2022/11/23-06

WORKERS' COMPENSATION BOARD ("WorkSafeBC")

RESOLUTION OF THE BOARD OF DIRECTORS

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

WHEREAS:

Pursuant to section 320(1) of the Workers Compensation Act [RSBC 2019] chapter 1 and amendments thereto ("**Act**"), the Board of Directors ("**BOD**") is responsible for approving the investment of WorkSafeBC funds in accordance with the requirements imposed under the Act;

AND WHEREAS:

Section 327 of the *Act* requires all money in the accident fund in excess of current requirements to be invested and reinvested with the care, skill, diligence and judgment that a prudent investor would exercise in making investments;

AND WHEREAS:

The BOD has adopted a *Statement of Investment Policies and Goals for the Accident Fund* (the "**SIPG**") which has been amended by the BOD from time to time, with the last update being made effective December 1, 2021;

AND WHEREAS:

Pursuant to section 320(3) of the Act, the BOD has established an Investment Committee to act in accordance with the Board of Directors Manual Terms of Reference for the Investment Committee, including assisting the BOD by implementing the SIPG, monitoring the accident fund characteristics related to the SPIG and recommending changes to the SIPG;

AND WHEREAS:

The Investment Committee recommends the SIPG attached as Appendix 1 to this resolution be adopted effective December 1, 2022;

THE BOARD OF DIRECTORS RESOLVES THAT:

1. The SIPG attached as Appendix 1 is adopted effective December 1, 2022.

2. This resolution is effective November 23, 2022.

I, Jeff Parr, 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 hosted in British Columbia on November 23, 2022.

Original signed by Jeff Parr

JEFF PARR
Chair, Board of Directors
Workers' Compensation Board

APPENDIX 1

WORKERS' COMPENSATION BOARD
(WorkSafeBC)

ACCIDENT FUND

STATEMENT OF INVESTMENT POLICIES AND GOALS

Effective December 1, 2022

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SECTION 1 - INTRODUCTION/PURPOSE

1.1 This document constitutes the Statement of Investment Policies and Goals for the Accident Fund (the "SIPG") of the Board of Directors (the "Board of Directors") of the Workers' Compensation Board ("WorkSafeBC") pursuant to Section 320(2)(c) of the Workers' Compensation Act R.S.B.C. 2019 c.1 as amended (the "Act"). The Accident Fund (the "Fund") is continued and maintained pursuant to Section 239 of the Act.

1.2 The purpose of the Fund is for the payment of compensation, outlays and expenses stipulated under the Act.

1.3 Contributions to the Fund are based on assessments established annually and are typically paid quarterly in arrears by employers in British Columbia.

1.4 Pursuant to Section 239(2) of the Act, WorkSafeBC is solely responsible for the management of the Fund and must manage it with a view to the best interests of the workers' compensation system. This is accomplished by investing on a prudent basis in order to achieve reasonable returns without taking inappropriate risk.

1.5 The purpose of this SIPG is to provide investment goals, objectives, principles and guidelines for the management of the Fund. It is also to provide the Board of Directors' approval pursuant to Section 320(2)(e) of investments made within the guidelines of the SIPG.

1.6 The SIPG also sets forth investment performance objectives and other criteria to be used by the Board of Directors to review and evaluate the management of the Fund.

1.7 All parties providing service in regard to the Fund shall adhere to the SIPG.

SECTION 2 - FUND GOVERNANCE

The Board of Directors and WorkSafeBC

2.1 In accordance with Section 320(2)(c) of the Act, the Board of Directors is responsible for developing policies to ensure adequate funding of the Fund. Investments are a crucial source of income to the Fund. Section 320(2)(e) of the Act requires the Board of Directors to approve the investment of funds of WorkSafeBC in accordance with the requirements imposed under the Act. Those requirements are listed in section 2.2 below.

2.2 The Board of Directors' and WorkSafeBC's responsibility and standard of care with respect to investment of the Fund is set out in:

Section 239(2):

The Board is solely responsible for the management of the accident fund and must manage it with a view to the best interests of the workers' compensation system.

Section 320(2)(c)&(e):

(2) Without restricting subsection (1), the board of directors is responsible for the following:

(c) establishing policies and accounting systems to ensure adequate funding of the accident fund;

(e) approving the investment of funds of the Board in accordance with the requirements imposed under this Act;

Section 322(1)(b)(c)&(d):

(1) A director, when exercising the powers and performing the duties and functions as a member of the board of directors, must

(a) act honestly and in good faith,

(b) act with a view to the best interests and objectives of the workers' compensation system,

(c) exercise the care, diligence and skill that a reasonably prudent individual would exercise in comparable circumstances, and

(d) act in a financially responsible and accountable manner.

Section 327(2):

Subject to the supervision and direction of the Minister of Finance, the Board must cause all money in the accident fund in excess of current requirements to be invested and reinvested and, in doing this, must exercise the care, skill, diligence and judgment that a prudent investor would exercise in making investments.

Minister of Finance

2.3 The Minister of Finance is responsible for supervision and direction with regard to the investment of the Accident Fund as required by Section 327(2) of the Act. All of the investment powers, duties and functions of the Minister of Finance in respect of the Act are to be performed by British Columbia Investment Management Corporation pursuant to Section 41 of the Financial Administration Act R.S.B.C. 1996 c.138 and Order in Council No. 439/2013.

The Investment Committee

2.4 Pursuant to Section 320(3) of the Act, the Board of Directors has established an Investment Committee (the "Committee") and given it direction and all required authority to implement this SIPG for the Fund, in accordance with the Committee's terms of reference ("Terms of Reference"). In particular, the Committee responsibilities include:

(i) establishing an investment management structure and strategy as the means to implement the SIPG;

(ii) establishing and reviewing investment related control policies and practices;

(iii) selecting, appointing, evaluating, monitoring and replacing when deemed necessary external investment experts including, but not limited to, the investment managers (the "Managers"), who will be directly accountable to the Committee;

(iv) monitoring the Fund characteristics, Fund performance and financial position of the Fund;

(v) monitoring operational and other risks that affect the investment of the Fund; and

(vi) recommending changes to the SIPG to the Board of Directors.

The Managers

2.5 The Managers are responsible for the implementation of investment strategy within the policy ranges specified in this SIPG and may engage others to provide investment management services to assist in the management of the Fund provided such services are consistent with the SIPG.

Section 3 - Investment Objective

3.1 The purpose of the Fund is for the payment of compensation, outlays and expenses stipulated under the Act. The Fund must be managed at an appropriate level of risk and achieve a minimum level of return.

3.2 The minimum long-term investment objective of the Fund is to earn a real rate of return that is equal to or greater than the discount rate used in the Fund's actuarial liability valuation.

3.2.1 As the Fund's liabilities are partially indexed to changes in the Consumer Price Index ("CPI"), the liability valuation uses a real return assumption (discount rate) to determine the present value of the future payments. Effective January 1, 2020, WorkSafeBC's real return assumption is 2.4%.

3.2.2 To achieve WorkSafeBC's corporate objective of building a strong funding position and a level of reserve sufficient to fund all future liabilities, the Fund's investment objective is set to a real rate of return of 3.5%, net of all investment expenses. This real rate will be measured over calendar year periods.

Section 4 – Risk Management

4.1 The Board of Directors, through the Committee and with professional support from the Managers, periodically conducts an Asset-Liability Study. This process includes a review of investment objectives, risks and the associated tolerances, and determines the asset mix policy (outlined in Section 6.1) for the next period. The asset mix policy also determines the level of market risk and the performance of the Fund in the long run.

Risk Appetite and Risk Tolerances

4.2 Risk appetite represents the amount of risk that WorkSafeBC is prepared to accept in pursuit of its investment objectives, which were defined during the latest Asset-Liability Study. Risk tolerance represents the maximum allowable deviation in the measures that are associated to the investment objectives. The principal investment objectives and associated risk tolerances are as follows:

Investment Objective	Measure	Risk Tolerance Threshold
Build a strong funding position and a level of reserves sufficient to fund all future liabilities while maintaining a stable average assessment rate	Maintain a smoothed funded ratio above 130%	Smoothed funded ratio not less than 110%
	Achieve a real rate of return of 3.5%	
Maintain sufficient liquidity to enable the Fund to meet all of its financial obligations as they become due	Maintain a liquidity coverage ratio ("LCR") of 18 months	LCR of at least 12 months

Monitoring

4.3 The Managers estimate the smoothed funding position over the long term on a semi-annual basis and provide updates to the Committee in the semi-annual Investment Strategy & Risk Report.

4.3.1 The Managers will notify the Committee if the projected 25th percentile smoothed funded ratio falls below 110% at the end of 10 years.

4.4 The Managers estimate the expected Fund rate of return based on updates to the long-term capital market assumptions ("LTCMAs"), the Fund asset mix, and other assumptions. The Managers will provide updates for the distribution of the rate of return that can be expected to be achieved over various holding periods to the Committee in the semi-annual Investment Strategy & Risk Report.

4.5 The Managers monitor the LCR on a weekly basis and provide updates to the Committee in the semi-annual Investment Strategy & Risk Report. Projections for the LCR are updated based on the transition schedule and changes to factors affecting liquidity supply and demand.

4.5.1 The Managers will notify the Committee if the projected LCR is expected to fall below 15 months (outlined in Section 8.2).

4.6 The Fund's exposure to market risk caused by the fluctuation of asset prices will be monitored and managed on a regular basis using appropriate risk measurement tools.

SECTION 5 - INVESTMENT BELIEFS AND PRINCIPLES

Investment Time Horizon

5.1 The Fund has a long-term investment time horizon and is managed accordingly. Over the long-term, capital markets are more predictable than in the short-term. Equity investments are recognized as having greater risk than debt instruments and, as such, they are expected to provide higher rates of return.

Investment Risk

5.2 Managing risks is as important as generating returns. The investment principle for the Fund is to invest on a prudent basis to achieve reasonable and acceptable rates of return at the appropriate level of risks.

5.3 The risk inherent in the investment strategy over a market cycle (a five to ten-year period) is twofold. One risk is that the market returns may not be in line with expectations. The other risk is that the expected added value of tactical, and active management may not be realized over the time period prescribed in each Manager's mandate.

5.4 Risk of price fluctuations within asset classes and the uncertainty of future economic and investment scenarios dictate that prudent diversification be undertaken through investment in asset classes whose expected return correlations provide overall risk reduction for the Fund.

Environmental, Social and Governance

5.5 Taking Environmental, Social and Governance ("ESG") matters into account enables investors to better understand, manage, and mitigate risks and take advantage of opportunities associated with long-term investments. Companies that employ robust ESG practices are in a better position to generate long-term value for investors than similar companies with less favourable ESG practices.

Active and Passive Investment Management

5.6 Active investment management entails additional risks and costs and, as such, the Fund should expect more compensation. Active investment management will generally only be undertaken for asset classes and markets where there is reasonable expectation of potential value added from active investment strategies, net of the incremental costs of active management.

Investment Asset Allocation

5.7 The Board of Directors recognizes the Fund's asset mix as the primary determinant of the risk and return of its investments. This also has an impact on the costs of its investments. The Board of Directors has identified two levels of asset allocation: policy asset allocation and tactical asset allocation.

5.7.1 ***Policy asset allocation*** is set by the Board of Directors and establishes the general framework for managing the Fund. This includes determining the composition of the portfolio (e.g., fixed income, real estate, equity portions of the portfolio), as well as the individual asset classes (e.g., bonds). Policy asset allocation also establishes the amount of discretion provided to the Committee and Managers through the establishment of ranges within the policy allocations.

5.7.2 ***Tactical asset allocation*** is set by the Managers. It focuses on short-term conditions and attempts to increase investment return through shifts in the portfolio's asset class weightings within policy ranges. Tactical asset allocation decisions depend on shorter term market conditions.

5.8 The Committee, with professional support from the Managers, is responsible for conducting an Annual Strategy Review (the "Review") to assess the suitability of the policy asset allocation that was approved during the Asset-Liability Study. The Review will commence following annual updates to WorkSafeBC's smoothed value-basis funding level and the Managers' LTCMAs. The Committee will also review and approve permissible investments and strategies in accordance with the policy asset allocation.

SECTION 6 - ASSET ALLOCATION

6.1 Based on the investment objectives, risk appetite and tolerances, and investment beliefs and principles described in Sections 3, 4, and 5, the Board of Directors, on the advice of the Committee, 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. The weight for an asset class is measured on a pooled fund basis.

Asset Class	Policy and Range[1]		
	Minimum	**Policy/ Benchmark Allocation**	**Maximum**
A. Fixed Income			
Money Market	0%	2%	7%
Government Bonds	4%	12%	20%
Credit	7%	10%	13%
Mortgages	1%	4%	7%
Subtotal	**20%**	**28%**	**36%**
B. Equity			
Developed Markets Equity	13%	23%	33%
Emerging Markets Equity	1%	4%	7%
Private Equity	8%	12%	16%
Subtotal	**31%**	**39%**	**47%**
C. Real Assets			
Infrastructure and Renewable Resources	12%	15%	18%
Real Estate	13%	18%	23%
Subtotal	**25%**	**33%**	**41%**
D. Other	**0%**	**0%**	**5%**

[1] Note: The policy shown above will be implemented by April 1, 2025. As it takes time to source and secure new investment opportunities in the private market asset classes, a transition schedule and interim ranges are established in Appendix A, which will apply during the period April 1, 2022 to April 1, 2025.

6.2 If the actual weight for an asset class falls outside its approved policy range, the Fund's asset mix will be adjusted to bring it within the policy range within a reasonable period of time, to be determined based on market conditions and liquidity of investments. All instances in which policy ranges have been exceeded and rebalancing not accomplished within 3 months will be reported to the Board of Directors together with estimates of the related financial consequences.

6.3 The Fund's exposure to private market investments (i.e., Private Credit, Mortgages, Private Equity, Real Estate, Infrastructure & Renewable Resources asset classes and absolute return strategies) shall not exceed 60%. Due to the illiquid nature of these assets, the upper limit may be exceeded on a temporary basis. The Managers will use cashflow to rebalance as soon as practical.

6.4 The Fund may be invested directly in assets, or indirectly in pooled funds, segregated funds, mutual funds, unit trusts, limited partnerships and similar vehicles, provided that the investments conform to this SIPG.

6.5 Cash and money market instruments may be held from time to time as short-term investment decisions or as defensive reserves within the portfolios of each asset class at the discretion of the Managers within the constraints prescribed by their mandates. With the exception of the Money Market asset class, the percentage of cash and/or money market instruments held within any asset class shall not exceed 20% of its market value. In exceptional situations and global economic and capital market environments, cash may exceed the 20% limitation with the approval of the Committee.

SECTION 7 - PERFORMANCE OBJECTIVES

7.1 To meet the investment and risk objectives for the Fund set out in Sections 3 and 4, a market benchmark for each asset class has been established.

7.2 The market benchmarks for each asset class are:

Asset Class	Benchmark
Money Market	FTSE Canada 91-Day T-Bill Index and ICE BofA US 3-Month Treasury Bill Index, weighted daily based on Money Market's actual daily exposures to CAD and USD
Government Bonds	50% FTSE Canada All Government Bond Index + 50% FTSE Canada Short Term Government Bond Index
Mortgages	ICE BofAML 1-3 Year Canada Government Bond Index + 270 basis points
Credit	25% BofAML US Corporate Index (Hedged) + 25% BofAML BB-B Cash Pay High Yield Constrained Index (Hedged) + 50% S&P/LSTA US Leveraged Loan 100 Index (Hedged)
Developed Markets Equity	15% S&P/TSX Capped Composite Index + 85% MSCI World ex Canada Net Index
Emerging Markets Equity	MSCI Emerging Markets Net Index
Private Equity	MSCI All Country World Net Index +200 basis points
Infrastructure and Renewable Resources	6.3% Nominal
Real Estate	6.8% Nominal

7.3 The performance target for the Fund is to achieve an investment return that is equal to or greater than the Fund's total market benchmark on a four-year moving average basis, as calculated by aggregating the return of the policy asset mix on the assumption that each asset class had earned the return of its respective benchmark. Benchmark weights are rebalanced to the policy asset mix on a daily basis.

7.4 For short-term performance attribution purposes, such as four years or less, adjustments will be made to avoid distortions caused by the pricing difficulties and valuation timing lags of the private market asset classes

7.5 The performance objective of active managers is to outperform the respective market benchmark, net of investment management fees and expenses. The performance objective of index managers is to replicate the benchmark index at the least cost. At the total portfolio level, the indices set out in Section 7.2 above are applicable. For market benchmark calculation and performance attribution purposes, more market and manager specific indices may be utilized. However, any such uses shall be disclosed in the Committee's regular reporting to the Board of Directors.

SECTION 8 – OTHER INVESTMENT PARAMETERS

Diversification

8.1 Diversification is an important risk management tool as it reduces the variability of return by spreading risk. A prudent level of diversification will be maintained within each asset class.

Liquidity

8.2 All investments are undertaken with a view of keeping sufficient liquidity to enable the Fund to meet all of its payment obligations as they become due. The Fund shall be constructed with an expected liquidity coverage ratio of at least 18 months while ensuring the liquidity coverage ratio is always at a minimum level of 12 months under stressed market conditions. At any point in time, in the event that the liquidity coverage ratio would decrease under 15 months, the Committee will be notified.

The liquidity coverage ratio is the metric used to measure the Fund's ability to fulfill payment obligations over a 1-year horizon. It is defined as the supply of liquidity divided by the demand for liquidity under stressed market conditions. The supply of liquidity is composed of high-quality liquid assets, asset yield, and maturing assets. Demand for liquidity represents the potential payment obligations the Fund faces that could result in cash outflows or pledging of assets. The ratio is multiplied by 12 and expressed in months.

Categories of Investments

8.3 Subject to the asset classes stipulated in section 7, the Fund may invest directly, or indirectly through derivatives, in the following:

8.3.1 Fixed income instruments including but not limited to: publicly traded debt, asset backed securities, mortgages, and private placement debt;

8.3.2 Equity instruments including but not limited to: publicly traded shares, common stock equivalents, income trusts, depository receipts, exchange traded funds, convertibles, warrants, and private placement equities;

8.3.3 Real estate and infrastructure instruments including but not limited to: real estate unit trust, shares and properties.

8.3.4 Currency instruments including but not limited to: spot, future, forward and option contracts.

8.3.5 Investments other than those specified above, provided such investments are in compliance with the requirements of the "Other" asset class set out in section 6.1 of this SIPG.

Currency Hedging

8.4 Major foreign currency exposures derived from the Credit, Mortgages, Real Estate, and Infrastructure & Renewable Resources asset classes are hedged, while allowing for valuation lags which limit the ability to be perfectly hedged in practice. When creating the hedging strategies for these asset classes, the Managers consider their underlying economic exposures as well as the currencies of funding for the investments. Major foreign exposures include United States Dollar, Euro, Japanese Yen, British Pound, Australian Dollar, New Zealand Dollar, Swiss Franc, and Singapore Dollar).

To take advantage of shorter-term market conditions, the Managers have discretion to tactically increase or reduce the major foreign currency hedges within +/- 10 percent of the aggregate hedge ratios at the total portfolio level.

Hedging of all other foreign currency exposures the Fund is exposed to remains at the discretion of the Managers.

Use of Derivative Instruments

8.5 Subject to the rules contained in this SIPG, forward contracts, futures contracts, options, swaps, exchange traded funds, share purchase warrants, share rights and other derivatives of otherwise permissible categories of investments may be used subject to the prior approval of the Committee, and only in a manner consistent with the guidelines approved by the Committee.

8.6 Derivatives may be used:

(i) to reduce risk as part of a hedging strategy;

(ii) to replicate the performance of interest rates or capital market indices, either alone or in combination with actual securities;

(iii) to improve operational efficiencies such as lowering the transaction costs of an asset shift through the temporary substitution of the underlying asset transaction with the buying or selling of index futures;

(iv) to generate covered call income;

(v) as part of a currency overlay strategy.

8.7 Derivatives may not be used to create asset mix positions contrary to the asset mix ranges, or to create risk positions materially inconsistent with the risk budget, as set out in this SIPG.

8.8 This section applies to assets invested directly by the Fund, and to investments made indirectly via pooled funds, segregated funds, mutual funds, unit trusts, limited partnerships and other investment vehicles in which derivatives are used.

Securities Lending

8.9 The Fund may lend its securities, or participate in pooled funds that lend securities, provided that:

(i) the loan is secured by collateral that has a market value at least equal to or greater than the market value of the loaned securities;

(ii) the securities lending agent provides an indemnity for losses relating to a borrower failing to return securities on loan;

(iii) the loan and collateral are valued daily on a ‘mark to market’ basis;

(iv) the collateral consists of highly liquid and marketable securities under normal market conditions; and

(v) the loans meet the terms and conditions of BCI’s Securities Lending Program.

Encumbrances

8.10 For the purpose of this SIPG, the definition of encumbrances shall include pledges and the use of the Fund’s assets as security for borrowing. The following are not considered to be encumbrances:

- Commitments to purchase assets at future prevailing prices and terms (e.g., commitments for private equity, infrastructure and renewable resources, real estate, mortgages or private debt)
- Limitations in selling assets due to illiquidity or operational efficiencies (e.g., private equity, infrastructure and renewable resources, real estate, mortgages or private debt)
- Using derivatives as described in Sections 8.5 to 8.8 above
- Standard indemnifications in the ordinary course of business (e.g., indemnification clauses in real estate transactions)

8.11 Within the Real Estate asset class, up to 55% of the real estate portfolio may be encumbered.

8.12 Within the Mortgage asset class, up to 40% of the mortgage portfolio may be encumbered.

8.13 For all other asset classes, up to 1% of the market value of the Fund's total assets may be used as security for encumbrance against any one investment project.

8.14 In total, no more than 15% of the market value of the Fund's total assets may be encumbered.

8.15 With the exception of the Real Estate asset class and the exclusions stated in Section 8.10 above, all encumbrances will be reported to the Board of Directors on a semi-annual basis.

8.16 Encumbrances may not be used to create asset mix positions contrary to the asset mix ranges, or to create risk positions inconsistent with the risk budget as set out in this SIPG.

Compliance

8.17 It is recognized that the requirements and guidelines in this SIPG may not be complied with entirely, nor are they enforceable, to the extent that the Managers elect to invest indirectly via pooled funds, segregated funds, mutual funds, unit trusts, limited partnerships and other investment vehicles. In those cases, and to the extent possible, the Managers will invest in funds and investment vehicles that best meet these constraints, and where the investment policy and guidelines are not materially inconsistent with this SIPG.

8.18 Any breach to the guidelines established in Section 8 shall be immediately reported to the Board of Directors.

Section 9 - Valuation of Investments

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

9.2 Investment in pooled funds comprising publicly traded securities will be valued according to the unit values calculated at least monthly by the Managers. The Managers of the pooled funds will be responsible for reporting the unit values on a monthly basis.

9.3 As a general rule, all investments should be priced based on external sources on an ongoing basis. However, in some cases, obtaining on-going market pricing may be prohibitively expensive. These assets will be valued less frequently, but at a minimum, at least once a year.

9.4 Any assets that cannot be marked-to-market on a regular basis, such as private equity, shall have their value determined in accordance with valuation policies that are in accordance with standard industry practices.

Section 10 - Voting Rights

10.1 The Committee may delegate WorkSafeBC's voting rights in financial instruments to the Managers and shall instruct the Managers to act in the best interest of the Fund when exercising such voting rights.

10.2 The Managers will provide the Committee with copies of their corporate governance guidelines and at least once a year the Managers will submit to the Committee their voting record.

Section 11 - Conflicts of Interest And Code Of Conduct

11.1 **Application and Delivery**

11.1.1 Application: This SIPG applies to:

(i) the Board of Directors;

(ii) the members of the Committee;

(iii) all employees of WorkSafeBC that are engaged in the management of the Fund.

11.1.2 Delivery: The Chief Financial Officer or designate shall provide a copy of this SIPG to each party to whom it applies and who is actively involved in the administration of the Fund. However, the failure of the Chief Financial Officer or designate to provide the SIPG shall not excuse such party for placing themselves in a conflict of interest or for failing to disclose a conflict of interest.

11.2 All the parties in 11.1.1 shall follow and adhere to the Code of Conduct and Conflict of Interest Guidelines that are adopted and maintained by the Board of Directors and documented in the Board of Directors Manual.

11.3 Record keeping: The Committee shall maintain a conflicts of interest register. The register shall contain all disclosed conflicts of interest including applicable details and the related assessment and decision. This register shall be provided to the Board of Directors at the annual review.

11.4 The Managers are expected to comply with standards that are at least as stringent as the CFA Institute's Code of Ethics and Standards of Professional Conduct, and Asset Manager Code of Professional Conduct.

Appendix A – Transition Schedule and Interim Ranges[1]

ASSET CLASS	APRIL 1, 2022			APRIL 1, 2023			APRIL 1, 2024			APRIL 1, 2025 (POLICY ASSET ALLOCATION)		
	Min (%)	**Policy (%)**	*Max (%)*	*Min (%)*	**Policy (%)**	*Max (%)*	*Min (%)*	**Policy (%)**	*Max (%)*	*Min (%)*	**Policy (%)**	*Max (%)*
Money Market	-	**2**	*7*	-	**2**	*7*	-	**2**	*7*	-	**2**	*7*
Government Bonds	*6*	**14**	*22*	*5*	**13**	*21*	*4*	**12**	*20*	*4*	**12**	*20*
Credit	*6*	**9**	*12*	*7*	**10**	*13*	*7*	**10**	*13*	*7*	**10**	*13*
Mortgages	1	**4**	*7*	1	**4**	*7*	*1*	**4**	*7*	*1*	**4**	*7*
Total Fixed Income	*21*	**29**	*37*	*21*	**29**	*37*	*20*	**28**	*36*	*20*	**28**	*36*
Developed Market Equities[1]	*19*	**29**	*39*	*16*	**26**	*36*	*15*	**25**	*25*	*13*	**23**	*33*
Emerging Markets Equities	*1*	**4**	*7*	*1*	**4**	*7*	*1*	**4**	*7*	*1*	**4**	*7*
Private Equity	*6*	**10**	*14*	*7*	**11**	*15*	*8*	**12**	*16*	*8*	**12**	*16*
Total Equities	*35*	**43**	*51*	*33*	**41**	*49*	*33*	**41**	*49*	*31*	**39**	*47*
Real Estate	*12*	**17**	*22*	*13*	**18**	*23*	*13*	**18**	*23*	*13*	**18**	*23*
Infrastructure & RR	*8*	**11**	*14*	*9*	**12**	*15*	*10*	**13**	*16*	*12*	**15**	*18*
Total Real Assets	*20*	**28**	*36*	*22*	**30**	*38*	*23*	**31**	*39*	*25*	**33**	*41*

Notes:

[1] The transition is effective December 1, 2021. For a maximum period of four months, the asset class benchmark weights will be set daily based on the Fund's actual portfolio weights. In addition, within the Developed Market Equities allocation, weightings for the S&P/TSX Composite Index and the MSCI World ex-Canada Net Index will be set daily based on the Fund's actual portfolio weights to these regions. Thereafter, the transition schedule and benchmark framework above will apply.