Statement of Investment Policies and Procedures

for the

Canada Post Corporation Registered Pension Plan
(Defined Benefit Component)

PBSA Registration. No. 57136

Approved by the Canada Post Corporation Board of Directors on 20 March 2024

Table of Contents

Section I Purpose

1.1 Canada Post Corporation (the "Corporation") provides pension benefits to certain of its employees through the Canada Post Corporation Registered Pension Plan (the "Plan"). The primary goal of the Plan is to provide Plan members and other beneficiaries with the stipulated level of retirement income at a reasonable cost. The prudent and effective management of the Plan's assets will have a direct impact on the achievement of this goal.

1.2 This Statement of Investment Policies and Procedures (the "Statement") addresses the manner in which the Plan's assets shall be invested. Investments shall be selected in accordance with the criteria and limitations set forth herein and in accordance with all applicable legislation. The Board of Directors of the Corporation (the "Board") has adopted the Statement to ensure continued prudent and effective management of the Plan's pension fund (the "Fund") so that sufficient assets will be available to meet the obligations of the Plan as they come due.

1.3 Investment managers ("Managers") and other third parties or advisors providing services in connection with the Fund and any other person dealing with the Fund shall comply at all times with the Statement.

1.4 The Statement may be changed or modified at any time at the Corporation's sole discretion, subject to applicable legislation. The Statement will be reviewed annually (or more frequently, if necessary) to determine whether any modifications are necessary or desirable.

Section II Fund Governance

2.1 The Corporation is the administrator of the Plan, as the term administrator is defined under the *Pension Benefits Standards Act, 1985* (Canada) (the "PBSA"). The Corporation acts through the Board in discharging its duties. The Board has assigned tasks to the Pension Committee, to the Audit Committee and the Pension Committee has approved Terms of Reference for the Investment Advisory Committee and for the Pension Advisory Council. Some of these committees, in turn, have assigned certain tasks to various third parties retained to assist them in carrying out their duties in respect of the Fund. The Board, however, retains overall responsibility for the Fund. The Board has also assigned its responsibilities in respect of the Fund to the Managers and to the Trustee as set out below.

The Managers

2.2 The Managers shall:

a) perform the duties required of the Managers pursuant to agreements entered into from time to time with the Corporation, subject to all applicable legislation;
b) select securities within their mandate and give prompt notice to the Trustee (as hereinafter defined) of all purchases and sales of securities, subject to all relevant

legislation and the constraints and directives contained in the Statement and in any supplementary document provided by the Corporation;

c) submit quarterly certificates attesting to their compliance with the Statement, notify the Corporation if, at any time, an investment or group of investments does not comply with the Statement, and submit any additional report required pursuant to agreements entered into from time to time with the Corporation; and

d) be governed by the Code of Ethics and Standards of Professional Conduct of the Chartered Financial Analyst (CFA) Institute, as amended from time to time, or such other standard as specifically permitted by the Corporation.

The Trustee

2.3 The Trustee shall:

a) perform the duties required of the Trustee pursuant to agreements entered into from time to time with the Corporation, subject to all applicable legislation;

b) process the security transactions that result from the buy and sell orders placed by the Managers, in accordance with agreements entered into from time to time with the Corporation; and

c) provide the Corporation with monthly portfolio reports of all assets of the Fund and monthly reports of all transactions during the period.

Section III Plan Characteristics and Liabilities

3.1 The Plan is a registered, contributory, defined benefit pension plan where benefits are based on Plan members' highest average earnings. Deferred benefits and pensions in the course of payment are indexed based on inflation. The actuarial liabilities of the Plan will therefore be impacted by the level of inflation in the future.

3.2 The Plan is registered with the Canada Revenue Agency and the Office of the Superintendent of Financial Institutions. The Corporation, as administrator of the Plan, is responsible for ensuring that the assets of the Plan are invested in accordance with the *Income Tax Act* (Canada) (the "*ITA*") and the *Pension Benefits Standards Act* (Canada, 1985) (the "PBSA").

3.3 The Plan is financed by Corporation and Plan member contributions made in accordance with the Plan text, actuarial advice and applicable legislation. All contributions are paid into the Fund which is held and administered by RBC Investor Services Trust (the "Trustee").

3.4 Key financial statistics arising out of the Plan actuarial valuation made as of December 31, 2023, are as follows:

Assets and Liabilities	
Actuarial value of Fund	$31.8B
Actuarial liabilities (funding basis)	$24.3B
Funded ratio (funding basis)	130.9%
Funded ratio (solvency basis)	107.2%
Estimated Cash Flow for 2024	
Total current service cost	$678M
Benefit payments & expenses	$1,318M

As of December 31, 2022, the Fund covered approximately 52,391 active members, 49,886 retirees and survivors and 2,804 deferred members.

3.5 The Fund experiences annual net outflows of cash, but currently they are marginal and there is no need to hold cash on a long-term basis for liquidity purposes. However, the Plan's investments are liquid enough so that they can be sold in a reasonable period of time.

Section IV Investment Objectives and Benchmark Portfolio

Liability Driven Investment Strategy

4.1 The Plan has become more mature as plan members have aged, and the number of retirees has increased. To meet this challenge a liability driven investment (LDI) strategy has been implemented in which the Plan's asset mix better aligns with its liabilities and reduces interest rate risk over time. In addition, the Plan's funded status volatility will decline. The implementation of the LDI strategy has entailed an increase in bond holdings and the extension of bond duration. This has resulted in a better match of the assets to the liabilities. Furthermore, alternative investments will increase gradually depending on investment opportunities. Having an LDI strategy not only reduces interest rate risk, but it also helps to moderate market volatility, and ensure a more predictable funding outcome.

In addition, the Plan will implement a bond overlay strategy to hedge the Plan's interest rate risk. This is accomplished by increasing the interest rate hedge ratio by utilizing bond derivatives such as interest rate swaps, total return swaps and bond repurchase agreements.

Benchmark Portfolio

4.2 The Corporation believes that a portfolio (the "Benchmark Portfolio") invested in the following asset mix (based on market value) can, over the long term, achieve the Fund's stated investment objectives:

Asset Class	*Benchmark Index*	*Benchmark Portfolio (%)* *2024 Benchmark*
Fixed Income:		
Cash & Short Term	**Ratio of Bank of Canada Overnight Rate to FTSE 30-day Treasury bill less 35 bps**	**-9.5**
Universe Bonds [1]	**FTSE Universe Bond Index**	**10.0**
Real Return Bonds	**FTSE Real Return Bond Index**	**10.0**
Long Bonds	**FTSE Long Bond Index**	**20.5**
Bond Overlay	**Custom Benchmark**	**10.0**
Growth Assets		
Equities*:		
Canadian Equities	**TSX Capped**	**7.0**
U.S. Equities	**S&P 500 (C$ Unhedged)**	**5.6**
	S&P 500 (Hedged)	**2.4**
		8.0
International Equities [2]	**MSCI EAFE (C$ Unhedged)**	**5.6**
	MSCI EAFE (Hedged)	**2.4**
		8.0
Global Equities [3]	**MSCI ACWI (C$ Unhedged)**	**2.1**
	MSCI ACWI (Hedged)	**0.9**
		3.0
Alternative Assets:		
Real Estate	**MSCI/REALPAC Canada PFI[4]**	**15.0**
Infrastructure	**2 Year Rolling CPI + 4.5%**	**8.0**
Private Equity	**MSCI World (3 month lagged)**	**8.0**
Private Debt	**75% FTSE Canada Mid Corporate Bond Index and 25% FTSE Canada Long Corporate Bond Index**	**2.0**

(1) Universe Bonds includes Canadian government bonds and corporate bonds.
(2) International Equities includes EAFE and Emerging Market equities.
(3) Global Equities includes Canada, the U.S., EMEA, the U.K., Japan, and Emerging Market equities.
(4) MSCI/REALPAC Canada Property Fund Index

Notes:
*The public equity portfolio is repositioning to a mainly global equity structure that will take time to be fully implemented and will have an ultimate 25% S&P TSX / 75% MSCI ACWI benchmark. A transitional benchmark will be utilized during the interim period to reflect the timing of implementation. The total allocation to public equity has been adjusted downwards from 29% to 26% and the difference has been reallocated as to Real Estate, Infrastructure and Private Equity by 1% to each of these asset classes, respectively.

4.3 The Corporation has established an investment management structure to achieve the stated investment objectives.

Investment Objectives

4.4 The Corporation has decided on certain reasonable and measurable objectives that are reflective of the Plan's risk tolerances. The objectives may be modified at any time by the Corporation.

4.5 The investment objective of the Fund is to achieve, over the long term (i.e., 10-year moving average periods), an average annual time-weighted rate of return after disbursement of Plan administrative expenses, which exceeds the annualized increase in the Canadian Consumer Price Index by at least 4.5 %. In any one year, however, the annual time-weighted rate of return may be significantly above or below Canadian Consumer Price Index plus 4.5%.

4.6 The added value objective of the Fund by asset class over four-year moving average periods relative to appropriate benchmarks is shown in Appendix B.

Section V Asset Mix Policy

5.1 The market values of the individual asset class components of the Fund shall be within the following minimum and maximum aggregate investment limits:

Asset Class	*Minimum(1) (%)*	*Target Allocation (%)*	*Maximum(1) (%)*
Cash and Short-Term	**-20.0**	**-9.5**	**5.0**
Real Return Bonds	**5.0**	**10.0**	**15.0**
Universe Bonds(2)	**5.0**	**10.0**	**15.0**
Long Bonds	**15.5**	**20.5**	**25.5**
Total Fixed Income	**36.0**	**41.0**	**47.0**
Bond Overlay	**0.0**	**10.0**	**20.0**
Growth Assets			
Equities*:			
Canadian Equities	**2.0**	**7.0**	**12.0**
U.S. Equities	**3.0**	**8.0**	**13.0**
International Equities(3)	**3.0**	**8.0**	**13.0**
Global Equities(4)	**0.0**	**3.0**	**8.0**

Asset Class	*Minimum[1] (%)*	*Target Allocation (%)*	*Maximum[1] (%)*
Alternatives[4]:			
Real Estate	**10.0**	**15.0**	**20.0**
Infrastructure	**3.0**	**8.0**	**13.0**
Private Equity	**3.0**	**8.0**	**13.0**
Private Debt	**1.0**	**2.0**	**3.0**
Total Growth Assets	**54.0**	**59.0**	**64.0**

(1) The minimum and maximum investment limits applicable to each sub-category of assets in the investment management structure shown in Appendix A shall be determined in proportion to the allowable deviation limits shown in the above table, subject to a minimum allowable deviation of 1%.

(2) Universe Bonds includes Canadian government bonds and corporate bonds.

(3) International Equities includes EAFE and Emerging Market equities.

(4) Global Equities includes Canada, the U.S., EMEA, the U.K., Japan and Emerging Market equities.

(5) Target Allocations will be phased in depending on market conditions and valuations.

Notes:

* The public equity portfolio is repositioning to a mainly global equity structure that will take time to be fully implemented and will have an ultimate 25% S&P TSX / 75% MSCI ACWI benchmark. A transitional benchmark will be utilized during the interim period to reflect the timing of implementation.

** The Total Public Equity allocation is now 26% versus the previous 29%. The 3% has been reallocated to Alternatives.

5.2 The Corporation will maintain at least the minimum diversification standards as established in the PBSA, and will also maintain appropriate diversification between industry sectors, geographic/economic areas and management styles.

Section VI Environmental, Social and Governance Considerations

6.1 The Corporation believes that long-term value creation requires effective management of environmental and social risks and opportunities, and that good governance leads to better returns. Consequently, the Corporation takes into account environmental, social and governance (ESG) factors when setting the asset allocation for the Fund, as well as in the development of the investment management structure and mandates in line with the Benchmark Portfolio.

6.2 The Corporation recognizes climate change is a systemic and material risk to the global economy. The Corporation recognizes that the impacts of climate change will be much lower at the temperature increase of 1.5°C above the preindustrial era compared with 2°C and is supportive of global efforts to limit the temperature increase to 1.5°C with limited or no overshoot. Consequently, climate considerations, with respect to physical and transition risk, are considered in our investment strategy, engagement activity and voting practices of the Fund.

6.3 The Corporation expects Managers to integrate material ESG factors as part of their investment analysis and decision-making process. The Corporation expects Managers to be cognizant of climate change risks and opportunities (both physical and transition risks) within their investment processes and stewardship activities. The Corporation will take into account the Managers' ESG and climate change related policies, processes and reporting in the appointment of Managers. The Corporation will also monitor the Managers' implementation and evolution of such policies.

6.4 The Corporation has developed a Climate Action Plan for the Plan which provides additional detail into how the Corporation addresses climate risk across the asset classes, beginning with public equity, beyond what is outlined in this Statement. The Climate Action Plan will be updated as other asset classes are added and as the Corporation's approach evolves.

Section VII Permitted Investments and Constraints

<u>Permitted Investments and Constraints by Asset Class</u>

7.1 The following investments may be made either directly, through pooled or mutual funds, or through insurance contracts.

A. Cash and Short-Term Investments

<u>Permitted Investments</u>

Cash on hand, demand deposits, Government of Canada and guarantees bills, notes and bonds, Provincial Government and guarantees bills, notes and bonds, Schedule I and II Bank Bankers' Acceptances, Term Deposits and Bearer Deposit Notes and Commercial Paper.

<u>Investment Constraints</u>

Cash and Short-Term individual investment limits, portfolio investment limits, maturity limits and minimum credit quality must comply with the Canada Post Pension Fund Short Term Investment Mandate.

B. Canadian and Foreign Fixed Income

<u>Permitted Investments</u>

Bonds, debentures, or other debt instruments of corporations, Canadian governments, government agencies, or issuers guaranteed by governments, mortgage-backed securities, mortgages, preferred shares, private placement fixed income securities, private placement debt securities, syndicated bank loans, bridge loans, hybrid securities, maple securities and bonds where capital, interest, or both are linked to increases in the cost-of-living (i.e., real return bonds).

<u>Investment Constraints</u>

1. Not more than 5% of the market value of fixed income portfolio shall be invested in any one non-government entity.

2. Not more than 5% of the market value of the fixed income portfolio shall be invested in high yield bonds with not more than 1% in “CCC” rated bonds.

3. Investments in bonds and debentures in the fixed income portfolio shall have a minimum rating of “B” by DBRS, or an equivalent minimum rating. If the investment falls below “B”, the Manager may retain the investment and shall keep the Corporation informed of its rating. If not, the Manager shall take all reasonable steps to liquidate the investment in an orderly fashion with due regard to price and liquidity constraints.

4. Foreign Bonds in the fixed income portfolio
   1. U.S. and foreign bonds are permitted investments.
   2. Currency hedging will be decided on a case-by-case basis

C. Equity

<u>Permitted Investments</u>
Common shares, income trusts, American depository receipts, global depository receipts, rights, warrants, installment receipts, index units, real estate investment trusts, and securities convertible into common shares, private equity limited partnership interests, and private equity direct and co-investments.

<u>Investment Constraints – Canadian and Foreign Equities</u>
The investment constraints that apply to the total Canadian, U.S. and International equity portion of the Fund are as follows:

CANADIAN

1. No single equity holding may exceed 15% of the market value of any Canadian equity portfolio.

2. A minimum of 95% of the market value of any portfolio must be invested in permitted equity securities as permitted herein.

UNITED STATES

1. Excluding index units (e.g. Standard & Poor’s Depository Receipts’ (SPDR)), no single equity holding may exceed 10% of the market value of any U.S. equity portfolio.

2. A minimum of 95% of the market value of any portfolio must be invested in permitted equity securities as permitted herein.

INTERNATIONAL

1. Excluding index units (e.g. SPDR’s) and synthetic pooled index funds, the market value of any single security held within the EAFE equities portfolio shall not exceed 10% of the total market value of the equity portfolio.

2. A minimum of 95% of the market value of any portfolio must be invested in permitted equity securities as permitted herein.

3. Currency conversion by way of spot or forward transactions shall be permitted. No other form of currency or portfolio position hedging shall be permitted without the specific written consent of the Corporation.

GLOBAL EQUITY

1. Excluding index units (e.g., SPDR's) and synthetic pooled index funds, the market value of any single security held within the Global equities' portfolio shall not exceed 10% of the total market value of the global equity portfolio.

2. A minimum of 95% of the market value of any portfolio must be invested in permitted equity securities as permitted herein.

3. Currency conversion by way of spot or forward transactions shall be permitted. No other form of currency or portfolio position hedging shall be permitted without the specific written consent of the Corporation.

Manager Expectations – ESG and Climate Action Plan

Any new public equity mandates will include in the Investment Management Agreement the Corporation's expectation that the Manager will integrate ESG issues and considerations into all aspects of the investment process, including investment research, for the Mandate, and specifically, that the Manager will support the Corporation in implementing the Fund's Climate Action Plan through the management if its mandate.

D. Private Equity

Private Equity investments shall be managed in accordance with the Canada Post Pension Plan Private Equity Strategy Report, which is reviewed and updated periodically.

Permitted Investments

Private equity limited partnership interests and private equity direct and co-investments.

Investment Constraints

1. The maximum size of a commitment to a private equity limited partnership will be no more than 30% of the limited partnership size. The commitment shall represent no more than 10% of the private equity target allocation.

2. The maximum commitment to a single Manager will be no more than 30% of the private equity target allocation.

E. Real Estate

Real estate investments in either pooled funds or direct purchases of properties shall be managed in accordance with the criteria and limitations set forth in the Canada Post Pension Plan Real Estate Strategy Report, which is reviewed and updated periodically.

Permitted Investments

Direct ownership in properties (including joint ventures) and real estate pooled funds. The real estate portfolio will be diversified across property type – multi-unit residential, industrial, office, retail and alternative assets, as well as geographically – emphasis placed in the provinces of Ontario, Quebec, British Columbia and Alberta. Foreign real estate (U.S., Europe and U.K.) is permitted within a range of 40-50% of total Real Estate assets.

Investment Constraints

1. The maximum size of an investment in any one property will be no more than 10% of the approved equity allocation to real estate, as measured from time to time. In addition, no more than 25% of the real estate portfolio equity balance, both invested and committed amounts, may be invested in any one investment vehicle, whether a pooled or segregated fund, or a related portfolio of assets.

2. For direct investments, if Canada Post Corporation (and/or one of its 51% or greater controlled subsidiaries) is a tenant, then they must provide less than 5% of the net rental income in the property. This is not always controllable by the Fund in a pooled fund investment vehicle, or in some co-ownership structures.

Leverage

1. Financial leverage can be utilized on a direct real estate investment, and

2. All property financing will be non-recourse to both the non-real estate assets of the Pension Plan and to Canada Post Corporation, and

3. At no time shall the total debt level of the real estate investment portfolio exceed 50.0% of the gross asset value (i.e., the debt associated with the real estate assets cannot exceed 100% of the market value of the equity invested), and

4. At acquisition, or re-finance, no single income producing property may be third-party financed for greater than a 55% loan-to-value ratio, except for multi-residential assets allowing for no greater than a 65% loan-to-value ratio or 75% loan-to-value ratio for CMHC-insured loans. This does not apply to a development property prior to stabilization or redevelopment property which may be third-party financed by short-term repayable credit facilities supported by development guarantees or CMHC-insured loans for acquisition and construction.

F. Infrastructure

Infrastructure investments shall be managed in accordance with the Canada Post Pension Plan Infrastructure Strategy Report, which is reviewed and updated periodically.

<u>Permitted Investments</u>

Limited partnership interests in infrastructure pooled investment funds, and infrastructure direct and co-investments.

<u>Investment Constraints</u>

1. The maximum commitment to a single Manager will be no more than 35% of the infrastructure target allocation.

2. A single commitment to a pooled fund will not exceed 10% of the target infrastructure allocation.

3. Single investment exposure to specific company or platform, across direct investment, co-investment, or via a pooled fund shall not exceed 10% of the target infrastructure allocation at the time of commitment.

G. Private Debt

Not more than 5% of the total fund shall be invested in rated or unrated Canadian, U.S. and foreign private debt-related instruments.

1. Private debt may also own, directly or indirectly, instruments that contain varying degrees of equity exposure including common equity, quasi-equity securities, convertible securities, warrants and royalty stream participations.

2. Not more than 25% of the market value of the Private Debt portfolio shall be invested in publicly issued debt-related instruments.

H. Derivatives and Hedging Policy

<u>Permitted Investments</u>

Derivatives and synthetic securities may be used as a substitute for more traditional investments, if such use is based on and is consistent with obtaining the investment objectives of the Fund, including hedging and management of the Fund's liabilities, interest rate risk, potential equity drawdowns (Tail Risk Hedging) and currency risk.

Derivatives and synthetic securities may include forwards, bond and stock futures, options, interest rate swaps, bond repurchase agreements, equity swaps and any combination but not limited to these investments.

Investment Constraints

1. Currency spot, forward and future foreign currency contracts can only be permitted for foreign currency hedging back to Canadian Dollar, United States Dollar, Japanese Yen, Pound Sterling, Euro, Swiss Franc and Australian Dollar.

2. At the aggregate foreign exchange exposure, the hedge ratio target will be 30% with an allowable range of 15% to 45%.

3. The use of derivatives is permitted for hedging various risks including, but not limited to, currency, interest rate and equity market risks. Derivative instruments may not be used for speculative purposes.

4. The Managers shall be responsible for assessing all counterparty risk associated with derivative instruments, with regards to credit rating, and total exposure limits for each derivatives securities dealer and bank.

Investments Requiring Prior Written Approval

7.2 The Managers shall not make investments in investment categories other than those explicitly permitted in the Statement, unless the Corporation first consents in writing. Each Manager's portfolio shall also comply with all requirements and constraints in any supplementary document provided by the Corporation or any agreement entered into between each Manager and the Corporation.

Other Constraints

7.3 All investments shall be made in accordance with the Code of Ethics and Standards of Practice of the CFA Institute or such other standards as specifically permitted by the Corporation.

Section VIII Conflict of Interest Guidelines

Individuals or Other Bodies Governed by the Guidelines

8.1 The Corporation, the Board, the Pension Committee, the Investment Advisory Committee, the Managers, the Trustee, and any employee or third party employed or retained by any of the foregoing to provide services to the Fund and any other person involved with the investment of the Fund, shall be made aware of, and shall agree to respect and be bound by these guidelines.

Conflict of Interest

8.2 No person dealing with the Fund shall permit his / her private interests to conflict with the discharge of his / her duties in respect of the Fund, nor shall he / she use his / her position or knowledge gained from the performance of such duties in such a way as to give the appearance of such conflict. Such conflicts include, but are not limited to, actions or inactions, which may result in:

- improper personal gain or advantage to a person;
- the appearance of conflict between the person's interest and his / her duties and powers in respect of the Fund; or
- improper personal gain or advantage to a third party.

Any person, when making decisions or recommendations regarding the investment of assets of the Fund, shall immediately disclose to the Board and the Investment Advisory Committee any material conflict of interest, or potential material conflict of interest, relating to him or her and any material beneficial ownership of the investments involved, or any other matter known to such person that could be reasonably expected to interfere with his / her duty in respect of the Fund. For purposes hereof, a "material" conflict or beneficial ownership interest is one which is substantial enough to reasonably be expected to impair the person's ability to render unbiased and objective advice in respect of the Fund, or to carry out his / her responsibilities to the Fund in an unbiased and appropriate manner. For greater certainty, these guidelines in no way derogate from any corporate conflict of interest policies that would otherwise apply to any or all of the parties mentioned in paragraph 7.1 above. In addition, the Corporation established the *Canada Post Pension Plan Ethical Practices* including a Personal and Insider Trading Practice for employees who are involved with the investment of the Funds, to ensure these employees are carrying out investment activities using the highest level of integrity.

Procedure on Disclosure

8.3 The person involved in the conflict or potential conflict shall disclose the nature and extent of the conflict or potential conflict to the Board and Investment Advisory Committee in writing. The disclosure shall be made orally if knowledge of the conflict or potential conflict arises in the course of a discussion at a meeting of the Board, the Pension Committee or the Investment Advisory Committee. Upon the disclosure of a conflict or potential conflict of interest, or of a circumstance that may be perceived as a conflict or potential conflict, any person who discloses a conflict or potential conflict shall cease from any actions or decisions that might be perceived to result in promulgating or adding to the conflict or potential conflict until the Board provides written direction to the person. The Board shall be the sole arbiter in determining whether any conflict or potential conflict of interest exists and, if so, shall take the necessary measures to remedy the situation.

Section IX Related Party Transactions

9.1 For the purposes of this Section VIII, “Related Party” and “transaction” shall have the following meanings derived from the Pension Benefits Standards Regulations, 1985:

“related party”, in respect of a plan, means a person who is:

(a) the administrator of the plan or who is a member of a pension committee, board of trustees or other body that is the administrator of the plan;

(b) an officer, director or employee of the administrator of the plan;
(c) a person responsible for holding or investing the assets of the plan, or any officer, director or employee thereof;
(d) an association or union representing employees of the employer, or an officer or employee thereof;
(e) an employer who participates in the plan, or an employee, officer or director thereof;
(f) a member of the plan;
(g) where the employer is a corporation, a person who directly or indirectly holds, or together with the spouse or common-law partner or a child of the person holds, more than 10 percent of the voting shares carrying more than 10 percent of the voting rights attached to all voting securities of the corporation;
(h) the spouse or common-law partner or a child of any person referred to in any of paragraphs (a) to (g);
(i) where the employer is a corporation or an affiliate of the employer;
(j) a corporation that is directly or indirectly controlled by a person referred to in any of paragraphs (a) to (h);
(k) an entity in which a person referred to in paragraph (a), (b), (e), or (g), or the spouse or common-law partner or a child of such a person, has a substantial investment; or
(l) an entity that holds a substantial investment in the employer,

but does not include Her Majesty in right of Canada or of a province, or an agency thereof, or a bank, trust company or other financial institution that holds the assets of the plan, where that person is not the administrator of the plan.

"transaction" includes:

(a) the making of an investment in securities;
(b) the taking of an assignment of, or otherwise acquiring, a loan made by a third party;
(c) the taking of a security interest in securities or a hypothec on securities; and
(d) any modification, renewal or extension of a prior transaction,

but does not include a payment of pension benefits or other benefits, a transfer of pension benefit credits or a withdrawal of contributions from a plan.

9.2 The Corporation shall not directly or indirectly lend the moneys of the Plan to a Related Party, or invest those moneys in the securities of a Related Party, or enter into a transaction with a Related Party on behalf of the Plan.

9.3 Notwithstanding the foregoing, the Corporation may invest the moneys of the Plan in the securities of a Related Party if those securities are acquired at a public exchange or through a private limited partnership, provided that the nominal value of the transaction shall not exceed 1% of the market value of Fund assets at the time the transaction is entered into or completed.

9.4 The Corporation may also enter into a transaction with a Related Party on behalf of the Plan if the transaction is in connection with services required for the operation and administration of the Plan, and the terms and conditions of such transactions are not less favourable to the Plan than market terms and conditions.

Section X Securities Lending

10.1 Subject to applicable legislation, the Fund, through the Trustee, may lend its securities to generate incremental income, subject to any collateral requirements required by agreements entered into between the Corporation and the Trustee from time to time.

10.2 At a minimum, the amount of collateral taken for securities lending shall reflect best practices in each local market. Collateral provided with respect to any such securities lending arrangements must have free and clear title.

10.3 From time to time market conditions may warrant not participating in securities lending activities.

10.4 Where the Corporation participates in securities lending with securities in the Fund, the Corporation will retain the right to recall shares to vote and the right to withhold shares from lending, in order to exercise the voting rights on those securities.

Section XI Voting Policy

11.1 The Corporation has established corporate governance principles and proxy voting guidelines which sets out expectations for corporate issuers. Thoughtful voting alongside constructive engagement with portfolio companies supports the Corporation's investment objectives.

11.2 The Corporation uses a third-party to provide vote recommendations based on its primary research and in accordance with our proxy voting guidelines. The Corporation retains the right to exercise acquired voting rights at any time by notifying the third-party proxy voting firm.

Section XII Valuation of Investments Not Regularly Traded

12.1 It is expected that all the securities held by the Fund will have an active market and that the values of such securities will be based on their market values.

12.2 Investments that are not regularly traded shall be valued at least quarterly by the Trustee in co-operation with each Manager. In making such valuations, consideration shall be given to bid and ask prices, previous transaction prices, discounted cash flow, independent appraisal values, the valuations of other comparable publicly-traded investments and other valuation techniques that are judged relevant to the specific situation.

12.3 For untraded investments where the Trustee has not been provided with a valuation, the applicable Manager shall report to the Corporation in respect of the valuation of such investments within ten days after such time as the investment became untraded.

Section XIII Monitoring

13.1 The Fund will be measured using investment performance measurements on a total portfolio basis, major asset class basis and individual portfolio basis. Investment performance will be evaluated against the investment performance objectives shown in Appendix A.

13.2 All investment portfolios and their associated risk exposures are closely monitored by management and reported to the Pension Committee on a quarterly basis.

13.3 The monitoring of external fund manager fees and compensation through a third party (currently Cost Effectiveness Measurement Inc. CEM) confirms whether fees are competitive.