

**Policy Sponsor:** CIO and Investment Risk Management

**Summary:** Sets out the delegation of investment authorities from the OAC Board to the CEO, with respect to Investment Decisions by the Funds, including borrowing, follow-on investments and material changes to those decisions. **This Statement must be approved by the Investment Committee.**

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**1. PERMISSION TO DELEGATE INVESTMENT DECISIONS**

The SIP&Ps permit the OAC Board sitting as the Investment Committee to delegate authority to make Investment Decisions relating to the Funds (the “Delegated Authorities”) to the CEO, including the authority to the CEO to sub-delegate. All Investment Decisions (as defined below) with a monetary value or commitment greater than the Delegated Authorities set out in this Statement require approval of the OAC Board sitting as the Investment Committee (“Investment Committee”).

This Statement applies to investments managed by the Investment Entities and OFT.

The OAC intends to invest through the Global Strategic Investment Alliance (“GSIA”), a program to co-invest with like-minded global investors. The OAC Board will establish a specific delegation to a committee consisting of OMERS Enterprise management with OAC Board representation to review and approve investments in the GSIA, rather than rely on the general delegations contained in this Statement of Investment Authorities (“SIA”). The SIA will not apply to investments identified by the OAC as GSIA investments.

## 2. DEFINITION OF INVESTMENT DECISION

Investment Decisions are defined as all decisions relating to the Investment Committee's role in managing the assets of and investing on behalf of the Funds including, but not limited to:

- acquisitions and dispositions of investment assets, including binding commitments to pursue, negotiate, structure and close transactions;
- the execution of documents, including agreements, amendments, consents and foreclosures related to investments;
- setting trading limits, restructuring, renegotiation and recapitalization, and derivatives and currency management transactions;
- borrowing related to investments;
- operational decisions relating to the ongoing day-to-day management of the Funds as a whole or of specific investment assets by an Investment Entity or OFT;
- follow-on investments; and
- material changes to previously approved transactions.

## 3. OVERRIDING LIMITS ON DELEGATED AUTHORITY

### 3.1 Reputational Impact/Outside Ordinary Course of Business/Designated Special Transactions

Notwithstanding the delegation of investment authority to the CEO under this Policy, the CEO (or delegate) does not have authority to make an Investment Decision in the following circumstances:

- Reputational Impact - If the CEO (or delegate) determines, using reasonable judgment, that a proposed investment or investment activity will negatively impact OMERS reputation in a material way, the Investment Decision must be brought before the Investment Committee for consideration and, if appropriate, approval.
- Outside of Ordinary Course of Business - An Investment Decision involving a change in strategic direction of the Investment Committee-approved business plan of an Investment Entity or OFT will be considered "outside of the ordinary course of business" and require Investment Committee approval. If the CEO determines, using reasonable judgment, that an Investment Decision involves a matter outside of the ordinary course of business of an Investment Entity or OFT, the Investment Decision must be brought before the Investment Committee for consideration and, if appropriate, approval.
- Designated Special Transactions – Designated Special Transactions in excess of specified monetary thresholds as set out in the Special Transactions Review Policy must be brought before the Investment Committee for consideration and, if appropriate, approval.

### 3.2 Legal and Policy Requirements

No Delegated Authority granted under this Delegation may be exercised unless the Investment Decision complies with all applicable legal requirements, including the PBA, the ITA, the SIP&Ps and other OAC policies (e.g. OMERS Debt Policy) applicable to Investment Decisions.

## 4. DELEGATION OF INVESTMENT AUTHORITY: ACQUISITIONS AND DISPOSITIONS

The Investment Committee hereby delegates to the CEO the authority to approve Investment Decisions relating to investment assets as set out in Section 4.3.

Gross Value ("GV") of an investment asset is the total acquisition cost of the investment, including transaction and commission costs associated with any activities related to the investment, plus Recourse Debt and Non-Recourse Debt related to the investment asset.

Net Equity of an investment asset is GV minus Non-Recourse Debt.

Recourse Debt and Non-Recourse Debt as noted in this SIA are defined in the OMERS Debt Policy. For greater certainty, Recourse Debt includes debt issued by OFT. Where OFT issues debt and then on-lends to an Investment Entity, such debt is considered Recourse Debt.

**4.1 Acquisitions**

Unless otherwise indicated, the monetary limits specified in Section 4 and Section 6 represent the OAC's direct or indirect net equity amount in an investment.

**4.2 Dispositions**

The Disposition Value of the investment to be disposed of by the OAC is the GV of the investment less any Recourse and Non-Recourse Debt directly related to the investment to the extent such Recourse Debt related to the investment is discharged or released and any Non-Recourse Debt related to the investment is discharged, released, assumed by or transferred to the buyer.

**4.3 Net Equity Amount Monetary Limits**

<b>Public Markets Investments</b>	
<b>Investments</b>	<b>Authority Delegated to CEO and Authority Limits</b>
<u>Cash &amp; Short-Term Investments</u> including, but not limited to, cash and demand payments, treasury bills, term deposits, repurchase agreements, commercial paper and banker acceptances.	Full authority delegated – no monetary limit
<u>Marketable Bonds</u> including, but not limited to, publicly traded debt, inflation indexed debt, subordinated debt, convertible debt, debentures, secured loans and preferred shares.	Full authority delegated – no monetary limit
<u>Public Equities</u> listed on recognized exchanges including, but not limited to, common shares, rights, warrants, installment receipts, convertible securities and income trusts.	Full authority delegated – no monetary limit
<u>Mortgages</u> including, but not limited to, conventional mortgages and mortgage bonds.	Net equity amount of up to CAD\$200 million
<u>Canada Mortgage and Housing Corporation (CMHC) insured loans</u> and social housing loans with government subsidies to ensure sufficient cash flow to cover all expenses.	Full authority delegated – no monetary limit
<u>Private Debt or equity securities</u> that are exempt from prospectus and registration requirements of securities laws (e.g. private placement of pre-IPO equity securities).	Net equity amount of up to CAD\$200 million
<u>Derivatives</u> including, but not limited to, interest rate, currency and asset swaps and forwards, futures and options contracts on bonds, stocks, currencies and commodities.	Full authority delegated – No monetary limit
<u>External Fund Manager</u> engagement, portfolio and mandate changes (including allocation changes) and termination including, but not limited to, equity, fixed income, currency and absolute return investment managers.	Full authority delegated – No monetary limit

<b>Other OCM Investment Activity</b>	<b>Authority Delegated to CEO and Authority Limits</b>
<u>Managing Currency Hedging</u> , including taking active currency positions.	Full authority delegated – No monetary limit
<u>Managing OFT Investment Assets</u>	Full authority delegated – No monetary limit

<b>Private Equity Investments</b>	
<b>Investments</b>	<b>Delegated Authority to CEO and Authority Limits</b>
<u>Direct investments</u> , co-investments with other parties and mezzanine financings in privately held businesses including, but not limited to, common shares, partnership or trust units, preferred shares, rights, warrants, installment receipts, convertible securities and debt.	Net equity amount of up to CAD\$200 million
<u>Investments in private equity funds</u> managed by external fund managers.	Net equity amount of up to CAD\$200 million

<b>Infrastructure Investments</b>	
<b>Investments</b>	<b>Delegated Authority to CEO and Authority Limits</b>
<u>Direct investments</u> and co-investments with other parties in infrastructure related businesses, platforms or assets including, but not limited to, common shares, partnership or trust units, preferred shares, rights, warrants, convertible securities and debt.	Net equity amount of up to CAD\$200 million

<b>Real Estate Investments</b>	
<b>Investments</b>	<b>Delegated Authority to CEO and Authority Limits</b>
<u>Direct investments</u> and co-investments with other parties in real estate related businesses, platforms or assets including, but not limited to, common shares, partnership or trust units, preferred shares, rights, warrants, convertible securities, debt and long-term ground/land leases (but excluding leasing transactions in the ordinary course).	Net equity amount of up to CAD\$200 million
<u>Investments in real estate funds</u> managed by external fund managers.	Net equity amount of up to CAD\$200 million

## 5. DELEGATION OF AUTHORITY IN RESPECT OF BORROWING

### 5.1 Acquisition Borrowing Limits

The Investment Committee hereby delegates authority to the CEO to approve debt for investment acquisition transactions (“Acquisition Debt”) (other than for the debt financing of a Follow-on Investment which is addressed in Section 6.2 below) including borrowing, guarantees, credit facilities and the pledging or charging of assets (collectively referred to herein as “debt”) as follows:

<b>Debt</b>	<b>Delegated Authority to CEO and Authority Limits</b>
<u>Acquisition Recourse Debt.</u>	Up to CAD\$200 million per investment asset*
<u>Acquisition Non-Recourse Debt.</u>	Up to CAD\$500 million per investment asset*

\*For the purpose of determining whether the amounts fall within Authority Limits, the amount will represent the proportionate interest in any financing to the OAC as a whole whether or not financed through an Investment Entity or OFT.

## 5.2 Additional Borrowing Limits

The Investment Committee hereby delegates authority to the CEO to approve additional debt transactions to facilitate ongoing management of investment assets (“Additional Debt”) as follows (for greater certainty, if a debt transaction relating to a specific investment asset or Investment Entity contemplated under this Section 5.2 is approved by the Investment Committee, the monetary borrowing limits specified below will be automatically reset in respect of that investment asset or Investment Entity):

Debt	Delegated Authority to CEO and Authority Limits
<u>Additional Recourse Debt.</u>	Up to CAD\$200 million less the amount of any other Recourse Debt previously approved under the borrowing authorities set out in Section 5 per investment asset, or if not related to a specific investment asset, per Investment Entity*.
<u>Additional Non-Recourse Debt</u> in which the OAC has a 50% or greater share in the right to participate in the equity value of the operating entity, including term debt or other debt required to fund significant one-time expenditures (other than Acquisition Debt or Follow-on Investments – see S. 5.1 and S. 6.2 for applicable authorities) but does not include debt required for day to day operations described in Section 5.3 below.	Up to CAD\$500 million less the amount of any Acquisition Non-Recourse Debt previously approved under the authority set out in Section 5.1 above per investment asset, or if not related to a specific investment asset, per Investment Entity*.
<u>Additional Non-Recourse Debt</u> in which the OAC has less than a 50% share in the right to participate in the equity value of the operating entity (other than Acquisition Debt or Follow-on Investments – see S. 5.1 and S. 6.2 for applicable authorities).	Full authority – no monetary limit

\*For the purpose of determining whether the amounts fall within Authority Limits, the amount will represent the proportionate interest in any financing to the OAC as a whole whether or not financed through an Investment Entity or OFT.

## 5.3 Day-to-Day Operational Debt

The Investment Committee hereby delegates authority to the CEO to approve debt transactions to facilitate ongoing day-to-day operation of investment assets as follows (for greater certainty, if a debt transaction relating to a specific investment asset or Investment Entity contemplated under this Section 5.3 is approved by the Investment Committee, the monetary borrowing limits specified below will be automatically reset in respect of that investment asset or Investment Entity):

Debt	Delegated Authority to CEO and Authority Limits
<u>Day-to-Day Operational Recourse Debt.</u>	Up to CAD\$200 million less the amount of any other Recourse Debt previously approved under the borrowing authorities set out in Section 5 per investment asset, or if not related to a specific investment asset, per Investment Entity*.
<u>Day-to-Day Operational Non-Recourse Debt</u> including operating lines of credit, letters of credit and the renewal, roll-over or refinancing of such debt (other than Acquisition Debt or Follow-on Investments – see S. 5.1 and S. 6.2 for applicable authorities).	Full authority – no monetary limit

### 5.4 Daylight Loans

The Investment Committee hereby delegates authority to the CEO to approve daylight loans as follows:

Debt	Delegated Authority to CEO and Authority Limits
Daylight loans required to facilitate a reorganization or approved transaction that is Recourse Debt.	Up to CAD\$200 million less the amount of any other Recourse Debt previously approved under the borrowing authorities set out in Section 5 per investment asset, or if not related to a specific investment asset, per Investment Entity*.
Daylight loans required to facilitate a reorganization or approved transaction that is Non-Recourse Debt.	Full authority – no monetary limit

### 5.5 Roll-overs, Renewals and Refinancings

The Investment Committee hereby delegates authority to the CEO to approve roll-overs, renewals and refinancings of Acquisition Debt or Additional Debt (as described in Sections 5.1 and 5.2 above) as follows:

Debt	Delegated Authority to CEO and Authority Limits
Roll-overs, renewals or refinancings of Acquisition Recourse Debt, Acquisition Non-Recourse Debt, Additional Recourse Debt and Additional Non-Recourse Debt where the total amount of debt is less than or equal to the amount of debt originally approved.	Full authority – no monetary limit

## 6. DELEGATION OF FOLLOW-ON INVESTMENT AUTHORITY

### 6.1 Equity Financing of a Follow-on Investment

The CEO is hereby authorized to make follow-on investments as set out below in connection with an approved investment transaction completed by an Investment Entity (a “Follow-on Investment”):

- If the initial transaction was within the CEO’s Delegated Authority, the CEO may authorize equity financing to fund a Follow-on Investment provided that the net equity amount of the initial acquisition plus the aggregate net equity amount to fund all the Follow-on Investments does not exceed CAD\$200 million.
- If the initial transaction was approved by the Investment Committee, the CEO may authorize equity financing to fund a Follow-on Investment provided that the aggregate net equity amount required to fund the Follow-on Investments for each specific investment asset does not exceed CAD\$200 million.

Follow-on Investments include additional investments, whether direct or indirect, in the same entity or underlying assets acquired in a prior transaction, or the expansion of an existing asset beyond the normal growth of the asset. For greater certainty the expansion of a financing facility is only considered a Follow-on Investment if the funds are used to acquire a new asset. Expansion of a financing facility for purposes of the day-to-day operations of an investment is not considered to be a Follow-on Investment.

### 6.2 Debt Financing of a Follow-on Investment

The Investment Committee hereby delegates authority to the CEO to approve debt financing to fund one or more Follow-on Investments as follows:

- If the initial transaction was within the CEO’s Delegated Authority, the CEO may authorize debt financing to fund a Follow-on Investment provided that the debt financing

of the initial acquisition plus the debt financing to fund all subsequent Follow-on Investments does not exceed the borrowing limits set out in Section 5.1.

- If the initial transaction was approved by the Investment Committee, the CEO may authorize the debt financing to fund a Follow-on Investment provided that the aggregate amount of the debt financings to fund all subsequent Follow-on Investments does not exceed the borrowing limits set out in Section 5.1.

### 6.3 Designated Investment Transactions

Follow-on investments in respect of Designated Investment Transactions shall be approved in accordance with the authorizations set out in the Special Transactions Review Policy.

## 7. DELEGATIONS OF AUTHORITY WITH RESPECT TO ASSET ALLOCATION DECISIONS

### 7.1 Long-Term Strategic Asset Group Mix

The Investment Committee has approved a Long-Term Strategic Asset Group Mix as specified in the SIP&Ps. The Investment Committee delegates the following authorities to the CEO to revise the allocation to the Public Investment asset mix and the Non-Public Investment asset mix within the range of allocations approved by the Investment Committee.

Asset Allocation: Public Investments and Non-Public Investments	
Asset Class or Group	Delegated Authority to CEO and Authority Limits
Revise the Public Investment asset allocation (fixed income, real return bonds, public equities) within the Long-Term Strategic Asset Group Mix.	To a maximum of 65% of the market value of the Fund and to a minimum of 41% of the market value of the Fund.
Revise the Non-Public Investment asset allocation (infrastructure, real estate, private equities) within the Long-Term Strategic Asset Group Mix.	To a maximum of 59% of the market value of the Fund and to a minimum of 35% of the market value of the Fund.

### 7.2 Strategic Asset Classes

The Investment Committee delegates the authority to the CEO to set and revise the allocations to the strategic asset classes (fixed income, real return bonds, public equities, infrastructure, private equities and real estate).

Asset Mix: Strategic Asset Classes	
Asset Class or Group	Delegated Authority to CEO and Authority Limits
Within the delegated authority granted with respect to the Public Investment Asset Group, set and revise the asset class mix to the strategic asset classes that are included in the Public Investment asset group (fixed income, real return bonds, public equities).	Full authority delegated – No allocation limit
Within the delegated authority granted with respect to the Non-Public Investment Asset Group, set and revise the asset class mix to the strategic asset classes that are included in the Non-Public Investment asset group (infrastructure, real estate, private equities).	Full authority delegated – No allocation limit

## 8. DELEGATIONS OF AUTHORITY IN RESPECT OF OPERATIONAL MATTERS

The Investment Committee hereby delegates the general or operational authorities to the CEO to facilitate approved transactions or to permit day-to-day management of the Funds, including, but not limited to, the matters set out below:

- **Inter-Company Trades and Borrowing** within or between the Investment Entities and OFT or legal entities managed by the Investment Entities that would not result in any net change in the assets or liabilities of the OAC as a whole or to facilitate the execution of approved transactions;
- **Voting of Proxies** related to securities owned by the OAC;
- **Creation and Reorganization of Legal Entities/Structures** (i.e. subsidiaries, partnerships, trusts, etc.) in compliance with the PBA and ITA to permit the implementation of approved transactions and/or to facilitate the ongoing tax and administrative efficiency of the structure holding the investment;
- **Selection of Directors and Officers** of each of the Investment Entities and any other subsidiaries or entities in which the OAC directly or indirectly has invested funds or otherwise has an interest. Any such directors and officers may be employees of the OAC or an Investment Entity or they may be external candidates. Any candidate external to OMERS selected to serve as a director of an Investment Entity must first be confirmed by the Investment Committee;
- **Execution of Legal Agreements** including, but not limited to, International Swaps and Derivatives Association Agreements, third-party management agreements, shareholder and partnership agreements, confidentiality agreements, loan agreements and purchase and sale agreements;
- **Approval of Investment Mandates** within Investment Committee-approved investment programs;
- Setting investment trading limits; and
- Setting currency hedging requirements.

## 9. MATERIAL CHANGES TO APPROVED TRANSACTIONS

Any changes to the terms of a transaction are material if, taken together, they are expected to have a significant effect on the value or control of the investment or are an important factor in determining whether to proceed with the transaction. If an Investment Decision proposed by an Investment Entity is approved by the Investment Committee or the CEO under the Delegated Authorities and any material changes to the terms of the transaction occur, 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 Investment Entity 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 must be completed in accordance with the terms of the original Investment Committee or CEO approval subject to the amendments required as a result of the material change. The CEO must document his/her determination and describe how the terms of the original Investment Committee 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 Investment Committee for its consideration and approval or further approval of the CEO must be obtained, as applicable.

**10. AUTHORITY TO SUB-DELEGATE**

Within his/her Delegated Authorities, the CEO may sub-delegate any or all of the Delegated Authorities and limits to employees of the OAC or the Investment Entities, and their committees or agents as required and may revise those sub-Delegated Authorities and limits from time to time.

**11. REPORTING**

The CEO, or such delegate as the CEO appoints, will report to the Investment Committee at its regularly scheduled meetings regarding private market investments made under the Delegated Authorities. Any breach of the Delegated Authorities must be promptly reported to the Investment Committee by the CEO (or delegate).

Reporting to the Investment Committee in respect of Designated Special Transactions and Permitted FIR Related Party Transactions will be provided in accordance with the Special Transactions Review Policy.

**HISTORY**

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