



LOSS OF RETIREMENT INCOME FUND

Statement of Investment Policies and Procedures

Effective December 31, 2022

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LOSS OF RETIREMENT INCOME FUND

Statement of Investment Policies and Procedures

This Statement of Investment Policies and Procedures (“**SIPP**”) applies to the assets (the “**Fund**”) held on behalf of the Loss of Retirement Income Fund of the Workplace Safety and Insurance Board (“**WSIB**”) as continued under the *Workplace Safety and Insurance Act, 1997* (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 to define permitted investments that are appropriate to the management of the Fund and consistent with the Act and regulations thereunder, and all other relevant statutory and regulatory requirements. For greater certainty, annuities purchased to provide benefits from the Fund in accordance with elections made by injured workers are outside the scope of the SIPP.

In formulating the SIPP, the Investment Committee and the Board of Directors have had regard to all factors that may affect the Fund’s ability to meet its financial obligations, including the following:

- a. The nature of the liabilities and obligations of the Fund;
- b. The investment horizon of the Fund;
- c. The net cash flow position of the Fund;
- d. Historical and expected capital market returns;
- e. Risk factors and WSIB’s risk appetite;
- f. The benefits and risks associated with alternative investment policies; and
- g. Applicable government regulations

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 AND BACKGROUND

Under section 43 of the Act, injured workers receive Loss of Earnings (“**LOE**”) benefits beginning when their loss of earnings begins. The payments continue until the earliest of:

- The day on which the worker’s loss of earnings ceases or on which the worker ceases to be impaired, provided this occurs within six years of the injury;
- The worker’s death; or,
- The day on which the worker reaches age 65, unless the worker was 63 or older on the date of injury in which case payments end 2 years after the date of injury.

Under section 45 of the Act, an injured worker who received LOE benefits for 12 continuous months or more is entitled to receive Loss of Retirement Income (“**LRI**”) benefits at age 65. For the purpose of funding the LRI benefit, the WSIB is required to set aside an amount equal to 5% of each LOE payment paid to the worker. Injured workers may also elect to contribute 5% of each LOE payment they receive to fund the LRI benefit (“**Voluntary Contributions**”).

For workers injured prior to January 1, 1998, the *Workers' Compensation Act* ("**WCA**") continues to apply. Under section 43 of the WCA, injured workers receive Future Economic Loss ("**FEL**") benefits to compensate for the future loss of earnings that result from work-related injuries. The amount to be set aside to fund the LRI benefit for these workers is equal to 10% of every FEL payment. Under the WCA, workers are not entitled to elect to make Voluntary Contributions.

As required by the Act, the WSIB has established and maintains the Fund into which all the foregoing amounts are deposited and invested in accordance with provisions of the Act and this SIPP. The ownership of the Fund's investments rests with the WSIB.

Contributions by the WSIB are accumulated and invested up to the earlier of the time the injured worker turns age 65, or dies. Depending upon the amount involved, accumulations are paid out in the form of lump sum payments or in monthly payments according to the payment schemes defined in O.Reg. 562/99 under the Act or in O.Reg. 715/94 under the WCA for pre-1998 injuries. The Voluntary Contributions are accumulated and paid in a similar manner.

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.

The investment performance of the Fund is critical to the LRI benefit of a worker because LRI benefits are based on the amounts set aside by the WSIB and the Voluntary Contributions, and the investment return on these amounts.

There are administrative practices in place that are reviewed on an ongoing basis to reduce investment volatility as workers approach age 65. When an injured worker attains 60 years of age, 20% of the LRI account balance maintained in respect of the injured worker is liquidated and invested in short-term money market instruments. Each year thereafter, a further 20% of the LRI account balance maintained in respect of the injured worker is liquidated and invested in short-term money market instruments. The aggregate portfolio is referred to as the "**LRI 60-65 Cash**". At age 65, the injured worker will receive the cash balance as a lump sum or that sum will be applied to the purchase of an annuity, all as determined in accordance with prescribed rules.

As of the date of this SIPP, the average worker on whose behalf funds are set aside by the WSIB is age 55.

Workers do not have a beneficial interest in the Fund, other than amounts contributed by way of the Voluntary Contributions. They cannot select investment options.

3. REGULATORY STANDARDS

The Act provides that the Fund must be invested only in such investments as are authorized under the *Pension Benefits Act* (Ontario) ("**Pension Benefits Act**") for the investment of money from pension funds and shall be invested in the same manner as is authorized for those pension funds. This includes the requirement to invest the assets of the Fund 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. Where it is reasonable and prudent in the circumstances to do so, the Board of Directors may employ one or more agents to carry out any act required to be done in the administration and investment of the Fund. The Board of Directors, however, retains overall responsibility for the administration and investment of the Fund, including the selection and supervision of delegates.

The Board of Directors has delegated certain aspects of the administration and oversight of the Fund's investments to the Investment Committee, the President and Chief Executive Officer ("**CEO**") and, through the Board of Directors' appointment of the Investment Management Corporation of Ontario ("**IMCO**"), to IMCO.

The specific roles, responsibilities, and authorities of the Board of Directors, the Investment Committee, the President and CEO, the Senior Vice President and Chief Investment Officer 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 or its delegates.

Reports on the Fund's performance, including in relation to the objectives and asset mix set out in this SIPP, as well as risk and compliance matters are reviewed at least quarterly and reports on IMCO's performance are reviewed at least annually.

The Board of Directors appoints a professional administrator/firm specializing in defined contribution type pension arrangements (the "**Recordkeeper**"), which administrator/firm may also serve as Custodian, to maintain the recordkeeping associated with the workers and liabilities of the Fund.

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 for the purpose of holding investments permitted in Section 6 of this SIPP ("**Investment Holding Vehicles**"). Investment Holding Vehicles will be 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 the investment assets of the Fund, including related Investment Holding Vehicles. IMCO is delegated the selection and oversight role in respect of all other external Investment Managers.

IMCO shall have full authority, acting as a “prudent person” within the provisions of this SIPP and such additional restrictions as are contained in the Investment Management Agreement between WSIB and IMCO for the Fund (“**IMA**”), to manage all aspects of the investments of the Fund or the applicable Investment Holding Vehicle or portions thereof.

4.4. Review of the SIPP

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

No less frequently than every four years, this review shall include a detailed review of the Policy Asset Mix (defined in section 7) in the context of WSIB’s risk appetite, benefit liabilities and capital market assumptions, (i.e. an asset-liability study), to ensure that the Policy Asset Mix and other provisions of the SIPP remain relevant.

5. FUND OBJECTIVES

5.1. Investment Return Objective

- a. **Total Return:** The long-term investment return objective is to earn an average of at least 5% per annum (excluding the LRI 60-65 Cash). This objective is net of investment-related expenses, including investment management fees. For these purposes, “long term” is deemed to be rolling fifteen-year periods. At current market volatility levels, the Fund’s realized rate of return is expected to range between 3.5% and 6.9% annualized over 15 years, 50% of the time. Over shorter periods, the Fund’s realized rate of return may be significantly above or below this range. Over one-year, the Fund’s realized rate of return is expected to range between -4.6% and 11.2%, 50% of the time.
- b. **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 meet or exceed the returns of relevant benchmarks. Benchmarks may be comprised of market indices, economic indicators, peer group data, or based on other industry-recognized practices. The total Fund’s benchmark and relative performance targets (value-add and risk) are to be approved by WSIB at least annually based on the Policy Asset Mix.

6. INVESTMENT CATEGORIES

6.1. Asset Classes

The Fund is invested in a diverse range of asset classes. Investments may be made directly or indirectly by holding shares or units of pooled, segregated or mutual funds, unit trusts, exchange-traded vehicles, corporations, companies, partnerships or other entities invested in securities or property.

Permitted investments include investments made in and through IMCO pooled funds and IMCO joint co-investment vehicles, provided that: (a) each particular IMCO pooled fund conforms to the applicable IMCO investment policy statement; and, (b) WSIB has provided a written consent, or otherwise contractually agreed, to the investment of the assets of the Fund in each such IMCO pooled fund and IMCO joint co-investment vehicle.

The asset classes are:

- a. Cash and Money Market: This asset class is comprised of cash and cash equivalents and seeks to provide liquidity and safety for the Fund. Returns are expected to be lower than other asset classes.

The minimum credit rating for investments in this asset class is R-1 Mid by DBRS Morningstar, or a comparable rating given by a credit rating agency recognized by a competent authority.

- b. Fixed Income: This asset class is comprised of high-quality government fixed income assets and seeks to provide interest rate sensitivity, liquidity, safety and diversification for the Fund, particularly when economic conditions are weak, or when market or economic shocks precipitate a flight to lower risk investments. Nominal bonds mitigate deflation risk while real return or inflation-linked bonds, which may also be held, mitigate inflation risk. However, returns are expected to be lower than other asset classes.

The minimum credit rating for investments in this asset class is BBB- by S&P Global Ratings, or a comparable rating given by a credit rating agency recognized by a competent authority.

- c. Credit: This asset class is intended to provide broad exposure to global fixed income credit markets. Investments may include public and private investments and may be rated investment grade or non-investment grade. Although Credit investments are a form of fixed income, for purposes of the Policy Asset Mix they are separately classified as their performance tends not to be highly correlated with high-quality fixed income or with equities and, as a result, Credit investments are expected to enhance the Fund's returns and diversification.

- d. Equities: This asset class is expected to provide higher investment returns than other asset classes over the long run and the opportunity to participate in the long-term growth of the global economy, but is expected to exhibit higher variability in returns from year to year.

- i. Public Equity: This asset class provides broad exposure to global, publicly-traded equity markets.

- ii. Private Equity: This asset class seeks to generate long-term capital appreciation and aims to outperform Public Equity by investing in a diversified set of private operating companies and providing value-add through strategic, operational and financial improvements. Private Equity is a higher risk asset class involving long-term investments in generally illiquid assets.

- e. Public Market Alternatives ("PMA"): This asset class provides exposure to alternative investment risk premiums and active investment mandates through strategies that offer low beta with public market equities (i.e. low sensitivity to equity market volatility). Investments encompass a broad range of public and private assets, including equities, fixed income, credit and currencies, as well as derivatives. PMA investments are expected to enhance the Fund's returns and to reduce overall Fund volatility.

- f. Real Assets: Real assets consist of Real Estate and Infrastructure, both of which are generally illiquid, and returns are expected to be higher than liquid fixed income investments.
 - i. Real Estate: This asset class includes holdings in real estate properties and investment funds diversified across global markets and office, retail, industrial, multi-residential and mixed-use property types. Real estate is expected to provide a stable source of income and to keep pace over time with inflation, mitigating the risk of unexpected inflation.
 - ii. Infrastructure: This asset class includes assets that provide essential services and facilities, many of which operate with regulated or strategic competitive advantages. Revenues are typically generated under long-term contracts, which offer stable cash flows with inflation sensitivity.

6.2. 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, depositary 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.

Margin may be paid or received as required to effect transactions in derivatives.

6.3. 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 laws.

6.4. 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 enhance returns by buying the security back at a lower price. Short selling can also be used to manage risks associated with other security positions in the portfolio. When engaging in short selling the Investment Manager shall consider the related risks. Margin may be posted as required to effect a short sale.

6.5. Leverage

The Fund may use leverage in order to enhance returns, manage liquidity and optimize portfolio diversification while maintaining targeted risk levels. Leverage can be obtained from the use of financial instruments (e.g. derivatives), use of repurchase agreements, or borrowed capital.

7. POLICY ASSET MIX

The Fund has two distinct components. The first component represents a diversified long-term reference portfolio and excludes the LRI 60-65 Cash. It is the desired end-state allocation to a diversified set of asset classes and 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 and by other measures.

The second component is the LRI 60-65 Cash, a portfolio of short-term money market instruments as described in Section 2 of this policy.

The Policy Asset Mix for the first component of the Fund is described in the following table.

ASSET CLASS	POLICY ASSET MIX (excluding LRI 60-65 Cash)			Target Allocation to <i>Pension Benefits Act</i> Section 76(12) Categories ¹
	Minimum	Target	Maximum	
Cash and Money Market	0%	0.5%	5%	Short-term notes and treasury bills
Fixed Income	18.5%	23.5%	28.5%	Canadian and Non-Canadian Bonds and Debentures
Credit	5%	10%	15%	Canadian and Non-Canadian Bonds and Debentures
Equities	20%	30%	35%	
Public Equity	20%	25%	35%	Canadian and Non-Canadian stocks
Private Equity	0%	5%	10%	Canadian and Non-Canadian stocks
Public Market Alternatives	5%	10%	15%	Other Investments
Real Assets	20%	30%	40%	
Real Estate	10%	15%	20%	Real Estate
Infrastructure	10%	15%	20%	Other Investments
Total with Leverage	102%	104%	106%	
Leverage	2%	4%	6%	
Total net of Leverage		100%		

¹ *Pension Benefits Act* Section 76(12) Categories corresponding to the target allocation for each of the asset classes are shown to provide the disclosure required by subsection 78(7) of Regulation 909 under the *Pension Benefits Act*. To the extent any conflict arises between the target allocations shown in this column and any other provision of the SIPP, the other provision of the SIPP will prevail. Actual allocations within each asset class may differ from target.

The Policy Asset Mix for the second component of the Fund, LRI 60-65 Cash, is described in the following table.

ASSET CLASS	POLICY ASSET MIX (LRI 60-65 Cash)		
	Minimum	Target	Maximum
Cash and Money Market	100%	100%	100%
Total	100%	100%	100%

The Policy Asset Mix is implemented using the permitted investments that are described in Section 6 of this SIPP.

Due to the illiquid nature of assets such as Real Estate, Infrastructure, and Private Equity, actual allocations may be above or below target allocations shown above. A phased approach set out in a transition plan reviewed and approved annually by WSIB will be used to transition to the Policy Asset Mix set out in the table above over a period of not more than five years. During transition, actual allocations may be outside the Policy Asset Mix minimum and maximum levels. Such deviations will not be considered violations of the SIPP provided they are in accordance with transition targets and ranges in the transition plan. This phased approach allows for implementation in a prudent manner, taking into account market conditions and investment opportunities.

The Policy Asset Mix (excluding LRI 60-65 Cash) 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.

8. LIQUIDITY OF INVESTMENTS

The Fund will require liquidity from time to time for various reasons including payment of benefits, funding of capital calls, rebalancing, and posting of collateral. The expected liquidity requirements of the Fund, as well as the expected contributions to the Fund and the liquidity of various asset classes were considered in the development of this SIPP. Investment income and allocations to Cash and Money Market and Fixed Income are the primary sources of liquidity. The Policy Asset Mix was chosen to ensure sufficient liquidity will be available to meet operational and investment obligations as they come due. Liquidity coverage shall be monitored at least monthly.

9. LENDING OF CASH AND SECURITIES

The Fund may not lend cash other than through the making of investments permitted by Sections 6, 7 and 11 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 or for liquidity management, in accordance with industry best practices and applicable policies established by WSIB and/or IMCO.

10. PROXY VOTING

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.

WSIB has delegated the exercise of voting rights to IMCO.

11. RISK AND RISK MANAGEMENT

11.1. Overview

Risk is inherent in the generating of investment returns and in each element of the investment decision-making process; therefore, risk measurement and risk management are integral to prudent investing and 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 reduce the amount of LRI benefits available to beneficiaries. WSIB considers this risk in developing the Policy Asset Mix.

11.2. Diversification

The principal way to manage investment risk is through diversification of investment return sources including both 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 styles;
- d. Geographic regions;
- e. 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 shall be invested, directly or indirectly, 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.

In the case of Private Equity, Real Estate or Infrastructure investments, the Fund's investment, directly or indirectly, in any single investment shall not exceed 2% of the market value of the Fund

at the time of acquisition (including commitments) of the said investment, unless otherwise approved by the Board of Directors.

The foregoing limitations do not apply to:

- a. Securities issued or guaranteed by the Government of Canada, a province of Canada, or an agency thereof;
- b. Securities issued by the Government of the United States of America; or,
- c. Shares or units of an Investment Holding Vehicle or of an “investment fund”, “investment corporation”, “real estate corporation” or “resource corporation” as defined in the *Pension Benefits Standards Regulations, 1985*.

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 risks will be done using robust and diverse tools and analysis, including:

- a. Asset-liability studies;
- b. Measures of total portfolio risk (typically volatility, the standard deviation of returns);
- c. Measures of active risk (typically tracking error, the volatility of returns relative to a benchmark);
- d. Sensitivity analysis and stress testing; and,
- e. Tools that 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.

11.3. Currency Hedging

Currency positions inherent in Fund investments and in investment return benchmarks can provide diversification against the risk of exposure to the Canadian dollar. However, for asset classes where underlying investments tend to have low volatility, currency exposure can dominate the risk/return profile. These factors will be considered in applicable hedging policies established by WSIB and/or IMCO.

11.4. Environmental, Social and Governance Risks

The WSIB believes that environmental, social, and governance (“**ESG**”) issues can affect investment performance to varying degrees across companies, sectors, regions, asset classes and through time.

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. As IMCO has been appointed as the sole and exclusive Investment Manager for the investment assets of the Fund, including the selection and oversight role of all other external Investment Managers, WSIB believes that IMCO is best positioned to consider ESG factors in the context of the investment of the Fund.

To ensure this activity is carried out effectively, WSIB reviews IMCO's approach to incorporating ESG factors into its investment decision-making processes and asset management practices on at least an annual basis. This includes a review of IMCO's own policies relating to ESG. IMCO's approach has the following key components:

- ESG factors are considered by IMCO as part of management of risk and investment into opportunities in a manner that is consistent with fiduciary responsibilities;
- ESG factors are considered by IMCO, where relevant, in due diligence and monitoring of external managers and direct investments across asset classes;
- Either directly or through its external managers, IMCO raises concerns with disclosure or performance on ESG factors with corporate boards or management teams;
- IMCO takes ESG considerations into account in proxy voting activities and votes proxies in the best interest of clients and to enhance long-term sustainable value creation;
- IMCO engages collaboratively with other institutional investors to promote standards and best practices;
- IMCO takes steps to identify and manage climate change risks and opportunities with the aim of managing risk and enhancing long-term risk-adjusted returns;
- IMCO researches and considers sustainable investing opportunities that benefit from powerful trends and have a positive impact on society; and,
- IMCO is a signatory and is committed to the United Nations-backed Principles for Responsible Investment.

WSIB incorporates ESG factors into the SIPP on the basis set forth above.

11.5. 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) and other risk control mechanisms as appropriate.

12. VALUATION OF INVESTMENTS

Investments, whether held directly or indirectly, are valued consistent with the International Financial Reporting Standards ("IFRS"). Fair value, as defined by IFRS 13, represents 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.

Estimates of the fair value of investments not traded on an active market shall be made at least annually and shall be reviewed at least quarterly. They may be determined by a variety of generally accepted valuation techniques applied on a consistent basis, including, without limitation, by:

- Independent expert appraisal;
- Discounting estimated future cash flows at market rates of return which reflect the risk of achieving the forecast cash flows; or,
- Comparison with the value of similar investments for which there are demonstrably comparable transaction data.

Valuations must be reviewed and approved by personnel who are qualified and independent of those responsible for transacting or managing the investment. Valuations provided by a third party

to IMCO must be reviewed and assessed for reasonableness by IMCO and valuations on WSIB segregated assets made available for review by WSIB.

Publicly-traded investments shall be valued at least monthly.

Unit values for pooled fund investments are determined by using the above valuation methodology.

13. CONFLICTS OF INTEREST AND RELATED PARTY TRANSACTIONS

13.1. 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 and WSIB employees 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".

13.2. Related Parties and Related Party Transactions

The Fund may, directly or indirectly, enter into a related party transaction provided that the transaction would be permitted for a registered pension plan under Schedule III of the *Pension Benefits Standards Regulations, 1985* (Canada), as amended from time to time. For this purpose the terms 'related party' and 'transaction' have the meanings given to such terms in Schedule III of the *Pension Benefits Standards Regulations, 1985* (Canada), as amended from time to time.

For greater certainty, permitted related party transactions include:

- a. transactions required for the operation or administration of the Fund where (i) the terms and conditions of the transaction are no less favourable than market terms and conditions at the time of the transaction, and (ii) the transaction does not involve the making of loans to, or investments in, the related party; and
- b. transactions where the value of the transaction is nominal or immaterial to the Fund. For these purposes, a transaction shall be considered nominal or immaterial if, together with other transactions with the same related party, the transaction is for an amount that is less than 3% of the market value of the Fund at the time that the transaction is entered into or completed.