

# External Auditor Independence Policy

FINANCE



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## OVERALL PRINCIPLES

All services that are to be performed by OMERS external auditor shall be evaluated and pre-approved to ensure that the nature of such services do not impair their independence.

The external auditor cannot undertake work where they could reasonably be seen to:

- function in the role of management;
- audit their own work; or
- serve in an advocacy role on behalf of OMERS or its portfolio companies.

**This Policy applies to all services by the external auditor of OMERS. This Policy applies to all employees, Directors and Designated Contractors across OMERS, which for clarity, includes Oxford, as well as its controlled portfolio companies. A controlled portfolio company is any company over which AC exercises control, as defined by IFRS 10, which is typically when more than a 50 per cent beneficial interest is held.**

Next scheduled date for review:	September 2027
Frequency of review:	Every 5 years

## Appointment of the External Auditor

The AC Board, based on recommendations made by the Audit & Risk Committee, appoints the external auditor.

The external auditor's appointment is to be reviewed at least every five years, at which time an assessment shall be made whether to issue a request for proposal to qualified audit firms.

## Audit Partner Rotation

After providing audit services to AC and its Business Units for a maximum period of seven consecutive years, the partner for that specific engagement shall be replaced by another partner of the audit firm. Thereafter the rotating partner(s) shall observe a minimum two-year time-out period.

## Pre-Approval Requirements

The external auditor may be engaged to conduct services identified in this Policy's list of Allowable Services, subject to procurement practices.

The external auditor must bring to the attention of the Policy Monitor all such proposed services, prior to being engaged. At this time, they should communicate in writing their assessment of the impact of any proposed services on their independence.

A proposed service shall be considered pre-approved by the Audit & Risk Committee if (a) the engagement fee for such service is not individually greater than or expected to be greater than CAD \$1,000,000; (b) when combined with other services approved in the current fiscal year, the engagement fee for such service does not exceed 1.5 times the current year's annual audit fee for AC and its Business Units and its portfolio companies (the "Cap"); and (c) the service is explicitly noted in this Policy's list of Allowable Services.

When a service has previously been pre-approved but due to a change in the amount of work it is now expected to exceed a fee of CAD \$1,000,000, then such services shall be re-approved following the Specific Pre-Approval Requirements set out below.

Contingent fees (including success fees) are allowable for pre-approved services, provided that the external auditor represents to AC that their independence and objectivity would not be compromised. Such contingent fees require pre-approval from the Chair of the Audit & Risk Committee.

When a proposed service is not considered pre-approved pursuant to the preceding paragraph, specific pre-approval must be sought as set out below.

### Specific Pre-Approval Requirements

From time to time, certain proposed services may not meet the requirements set out in the above noted Pre-Approval Requirements, and as such, shall require specific and explicit approval.

The Audit & Risk Committee delegates responsibility for evaluating and approving any such proposed services to the Chair of the Audit & Risk Committee. The Policy Monitor shall provide support to this individual for considering whether such services, impair the external auditor's independence. This support shall include an assessment thereof from the external auditor.

Under no circumstances may the Audit & Risk Committee or Audit & Risk Committee Chair delegate pre-approval responsibilities to management.

### Prohibited Services

The external auditor is not permitted to provide services in the following areas, except for where specifically described as an Allowable Service in this Policy:

- bookkeeping and related functions;
- financial information systems design and implementation;
- appraisal, valuation, fairness opinions or contribution-in-kind reports;
- actuarial services;
- internal audit outsourcing services;
- temporary loan of staff for secondee services;
- management functions;
- human resources functions;
- broker-dealer, investment advisor or investment banking services;

- legal services (other than tax positions);
- litigation support services including expert services; or
- transfer pricing and tax advocacy services

### Allowable Services

#### Assurance Services

##### *Financial Statement Audits*

- audit of consolidated or unconsolidated financial statements, including legal entity statutory audits, and tax provision services and accounting consultations required to perform an audit in accordance with Generally Accepted Auditing Standards;
- quarterly and interim reviews;
- review of tax provisions reported in financial statements as part of the audit of those financial statements; and
- review of accounting and disclosure matters in order to reach an audit judgment.

##### *Regulatory filings*

- audit or review of statutory and regulatory filings, including prospectuses and registration statements.

#### Assurance-Related Services

##### *Internal Control Attestation Services*

- Providing education and advice on public company practices, documentation and attestation services relating to the report on internal controls over financial reporting; and
- audit of specific control procedures or of the general control environment of an organization.

##### *Due diligence for acquisitions and divestitures*

- assistance in due diligence, accounting consultation and audits of the acquisition or divestiture target(s); **however**, the external auditor shall not be engaged for such services if they are also the auditor of the target entity, except in limited circumstances (e.g., such as a consortium), and only if an exception is granted beforehand by the Chair of the Audit & Risk Committee.

##### *Other attest services*

- attest services that are not required by statute or regulation (e.g., review engagements, real estate cost certificates; payout calculations for OMERS incentive plans).

*Application and general control reviews*

- documentation and attestation of IT and general controls related to specific applications, including overall general computer controls.

*Financial statement translation*

- translation of statutory or regulatory financial statements and related information into a language other than English, if subject to management review.

**Tax Services***Tax Compliance*

- consultation, compilation and review of income, capital, sales, use, property, excise, local and commodity (e.g. VAT, HST, etc.) tax returns, filings and forms.

*Tax Consulting*

- assistance with tax audits, examinations or requests for information;
- providing general tax advice, including advice on technical interpretations, applicable laws and regulations, and tax accounting;
- tax structuring of new investments; and
- assistance with tax appeals that are not in front of a tax court or its equivalent.

*Customs and Duties*

- compliance reviews and advice on compliance in the areas of tariffs and classification, origin, pricing, and documentation;
- assistance with customs audits or requests for information.

*Expatriate Tax Services*

- preparation of individual income tax returns as permitted by regulation, advice on the impact of changes in local tax laws and the consequences of changes in compensation programs or practices; and
- compliance and advice in relation to benefits and compensation, stock options, and tax equalization policies.

**Other Services***Valuation*

- review of valuations prepared by OMERS or third parties, which includes providing reports to management consistent with the standards set by the Canadian Institute of Chartered Business Valuators; and

- assistance in connection with valuation analyses that have no direct effect on OMERS consolidated financial reporting (i.e., purchase price allocation valuations for portfolio companies) or valuations for tax purpose and valuations for decision support analysis.

*Financial Model Diligence*

- model diligence, including consideration of whether the model serves its required purpose, is mechanically accurate and is in compliance with accounting and tax requirements.

*Market Analysis*

- market analysis such as, but not limited to, assistance with market reviews, competitive trends and market forecasts. The nature of the review need not be specific to a particular entity.

*Benchmarking*

- benchmarking, surveys and other advice related to best practices with respect to financial reporting practices and other business processes.

*Information Services*

- providing data management and data analytics services.

*Other*

- fact-finding services and forensic investigations under the supervision of the Audit & Risk Committee;
- environmental audits;
- non-financial systems design and implementation; and
- providing education and reference materials.

**Engagement Letters**

Pre-approved services must be set out by the external auditor in an engagement letter addressed to the relevant legal entity.

**Other Independence Matters**

If the external auditor offers employment to an AC or Business Unit employee, that employee shall not work on the audit of OMERS nor in any other role related to an OMERS engagement, for a period of at least one year.

AC and its Business Units shall not seek to employ a member of the external audit team in a financial oversight role, unless such person has not been

involved with the OMERS audit for at least the immediately preceding year.

## Exceptions

The Chair of the Audit & Risk Committee may grant exceptions to this Policy. The Policy Monitor must maintain a record of such exceptions in writing.

## Responding to Incidents of Non-Compliance

The Policy Manager is responsible for identifying incidents of non-compliance under this Policy and reporting such incidents to the Policy Sponsor.

The Policy Sponsor is responsible for maintaining a record of incidents of non-compliance and reporting such matters to the Audit & Risk Committee.

## Monitoring and Reporting

The Policy Manager is responsible for the administration of the Policy, including implementing documented procedures to enable compliance, monitoring and reporting, as well as coordinating training as required.

The Policy Monitor is responsible for maintaining documentation for approvals as required in this Policy and applicable record management requirements. This documentation would include details on the nature of the service, amount approved, nature of approval, and the entity requesting the service, at a minimum.

The Policy Manager shall report quarterly to the Audit & Risk Committee on engagements that were pre-approved pursuant to this Policy.

The Policy Manager shall report annually to the Audit & Risk Committee on all actual fees agreed with the external auditor. This report shall include all engagements approved pursuant to this Policy.

### ROLES & RESPONSIBILITIES

Policy Approver	The Audit & Risk Committee of the AC Board	Responsible for approving the Policy
Policy Sponsor	Chief Financial and Strategy Officer	Ultimately accountable for the Policy, including its development, implementation and administration
Policy Manager and Policy Monitor	SVP, Corporate Finance	Responsible for the design and operational effectiveness of the day-to-day administration of the Policy, and for its monitoring, compliance and reporting functions