

# Statement of Investment Authorities Policy



Michael Kelly

LEGAL



Effective  
January 1, 2022

## OVERALL PRINCIPLES

The AC Board has delegated the authority to make investment decisions to the CEO subject to certain limits. As a general rule, private market investments utilizing equity or Recourse Debt above C\$1 billion are reserved for approval by the AC Board or the IC as applicable<sup>1</sup> (referred to herein as the “AC Board”). In respect of debt or guarantees, a primary focus is the extent to which a lender or recipient of a guarantee has access to the AC balance sheet. Certain approvals involving reputational risk, related party transactions or matters outside the ordinary course of business are also reserved for approval by the AC Board.

This Policy applies to all Employees, Directors and Contractors across OMERS.

This Policy applies to transactions across OMERS.

Next renewal date: January 2024  
Frequency of review: Every 2 year

## Delegated Authorities Acquisitions and Dispositions

The CEO has authority to make investment decisions relating to the acquisition and disposition of investments or transactions subject to the limits set out below.

### Full authority

- Public Equities (including equity and commodity derivatives, publicly traded equity securities and equity pooled vehicles, such as ETFs and REITs, and closed-end hedge funds)
- Short term instruments (including cash and equivalents and foreign exchange derivatives)
- Fixed income – Public (including inflation linked bonds, nominal government bonds and debentures, quoted corporate bonds and notes, credit derivatives and fixed income derivatives)

### Net Equity of up to C\$1 billion per investment asset or discretionary fund / vehicle<sup>2</sup>

- Public Equities: (i) consisting of open-end hedge funds, separately managed accounts or other externally managed vehicles that, in each case, invest in securities traded on a recognized exchange; or (ii) the acquisition of which constitutes a takeover bid.
- Fixed income – Private (including private credit debt, mortgages, and private pooled funds, open-end hedge funds and funds, invested in fixed income)
- Private Equities (including equity or equity-like securities in entities that are not traded on a recognized exchange, and private equity pooled vehicles, such as funds)
- Real Assets (including infrastructure and real estate)

<sup>1</sup> Reference should be made to the current AC Board and IC mandates to determine whether AC Board or IC approval is required.

<sup>2</sup> Fixed income and equity investments in the same asset will be aggregated.

## Debt

The CEO has authority to approve debt transactions including borrowing, credit facilities, debentures, bonds and any related pledging or charging of assets for the purpose of acquisitions or ongoing management of investment assets (collectively referred to herein as “**Debt**”) in accordance with the limits set out below.

Such Debt amounts will include the principal amount and all associated transaction and commission costs. Any approval of debt automatically approves the payment of interest, fees and other such amounts.

### Recourse Debt

- Up to C\$1 billion per investment asset<sup>1</sup> or if not related to a specific investment asset, per Business Unit

### Cross-Collateralized Debt<sup>2</sup>

- real estate - no monetary limit<sup>3</sup>
- private credit – no monetary limit<sup>3</sup>
- Business Unit<sup>4</sup> and all other asset classes – Up to C\$1 billion per Business Unit or asset class<sup>3</sup>

### Non-Recourse Debt

- No monetary limit<sup>3</sup>

<sup>1</sup> For the purpose of determining whether the amounts fall within Authority Limits, the amount will represent the greater of AC’s proportionate interest in the financing and AC’s maximum liability under the financing.

<sup>2</sup> cross-collateralized through either debt or a guarantee.

<sup>3</sup> provided it complies with debt limits set out in the *Investment Risk Policy* and any cross-collateralization is limited to such asset class managed within the same Business Unit.

<sup>4</sup> excluding debt associated with the real estate and private credit asset classes managed by the Business Unit.

### Daylight Loans

The CEO has full authority to approve daylight loans required to facilitate a reorganization or approved transaction.

### Roll-overs, Renewals and Refinancing

The CEO has full authority to approve roll-overs, renewals and refinancing of: (i) Non-Recourse Debt with new Non-Recourse Debt; (ii) Cross-Collateralized Debt with new similar Cross-Collateralized Debt or new Non-Recourse Debt where the total principal amount of new Cross-Collateralized Debt is less than or equal to the amount of Cross-Collateralized Debt previously approved excluding customary fees and expenses of the lender(s); and (iii) Recourse Debt with either new Non-Recourse Debt, new Cross-Collateralized Debt or new Recourse Debt where the total principal amount of new Cross-Collateralized Debt and/or Recourse Debt is less than or equal to the amount of Recourse Debt previously approved

excluding customary fees and expenses of the lender(s).

## Guarantees

The CEO may approve guarantees by AC of financial obligations of its Business Units or investment assets subject to the limits set out in this Policy in respect of Recourse Debt.

## Ordinary Course Expenditures

The CEO has full authority to approve expenditures incurred in the ordinary course of managing investments (“**Ordinary Course Expenditures**”) including:

- ordinary course capital expenditures required to manage and maintain private market investment assets that are funded from operating cash flows of the investment asset and do not require additional investment from AC or other OMERS investment assets; and
- additional investments and tuck-in acquisitions funded by the investment asset using its operating cash flows provided such additional investments or tuck-ins are consistent with the original investment thesis.

## Follow-on Investments

The CEO has authority to make follow-on investments (funded by debt or equity) as set out below in connection with an approved investment transaction (a “**Follow-on Investment**”):

- if the initial transaction was approved by the CEO, the CEO may authorize one or more Follow-on Investments provided that the Net Equity amount of the initial transaction plus the aggregate Net Equity amount to fund all the Follow-on Investments in a specific investment asset does not exceed C\$1 billion; and
- if the initial transaction and/or any Follow-on Investment was approved by the AC Board, the CEO may authorize one or more Follow-on Investments provided that the aggregate Net Equity amount required to fund the Follow-on Investments subsequent to such approval for each specific investment asset does not exceed C\$1 billion.

Follow-on Investments (funded by debt or equity) include additional investments in an underlying asset including tuck-in acquisitions, capital improvements, expansions and debt repayment. Follow-on Investments do not include Ordinary Course Expenditures.

## Operational Matters

The CEO has full authority to take such actions as he or she considers necessary or desirable in order to facilitate the execution and/or implementation of

approved transactions and to permit day-to-day management of the Funds including currency management, in each case, subject to the limitations set out in this Policy.

### Limits on Delegated Authority

#### Reputational Impact; Outside the Ordinary Course of Business; Designated Related Party Transactions

Subject to any other constraints under this Policy, the CEO has authority to make an investment decision unless he or she determines after due consideration and using reasonable judgment that one or more of the following circumstances apply in which case the CEO does not have authority and the transaction must be brought forward to the AC Board for approval:

- that a proposed investment decision will negatively impact OMERS reputation in a material way; or
- that a proposed investment decision would be considered outside the ordinary course of business of AC and/or a Business Unit. In making a determination of whether an investment is “outside the ordinary course of business”, the CEO shall consider whether the investment involves a change in strategic direction from the AC Board-approved Strategic Plan; or
- that a proposed investment is a Designated Related Party Transaction above the threshold as set out in the *Related Party Transactions Review Policy*.

### Definitions and Interpretation

#### Currency Conversion

All foreign exchange conversions for purposes of this Policy should be based on a trailing 30-day average Bank of Canada exchange rate determined within 30 calendar days of the final investment approval.

**Recourse Debt** means Debt and other financial obligations guaranteed by AC.

**Cross-Collateralized Debt** means Debt that is incurred or issued by a Business Unit or Debt that is an obligation of, secured by or guaranteed by more than one investment asset.

**Non-Recourse Debt** means Debt incurred or issued by an investment asset that is not Recourse Debt or Cross-Collateralized Debt.

**Net Equity of an investment asset to be acquired** means AC’s share of (A) the equity component of the total acquisition cost of the investment asset including any transaction and commission costs associated with the acquisition plus (B) Recourse Debt plus (C) Cross-Collateralized Debt not associated with real estate or private credit assets.

**Net Equity of an investment asset to be disposed** means AC’s share of the greater of:

- (A) the total expected proceeds attributable to the sale of equity of the investment asset plus (B) any Recourse Debt that is discharged or released plus (C) any Cross-Collateralized Debt not associated with real estate or private credit assets that is discharged or released; or
- (A) the carrying value of the equity component of the investment asset ignoring any fair value adjustments plus (B) any Recourse Debt that is currently outstanding plus (C) any Cross-Collateralized Debt (excluding Cross-Collateralized Debt associated with real estate or private credit assets) that is associated with the investment asset and that is currently outstanding

in each case, less transaction and commission costs related to the disposition.

#### Oxford Specific Authorities and Interpretation

A real estate asset developed on land that can be legally severed will be considered to be a separate investment for purposes of determining authority limits under this Policy. Notwithstanding the above, if an unconditional, binding commitment is made to invest equity and/or Recourse Debt in one or more real estate assets as part of a single investment decision, whether on severed or severable land or otherwise, such commitment will be considered a single investment for purposes of determining authority limits under this Policy.

Follow-on Investments related to real estate in the same entity or underlying assets that occur more than 5 years after the original investment is made, will each be treated as a new investment and the monetary limits will be automatically reset in respect of that asset.

The CEO has full authority to approve the following Ordinary Course Expenditures:

- capital expenditures required in respect of the normal growth, maintenance, repair and updating of real estate assets; and
- real estate lease transactions including tenant inducement payments and tenant fit out loans.

#### Legal and Policy Requirements

No delegated authority granted under this Policy may be exercised unless the investment decision complies with all applicable internal OMERS policies and legal requirements including the *Investment Risk Policy*, the PBA and the ITA. The CEO may rely on the written advice of internal or external professional advisors that confirms the investment should comply with the PBA and the ITA in exercising the authority granted under this Policy.

## Material Changes to Approved Transactions

Any changes to the terms of a transaction are material if, when taken together, they are expected to have a significant effect on the value or control of the investment or are important factors in determining whether to proceed with the transaction. If an investment decision is approved by the AC Board and any material changes to the terms of the transaction occur before the transaction reaches financial close, the transaction may only be completed if the following process is completed:

- The details of the material changes must be reported to the CEO by Senior management of the applicable Business Unit and after consultation with them, the CEO must determine, in his/her sole discretion, whether or not the combination of changes, taken together, constitute a material adverse change.
- If the CEO determines that the material change is not a material adverse change, the transaction may be completed in accordance with the terms of the original approval subject to the amendments required as a result of the change. The CEO must document his/her determination and describe how the terms of the original approval will be amended.
- If the CEO determines that the material change constitutes a material adverse change, the details of the change must be brought back to the AC Board for its consideration and approval.

## Authority to Sub-Delegate

The CEO may sub-delegate any or all of the delegated authorities hereunder to Employees of AC or a Business Unit. Any such sub-delegation must be made in writing and signed by the CEO.

## Exceptions

The Policy Sponsor may grant non-substantive exceptions to this Policy and must report any exceptions to the Policy Approver. The Policy Manager shall record in writing and keep the reasons for granting an exception. The AC Board must approve all other exceptions to this Policy.

## Responding to Incidents of Non-Compliance

The Policy Manager is accountable for identifying incidents of non-compliance under this Policy based on established procedures and reporting such incidents to the Policy Sponsor who in turn will report to the CEO. Any breach of the delegated authorities must be promptly reported to the AC Board by the CEO (or delegate).

## Monitoring and Reporting

The CEO, or such delegate as the CEO appoints, will report at each regularly scheduled quarterly meeting to the IC regarding investments made under this Policy including anticipated dispositions, as appropriate.

Reporting to the AC Board in respect of Designated Related Party Transactions will be provided in accordance with the *Related Party Transactions Review Policy*.

## Roles and Responsibilities

Policy Approver	AC Board of Directors	Responsible for approving the Policy
Policy Sponsor	Chief Legal & Corporate Affairs Officer	Ultimately accountable for the Policy, including its development, implementation and administration
Policy Manager	SVP, Legal & Corporate Secretary	Responsible for the design and operational effectiveness of the day to day administration of the Policy
Policy Monitor	Capital Markets - Managing Director, Legal & Business Development Oxford - EVP, Chief Legal Officer Infrastructure – Senior Managing Director and Head of Legal Private Equity - Managing Director, Legal	Responsible for the monitoring, compliance and reporting functions of the Policy