

2018/07/12-01

**WORKERS' COMPENSATION BOARD
("WorkSafeBC")**

RESOLUTION OF THE BOARD OF DIRECTORS

RE: Amendments to the Statement of Investment Policies and Goals for the Accident Fund

WHEREAS:

Pursuant to Section 82 of the *Workers Compensation Act*, RSBC 1996, Chapter 492 and amendments thereto ("Act"), the Board of Directors ("BOD") must set and revise as necessary the policies of WorkSafeBC, and is responsible for approving the investment of funds of WorkSafeBC in accordance with the requirements imposed under the Act, approving major programs and expenditures of WorkSafeBC and planning for the future of WorkSafeBC;

AND WHEREAS:

Section 67 of the Act requires WorkSafeBC to invest and reinvest money in the accident fund (the "Fund") in excess of current requirements, subject to the supervision and control of the Minister of Finance;

AND WHEREAS:

In furtherance of meeting its statutory investment obligations, the BOD adopted a *Statement of Investment Policies and Goals for the Accident Fund* ("SIPG"), which has been amended by the BOD from time to time with the last amendment made by Resolution 2017/06/28-01 passed at a meeting of the BOD on June 28, 2017;

AND WHEREAS:

Pursuant to Section 82(3)(a) of the Act, the BOD established an Investment Committee ("Committee") to develop and provide advice and direction to the BOD on WorkSafeBC's investment goals and objectives and, when appropriate, assess and make recommendations for amendments to the SIPG;

AND WHEREAS:

In June 2018, the Committee completed an asset-liability review and identified revisions to the policy asset mix set out in the SIPG which are anticipated to achieve higher returns for the Fund, to improve the funded ratio and decrease the average assessment rate as compared to the projected results for the current policy asset mix;

AND WHEREAS:

The Committee has recommended that the BOD amend Section 6.1 of the SIPG to adopt a new investment policy asset class mix with new ranges. The Committee has also recommended that the BOD amend Section 7.2 of the SIPG to adopt revised market benchmarks for the asset classes;

AND WHEREAS:

The Committee has recommended that for the purposes of performance reporting of the Fund's total market benchmark under Section 7.3 of the SIPG that the amended policy/benchmark allocation in Section 6.1 of the SIPG and revised market benchmarks for the asset classes in Section 7.2 of the SIPG be effective July 1, 2018.

THE BOARD OF DIRECTORS RESOLVES THAT:

1. The SIPG is amended as follows:
 - a) Section 6.1 is deleted and replaced with the Section 6.1 attached to this Resolution as Appendix A; and
 - b) Section 7.2 is deleted and replaced with the Section 7.2 attached to this Resolution as Appendix B.
2. The BOD directs that, for the purposes of reporting the Fund's total market benchmark under Section 7.3 of the SIPG, the amended Sections 6.1 and 7.2 of the SIPG are effective as of July 1, 2018.
3. This resolution is effective July 12, 2018.

I, Ralph McGinn, hereby certify for and on behalf of the Board of Directors of WorkSafeBC that the above resolutions were duly passed at a meeting of the Board of Directors held in Richmond, British Columbia on July 12, 2018.

RALPH MCGINN, P. ENG
Chair, Board of Directors
Workers' Compensation Board

APPENDIX A REVISED SECTION 6.1 OF THE SIPG

- 6.1 Based on the investment objective, risk budget, and investment beliefs and principles described in Sections 3, 4, and 5, the Board of Directors has adopted the following policy asset allocation (benchmark allocation) and ranges as set out in the table below. Over complete market cycles, the actual asset allocation should approximate the benchmark allocation. The actual asset mix will be maintained within the ranges set out in the table.

Asset Class	Policy and Range		
	Minimum	Policy/ Benchmark Allocation	Maximum
A. Fixed Income			
Money Market	0%	2%	10%
Short Term Bonds	0%	5%	15%
Universe Bonds	5%	12%	30%
Mortgages	0%	4%	10%
Credit	0%	4%	8%
Subtotal	15%	27%	35%
B. Equity			
Canadian Equity	5%	11%	25%
Global Equity	10%	20%	30%
Emerging Markets Equity	0%	6%	15%
Private Equity	0%	7%	15%
Subtotal	40%	44%	55%
C. Real Assets			
Infrastructure and Renewable Resources	0%	11%	20%
Real Estate	10%	18%	30%
Subtotal	20%	29%	40%
D. Other	0%	0%	5%

APPENDIX B
REVISED SECTION 7.2 OF THE SIPG

7.2 Market benchmark for each Asset Class:

Asset Class	Benchmark
Money Market	FTSE TMX 91-Day T-Bill Index
Short Term Bonds	FTSE TMX Short-Term Government Bond Index
Universe Bonds	FTSE TMX Universe Bond Index
Mortgages	BofAML 1-10 Year Canada Government Bond Index + 160 basis points
Credit	50% BofAML US Corporate Index (Hedged) + 50% BofAML BB-B Cash Pay High Yield Constrained Index (Hedged)
Canadian Equity	S&P/TSX Capped Composite Index
Global Equity	MSCI World Net ex Canada Index
Emerging Markets Equity	MSCI Emerging Markets Net Index
Private Equity	75% (MSCI All Country World Net Index + 200 basis points) + 25% (8.5% Nominal)
Infrastructure and Renewable Resources	7% Nominal
Real Estate	CPI + 4%