

Related Party Transactions Review Policy

FINANCIAL SERVICES



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March 1, 2016

OVERALL PRINCIPLES

OMERS may enter into related party transactions in the course of managing investments or administering the plans. When we do, we take extra steps to confirm that these Related Party Transactions are in the best interests of plan members.

Designated Related Party Transactions are a subset of Related Party Transactions that, due to the parties involved, require specific additional safeguards to be undertaken. Special approvals are required for such transactions.

The evaluation of these transactions focuses on whether they are in the best interests of OMERS plan members and are viewed in that way by our constituents.

This Policy provides specific requirements that shall be undertaken for Related Party Transactions and Designated Related Party Transactions.

For the purpose of this Policy OMERS is comprised of OMERS Administration Corporation (OAC) and its Business Units.

This Policy applies to transactions across OMERS. It does not apply to transactions within portfolio companies.

Next scheduled date for review:	March 2019
Frequency of review:	3 years

Related Party Transactions

OMERS considers general legal requirements, including those set out in the *Pension Benefits Act*, the *Federal Investment Regulations* ("FIR") or the *Income Tax Act*, for each transaction as part of our normal investment process. These requirements include specific rules about Related Party Transactions. The evaluation of Related Party Transactions under these rules is undertaken by the Legal team, and Tax team as applicable, assigned to the transaction.

This evaluation is evidenced by professional advice and is noted on transaction compliance checklists.

Designated Related Party Transactions

In addition to these requirements, OMERS has special safeguards for a specific subset of Related Party Transactions called Designated Related Party Transactions. Designated Related Party Transactions are transactions where OMERS:

- (i) acquires or disposes of an investment asset
- (ii) enters into a borrowing or lending transaction, or
- (iii) enters into a transaction to outsource an investment management, IT or pension processing function,

when the transaction is between OMERS on the one side and any of the following persons, directly or indirectly, on the other side:

- a) current or past (within 24 months) OAC Board member, SC Board member or Business Unit board member
- b) current or past (within 24 months) officer or employee of OMERS
- c) family member of an individual listed in a) or b), defined as:
 - their spouse, domestic partner or child
 - children of that person's spouse or domestic partner, or

- dependants of that person or that person's spouse or domestic partner
- d) an entity that is directly or indirectly controlled (as defined in the FIR) by an individual referred to in paragraphs a), b), or c)
- e) an entity in which an individual referred to in paragraphs a), b), or c) directly or indirectly has a substantial investment (as defined in the FIR) or
- f) any entity that has appointed a member to the SC Board or nominated a member of the OAC Board.

OMERS Capital Markets' normal course purchase or sale of equity or debt securities on a "published market" (as defined in Multilateral Instrument 61-101) is not considered a Designated Related Party Transaction for the purposes of this Policy. The use of former employees as individual independent contractors to provide technology services does not constitute an "outsourcing" transaction for the purposes of this Policy.

Where there is uncertainty as to whether a transaction is a Designated Related Party Transaction, the EVP & General Counsel shall be consulted.

Additional Safeguards

The following additional safeguards shall be applied to Designated Related Party Transactions:

- i. General Counsel Oversight – the proposed transaction shall be referred to the EVP & General Counsel for oversight of the process
- ii. Advisors – the approving body may engage, where it determines appropriate, independent legal, valuation, financial or other advisors to advise it in connection with the approval
- iii. Recusal – any member of an approving body who has an actual or potential conflict shall recuse him or herself from the process
- iv. Submission Materials – materials submitted to an approving body shall specifically identify the related party issue, the rationale for undertaking the transaction and a description of the additional safeguards undertaken, and
- v. Commercial Terms – the approving body shall be satisfied that the transaction is on commercially reasonable terms which are no less favourable to OMERS or the Business Unit than general market terms and is in the interests of OMERS plan members

Approving Designated Related Party Transactions

The Transaction Approval Committee (TAC) will review, and, if appropriate, approve all Designated Related Party Transactions with a total value up to:

- \$5,000,000 for outsourcing transactions, and
- \$25,000,000 for other transactions

The OAC Board will review and, if appropriate, approve all Designated Related Party Transactions above these thresholds.

Any Designated Related Party Transaction that involves any SET member, his or her family member or any entity controlled by or in which such person(s) has a substantial investment, will be approved by the OAC Board, regardless of the value of the transaction.

Where TAC has approval authority over a Designated Related Party Transaction, the TAC Chair shall provide a copy of the TAC submission materials to the OAC Board Chair and the Chairs of the Governance Committee and the Investment Committee for information at the same time the materials are provided to TAC.

The approving body may impose terms and conditions on its approval as it considers appropriate.

TAC may approve follow-on transactions up to the aggregate limits described above, provided that there are no additional related party issues to those addressed in the initial approval.

Exceptions

All exceptions to this Policy shall be referred to the EVP & General Counsel who in turn will advise the Policy Sponsor. The OAC Board will approve any exception to this Policy.

Responding to Incidents of Non-Compliance

The Policy Monitors are responsible for identifying incidents of potential non-compliance under this Policy based on established procedures and reporting such incidents to the Policy Sponsor through the Policy Manager.

Monitoring and Reporting

At each regularly scheduled OAC Board meeting:

The CFO will report to the OAC Board on all Designated Related Party Transactions approved by TAC, if any, since the last OAC Board meeting.

By March 31 following the end of each financial year: The General Counsel will prepare a report of all Designated Related Party Transactions entered into during that financial year with a value in excess of CAD\$5,000,000, and make any disclosures available either through the OMERS Annual Report or via its public website.

ROLES & RESPONSIBILITIES

Policy Approver	OAC Board of Directors	Responsible for approving the Policy
Policy Sponsor	Chief Financial Officer	Ultimately accountable for the Policy, including its development, implementation and administration
Policy Manager	EVP & General Counsel	Responsible for the design and operational effectiveness of the day to day administration of the Policy
Policy Monitors	OAC - SVP & Associate General Counsel Oxford & OSI - EVP Legal OPM - EVP Legal IOA - Director, Legal	Responsible for the monitoring, compliance and reporting functions of the Policy