.

4.4 Review of the SIPP

The SIPP shall be reviewed by the Board of Directors at least annually and amended as required.

No less frequently than every four years, this review shall include a detailed review of the WSIB’s benefit liabilities and capital market assumptions to ensure that the Policy Asset Mix (defined in section 6.1) and other provisions of the SIPP remain relevant to the prevailing and forecast nature of the Fund’s liabilities.

5. FUND OBJECTIVES

5.1 Investment Return Objective

- a. **Funded Position:** When taken together with a reasonable level of contributions, the long-term investment goal is to ensure that the value of the Fund equals or exceeds the present value of all accrued benefit obligations under the Plan.
- b. **Total Return:** The long-term investment return objective is to earn at least 4.75% per annum. This objective incorporates an outlook for a low-inflation environment and assumes reasonable success from active investment management and is net of investment management fees. For these purposes, “long term” is deemed to be rolling ten to fifteen-year periods. Over shorter periods, the Fund’s realized rate of return may be significantly above or below this target. At current market volatility levels, the Fund’s realized

rate of return is expected to range between 3.5% and 6.7% annualized over 15 years 50% of the time.

- c. **Benchmark-related:** The Fund, its investment strategies and its individual portfolios are expected to generate returns, over rolling periods of five years or longer as may be appropriate for a particular strategy, that exceed the returns of the benchmarks set out in the benchmarks policy approved by the Investment Committee, and in the relevant IMA after the deduction of investment management fees.

5.2 Manager Mandates

The investment mandates for actively-managed portfolios shall contain specific value-added targets relative to defined benchmarks as well as a target that measures how closely the portfolio tracks its benchmark (i.e. tracking error) and, where applicable, peer group ranking targets appropriate to the nature of the individual investment mandates. Benchmarks in the manager mandates, and the period over which performance is evaluated, shall be tailored to the nature of the managed assets and the Investment Manager's investment style and, though they may differ in specificity, shall be subordinate to the investment objectives established in section 5.1 above.

6. ASSET MIX

6.1 Policy Asset Mix

The Policy Asset Mix represents a diversified long-term reference portfolio. It is the most important determinant of whether the Fund meets its long-term return objective with a level of risk that is acceptable for the WSIB. This risk is measured by the volatility of investment returns or by other measures. The assets of the Fund shall be diversified by combining different sources of return across and within asset classes and investment strategies. The Policy Asset Mix is the desired end-state allocation to a diversified set of asset classes and investment strategies. The current asset classes are:

- a. Public equities. Includes a diversified portfolio of domestic and international equities, including securities convertible into equity, to provide broad equity market exposure. Public equities are expected to provide higher investment returns than other asset classes over the long run but exhibit a higher degree of variability in investment returns from year to year.
- b. Fixed income. Includes bonds, debentures, money market and other fixed income securities to provide safety, diversification and liquidity, particularly when economic conditions are weak, or when market or economic shocks precipitate a flight to lower risk investments. Credit strategies are used to provide incremental return and diversification.
- c. Cash and money market. Includes cash and money market securities to provide liquidity.
- d. Absolute return. Includes investments in actively managed funds and foreign currency trading mandates. The objective of the absolute return strategy is to reduce overall Fund volatility while maintaining return targets. The strategies

hold a broad range of securities across numerous asset classes and often employ the short-sale of securities to hedge a portion of the market sensitivity of the portfolio.

- e. Diversified markets. Includes equities, fixed income, real return bonds, credit instruments and commodities in a risk-controlled portfolio of broad market return sources. The objective is to achieve enhanced risk-adjusted returns relative to a traditional balanced (60% equities/40% fixed income) portfolio.
- f. Infrastructure. Includes assets which provide essential services and facilities, many of which operate with regulated or monopolistic market positions. Revenues are generated typically under long-term contracts which offer stable long-term cash flows with long-term inflation sensitivity.
- g. Real estate. Includes holdings in real estate properties and investment funds diversified across office, retail, industrial, multi-residential and mixed-use properties located throughout Canada, the United States and internationally. Real estate provides a stable source of income and is expected to keep pace over time with inflation.

The Policy Asset Mix is described in the following table.

ASSET CLASS	POLICY ASSET MIX*		
	Minimum	Target	Maximum
Public Equities	25%	30%	35%
Fixed Income	14%	19%	24%
Cash and Money Market**	0%	1%	3%
Absolute Return	5%	10%	15%
Diversified Markets	5%	10%	20%
Infrastructure	10%	15%	20%
Real Estate	10%	15%	20%

* The Policy Asset Mix is expected to be achieved over a number of years. The disclosures required by subsections 11.2(9) and 78(7) of Regulation 909 under the Pension Benefits Act are provided in the appendix to the SIPP.

** The Policy Asset Mix for Cash and Money Market represents those amounts directly managed by IMCO for Fund operational purposes and excludes cash and money market investments held in discretionary mandates of other asset classes.

The Policy Asset Mix is implemented in accordance with the benchmarks policy approved by the Investment Committee using the permitted investments that are described in Section 8 of this SIPP.

The Fund's current allocation to Real Estate and Infrastructure is below the target allocation for those investment categories and consequently the Fund's current allocation to Public Equities and Diversified Markets is above the target allocation. A phased approach will be used to increase the Fund's allocation to the Real Estate and Infrastructure categories over time, with a commensurate reduction in the allocation to other asset classes as reflected in the Total Fund composite return benchmark in a

benchmarks policy approved by the Investment Committee.

As the market values of the individual assets of the Fund will move somewhat independently of one another, the actual asset mix of the Fund at any one point in time may deviate from the Policy Asset Mix. Such deviations are addressed in a rebalancing policy approved by the Investment Committee.

The Policy Asset Mix emphasizes diversification and mitigates but does not eliminate fund return volatility. It strikes a reasonable compromise between achieving the long-term return objective and taking moderate investment risk.

The Policy Asset Mix, together with contributions that are made to the Plan, ensures sufficient liquidity in the Fund's investments to meet the obligations of the Plan as they come due. The liquidity of specific asset classes is considered in the development of the Fund's Policy Asset Mix.

6.2 Policy Benchmark

The investment return benchmarks established for the investment strategies consist of indices that measure the return of a diversified portfolio of passively managed public markets securities and a representative portfolio of private market investments. The benchmark indices are independently calculated, broadly recognized by the investment industry and provided in a timely fashion.

The benchmark for the total Fund is a blended benchmark comprising a composite of the benchmarks for the investment strategies that are specified in a benchmarks policy approved by the Investment Committee.

6.3 Currency Hedging

Currency positions inherent in Fund investments and in investment return benchmarks are to be hedged in accordance with the currency hedging policy approved by the Investment Committee.

7. RISK AND RISK MANAGEMENT

7.1 Overview

Risk is inherent in the generating of investment returns in excess of the risk-free rate (i.e., the rate of return on Government of Canada treasury bills) and in each element of the investment decision-making process; therefore, risk measurement and risk management are integral to the investment management program.

The primary risk is that investment returns, taken together with a reasonable level of contributions, may be insufficient to meet the long-term obligations for which the Fund is established. This risk may result in the need for unexpected increases in contributions.

7.2 Diversification

The principal way to manage risk is through diversification of investment return sources (market returns and active management returns). The investment program will consider return sources from a broad range of:

- a. Asset classes;
- b. Investment strategies;
- c. Investment manager strategies;
- d. Geographic regions;
- e. Industry sectors;
- f. Currencies;
- g. Securities;
- h. Liquidity; and,
- i. Investment cycle time horizons.

To ensure a minimum level of diversification, not more than 5% of the market value of the Fund (directly or through Investment Holding Vehicles) shall be invested in the securities of a single issuer at the time of acquisition of the said investment. This limitation shall also apply on a “best efforts” basis, to the aggregate holdings of the securities of related issuers, to the extent that it is practical to identify the securities of related issuers.

The foregoing limitations do not apply to securities issued or guaranteed by the Government of Canada, a province of Canada, the Treasury of the United States of America, or the securities of an Investment Holding Vehicle.

In the case of real estate or infrastructure investments, the Fund’s investment directly or through Investment Holding Vehicles) in any single real estate or infrastructure investment shall not exceed 2% of the market value of the Fund at the time of acquisition of the said investment, unless otherwise approved by the Board of Directors for any specific investment.

Risks span multiple dimensions and are managed in a multi-dimensional way. Broad risks include fiduciary, operational, asset/liability, asset allocation and investment markets and implementation. Macroeconomic risks include interest rates, inflation, economic growth and currency movements. Market risks include liquidity, volatility, credit spreads and active management. Exogenous risks include geopolitical, governmental and evolving investor risk appetite. Operational risks include custody, counterparty, collateral, regulatory, compliance, valuation and monitoring.

Measurement, assessment and management of risk will be done using robust and diverse tools and analysis, including:

- a. Asset-liability studies;
- b. Measures of total portfolio risk (standard deviation);
- c. Measures of active risk (tracking error);
- d. Sensitivity analysis; and,
- e. Tools which decompose risk into its market risk factors.

These risk management activities will be executed with due consideration of the overall investment portfolio and prevailing market environment.

7.3 Environmental, Social and Governance Risks

Most investment strategies, including those that are employed by the Fund, are exposed to various non-financial risks. Some of these risks arise from Environmental, Social, and Governance (ESG) factors and may not be fully reflected in financial market prices in the short term. Depending on the facts, this could negatively impact long term shareholder value and the performance of the related investment portfolio.

WSIB believes that skilled investment managers are best positioned to generate positive risk adjusted returns when they are permitted to apply their skills to a wide breadth of opportunities with a minimum number of mandate constraints. WSIB understands that IMCO encourages its investment managers to consider the risks associated with ESG factors when making investment decisions in respect of the Fund.

Through IMCO's oversight and monitoring processes, WSIB understands that a number of the Fund's managers do explicitly or implicitly consider ESG factors (or particular ESG factors) in their security selection process. However, the relative importance of ESG factors (or particular ESG factors) in the investment decision making process tends to vary between managers depending on the asset class and investment style employed.

In light of the foregoing, ESG factors are not incorporated into the SIPP.

7.4 Other Risks

Other risks, such as operational risks, are managed through strong governance, effective internal controls and a diversity of skill (internal and external to both WSIB and IMCO) as determined by IMCO. Other risk control mechanisms are also employed as appropriate.

8. PERMITTED INVESTMENTS

The Fund may be invested in the following asset categories, securities and instruments. These investments may be made directly, or indirectly by holding units of pooled, segregated or mutual funds, unit trusts, exchange-traded vehicles, partnerships or other entities invested in securities or property.

8.1 Equity Investments

- a. Common, preferred and other shares or deposit receipts in the capital stock of public or private corporations;
- b. Income trusts or other entities (including corporate and non-corporate entities) that issue securities that entitle the holder to substantially all of the net cash flows generated by an underlying business owned by the trust or other entity; or the income-producing properties owned by the trust or other entity. This includes, but is not limited to, business income trusts, real estate investment trusts, royalty trusts and infrastructure investments;
- c. Bonds, debentures or other securities that are convertible into common, preferred or other shares, or whose contractual return is linked to equity-related indices or equity securities.

These investments provide the Fund with a higher expected return than other asset categories and the opportunity to participate in the long-term growth of the global economy.

8.2 Property Investments

- a. Real estate, either directly or in partnership with others, or through closed- or open-ended pooled funds, or through shares and/or participating bonds or debentures of corporations, units of partnerships or unit trusts formed

specifically to invest in real estate, with Cabinet approval if required under the Act, or under the Memorandum of Understanding with the Minister of Labour;

- b. Natural resource properties or participation rights in natural resources, whether purchased directly or through closed- or open-ended pooled funds, or through shares and/or participating debentures of corporations or partnerships formed specifically to invest in natural resource properties.

These investments provide the Fund with a moderate expected real return and mitigate the risk of unexpected inflation.

8.3 Fixed Income Investments

- a. Bonds, debentures, loans, notes or other debt instruments;
- b. Mortgage loans, mortgage-backed securities and other asset-backed securities;
- c. Guaranteed investment contracts or equivalent financial instruments of insurance companies, trust companies, banks or other eligible issuers;
- d. Term or demand deposits or similar instruments issued or unconditionally guaranteed by trust companies, banks or other deposit-taking organizations;
- e. Cash, treasury bills, short-term notes or other money market securities issued or guaranteed by governments, government agencies, or corporations.

These investments mitigate deflation risk and generally reduce portfolio volatility.

8.4 Derivative Investments

Financial instruments that derive their value from other financial instruments, economic or financial indicators, including but not limited to derivatives of equity, fixed-income, commodities or currency-related investments, futures and/or forward contracts, swaps, options, warrants, depository receipts, rights or other similar instruments are all permitted for any of the following purposes:

- a. To provide an additional source of return through active management or the replication of an index return;
- b. For hedging strategies to manage investment risk;
- c. To improve liquidity; or,
- d. To manage allocations to asset classes or investment strategies, including, but not limited to, rebalancing.

WSIB may pay or receive margin as required to effect transactions in derivatives. Derivative strategies and transactions are governed by a derivatives policy as approved by the Investment Committee.

8.5 Other Investments

Annuities, deposit administration contracts or other insurance contracts issued by entities authorized to issue such instruments by the *Insurance Companies Act* (Canada), or any successor legislation, or comparable provincial laws.

8.6 Short Selling of Securities

Short selling is generally undertaken by borrowing a security and selling it, with the

obligation that it must be later repurchased and returned. The typical purpose of short selling is to profit by buying the security back at a lower price. Short selling is also a technique to manage risks associated with other security positions in the portfolio.

All permitted investments may be sold short, subject to:

- a. Risk and return targets;
- b. Required levels of diversification; and,
- c. Liquidity requirements.

WSIB may post margin as required to effect a short sale.

9. VALUATION OF THE INVESTMENTS

Investments, whether held directly or indirectly through an Investment Holding Vehicle, are valued at fair value in accordance with International Financial Reporting Standards. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. If a security has a quoted market price for identical securities, fair value is considered to be the bid price. Otherwise the fair value is measured using valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Unit values for pooled fund investments are determined by using the above pricing methodology to calculate the unit price.

Publicly traded investments and pooled-fund vehicles which hold these investments shall be valued at least monthly.

Estimates of the fair value of investments not traded on an organized market shall be made no less frequently than quarterly. They may be determined by a variety of valuation techniques, including by independent expert appraisal, by discounting risk-adjusted future cash flows at market-related interest rates or by comparison with the value of similar investments for which there are demonstrably comparable sales data. The selected methodology should be that which, in the judgment of the WSIB or its authorized delegate, is generally accepted as providing the most accurate measure of the investment's fair value.

10. LENDING OF CASH AND SECURITIES

The Fund may not lend cash other than through the making of investments permitted by Sections 6, 7 and 8 of the SIPP and through deposits to one or more accounts of the Fund.

The securities of the Fund may be loaned to third parties for the purposes of earning additional income for the Fund, in accordance with the securities lending policy approved by the Investment Committee.

11. PROXY VOTING

11.1 Corporate Governance Standards

Corporate Governance relates to the process and principles by which a corporation or

other entity is directed to ensure that it has a comprehensive long-term strategic plan and is managed effectively to grow the business, run it efficiently and maintain and improve long-term profitability. Companies that exemplify strong corporate governance are directed by boards of directors who represent the interests of shareholders by ensuring that management is dedicated to achieving the foregoing principles.

11.2 Exercise of Voting Rights

Investors may participate in the corporate governance process and the promotion of sound corporate governance in the enterprises in which they hold equity interests through the exercise of the voting rights attached to those interests.

Voting rights acquired through the Fund's investments shall, whenever possible or practicable, be exercised by Investment Managers or by an independent proxy voting service (or by a combination of the foregoing), and shall generally be voted:

- a. In favour of any proposal that will maintain and enhance the value of the investment to which the voting right applies, and against any proposal that would unduly increase the risk level or reduce the value of the relevant investment; and,
- b. In accordance with the Investment Manager's or the independent proxy voting service's standards or the principles expressed therein.

The WSIB or its authorized delegate may delegate the aforesaid voting rights to the Investment Managers, or to independent proxy voting services provided, in such cases, the voting rights shall continue to be exercised in accordance with the above provisions. The WSIB will normally so delegate its voting rights.

12. CONFLICTS OF INTEREST AND RELATED PARTY TRANSACTIONS

12.1 Conflict of Interest Policy

In all aspects of carrying out their respective responsibilities with respect to the investments of the Fund, the Investment Managers shall at all times abide by the relevant provisions of codes of ethics and standards of professional conduct as promulgated by applicable professional associations and regulatory bodies.

In addition, Investment Managers as fiduciaries are bound contractually by their own organization's code of business conduct in dealing with the WSIB, which code sets a standard not less than the industry standards set out above.

The Board of Directors and all members of the Investment Committee (including the external expert advisors who are members of the Investment Committee) are fiduciaries. They must comply with the WSIB's Corporate Governance Policy and Ethics Framework, which includes the Code of Business Ethics, the Disclosure of Wrongdoing Policy, and the "Conflict of Interest Policy for Current and Former WSIB Employees and Members of the Board of Directors".

WSIB employees must comply with the Ethics Framework, which includes the Code of Business Ethics, the Disclosure of Wrongdoing Policy, and the "Conflict of Interest Policy for Current and Former WSIB Employees and Members of the Board of Directors".

12.2 Related Parties & Related Party Transactions

For the purposes of this SIPP, the terms, “**Investment Fund**”, “**Marketplace**”, “**Related Party**”, “**Segregated Fund**”, and “**Transaction**” each shall have the same meaning as ascribed to those terms in, or as used for the purposes of, Schedule III of the Pension Benefits Standards Regulations of the *Pension Benefits Standards Act (Canada)* (“**Schedule III**”). The WSIB or any agent of the WSIB shall not directly or indirectly enter into any Transaction with a Related Party except in the circumstances permitted by Schedule III, including where the value of the Transaction is nominal or the Transaction is immaterial to the Fund. For these purposes, a Transaction will be considered by WSIB to be nominal or immaterial if its value is no more than 3% of the market value of the Fund at the time the transaction is entered into or completed. In assessing whether the value of a Transaction is nominal or whether a transaction is immaterial, two or more Transactions with the same Related Party shall be considered a single Transaction.

The WSIB or any agent of the WSIB may enter into a Transaction with a Related Party for the operation or administration of the Plan if:

- a. It is under terms and conditions that are not less favourable to the Plan than market terms and conditions; and,
- b. It does not involve the making of loans to, or investments in, the Related Party.

Any Related Party Transaction described above shall be disclosed to the Investment Committee.

The following investments, loans and transactions with Related Parties are exempt from the Related Party prohibitions set out in Schedule III and are, therefore, expressly permitted:

- a. Investments in an Investment Fund or Segregated Fund in which investors other than WSIB and its affiliates may also invest and that complies with the requirements applicable to a pension plan that are set out in section 9 (10% Rule) and 11 (30% Rule) of Schedule III;
- b. In an unallocated general fund of a person authorized to carry on a life insurance business in Canada;
- c. In securities issued by or fully guaranteed by the Government of Canada the government of a Province, or an agency of either one of them;
- d. In a fund composed of mortgage-backed securities that are fully guaranteed by the Government of Canada the government of a Province, or an agency of either one of them;
- e. In a fund that replicates the composition of a widely recognized index of a broad class of securities traded at a Marketplace; or,
- f. That involves the purchase of a contract or agreement in respect of which the return is based on the performance of a widely recognized index of a broad class of securities traded at a Marketplace.

Appendix

The determination of the Fund's asset mix is described in Section 6 of the SIPP. This Appendix to the SIPP has been prepared exclusively to provide the disclosure required by subsection 78(7) of Regulation 909 under the Pension Benefits Act. To the extent of any inconsistency between this Appendix and any other provision of the SIPP, the other provision of the SIPP prevails.

Investment Category	Asset Classes in Section 6 of the SIPP *
1. Insured contracts	Fixed Income, Absolute Return
2. Mutual or pooled funds or segregated funds	Public Equities, Fixed Income, Cash and Money Market, Absolute Return, Diversified Markets, Real Estate, Infrastructure
3. Demand deposits and cash on hand	Public Equities, Fixed Income, Cash and Money Market, Absolute Return, Diversified Markets, Real Estate, Infrastructure
4. Short-term notes and treasury bills	Public Equities, Fixed Income, Cash and Money Market, Absolute Return, Diversified Markets, Real Estate, Infrastructure
5. Term deposits and guaranteed investment certificates	Public Equities, Fixed Income, Cash and Money Market, Absolute Return, Diversified Markets, Real Estate, Infrastructure
6. Mortgage loans	Fixed Income, Absolute Return, Real Estate
7. Real estate	Real Estate
8. Real estate debentures	Fixed Income, Absolute Return, Diversified Markets, Real Estate
9. Resource properties	Infrastructure
10. Venture capital	-
11. Corporations referred to in subsection 11(2) of Schedule III to the federal investment regulations	Real Estate, Infrastructure
12. Employer issued securities	-
13. Canadian stocks other than investments referred to in rows 1 to 12	Public Equities, Absolute Return, Diversified Markets, Real Estate, Infrastructure
14. Non-Canadian stocks other than investments referred to in rows 1 to 12	Public Equities, Absolute Return, Diversified Markets, Real Estate, Infrastructure
15. Canadian bonds and debentures other than investments referred to in rows 1 to 12	Fixed Income, Absolute Return, Diversified Markets
16. Non-Canadian bonds and debentures other than investments referred to in rows 1 to 12	Fixed Income, Absolute Return, Diversified Markets
17. Investments other than investments referred to in rows 1 to 16	Public Equities, Fixed Income, Cash and Money Market, Absolute Return, Diversified Markets, Real Estate, Infrastructure

* Asset classes listed in section 6 of the SIPP that may have exposure to each investment category prescribed in subsection 78(7) of Regulation 909.

In accordance with section 11.2(9) of Regulation 909, for investments falling within investment categories 4, 15 and 16 in the table above, the minimum rating shall be A-1 (short-term) or BBB- (long-term) by S&P Global Ratings, or a comparable rating that is given by a credit rating agency recognized by a competent authority, for the target allocations to the following asset classes:
Cash and Money Market – all investments of this asset class shall meet the above minimum credit rating;

Fixed Income – the benchmarks policy approved by the Investment Committee shall specify the sub-asset classes of Fixed Income and not more than 1% of the Fund may be allocated to Fixed Income sub-asset classes with investments that fall below the above minimum credit rating.