

External Auditor Independence Policy

FINANCE



Brandon Weening

Effective
June 1, 2017

OVERALL PRINCIPLES

All services that are to be performed by the external auditor of OMERS should 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 Contractors across OMERS as well as its controlled portfolio companies. A portfolio company is any company where 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 2022
Frequency of review:	Every 5 years

Appointment of the External Auditor

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

Their appointment is to be reviewed at least every five years at which time an assessment will 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 and 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 the 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 performance. 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 & Actuarial Committee, provided that such service; (a) is not individually greater than or expected to be greater than CAD \$800,000; (b) when combined with other services approved in the current fiscal year, does not exceed 1.5 times the current annual audit fee for AC and its Business Units and its portfolio companies (the "Cap"); and (c) is explicitly noted in the list of Allowable Services.

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

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 \$800,000, then such services should be re-approved using the specific pre-approval procedure 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 and requires pre-approval from the Chair of the Audit & Actuarial Committee.

Specific Pre-Approval Requirements

From time to time it is expected that certain proposed services may not meet the requirements set out in the Pre-Approval Requirements and as such will require specific approval.

The Audit & Actuarial Committee delegates responsibility for evaluating and approving any such proposed services to the Chair of the Audit & Actuarial Committee. The Policy Monitor will provide support to this individual in considering whether such services, after receiving appropriate assessments from the external auditor, does not impair their independence.

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

Prohibited Services

The external auditor is not permitted to provide any services in the following areas:

- bookkeeping and related functions;
- financial information systems design and implementation;
- appraisal, valuation, fairness opinions or contribution-in-kind reports;
- actuarial services;
- audit services outsourcing;
- management functions;
- human resources functions;
- broker-dealer, investment advisor or investment banking services;
- legal services (other than tax positions);
- expert services other than those specifically identified as an Allowable Service;

- transfer pricing services; or
- tax services provided to the AC Board members or Management members (or their immediate family).

Restriction of Management members includes the Executive Leadership Team and direct reports of the CFO leading investment reporting, finance, tax and actuarial functions.

Allowable Services

Assurance Services

Financial Statement Audits

- audit of consolidated financial statements including entity statutory audits and tax provision services and accounting consultations required to perform an audit in accordance with Generally Accepted Auditing Standards;
- quarterly reviews;
- review of tax provisions reported in the consolidated and other financial statements as part of the audit of the financial statements; and
- review of accounting and disclosure issues with the external auditor in order to reach an audit judgment.

Regulatory filings

- audit or review of statutory and regulatory filings including prospectuses and registration statements are allowable services.

Assurance-Related Services

Internal Control Attestation Services

- 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 the general control environment of an organization.

Financial and tax due diligence for acquisitions and divestitures

- assistance in financial diligence (including financial statement review), tax due diligence, accounting consultation and audits of the acquisitions or divestitures; and
- OMERS auditor cannot be engaged if the OMERS auditor is also the auditor of the target company. In limited circumstances such as a consortium, an exception may be granted by the Chair of the Audit & Actuarial 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 Enterprise 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

- review of translation of statutory or regulatory financial statements and related information into a language other than English.

Tax Services*Tax Compliance*

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

Tax Consulting

- assistance with tax audits, examinations or requests for information;
- 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 impact of changes in local tax laws and 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 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 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 is permitted. The nature of the review is not specific to a company.

Benchmarking

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

Information Services

- provisioning of data management and data analytics services.

Other

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

Engagement Letters

Pre-approved non-audit services must be provided by the external auditor as specified in an engagement letter with the appropriate entity.

Other Independence Matters

Employment: If the external auditor offers employment to an AC or Business Unit employee, that employee cannot work on the audit of OMERS, thereof nor in any

other role related to an OMERS engagement for a period of at least one year.

AC and its Business Units will 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 a one-year period.

Exceptions

The Chair of the Audit & Actuarial 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 potential non-compliance under this Policy based on the established procedures and reporting such incidents to the Policy Sponsor.

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 co-ordinate training as required.

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

Quarterly: The Policy Manager will post on the AC Board portal an updated summary showing all pre-approved engagements pursuant to this Policy.

Annually: The CFO will present a report to the Audit & Actuarial Committee detailing all actual fees paid by OMERS to the external auditor, which includes all engagements approved pursuant to this Policy.

ROLES & RESPONSIBILITIES

Policy Approver	The Audit & Actuarial 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