



MANAGEMENT EMPLOYEES PENSION PLAN INVESTMENT POLICY

Management Employees Pension Plan (MEPP) Investment Policy (IP)

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1 Overview

1.1 Purpose of the Investment Policy

The primary purpose of this Investment Policy (the IP or the Policy) is to clearly outline the policies, procedures and goals as established by the Management Employees Pension Board (the Board) in order to ensure the Fund is invested and managed in a prudent manner in accordance with current, accepted pension governance practices incorporating an appropriate level of risk.

This IP, along with the Funding Policy and the Enterprise Risk Management (ERM) Policy, provides a framework for the Board's administration and oversight of the Plan.

The President of Treasury Board and Minister of Finance (the Minister) and the Board have a fiduciary obligation to act in the best financial interest of the Plan's beneficiaries and to exercise the highest standard of care and diligence.

In accordance with the Operating Protocol between her Majesty (the Government of Alberta) and the Board, the Board is responsible for setting the investment policy. The Board must address (but is not limited to):

- a) Investment objective of the Plan Fund;
- b) Selection of benchmarks;
- c) Risk tolerance;
- d) Constraints and guidelines on investments;
- e) Asset range and suitable classes of investments; and
- f) Voting proxies.

The Board's Statement of Investment Principles and Beliefs is outlined in Section 2.

1.2 Governance

The Plan is established and operates under Alberta Legislation:

- the *Public Sector Pension Plans Act (Alberta)* (the Act)
- the Public Sector Pension Plans (Legislative Provisions) Regulation (the Regulation)
- the Management Employees Pension Plan Regulation (the Plan Rules)
- the *Financial Administration Act (Alberta)* (the FAA)
- the *Income Tax Act (Canada)* and *Regulations* thereunder (the ITA)
- the *Employment Pension Plans Act (Alberta)* and *Regulations* thereunder (the EPPA)
- the *Alberta Public Agencies Governance Act* (APAGA)

The Minister holds, in trust, the assets of the Plan. The creation of the Board, its structure and its objectives, are provided in the Act and the Regulation. The Board is responsible for establishing the general policy guidelines on the investment and management of the Fund.

The Board is responsible for oversight of the investments of the Fund. In 2000, the Board established its Investment Committee (the Committee) to monitor the investment performance of the Management Employees Pension Plan (MEPP) Fund and to make recommendations to the Board. The Board and its Committee operate within set terms of reference, as outlined in Appendix 3.

The Board entered into a Memorandum of Understanding with the Minister (the Operating Protocol (OP)) that outlines the mutual understandings of the Board and the Province of Alberta and addresses the operational details of the investment services required by statute. As per legislation, the Board establishes the MEPP IP and the Minister, in turn, has a duty to

invest the assets in accordance with the Board's IP and applicable legislation. The OP is included as Appendix 4.

Alberta Investment Management Corporation (AIMCo) is responsible for providing investment management services to the Minister as Trustee of the Fund. AIMCo invests and manages the assets of the Fund in accordance with the MEPP IP, the Investment Management Agreement between the Minister and AIMCo, and the investment provisions of the EPPA, ITA and FAA, as appropriate.

No part of the Fund shall be loaned to any person, partnership or association except as may be determined permissible by the Board in Section 4.1 (Permitted Investments) or as eligible investments as described in Section 4.1.3 (Securities Lending).

In 2017, the Board formalized the MEPP Enterprise Risk Management (ERM) Policy, which provides the framework and process for identifying and managing key risks, both investment and non-investment, to MEPP. As a part of the ERM framework, the Board completed a Risk Appetite Statement to articulate the level and type of risks that are acceptable for MEPP. The investment risk appetite is a key consideration when reviewing the Fund's investment policies, including the target asset mix. A Funding Policy is also established to provide guidelines on funding requirements and guidance for making actuarial valuation and contribution recommendations. The IP aims to ensure alignment with these policies.

1.3 Compliance with this Investment Policy

In the event that AIMCo is not in compliance with the Policy, AIMCo is required to advise the Board, in writing, within seven (7) calendar days of any violation or breach in the risk bands. This applies to violations against both boundaries, maximum and minimum risks as outlined in this IP. AIMCo will provide a report to the Board within 14 days of identifying the non-compliance issue (7 days after notifying the Board). The report should include a briefing detailing the nature of non-compliance and describe the action taken or recommend a course of action to either remedy the situation or revise the Policy, as appropriate.

AIMCo will also complete and sign a compliance report each quarter that indicates whether or not the portfolio was in compliance with the IP during the quarter. The Fund invests in several pooled funds established by AIMCo, which have separate investment policies. Should a conflict arise between the provisions of this IP and the provisions of the pooled fund's investment policy, AIMCo is required to notify the Board and Board staff in writing within seven (7) calendar days, and provide a report within 14 days (7 days following notification) detailing the nature of the conflict and AIMCo's recommended course of action as appropriate.

1.4 Background

The Plan was originally established in 1972 as the Public Service Management Pension Plan for managers within the public service of Alberta and approved agencies, boards and commissions. In 1992 this plan was divided into two separate plans: members who left the plan or retired prior to August 1, 1992 and those who had 35 years of pensionable service by this same date became members of the Public Service Management (Closed Membership) Pension Plan (the Closed Plan); active members as at August 1, 1992 became members of MEPP. Funding for the Closed Plan is the responsibility of the Government of Alberta. This IP applies only to the assets held under MEPP.

1.5 Plan Profile

The Plan is a contributory defined benefit pension plan financed by mandatory Plan member and employer contributions and investment earnings. Plan members are eligible to retire under the Plan once they have attained age 55 and have at least 5 years of pensionable service. The normal form of the annual unreduced pension is 2.0% of the member's highest average 5 years

of pensionable salary multiplied by the number of years of pensionable service. The Plan also provides an annual cost-of-living adjustment based on 60% of the Alberta Consumer Price Index (CPI) to both deferred pensions and pensions-in-pay.

2 Statement of Investment Beliefs (SIB)

2.1 Purpose

The purpose of the Statement of Investment Beliefs (the SIB) is to provide the basis for the Investment Policy of the Management Employees Pension Plan. The Plan's IP is pursuant to the *Alberta Public Sector Pension Plans Act*.

2.2 The Plan

The Plan is a contributory defined benefit pension plan which is funded by both employer and employee contributions. The purpose of the Plan's fund (the Fund) is to fulfill the pension obligation to current and future retirees, which includes an annual cost of living adjustment. The risk is that the Fund's assets are insufficient to meet the Plan's liabilities and that contribution rates which exceed the current service costs may be required. The Plan is expected to continue in the long term and therefore can tolerate some volatility in the short and medium term. In the long term, investment returns and member contributions are expected to provide sufficient assets for current service and unfunded liabilities, to meet future pension payments and Fund expenses.

The Board reviews its ERM Policy annually and provides direction on risk appetite and tolerance. The Statement of Investment Beliefs aims to align the Board's risk appetite and tolerance for systematic risks, with the implementation of the Investment Policy.

2.3 Financial Market Beliefs

The Board believes that:

- 2.3.1. asset mix decisions are the primary determinant of risk and return;
- 2.3.2. effective diversification by asset class and geographic regions can provide superior risk-adjusted investment returns;
- 2.3.3. there is a relationship between risk and return; to achieve higher returns requires taking higher risk;
- 2.3.4. returns from equities will outperform fixed income investments; this will compensate for the mismatch risk versus the Plan's liabilities;
- 2.3.5. inflation-sensitive assets are seen as an appropriate alternative to traditional Fixed Income assets, given the low interest rate environment, risk tradeoffs and because they provide a partial hedge of the plan's inflation sensitive liabilities. This is shown through Surplus at Risk (SaR) provided by AIMCo;
- 2.3.6. fixed income assets provide liquidity and cash flow and assist with reducing the volatility of investment returns;
- 2.3.7. over the long term, currency exposure is neutral and should not add or detract value to the Fund; however, over the short term, currency exposure can either act as a diversifier or increase the volatility of returns;
- 2.3.8. market inefficiencies create opportunities to enhance returns and reduce risk; and
- 2.3.9. investment management fees, transaction and administration costs impact returns and require effective management.

2.4 Risk Management Beliefs

The MEPP IP provides the long-term asset mix targets and minimum and maximum allocations to each asset class.

The Board believes that:

- 2.4.1. the long-term asset mix policy should provide for the prudent management of the Fund;
- 2.4.2. the long-term asset mix should provide a return of at least equal to the long-term increase in the Plan's liabilities;
- 2.4.3. the long-term asset mix should not permit high levels of risk which in the long-term could cause high levels of volatility and uncertainty;
- 2.4.4. surplus risk is the most important risk for the Plan and that the asset mix drives the surplus risk;
- 2.4.5. risk measurement is useful but not a substitute for risk management. A compliant investment risk measure should be viewed as one part of a much broader risk management process that looks to encompass all risks faced by the organization;
- 2.4.6. the Board also manages risk of the Fund by establishing the maximum risk to which the Fund should be exposed through both active management of the asset mix and other active management decisions made by AIMCo; and
- 2.4.7. it should monitor the performance and risk of the Fund through a regular review of performance, investment management fees and costs.

2.5 Investment Manager Beliefs

The Board believes that:

- 2.5.1. effective implementation strategies can improve net returns and reduce the risk of the Fund;
- 2.5.2. active investment management can add value to market returns; and
- 2.5.3. AIMCo should be delegated the authority to make tactical decisions with respect to the investment of Fund assets.

Given these beliefs:

- AIMCo is expected to manage the Fund assets in accordance with the provisions of the IP;
- AIMCo is expected to have the knowledge and expertise to prudently manage the Plan assets and should be allowed to select investment strategies, both traditional and alternative, that they deem appropriate and implement them in an efficient and cost-effective manner;
- AIMCo's skills should be used to opportunistically manage the asset mix in accordance with the minimum and maximum ranges contained in the IP; and
- the Board will assess AIMCo's performance through an assessment of value added investment performance and achievement of other objectives.

2.6 Review and Approval

The Board believes that the long-term asset mix policy should be dependent on the funded status and liabilities of the Plan, and that the policy should be reviewed annually to ensure that it reflects the beliefs of the Investment Committee and the Board.

3 Investment Objectives and Risk Tolerance

The Investment Policy is directed toward long-term growth of the Fund in order to meet the pension obligation. In order to pay Plan benefits as described based on the liability cash flows provided by the Plan Actuary, the Plan may fund the payments through contributions, investment income, or asset sales. AIMCo will regularly report portfolio yield by Total Fund and the Policy Asset Classes. (*Yield is the income percentage generated by the portfolio, coupon interest and dividends received from investments plus distributions from alternative investments such as Real Estate, Infrastructure, etc.*)

As the Plan matures, the Board manages the risk of not having sufficient cash on hand to meet current Plan benefit payments by holding at least 35% of the plan's assets in Liquid Assets. Liquidity requirements will be reviewed annually upon the receipt of Cash Flow projections from the Plan's Actuary. These are used in the process to review and set the asset mix.

3.1 Investment Objectives

- The primary investment objective is to achieve a rate of return of Canadian Consumer Price Index + 4.5% (CPI + 4.5%) per annum as determined to be the long-term return objective of the Plan. This objective should be viewed as an average annual compound rate over one or more capital market cycles, i.e. over a four-year period.
- The secondary investment objective is to add value over the return that could have been earned from a portfolio of passive investments of 75 basis points (bps) net of fees. This will be measured over moving four-year periods by comparing the Fund return to the Composite Benchmark (the Plan Benchmark) return which is based on the normal allocation to the benchmark index of each asset class. Any value-added target, net of fees, for each asset class should be clearly identified by AIMCo.
- The fund's relative performance objective is to rank 40th percentile or better when compared to a representative sampling of funds.
- An overall analysis of Fund performance and risk characteristics shall be prepared and reviewed by the Board quarterly. This will include an evaluation by total Fund, asset class and mandates against objectives, the overall level of investment risk and the use of investment risk to earn reward. It will be expected that the investment returns for each component should consistently add value to the appropriate index return on a four-year moving average basis; and
- Results below the minimum, or consistently below the secondary investment objective, will require detailed explanation by the Manager.

3.2 Risk Tolerance

- Risk management involves both qualitative and quantitative assessments and decision-making. The use of quantitative tools for measuring and reporting on risk is only one part of the overall risk management program. Value at Risk (VaR), Surplus Value at Risk (SaR) and Active VaR are used as risk management tools by the Board and AIMCo, and they are used to supplement—not replace—other risk management activities.
- VaR is a metric that provides a measure of the potential loss that could occur with a 5% likelihood over a one-year period.
- SaR is a metric that provides a measure of the extent of the investment risk mismatch between the assets and liabilities of the Fund. This metric is the relationship between the actual Fund investment risk and the investment risk of the Fund's liability proxy portfolio. The liability proxy portfolio is constructed from the liability cash flows calculated by the Plan Actuary for an actuarial valuation.
- Active VaR is a metric that provides a measure of the extent of the investment risk mismatch between the assets of the Fund and the Fund's benchmark portfolio.
- AIMCo is responsible for monitoring and reporting the VaR, SaR, and Active VaR at which the portfolio is being operated, to the Board.

When AIMCo considers it appropriate, AIMCo is permitted to operate the portfolio in the VaR and SaR yellow ranges. If the portfolio's VaR or SaR is in the yellow range, AIMCo will provide an explanation to the Board as to why the portfolio is being operated in the yellow range at the next regular reporting point.

AIMCo should not operate the portfolio's VaR or SaR beyond the limits of the yellow range, and will promptly notify the Board whenever the portfolio's VaR or SaR exceed that range, the prudence of doing so at this point together with an estimate as to when the portfolio will be within the green or yellow range, and an assessment of the financial risks to the Plan for being outside of the yellow range. If in the opinion of AIMCo, within a reasonable time frame or given market circumstances, AIMCo cannot or should not operate the portfolio in the yellow or green range, then AIMCo will promptly notify the Board and will recommend an appropriate course of action.

Risk Limit Ranges at 95% Confidence Interval:

	VaR Range	SaR Range
Green - Desirable	Less than 9.7%	Less than 17.0%
Yellow - Warning	9.7% to 11.1%	17.0% to 19.6%

- The risk limits for Active VaR are outlined in the table below. The Board is responsible for setting the Active VaR target and ranges.

AIMCo is responsible for monitoring and reporting Active VaR and any breaches to the ranges outlined below.

Active VaR	Range
Green - Desirable	0.0% to 2.0%
Yellow – Warning	2.0% to 3.0%

- For the purpose of this IP, investment risk is being defined in terms of the potential for expected loss and not the volatility of return. VaR is a metric that provides a measure of this expected loss potential and VaR will be used to report and monitor investment risk. The Plan investment risk will be monitored on an absolute and relative basis.
- The risk parameters are set based on a review of outputs from AIMCo's risk system. These parameters shall be reviewed annually or whenever AIMCo implements significant changes to its risk system.

4 Investment Guidelines

4.1 Permitted Investments and Constraints (asset class descriptions)

Permitted Investments are qualified investments under the prudent person rule and are defined in the FAA as amended from time to time as "investments that adhere to investment and lending policies, standards and procedures that a reasonable and prudent person would apply in respect of a portfolio of investments to avoid undue risk of loss and obtain a reasonable return." The investments of the Fund must also be in compliance and recognized as qualified investments under the applicable legislative provisions.

4.1.1 Permitted Investments

Permitted Investments include investments through units of any AIMCo investment fund as approved by the AIMCo Board of Directors, provided that such vehicles conform to this Policy. The Fund invests in several investment funds, which have separate and independent investment policies. Should a conflict arise between the provisions of this Policy, and the provisions of the investment fund's investment policy, the investment fund's investment policy shall apply. However, AIMCo is required to promptly notify the Board in writing, detailing the nature of the conflict and AIMCo's recommended course of action.

4.1.2 Maximum Quantity Restrictions

It is expected that when making tactical investments, AIMCo will take into consideration diversification, factor exposures, liquidity and credit quality within the context of both specific markets and of the total Fund.

4.1.3 Securities Lending

The investments of the Fund may be loaned for the purpose of generating revenue for the Fund.

4.1.4 Currency Hedging

The Board has a non-hedged benchmark for foreign investments. This is in accordance with Section 6(3), Schedule 5 of the *Public Sector Pension Plans Act*. It is expected that when making tactical investments, AIMCo will consider the impact of foreign currencies based on AIMCo's analysis on diversification, factor exposures, liquidity, and credit quality within the context of both specific markets and of the total Fund.

4.1.5 Hedge Funds

Hedge Fund investments are considered part of Public Equity and an allocation would be included under the total allocation to all publicly traded equity asset classes. Any pool that includes hedge funds must be reported separately from other pools. That total allocation to Hedge Funds should not exceed 15% of total Fund assets.

4.1.6 Opportunistic Investments

There may be opportunities available for the Investment Manager to fund certain investments with an attractive risk/return profile that are outside the asset classes listed in Section 5.0 (Asset Mix). The Board provides the Investment Manager with the discretion to make these opportunistic investments and recognizes that they will displace the asset allocation of Section 5.0 (Asset Mix), and that these opportunistic securities will inherit the benchmark of the displaced asset. All opportunistic securities will be within the limits of the equity sector class asset guidelines, unless specifically agreed to by the Board. AIMCo will notify the Board whenever such a transaction occurs. The Board further recognizes that the Investment Manager may not be able to readily dispose of these opportunistic investments due to the potential illiquid nature. A maximum of allocation at the market value of **2.0%** of the total fund is set for these opportunistic investments.

4.2 Benchmarks

The return on each asset class is measured against a market benchmark for that asset class. The returns of the Fund are calculated using market values derived from independent pricing sources, namely the Fund's custodian. Returns are daily time-weighted so that cash flows have a minimal effect on return numbers. All income is included on an accrued basis. Return

calculations should be consistent with the Global Investment Performance Standards (GIPS) as established by the CFA Institute.

4.3 Benchmarks for Asset Classes

Security Class	<u>Benchmarks</u>	Asset Mix
	AIMCo Benchmark	Target (%)
Money Market and Fixed Income		15.0
Money Market	FTSE TMX Canada 91-Day T-Bill Index	0.0
Universe Bonds	FTSE TMX Canada Universe Bond Index	6.0
Mortgages	FTSE TMX Canada Universe Bond Index	4.0
Long-Term Bonds	FTSE TMX Canada Long-Term All Government Bond Index	0.0
Private Debt	FTSE TMX Canada Universe Bond Index	5.0
Inflation Sensitive and Alternative		30.0
Real Estate	Private Real Estate (PREP-GV/PX): REALpac/IPD Canadian All Property Index – Large Institutional Subset	15.0
Infrastructure and Timberlands	Foreign Real Estate Pool (FREP-GV/PX): Global Region IPD Quarterly Property Index Equal Weighted Consumer Price Index (CPI) plus 450 basis points (bps) (5-year Rolling Average)	15.0
Real Return Bonds	FTSE TMX Canada Real Return Bond Index	0.0

Security Class (Cont.)	<u>Benchmarks</u>	Asset Mix
	AIMCo Benchmark	Target (%)
Equities		55.0
Canadian Public	S&P/TSX Composite Total Return Index	10.0
Global Public	MSCI World Index	40.0
Emerging Markets Public	MSCI Emerging Markets Free Net Total Return Index	0.0
Private Equity	Consumer Price Index (CPI) plus 650 basis points (bps) (5-year Rolling Average)	5.0

* AIMCo is required to report private equity performance under both CPI + 650 bps (5-year rolling average) and MSCI All Country World Net Total Return Index

4.4 Proxy Voting

The responsibility of exercising and directing voting rights acquired through Fund investments shall normally be delegated to the Manager, who shall at all times act prudently and in the best interest of the Fund.

AIMCo is to annually present to the Board on the proxy voting activities of the previous year, highlighting when proxies cast were against management for material positions or considered to have been controversial.

4.5 Conflicts of Interest

The Board shall, in the execution of their responsibilities, adhere to the Board's Code of Conduct policy and Conflict of Interest policy, as amended from time to time.

4.6 Leverage, Permitted Borrowing and Derivatives

4.6.1 Leverage

Leverage may be employed in connection with the investment of the Funds, provided that:

- a) such leverage may only be employed insofar as permitted by applicable laws and regulations, including without limitation the *Employment Pension Plans Act* (Alberta);
- b) AIMCo has given due consideration to the risks associated with the use of leverage in the circumstances;
- c) AIMCo has established appropriate risk control measures in respect of the use of leverage; and
- d) the employment of leverage does not violate the risk constraints for the Plan.

4.6.2 Derivatives

The use of derivatives and synthetic securities is permitted for the purpose of managing risk, liquidity and transaction costs, or enhancing returns in a manner consistent with the overall investment policies, risk tolerance of the Fund and all applicable legislation.

5 Asset Mix

The normal mix of the Fund and the range for strategic deviation at any time based on market values is provided in the table below:

Asset Mix Table – Long-Term	(% of Market Value of Fund Assets)		
	Minimum	Policy	Maximum
Money Market and Fixed Income	10.0	15.0	30.0
Money Market	0.0	0.0	5.0
Fixed Income	5.0	10.0	15.0
Universe Bonds	0.0	6.0	15.0
Mortgages	0.0	4.0	6.0
Long Bonds	0.0	0.0	5.0
Private Debt	0.0	5.0	10.0
Inflation Sensitive	20.0	30.0	45.0
Real Estate	7.5	15.0	20.0
Infrastructure	7.5	15.0	20.0
Timberlands	0.0		5.0
Real Return Bonds	0.0	0.0	10.0
Equity	40.0	55.0	62.0
Canadian Equities	5.0	10.0	25.0
Global Developed	15.0	40.0	50.0
Emerging Markets	0.0		5.0
Global Equity Small Cap	0.0		5.0
Private Equity	2.5	5.0	7.5

For the purposes of implementing the asset mix, Timberland is considered a sub-category of Infrastructure; Emerging Markets and Global Equity Small Cap are sub-categories of Global Developed; and Universe Bonds, Mortgages, and Long Bonds are sub-categories of Fixed Income. Target allocations have been specified for these sub-categories. The Board sets and allows AIMCo to allocate within the minimum and maximum allocations for these sub-categories.

The Board annually commissions actuarial cash flow projections which become the Plan Liability Proxy against which the asset mix is formally reviewed. AIMCo's expected return and risk assumptions, which include risk considerations for the Plan assets and liabilities, are used to formulate the target asset mix. The target asset mix is provided in the table above and will be the policy against which AIMCo is expected to manage. The Board has allocated to AIMCo the strategic decision of the management structure of the portfolio, with constraints noted by the minimum and maximum ranges in the asset mix policy. The Board expects that AIMCo may tactically adjust the asset mix to increase returns within established risk limits.

During periods of asset mix transition, deviation from the Policy Mix is expected.

6 Accountabilities

6.1 Reporting Requirements

AIMCo will direct all communications to the Board's office through the Plan Board Director. The Plan Board Director will then disseminate the information to the Board in a timely manner.

In the event that AIMCo is not in compliance with the Policy, AIMCo is required to advise the Board, in writing, within seven (7) calendar days of any violation or breach in the risk bands and provide a report to the Board; as noted in section 1.3 (Compliance).

Should a conflict arise between the provisions of this IP and the provisions of the pooled fund's investment policy, AIMCo is required to notify the Board and Board staff in writing within seven (7) calendar days, and provide a report within 14 days (7 days following notification) detailing the nature of the conflict and AIMCo's recommended course of action as appropriate, as noted in section 1.3 (Compliance).

AIMCo shall provide an investment performance report and a strategy review for the Plan portfolio on a calendar quarter basis. The report is viewed as an important communication channel between AIMCo and the Plan and should seek to be informative in both content and detail, in order to assist the Board in meeting its fiduciary duty.

At a minimum, the report shall include details on the investment characteristics of the portfolio and components including both internally and externally managed products. Attribution analysis will examine the impact of asset mix changes and individual security decisions on performance and the Fund's aggregate and factor exposures such as diversification, liquidity, credit quality and leverage. The use and effect of derivatives on the Fund and securities lending should be outlined plus any investments which fall into the Opportunistic Investment Category and have an aggregate portfolio market value in excess of \$10 million. AIMCo should also include any other information which AIMCo believes would aid the Board in its role as a fiduciary.

The Board has also identified specific information in addition to portfolio investment characteristics and performance that should be reported on quarterly:

- a) Bond credits ratings by security type and sectors;
- b) Running yield by portfolio and asset class;
- c) Portfolio Surplus at Risk (SaR) at Confidence Intervals of 95% and 99%;
- d) Value at Risk (VaR) for the Total Fund, Policy and by Asset Class and Benchmarks at the three confidence intervals identified above;
- e) Active VaR for the Total Fund, Policy and by Asset Class at the three confidence intervals identified above;
- f) Investment costs;
- g) Banked asset allocations;
- h) Investment staff changes;

- i) Any changes to AIMCo policies which are referenced in this Investment Policy, which includes but is not limited to the AIMCo Investment Compliance Manual.
- j) Any investment model changes which have the resulting effect of greater than a 5% shift in either the valuation or a 10% shift in risk metrics associated with any of the asset categories listed under the Asset Mix allocations in this Policy. The shift could occur at the inception of the model change, or is likely to result within one year.

On a calendar basis, AIMCo shall report to the Board on:

- a) The investment outlook for the next 12 months including expected asset class returns, volatility estimates and yields;
- b) The money weighted return for the Plan;
- c) An assessment of what went right and wrong in the portfolio over the last 12 months and what changes to the structure and strategy have been made as a result;
- d) A summary of changes to AIMCo products offered and used by MEPP including products added, deleted or changed. Changes would include revisions to product investment strategy and thesis, structure, product description or benchmarks;
- e) Any changes to the proxy voting guidelines that were implemented during the year, plus a summary of proxy votes that were cast against company management;
- f) An update on the organizational structure and personnel changes. The Board considers an investment manager's ability to recruit and retain the necessary skills a key contributor to its overall investment performance;
- g) AIMCo costs and how these costs are managed and allocated to the Board;
- h) The results of any internal financial or process audits;
- i) The results of any external audits on the fair valuation of investments not regularly traded in a market place; and
- j) Any other information as requested by the board.

AIMCo shall also provide a semiannual MEPP Liquidity Report and provide timely responses to the Board's request on an ad-hoc basis.

6.2 Manager Responsibilities

- Manager is engaged under the condition that it agrees to be bound by the Code of Conduct, Ethics and Practices of the CFA Institute.
- Manager shall have a formal conflict of interest policy and shall provide the Trustees with a copy. Written notification of policy changes must be given to the Board along with a description of said changes and an updated copy of the policy.
- A set of guidelines shall be established within which the Manager is expected to operate, including discretion limits, diversification and quality standards, and performance expectations. These guidelines are set out in the AIMCo Pooled Product Descriptions.
- Manager is required to read this IP and shall manage their portfolio in a manner compliant with it. A Manager may make a written request for a change to the IP as it relates to his Mandate. The Board, with the advice of the Consultant, will review the request and provide a written response within four (4) months of receiving a request.
- Manager must submit to the Board a written statement of investment philosophy, indicating how the fund will be generally placed in various categories, or themes of investment, and the manner in which value is expected to be added through active management. The Manager is required to provide the Board with prompt written notice if the investment philosophy, or style, has deviated from the written statement of investment philosophy.
- Manager shall provide prompt written notification of a substantive change in the investment philosophy of the firm, key personnel, the corporate organization, or any other matter that may be deemed to be significant.
- Manager is required to reconcile the total of assets under management as well as the valuation of each security, at book and market value, to the records of the Custodian. This reconciliation is to be carried out no less than quarterly. Differences are to be investigated

and resolved by the Manager. The Manager is to report to the Administration Services Provider and the Consultant regarding any differences.

- The Manager will notify the Board in writing, if at any time, the Manager feels that the performance standards detailed in this IP cannot be met, or contain inappropriate restrictions or inhibits the Manager in meeting his fiduciary duties.
- The Manager is required to provide the Board with a written compliance report at the end of each calendar quarter to confirm compliance with IP guidelines. If for any reason, the Manager or their portfolio is not compliant with this IP, the Manager shall immediately notify the Trustees in writing of the breach in compliance. The Manager will be held accountable for any real financial loss to the Fund resulting from an investment that is not compliant with this IP or which had not been permitted by the Trustees in writing.

6.3 MEPP Board Roles and Responsibilities

The Minister is the Administrator of the MEPP and has delegated certain functions in relation to the administration of the MEPP to Alberta Pensions Services Corporation (APS) including support services to the Board. The Minister is responsible for investing the MEPP fund after taking into consideration the general policy guidelines established by the Board, including this IP, and the applicable provisions of the *Employment Pension Plans Act*. The Minister has entered into an Investment Management Agreement with Alberta Investment Management Corporation ("AIMCo") to provide investment management services to the Minister with respect to the MEPP fund.

7 Administration

- Policy Revisions – the Board will review the policy annually.
- Frequency of ALM studies – the Board conducts a full asset liability study every five years.
- Availability to Members and Stakeholders – the Board will send a copy of the MEPP IP to the President of Treasury Board and Minister of Finance, AIMCo, the Office of Auditor General and post it on the MEPP website (www.mepp.ca).

7.1 Related Party Transactions

AIMCo will not enter into a transaction with a related party unless the transaction is permitted by the EPPA, is required for the operation or administration of the Plan, and the terms and conditions of the transaction are not less favorable to the Plan than market terms and conditions. Investments in any securities of a related party must be permitted by the EPPA and any such securities must be acquired at a public exchange.

7.2 Valuation of Investments Not Regularly Traded In A Market Place

MEPP's investment portfolio includes non-publicly traded investments, such as private equity limited partnerships, joint ventures, other limited partnerships, and certain fixed income securities. AIMCo should use appropriate valuation methodologies to report these non-publicly traded investments at estimated fair value. These non-publicly traded investments should be valued based on factors such as management judgment, recent financial information and other market data and audited by an external auditor on an annual basis.

7.3 Soft Dollars

AIMCo acknowledges that soft dollars belong to the client, may only purchase research with soft dollars if the primary use is in the investment decision making process, not firm management, and must disclose all relevant benefits they receive through client brokerage.

8 Environmental, Social and Governance

The MEPP Board recognizes the importance of investing through a proper Environmental and Social Governance (ESG) framework and receives updates on ESG from AIMCo. It is recognized the AIMCo is a UN Principal of Responsible Investing (PRI) signatory and is expected to provide, at minimum, bi-annual updates on their views and any changes to their policy guidelines on ESG with respect to their investments.

Appendix 1—Table of Benchmark Descriptions

FTSE TMX Canada 91-Day T-Bill Index: An index maintained by FTSE TMX Global Debt Capital Markets (formerly PC-Bond/DEX) that generally reflects the performance of the Canadian money market as measured by investments in 91 day Treasury Bills.

FTSE TMX Canada Universe Bond Index: An index maintained by FTSE TMX Global Debt Capital Markets (formerly PC-Bond/DEX) that tracks the performance of most marketable, domestically issued, Canadian bonds with terms to maturity of more than one year. This index is comprised of Canada's, provincial, municipal and AAA through BBB rated corporate issuers.

FTSE TMX Canada Long-Term All Government Bond Index: This index includes bonds issued by the Government of Canada (including crown corporations), provincial governments (including provincially guaranteed securities), and municipal governments. The index consists of semi-annual pay fixed rate bond issues in Canada and denominated in Canadian dollars, with a remaining term to maturity of greater than ten years. Total returns are calculated daily and are weighted by market capitalization. Bonds included in the index must meet minimum liquidity requirements, as defined by FTSE TMX Global Debt Capital Markets (formerly PC-Bond/DEX).

FTSE TMX Canada Real Return Bond (RRB) Index: An index maintained by FTSE TMX Global Debt Capital Markets (formerly PC-Bond/DEX) that tracks the performance of real return (inflation-linked) bonds issued in Canada with terms to maturity of more than one year and a minimum credit rating of BBB (low).

REALpac/IPD Canadian All Property Index – Large Institutional Subset: An index maintained by Real Property Association of Canada (REALpac) / Investment Property Databank (IPD) that measures the total return from Canada's largest funds which have real estate portfolios.

ICREIM/IPD Canadian Large Institutional All Property Index: An index maintained by the Institute of Canadian Real Estate Investment Managers (ICREIM) / Investment Property Databank (IPD) that measures the total return from six of Canada's largest funds which have real estate portfolios valued greater than \$1.5 billion.

Global Region IPD Quarterly Property Index Equal Weighted: A benchmark for the Foreign Real Estate portfolio, created using Investment Property Databank (IPD) regional indices. The benchmark is calculated by equally weighting the returns of the United States, Western Europe, and the United Kingdom.

5-Year Rolling Average CPI + 450 bps: AIMCo's Board approved 5-year rolling average Canadian Consumer Price Index (CPI) plus 450 basis points as the pool benchmark for AIMCo Infrastructure and Timberland Strategies, effective January 1, 2015. CPI measures the rate of inflation of a basket of consumer products as published by the Bank of Canada.

5-Year Rolling Average CPI + 650 bps: AIMCo's Board approved 5-year rolling average Canadian Consumer Price Index (CPI) plus 650 basis points as the pool benchmark for AIMCo Private Equity strategies, effective January 1, 2016. CPI measures the rate of inflation of a basket of consumer products as published by the Bank of Canada.

S&P/TSX Composite Total Return Index: An index maintained by the Standard & Poor's (S&P) /Toronto Stock Exchange (TSX) Canadian Index Policy Committee that measures the return on the largest companies that trade on the Toronto Stock Exchange. The index is float-weighted and calculated on a total return basis with dividends reinvested.

MSCI World Index: A free float-adjusted market capitalization weighted index is designed to measure the equity market performance of developed markets. The MSCI World Index is maintained by MSCI Inc., formerly Morgan Stanley Capital International, and consists of 23 developed market country indexes: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom, and the United States.

MSCI Emerging Markets Free Net Total Return Index: A free float-adjusted market capitalization index is designed to measure equity market performance of emerging markets. The MSCI Emerging Markets Index is maintained by MSCI Inc., formerly Morgan Stanley Capital International, and consists of the following 23 emerging market country indexes: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Peru, Philippines, Poland, Qatar, Russia, South Africa, Taiwan, Thailand, Turkey and United Arab Emirates.

MSCI All Country World Net Total Return Index: An index is maintained by MSCI Inc., formerly Morgan Stanley Capital International, and designed to measure market equity performance of both developed markets and emerging markets countries across particular regions. It is a free float-adjusted market capitalization index that is calculated on a total return basis, which includes re-investment of net dividends after deduction of withholding taxes.

Appendix 2—Glossary

Agent: a person, company, or business representative retained and entrusted by the Board or Alberta Investment Management Corporation to perform business related to the Plan or the Fund.

Appraisal: a determination of the value, as of a given date, of an investment or investment portfolio.

Asset Allocation: the decision to allocate the Fund among various asset classes such as fixed income, Canadian equities, foreign equities, etc.

Assets: everything a pension fund owns or has ownership in. Asset value grows with successful investment activities, and investment returns are required to successfully fund Plan benefits.

Asset Class Weights: the specific relative proportion of each type of asset represented among the asset classes in the Fund's investment portfolio.

Asset Mix: the percentage distribution among various classes of assets such as bonds, real estate, Canadian equity, and foreign equity.

Basis Point (bps): a basis point is a hundredth of one percent.

BBB: BBB credit rating indicates that there is currently a low expectation of credit risk. The capacity for timely payment of financial commitments is considered adequate; however, adverse changes in circumstances and in economic conditions are more likely to impair this capacity. This is the lowest investment-grade category for bonds.

BB: BB credit rating indicates higher credit risk than a BBB rating and is considered to be below the investment-grade category. BB rated Bonds are less vulnerable in the near-term but face major ongoing uncertainties to adverse business, financial and economic conditions.

Benchmark: a standard, usually an index such as the Standard & Poor's/Toronto Stock Exchange (S&P/TSX,) against which performance is measured.

Benefit Obligations: the obligation of the Plan to pay benefits earned by members and/or their beneficiaries.

Bonds: certificates of indebtedness issued by corporations, municipalities or governments on which the issuer promises to pay a specified amount of interest for a specified length of time and, to repay the loan on maturity or expiration date. A bond purchaser is lending money to the issuer.

Book Value: the value for which an asset was acquired.

Canadian Equities: All securities of publicly traded companies that are listed on the Toronto, Montreal, or Canadian Venture stock exchanges.

Capital Gain: the excess of market value over book value.

Capitalization: the value of a company or index based on the most recent price of one share, times the number of shares outstanding. Companies are sometimes classified according to size of capitalization: large cap, mid cap, small cap. There is no fixed definition of the break points between each of these, and it varies by country. (For example, a large cap company in

Canada could be classified as mid or small cap in the United States.)

Cash: Cash or money market securities with a term to maturity less than one year.

Collateral: property or anything considered to have value, pledged by a borrower to secure a loan.

Currency Overlays: Investments that generate income through active currency trading (primarily utilizing forward contracts) and management. Participation in this investment vehicle is on an unfunded basis. Investments are based on notional amounts where small capital commitment is required for "margin" account only.

Debentures: corporate debt obligations sold as an investment, dated 10 to 40 years to the future. Debentures are usually secured against assets of the company.

Derivative: is a financial obligation that derives its value from the value of one or more other financial instruments.

EAFE (Europe, Australia, and the Far East) Equity: Securities of publicly traded companies located in Europe, Australasia and the Far East.

Emerging Market: an economy in the earlier stages of development whose stock market is not yet of a size to be included in the major International market indices. Examples include China, Turkey and Brazil.

Emerging Markets Public Equity: all securities of publicly traded companies in economies that are in their earlier stages of development. Emerging markets economies have sufficient size and liquidity for institutional investments and are receptive to foreign investments. Examples include Brazil, Russia, India and China.

Fiduciary: a relationship of trust and confidence where one person (the fiduciary) holds or controls property for the benefit of others. The Board holds a fiduciary relationship with respect to Plan members and beneficiaries.

Fixed Income Securities: all bonds, debentures, notes and other debt instruments over one year in term with at least investment grade rating at the time of purchase. The debt issues may be either public offerings, or private placements restricted to institutional investors.

Fund Managers: the entity or body is responsible for investing a pension fund's assets. Alberta Investment Management Corporation, an Alberta Crown Corporation, has been delegated responsibility for managing the Fund. They in turn may hire external managers to manage some pools.

Hedge Funds: encompass a wide variety of investments and trading strategies in private and publicly traded securities with the objective of realizing positive returns independent of market direction.

High Yield: High yield companies have credit ratings below BBB, as determined by the rating agencies. High yield debt can include public and private unsecured notes or debentures, and secured term or bank loans. The low correlation of high yield debt with government and investment grade debt makes high yield a significant portfolio diversifier for fixed income portfolios.

Index: a basket of securities traded on a particular market, as defined by the administrators of that market index. It is often used to measure the total return of the market (capital appreciation

and income). Market index can be used as one standard for measuring performance. Many indices are investable.

Inflation: a rise in the general level of prices of goods and services in an economy over a period of time.

Inflation Sensitive: Any publically traded or privately held investment (both foreign and domestic) whose rate of return or cash flows tend to be positively correlated to an economy's rate of inflation. Commonly cited inflation sensitive assets include, but are not limited to, inflation-linked bonds, private debt, infrastructure, timberlands, commodities, and real estate. As a result, it will be positively correlated with the inflation risk of the Fund.

Investment Earnings: earnings on investments held in the Fund including income and realized gains or losses.

Liability Proxy: A liability proxy is a set of liquid, capital market instruments that react to market events, such as interest rate and inflation changes, in a manner thought to be similar to long-term obligations of the Fund. MEPP updates the proxy annually and uses the 70 year going concern cash flow projections calculated at the end of the previous calendar year as the liability proxy. For asset modeling, the 50 year proxy is used.

Fixed Income: Fixed income investments have low absolute volatility and high correlation to the interest rate risk of the Plan's liabilities. Investments include, but are not exclusive to, short-term securities, universe bonds, long bonds and Canadian and US mortgages. Investments may be publicly traded or privately held.

Money Market Security: a fixed income security that matures within one year from the date of acquisition.

Market Value: the price that would be obtained in the purchase or sale of the asset in an open market under conditions requisite to a fair transaction between parties who are at arm's length and acting prudently, knowledgeably and willingly.

Mortgages: Investments secured directly by real estate, such as conventional mortgages, second mortgages, mezzanine (a loan that is below the first mortgage in priority) investments in real estate projects, subordinated and non-investment grade tranches of commercial mortgage backed securities (CMBS) offerings, B-notes and junior tranches of whole mortgage loans, non-investment grade mortgage bonds and distressed mortgages.

Overlay: A portfolio construction technique where the return and risk of an overlay strategy are added to another portfolio's returns without needing to transact in the underlying investments. To achieve this, the overlay strategy is usually executed with derivative securities on an unfunded basis, where notional exposure exceeds the invested capital. The overlay strategy modifies the risk exposure of the underlying investments.

Passive Management: passive management involves investing to replicate the performance of a given market index such as the S&P/TSX for Canadian stocks.

Private Equities: Institutional offering or private equity placements of companies that appear to have attractive growth prospects and do not exceed a reasonable level of risk.

Private Placements: private placement of securities between parties, that is, with an institutional investor such as a pension fund or insurance company and a corporation. Private placements are not offered to the general public and are not traded on a public exchange.

Public Offerings: the sale of securities, such as stocks and bonds, which have been registered with government agencies, to the public.

Portfolio: all of the investments in either the Total Fund or a specifically defined part of it. For example, the Management Employees Pension Plan portfolio includes everything, the Canadian equity portfolio would only include those specific Canadian Equity pools, and the ABC Management portfolio would only be those stocks held by the external manager ABC.

Real Estate: investments in the operation of and creation of income producing properties with a long-term focus.

Return: the change in value of an investment or group of investments expressed as a percentage of the investment at the beginning of the time period under consideration; may be either positive or negative.

Risk: exposure to the chance of loss. Common measures of risk include volatility and Value at Risk (VaR). AIMCo's Pooled Fund will be exposed to a number of risks including, but not limited to market risk, performance risk, regulatory risk, information risk, financial risk, leverage risk, currency risk, liquidity risk, operating risks, valuation risk, credit risks, tax risk, tracking error, and counterparty exposure.

Risk/Return: the investment principle that incremental anticipated rewards are accompanied by incremental increases in risk. A variety of ratios of return to risk are used to determine whether the investor has been rewarded for the risk taken.

Security: any document as evidence of loan or ownership (e.g. note, stock, bond, debenture).

Security Lending: the practice of lending securities to third parties in return for a small fee. Collateral is required and the custodian will maintain the liquidity of the original portfolio and provide all administration.

Investment Policy: a comprehensive document that conveys the policies for the investment of the Fund. Topics include the asset mix of the Fund with allowable ranges and the benchmarks for measuring performance.

Timberland: The Timberland (renewable and sustainable resource) allows unit holders to participate in timberland investment opportunities on a global basis. These investments are expected to provide unit holders with diversification, an inflation hedge, and relatively high yield over long investment horizons.

Valuation: an appraisal or a determination of the value, as of a given date, of an investment portfolio. Investments held by the Plan are valued at market value when periodic valuations of the Plan are performed.

Appendix 3—Investment Committee Terms of Reference

The Management Employees Pension Board (the Board) has an Investment Committee (the Committee) which operates within the following terms of reference. The Committee will:

- Monitor and evaluate the investment performance of the Fund (returns and risk) on a comprehensive basis once each quarter, by using Performance Investment Reports requested of and compiled by AIMCo and/or external advisors;
- Review results of a detailed assessment of AIMCo on an annual basis;
- Assess the cost effectiveness of investment strategies, structures, and processes;
- Review reporting on compliance with the Board's policies, and with applicable laws and regulations;
- Monitor changes in the Plan's membership characteristics, liability structure and contribution flows that may impact the Plan's investment strategies;
- Commission analysis or reviews of specific investment issues related to the Plan;
- Provide minutes to the Board once each quarter on the highlights of the Committee's activities and findings;
- Complete an annual review of the Board's Investment Policies that includes the Investment Policy and the Statement of Investment Beliefs; and
- Advise and make recommendations to the Board on the:
 - (i) Investment Policy;
 - (ii) Investment Management Agreement with AIMCo;
 - (iii) Strategies, practices and processes to manage the investment risks of the Plan or to improve the effectiveness of investment governance;
 - (iv) Any other investment-related matter as requested by the Board or deemed appropriate by the Committee.

Composition and Term Length

All Board members are voting members of the Committee.

The Committee will elect its Chair and Vice-Chair from among those members who are also members of the Board. The Chair and Vice-Chair will be elected for a 2-year term.

Quorum

Quorum will require a majority of members of the Committee, present either in person or via voice technology.

Member Qualifications

The Board will maintain a skills matrix identifying the key competencies of the Committee members. The Committee members will complete the skills matrix on an annual basis, and results will be used to identify any missing competencies, develop individual and group education plans.

Code of Conduct and Ethics

All members of the Committee will be bound by the Code of Conduct and Ethics policy that applies to members of the Board.

Review

The Investment Committee Terms of Reference will be reviewed on an annual basis.

Effective: November 2000

Revised: May 2002, March 2003, September 2003, November 2004, June 2005,
April 8, 2011 (M11:04:04)
June 25, 2012 (M12:06:03)
September 5, 2013 (M13:09:03)
July 15, 2015 (M15:07:02)
September 9, 2016 (M16:09:03)
December 7, 2017 (M17:12:05)

Appendix 4—Operating Protocol

Attachment 1: 2001.05.16 Government of Alberta and the Management Employees Pension Board's Signed Operating Protocol

Attachment 2: 2008.01.01 Government of Alberta and the Alberta Investment Management Corporation Signed Transitional Investment Management Agreement

Appendix 5—Transitional Provisions

Alberta Investment Management Corporation:

- A. Execute investment transactions.
- B. Forecast the trends of pertinent economies and investment markets.
- C. Manage the Fund as a separate and distinct portfolio, within the general guidelines of this Statement.
- D. Maintain ongoing investment research function and bring recommendations for changes to the Investment Policy to the Board.
- E. Report to the Board on investment results and activities, and on compliance with the established policies and guidelines established under this Statement.
- F. Engage and manage all external investment managers and on a quarterly basis ensure that internal and external activity is consistent with the guidelines and prospective investment strategy.
- G. Provide periodic reviews of investment costs to the Board.

Reporting

On a calendar quarter basis, AIMCo will provide an investment performance report and a strategy review for the portfolio as outlined in Section 6.1 of this Policy.

AIMCO Compliance Manual

On July 1, 2008, AIMCo's Compliance Manual (the "Manual") came into effect. It incorporates many best-in-class ideas from the investment industry. The Manual guides the actions of AIMCo and is amended by the AIMCo Board from time to time to help ensure that AIMCo maintains the highest standards of corporate governance practices within the investment industry. AIMCo's Board approves changes to the Manual, and changes are to be forwarded to the Board for its information.

Duty

Staff of AIMCo and its agents will adhere to the Asset Manager Code of Professional Conduct of the CFA Institute.

From time-to-time, it is understood that the Fund may contemplate a business relationship with a third party. In this regard, the Fund may furnish certain confidential, proprietary information and materials to the third party. It is the duty of the third party to respect that any information whether on paper, communicated electronically or orally, or in any other form, is confidential and proprietary, and has independent economic value. Confidential information should only be used by the third party in connection with the existing or contemplated business relationship, and should agree in writing (confidentiality agreement) that the information shall not be used for any other purpose or disclosed to any other party under any circumstance, unless specifically agreed to in writing by the Board.

Conflict of Interest – Responsibilities

This standard applies to the members of the Board, as well as to all agents employed by them, in the execution of their responsibilities (the "Affected Persons"). An "agent" is defined to mean a company, organization, association or individual, as well as its employees, who are retained by the Board to provide specific services with respect to the investment, administration and management of the Fund.

Related Party Transactions

AIMCo will not enter into a transaction with a related party, as defined under the EPPA, unless the transaction is required for the operation or administration of the Plan and the terms and conditions of the transaction are not less favorable to the Plan than market terms and conditions; and the securities of the related party are acquired at a public exchange.

Investment Manager

The Investment Manager will direct all communications to the Board through the Plan Board Director. The Plan Board Director will then disseminate the information to the appropriate Board members in a timely manner.

Plan Board Director

The Plan Board Director will direct all communications to the Investment Manager through the Investment Manager's Office of the Chief Executive Officer ("CEO"). The Office of the CEO will then disseminate the information to the appropriate staff members in a timely manner.

Directed Brokerage Commission

The Board does not use directed commissions (i.e. soft dollars) to pay for any goods or services. The managers may use directed commissions to pay for research and other investment related services provided they comply with the Soft Dollar Standards promulgated by the CFA Institute.

Investment Policy Changes

After the Board makes changes to the IP, the Board will communicate the recommended changes to AIMCo and Alberta Treasury Board and Finance, Pension Policy, using the following protocol:

- a) As soon as feasible the Board, through its Board Staff, will provide AIMCo's Office of the CIO with a copy of the revised IP with a description of the practical change(s) and instructions. This will also be copied to Alberta Treasury Board and Finance, Pension Policy.
- b) AIMCo will acknowledge receipt of such to the Board via the Plan Board Director. If no acknowledgement of acceptance is made within ten business days, the Board or Board Staff will follow up with AIMCo to ensure appropriate action is taken.

Disclosure

- a) In the execution of their duties, the Affected Persons shall disclose any material conflict of interest relating to them, or any material ownership of securities, which could impair their ability to render unbiased advice, or to make unbiased decisions, affecting the administration of the Fund.
- b) Further, it is expected that no Affected Person shall make any personal financial gain (direct or indirect) because of his or her fiduciary position. However, normal and reasonable fees and expenses incurred in the discharge of their responsibilities are permitted if documented and approved by the Board.
- c) No Affected Person shall accept a gift or gratuity or other personal favor, other than one of nominal value, from a person with whom the employee deals in the course of performance of his or her duties and responsibilities for the Board.

- d) It is incumbent on any Affected Person who believes that he/she may have a conflict of interest, or who is aware of any conflict of interest, to disclose full details of the situation to the attention of the Board immediately.
- e) No Affected Person who has or is required to make a disclosure as contemplated in this Policy shall participate in any discussion, decision or vote relating to any proposed investment or transaction in respect of which he or she has made or is required to make disclosure, and a written record of the conflict shall be maintained by the Board.