University of British Columbia (UBC)

Staff Pension Plan

Statement of Investment Policies and Procedures

December 4, 2012

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SECTION 1 – PURPOSE

1.1 This document constitutes the Statement of Investment Policies and Procedures (the "**Policy**") applicable to the assets (the "**Fund**") for the Staff Pension Plan (the "**Plan**"), established by the University of British Columbia (the "**University**") to provide retirement benefits for staff members (the "**Members**").

1.2 The purpose of this Policy is to define the governance structure for the Fund and to formulate investment principles, guidelines and monitoring procedures to manage the assets of the Fund in accordance with the Pension Benefits Standards Act of British Columbia and the Regulations thereto (the "**PBSA**"). This Policy is supplementary to the rules contained in the PBSA.

1.3 Any investment manager or fiduciary providing services in connection with the management and investment of the Fund shall accept and comply with this Policy.

SECTION 2 – PLAN OVERVIEW

2.1 The Plan is a registered target benefit plan. Contributions are fixed for both the University and Members, based on a percentage of salary in accordance with the Plan text. It is intended that Members receive a specified level of benefits upon retirement, death and termination of employment, based on percentage of a Member's best average pensionable earnings and pensionable service (referred to as the Member's "**basic benefit**"), together with annual adjustments for inflation (referred to as the Member's "**inflation benefit**").

2.2 An actuarial valuation is conducted at least once every three years. Depending on the results of the actuarial valuation, basic benefits and/or inflation benefits may be increased or decreased.

2.3 At the December 31, 2010 actuarial valuation, the basic benefit was 100% funded on both a going concern and solvency valuation basis. On the going concern valuation, the Plan was sufficiently funded to be able to provide inflation adjustments equal to 50% of annual inflation each year; on the solvency valuation, the Plan was sufficiently funded to be able to provide nil% of annual inflation each year. The next actuarial valuation is scheduled to be performed as of December 31, 2013.

SECTION 3 – PLAN GOVERNANCE

3.1 The University, acting through its Board of Governors (the “**Governors**”), is for the purposes of the PBSA the Plan’s “administrator”, and is responsible for the overall management of the Plan and the Fund. Pursuant to Article 20 of the Plan, the Governors have constituted the Pension Board of the Staff Pension Plan (“**SPP Board**”), and have delegated to it the various powers and duties identified in the Pension Board Terms of Reference and Governance Policy (the “**SPP Board Terms of Reference**”).

3.2 Pursuant to Section 22.003 of the Plan, the University is required to adopt and maintain this Policy to govern the investment of the Fund. The Governors have delegated to the SPP Board responsibility for formulating and recommending to the Governors the terms of this Policy, including the Investment Policy Portfolio described in Section 5.7. This delegation by the Governors to the SPP Board is in addition to, and not in derogation from, the delegations made to the SPP Board in Article 20 of the Plan and the SPP Board Terms of Reference.

3.3 The Governors have delegated to the University of British Columbia Investment Management Trust Inc. (“**IMANT**”) responsibility for the implementation of this Policy, as formulated by the SPP Board and adopted by the Governors. IMANT acts through its board of directors (the “**IMANT Board**”), who are appointed by the Governors. The Board, in turn, has appointed a President and CEO of IMANT (the “**President**”) and has delegated specific responsibilities to the President with respect to the day-to-day management, administration and investment of the Fund. Delegated responsibilities are set out below.

Responsibilities of IMANT Board of Directors

3.4 The IMANT Board shall, with recommendations from the SPP Board :

(a) implement this Policy, including the Investment Policy Portfolio described in Section 5.7;

(b) establish and approve overall Fund investment manager structure and all operating and administrative policies for the Fund, including the IMANT Code of Conduct, the IMANT conflict of interest policies and the IMANT Statement of Signing Authorizations;

(c) delegate specific responsibilities to the President to assist with the day-to-day management and administration of the Fund, but retaining ultimate responsibility for all investment management decisions;

(d) oversee the President's compliance with this Policy;

(e) rely on independent experts as required for certain aspects of the Fund's operations;

(f) review and approve those investment transactions where the invested amount is outside the scope of the President's authorization as set out in the IMANT Statement of Investment Authorities;

(g) monitor the Fund's investment performance and asset class returns, and report to the SPP Board on the Fund's investment performance and asset class returns;

(h) make recommendations to the SPP Board for confirmation or changes as required to this Policy;

(i) approve the following:

- Sub-asset categories,
- Asset category/asset manager risk guidelines,
- Manager structures,
- Asset manager selection process,
- Selection and removal of asset managers upon recommendations brought forward by the President,
- Proxy voting guidelines;

(j) review and report to the SPP Board on manager monitoring and compliance based on reports prepared by the President;

(k) monitor, evaluate and report to the SPP Board on performance and cost effectiveness of investment policies and strategies; and

(l) carry out such other duties as directed or authorized by the Governors or SPP Board from time to time.

President

3.5 The President, under the direction of the IMANT Board, shall:

(a) manage the day-to-day investment activities and administration of the Fund in accordance with this Policy, the PBSA, the IMANT Statement of Investment Authorities and the operating policies and procedures established by the IMANT Board;

(b) implement this Policy, including the Investment Policy Portfolio;

(c) recommend for approval by the IMANT Board the appointment and termination by IMANT of external investment managers (the "**Managers**");

(d) recommend for approval by the SPP Board the University's appointment or termination of the custodian of the Fund's assets (the "**Custodian**");

(e) appoint or terminate on IMANT's behalf lawyers, accountants and other service providers as required;

(f) meet with individual Managers on at least an annual basis;

(g) evaluate and monitor the performance of individual Managers relative to agreed upon performance and risk objectives as established by the IMANT Board;

(h) oversee the Managers' compliance with this Policy;

(i) execute on IMANT's behalf agreements and mandates with the Managers, service providers and agents;

(j) evaluate, monitor and report to the IMANT Board on the Fund's investment performance and asset class returns;

(k) make recommendations to the IMANT Board for confirmation or changes to this Policy;

(l) evaluate and recommend to the IMANT Board co-investments with other institutional investors;

(m) direct investments in non public asset classes including private equity, infrastructure and real estate;

(n) prepare reports for the IMANT Board and SPP Board on a regular basis on the management and investment activities of the Fund; and

(o) carry out such other duties as directed or authorized by the IMANT Board.

SECTION 4 – INVESTMENT PRINCIPLES AND BELIEFS

4.1 The IMANT Board, SPP Board and the University have enunciated a set of investment principles and beliefs that form the basis for the development of this Policy and the manner in which the Fund shall be invested. The beliefs apply at the portfolio level as well as within individual asset classes. The investment principles and beliefs are articulated in the IMANT Mission Statement and Statement of Investment Beliefs (August 2010) and the UBC Statement of Investment Values (August 2010). Those beliefs and values are captured in the statements detailed below.

(a) The Fund shall be managed with the prudence and standard of care that requires all fiduciaries, including the Managers, to use the same care and diligence that they would use in managing the property of another person and to apply all relevant knowledge that they possess or by reason of their profession ought to possess.

(b) Risks shall be identified, quantified, managed and reported. The identification of risks should take into account the liabilities of the Plan. The primary risk is the security of the basic benefit.

(c) The University, the SPP Board and IMANT are committed to a long term view of the Plan. A long-term investment horizon provides opportunities to earn higher expected risk premiums from illiquid or volatile assets.

(d) Risks shall be managed with prudence and care. IMANT shall manage risk primarily through asset class selection, asset mix selection and management, security diversification, manager diversification, credit analysis, currency management and transparent reporting.

(e) Recognizing that the University is a public institution, investments and investment processes must be transparent and readily communicated.

(f) In the long term, asset mix is the main determinant of portfolio return and risk. Market timing does not consistently add value.

(g) Diversification can improve portfolio risk and return characteristics.

(h) It is appropriate to retain Managers to invest the Fund in an efficient and cost effective manner. In selecting Managers, emphasis on good corporate governance by the Manager in their investment decisions is an important criteria.

(i) Passive investment management should be utilized unless it can be demonstrated that, net of fees, active management can add value.

(j) Long-term bonds provide the best match to the liabilities of the Plan's basic benefit. However, an unmatched portfolio with public equities and alternative asset classes is expected to provide higher long term returns than a bond portfolio, although it may lead to higher volatility in the Plan's funded position. The volatility of the funded position arising from an unmatched portfolio is recognized.

(k) The prudent use of derivatives can help manage risk and enhance returns. Derivatives and synthetic securities may be used as a substitute for more traditional investments in order to meet Plan objectives. This includes management of asset mix, currency hedging and replication of direct investments.

(l) In the long run, currency hedging may not add value. However, strategic currency hedging can be implemented to mitigate overall portfolio volatility, particularly over the short to medium term.

(m) Flexibility and liquidity need to be considered in asset allocation. Allocations to certain alternative investment strategies must take into account that such investments may be less liquid than traditional asset classes. Overall liquidity must be sufficient to meet the Plan's benefit obligations as they fall due.

SECTION 5 – PLAN OBJECTIVES, INVESTMENT POLICY PORTFOLIO, INVESTMENT MANAGEMENT AND EVALUATION OF INVESTMENT PERFORMANCE

Plan Objectives

5.1 In investing the Fund, the primary objective is, with the current level of contributions, to provide the basic benefit with a high level of certainty. A secondary objective is to maximize the level of inflation adjustments.

5.2 The actuary has determined that on a going concern basis as at December 31, 2010 the Fund, less a margin of 10%, is expected to be sufficient to provide the accrued benefits outlined in the table below if the Fund earns the rates of return shown.

Benefit	**Rate of Return (net of investment fees)**
Basic benefit only	At least 5.6% on average each year
Basic benefit plus inflation benefit at 100% indexing	At least 4.9% more than inflation each year

Future contributions may fall short of the Plan's future costs, meaning the required rate of return in each case will be higher. Alternatively, if future contributions exceed the Plan's future costs, the required rate of return could be lower.

Investment Objectives

5.3 In 2010, the SPP Board, with the assistance of its investment consultant, commenced a review of the Plan's investments to develop an investment structure designed to best meet the Plan objectives. Following the completion of the actuarial valuation at December 31, 2010, an asset-liability review was completed in 2012. These reviews took into account:

(a) the objective of securing the basic benefit with greater certainty,

(b) the objective of providing full inflation protection of the Members' pensions,

(c) the impact of short-term shortfalls of the Plan's funded position, on both the going concern and solvency valuations, on the basic benefit and the level of inflation adjustment,

(d) the long-term return expectations and the risks associated with key asset classes, as well as the relationships of their returns with each other, inflation and interest rates, and

(e) the diversification benefits obtained by the inclusion of several asset classes.

5.4 The Minimum Risk Portfolio ("**MRP**") for the Plan is a portfolio of Government of Canada bonds, structured such that these assets plus future contributions will exactly meet the Plan's expected future benefit payments. It is understood that if the Fund assets were invested completely in the MRP at December 31, 2010, to the extent that assets were available, the Plan objectives would not be satisfied.

Investment Policy Portfolio

5.5 The Fund's assets are to be allocated among the asset classes described in Section 5.7 in the percentages and within the ranges specified in Section 5.7. This asset mix is referred to throughout this Policy as the Investment Policy Portfolio, or "**IPP**". As more fully discussed in Sections 5.9 and 5.18, the Fund's performance shall be evaluated using the weighted average rate of return of passive investments invested in the market indices identified in Section 5.7 (the "**IPP Benchmark**").

5.6 The IMANT Board established a transition plan to implement the IPP in stages with an expected completion date of December 31, 2015.

5.7 The long term policy allocation, or IPP, of the Fund's assets shall be as follows:

Component Asset Classes	**Investment Policy Portfolio (IPP) Allocation to Asset Class (Percentage of Fund at Market Value)**	**Permitted Range for Asset Class (Percentage of Fund at Market Value)**		**Market Index Used to Measure Asset Class Performance (collectively, the IPP Benchmark)**
		Minimum	Maximum	
Cash & Cash Equivalents	1.0%	0.0%	3.0%	DEX 91 Day T-Bill Index
Long Bonds	24.0%	20.0%	30.0%	DEX Long Bond Index
Real Return Bonds	5.0%	2.5%	7.5%	DEX Real Return Index
Mortgages	5.0%	2.5%	7.5%	65%/35% DEX Long/ Mid Federal Government Index + 1.35%
Infrastructure Debt	10.0	7.0%	13.0%	DEX Long Federal Government Index + 1.9%
Total Fixed Income	**45.0%**	**38.0%**	**52.0%**	
Cdn Equities	10.0%	7.0%	13.0%	S&P /TSX Composite Index
Foreign Equities	10.0%	5.0%	15.0%	MSCI World Net Index (Cdn)
Emerging Mkts	5.0%	0.0%	7.5%	MSCI Emerging Mkts Net Index (Cdn)
Total Public Equities	**25.0%**	**18.0%**	**32.0%**	
Private Equity	5.0%	2.0%	8.0%	MSCI World Net Index (Cdn) +2% (lagged 3 months)
Real Estate	12.5%	9.0%	16.0%	CPI + 4.0% p.a.
Infrastructure Equity	12.5%	9.0%	16.0%	CPI + 4.5% p.a.
Hedge Funds	0.0%	0.0%	5.0%	HFRI Fund of Funds: Conservative Index (Cdn)
Other Assets (6.3(j))	0.0%	0.0%	5.0%	
Total Alternatives	**30.0%**	**20.0%**	**40.0%**	

5.8 The Fund’s current asset mix is expected to be transitioned to the policy allocations in Section 5.7 by December 31, 2015. Due to the illiquid nature of the Alternative asset classes, IMANT is to transition the Fund to this asset mix on a best-efforts basis.

5.9 As described in 5.8, since challenges exist in implementing the changes to the Fund’s asset mix, an interim benchmark will be used to evaluate investment performance until the transition is completed. During the transition period, the SPP Board’s investment consultant shall, with IMANT’s assistance, define a suitable asset mix for the interim benchmark prior to each quarter. The percentages defined in this interim benchmark shall apply for the benchmark calculation for each specific quarter.

5.10 Recognizing that buying and selling securities does incur a cost and that there is a trade off between transaction costs and benefits, for public market securities the Fund will be rebalanced on a monthly basis as follows:

(a) If an asset class is above or below an asset class range, IMANT management must rebalance to within the range. IMANT management has discretion to rebalance to the mid-point, or within the range as it considers appropriate. Any deviations from an asset class's policy allocation Range identified in Section 5.7 must be reported to the IMANT Board

(b) In periods of extreme market volatility, the above rebalancing policy may be suspended upon confirmation and approval by the Chair of the IMANT Board and notification to the IMANT Board.

5.11 It is recognized that as the allocations to certain illiquid asset classes are reduced during the transition period, it may not be possible to re-balance the Fund entirely in accordance with Section 5.10.

5.12 If IMANT wishes to suspend further allocations or redemptions to or from an asset class as a result of unfavorable market conditions, IMANT will notify the

SPP Board. Upon the approval of the SPP Board, the IPP class weights will be adjusted accordingly until such suspension is removed.

5.13 The Fund's foreign currency shall be partially hedged to reduce the impact of currency fluctuations. It is intended that 50% of the currency exposure will be hedged, and the hedge ratio for the non-Canadian investments shall be maintained within a range of 30% to 70%.

Investment Management

5.14 IMANT shall retain external investment managers ("**Managers**"), each to manage specified portions of the Fund. The selection of a Manager shall be made in a prudent manner, applying fair and reasonable identification, evaluation and selection standards.

5.15 IMANT shall prepare a written mandate for each Manager, which describes the categories and sub-categories in which the Manager may invest, the investment guidelines and constraints in respect of that mandate, and the investment performance standards.

5.16 A Manager, in performing its duties, shall:

(a) exercise the care, diligence and skill of a prudent investment manager and shall at all times act on a basis that is fair and reasonable;

(b) adhere at all times to the Code of Ethics and Standards of Professional Conduct adopted by the CFA Institute and to the internal conduct guidelines established by the Manager; and

(c) manage its portfolio in accordance with the terms of its Investment Management Agreement with IMANT and the specific guidelines set out herein.

5.17 IMANT shall review the performance of each Manager, and may, at its sole discretion, terminate the services of a Manager. Reasons for terminating the service of a Manager include, but are not limited to:

(a) failure of the Manager to meet the return expectations as specified in its mandate;

(b) changes in personnel, firm structure, or investment philosophy, style or approach which might adversely affect the potential return or risk level of the portfolio.

(c) failure to adhere to the Policy or the Manager’s mandate

(d) changes in the structure of the Fund which would no longer necessitate the use of the Manager’s services.

Evaluation of Investment Performance

5.18 The Fund is expected to achieve over moving four-year periods a return, after IMANT fees and all investment management fees and expenses, the rate of return of the IPP Benchmark plus 0.25%. The rate of return of the IPP Benchmark in a calendar quarter is equal to the weighted average rate of return of passive investments invested in the market indices identified in Section 5.7 for each asset class.

5.19 In evaluating the investment performance of the Fund in a calendar quarter, the rate of return of the IPP Benchmark will reflect the target hedge ratio and the actual holdings of each non-Canadian currency, on average, in that quarter.

5.20 The rate of return of the IPP Benchmark for a period longer than a calendar quarter shall be the geometrically-linked rate of return of the IPP Benchmark rates of return for each quarter within that period.

5.21 Each Manager’s rate of return will be evaluated by comparing its performance with the performance target established for the Manager in its mandate.

SECTION 6 – PERMITTED INVESTMENTS

6.1 All investments shall be made in accordance with the applicable legislation including the Income Tax Act (Canada) and the PBSA.

6.2 The Custodian shall be a trust company registered in Canada. All public investments and assets of the Plan shall be held by the Custodian and registered:

(a) in a name that clearly indicates that the investment is held in trust for the Plan and, where the investment is capable of being registered, registered in that name, or

(b) in the name of the Canadian Depository for Securities Limited, the Custodian, or a nominee thereof, in accordance with an agreement with the Custodian that clearly indicates that the investment is held for the Plan and provides that the investment:

i. constitutes part of the Fund,

ii. shall not at any time constitute an asset of the Custodian or nominee, and

iii. that further provides that records shall be maintained by the Custodian that are sufficient to allow the ownership of any investment be traced to the Fund at any time.

6.3 From time to time, and subject to this Policy, the Fund may be invested in any or all of the following asset categories and sub-categories of investments, either directly or through pooled funds or other co-mingled vehicles or limited partnerships that hold these investments:

(a) **Cash or Cash Equivalents**:

- deposits with banks or trust companies with a current term to maturity of one year or less,
- floating rate notes of Canadian issuers

- fixed income instruments as identified in 6.3 (b) with a current term to maturity of one year or less;

(b) **Fixed Income**:

- bonds, debentures, notes, or other debt instruments, including securitized investments, of Canadian and foreign issuers,
- mortgages and mortgage-backed securities,
- infrastructure debt instruments, and
- term deposits or similar instruments of trust companies and banks licensed to carry on business in Canada or the United States;

(c) **Canadian Equity**:

- common stocks, convertible debentures, share purchase warrants, installments receipts, exchangeable shares, share purchase rights, preferred shares or units in income trusts;

(d) **Foreign Equity**:

- common stocks, convertible debentures, preferred shares, share purchase warrants, share purchase rights or Depositary Receipts of non-Canadian companies or units in income trusts;

(e) **Private Equity:**

- equity investments in non-public Canadian and foreign companies through fund structures, fund of fund structures, swap arrangements or limited partnerships or co-investment with other institutional investors;

(f) **Real Estate:**

- real property, whether held directly or through open or closed-end pooled funds in partnership with other institutional investors (e.g. bcIMC, CPPIB), participating debentures, shares of corporations or partnerships formed for pension funds, swap instruments to invest in real estate and unit in real estate investment trusts;

(g) **Infrastructure Equity:**

- through fund of funds, limited partnerships or co-investments with other institutional investors (e.g. bcIMC, CPPIB);

(h) **Absolute Return Assets:**

- hedge fund strategies, as invested as of December 31, 2010;[1]

(i) **Derivatives:**

- futures and options that are regularly traded upon recognized public exchanges or other organized public trading facilities where market prices are readily available,
- forward currency contracts, swap agreements (including the International Swaps and Derivatives Association (ISDA) agreement) and other derivative investments with financial institutions or business corporations, Managers;

(j) **Other Assets:**

- oil and gas, resource properties, commodities and timber through pooled funds, limited partnership or co-investments with other institutional investors, and
- subject to SPP Board approval, up to 5% of the Fund may be invested in unique market investment opportunities that may arise from time to time that do not readily fit a specific asset class category/manager structure with an appropriate benchmark.

6.4 Fund investments in pooled funds and other co-mingled vehicles will be subject to the specific policies or guidelines of the respective pooled fund or co-mingled vehicle. In the event of a conflict between the Policy and the specific policies or guidelines of the respective pooled fund or co-mingled vehicle, the latter's policies or guidelines will prevail. However, the relevant Manager is expected to

[1] No new investments will be made in this category after December 31, 2010.

advise IMANT if the pooled fund or co-mingled vehicle exhibits, or may exhibit, any significant departure from this Policy.

SECTION 7 – PORTFOLIO CONSTRAINTS, DIVERSIFICATION AND LIQUIDITY

7.1 Unless otherwise indicated, all percentages used in this Section shall be calculated using market values. In addition to the PBSA's constraints:

(a) no more than 3% of the book value of the assets shall be invested in the security of a single corporation or other entity; and

(b) with the exception of securities issued or guaranteed by the Government of Canada, or as otherwise permitted by the PBSA, no more than 10% of the book value of the Plan's assets can be invested in the securities of any single entity and its associated persons and affiliated corporations;

(c) except as permitted by the PBSA, the Fund shall not acquire securities of a corporation to which are attached more than 30% of the voting rights of the corporation.

7.2 All cash equivalents, including those held within the portfolios for each asset class at the discretion of the Manager, shall have a minimum credit rating of "R-1 (low)" or equivalent and be readily marketable or redeemable.

7.3 **Fixed Income**

(a) No more than 5% of the fixed income portfolio shall be invested in any one corporation or security, with the exception of those securities issued or guaranteed by the Government of Canada or a province of Canada or an agency thereof having at least an "A" rating.

(b) No more than 50% of the fixed income portfolio shall be invested in aggregate in debt securities issued by entities that are not affiliated with government.

(c) No more than 35% of the fixed income portfolio shall be invested in aggregate in debt securities having an "A" rating.

(d) No more than 10% of the fixed income portfolio shall be invested in aggregate in debt securities having a "BBB" rating.

(e) No part of a fixed income portfolio shall be invested in a debt security having a rating lower than “BBB”, unless such security had a rating of “BBB” or higher at the time of purchase.

(f) The aggregate amount of public and private debt securities in any single issuer, except those issued or guaranteed by the Government of Canada or a province of Canada or an agency thereof having at least an “A” rating, shall not exceed 25% of the total debt outstanding by that issuer.

(g) No more than 25% of the fixed income portfolio shall be held in securities denominated for payment in a foreign currency.

(h) Mortgage investments shall be restricted to pooled mortgage funds consisting of first mortgages of industrial, residential, commercial and office properties across Canada. For a mortgage fund to be eligible, the aggregate amount of each mortgage within the mortgage fund must not exceed 75% of the appraised value of the subject real estate at the time of investment or renewal.

(i) If a security’s credit rating falls below the specified level after purchase, the relevant Manager shall recommend a course of action to the President for approval.

(j) For purposes of this Section, all debt ratings refer to the ratings of Dominion Bond Rating Service or the equivalent rating by a recognized rating agency. For quality rating purposes, a rating is to be taken as the lower of two ratings by recognized rating agencies.

(k) With respect to infrastructure debt investments, the ratings guidelines in Section 7.3 (j) do not apply.

(l) Not more than 2% of the Fund may be invested in any one infrastructure debt investment.

7.4 **Public Equities**

Holdings shall be diversified by issuer, capitalization and industry, and in the case of foreign equities, by region and country. No more than 30% of the total public equity portfolio of the Fund shall be invested in emerging market securities.

7.5 **Real Estate**

(a) Except for real estate investments held as at December 31, 2010, investments in non-income-producing properties shall not exceed 10% of the total real estate portfolio.

(b) Please see Appendix B for the other Real Estate Guidelines.

7.6 **Infrastructure Equity**

(a) Except for infrastructure investments held as at December 31, 2010, investments shall be diversified by geography and type.

(b) Please see Appendix C for the other Infrastructure Equity Guidelines.

7.7 **Derivatives**

(a) Derivatives instruments may not be used to leverage the Fund or for speculative purposes.

(b) Derivative instruments may be used only to:

i. create an asset mix position (e.g. exchange traded funds) within the ranges and among the asset classes set out in this Policy;

ii. adjust the duration of the fixed income portfolio within the ranges set out in this Policy;

iii. replicate direct investments in the underlying assets or asset classes (e.g. indexes) allowed under this Policy so as to achieve an advantage of lower cost, transactional ease, market exposure or manager skill;

iv. manage the currency exposure of a portfolio of foreign assets as defined in section 5.13; or

v. reduce risk as part of a hedging strategy, including market, interest rate, credit, liquidity and currency risk.

(c) The aggregate net notional value of all the derivative instruments shall not exceed 30% of the Fund.

(d) Managers shall be responsible for assessing counterparty risk associated with derivative instruments.

(e) For greater clarity, derivatives used in currency hedging or in absolute return strategies as defined in Section 6.3(h) do not violate any of the provisions set out in this Section 7.7.

7.8 **Counterparties**

(a) The counterparty to any derivative transaction must have a long-term credit rating of at least “A” from Standard & Poor’s Corporation, “A2” from Moody’s Investor Service Inc., or equivalent credit rating as rated by another nationally recognized rating organization.

(b) IMANT shall monitor the overall level of counterparty risk in the Plan.

7.9 **Liquidity**

IMANT shall maintain sufficient liquidity in the Fund to meet the Plan’s liabilities as they fall due and avoid the untimely disposal of securities.

SECTION 8 – LOANS AND BORROWING

8.1 No part of the Fund shall be loaned to any party, other than by purchasing securities which otherwise meet the requirements of this Policy for fixed income or cash equivalents.

8.2 Money shall not be borrowed on behalf of the Plan and the Plan's assets shall not be pledged or otherwise encumbered in respect thereof, except:

(a) for the payment of refunds, benefits or administration costs of the Plan to the extent that such borrowing is limited to the aggregate of such disbursements in any one month and that the term of the borrowing does not exceed 90 days,

(b) for and to the extent of temporary overdrafts that occur in the course of normal day-to-day portfolio management; or

(c) for a non-recourse loan secured by a mortgage on a real estate investment of the Fund or debt financing of an infrastructure investment secured by the infrastructure asset.

SECTION 9 – VOTING RIGHTS

9.1 Responsibility for exercising voting rights of the Plan's investments is delegated to the President who may sub-delegate this responsibility to the Managers. All voting rights shall be exercised in the best interests of the Plan's members.

9.2 The President and Managers shall conform to the principle of voting in favour of measures that promote good corporate governance and vote against measures that do not appear to create value for shareholders. Voting of proxies shall be exercised at all times in the best interest of the Plan's members.

9.3 The President and or Managers shall maintain a record of how voting rights have been exercised.

9.4 It is recognized, however, that the above policy on voting rights may not be enforceable to the extent that part of the Fund is invested in pooled funds.

SECTION 10 – VALUATION OF INVESTMENTS

10.1 Marketable securities shall be valued by the Custodian no less frequently than monthly at their market value.

10.2 Investment in a pooled fund comprising marketable securities shall be valued according to the unit values calculated at least monthly by the custodian of that pooled fund. The Custodian shall be responsible for requesting and recording the unit values on a monthly basis.

10.3 If a market valuation of an investment is not readily available, an estimate of fair value shall be supplied by the relevant Manager to the Custodian no less frequently than annually. Such fair value may be determined by reference to the most recent independent expert appraisal or by other means such as discounted cash flow or comparison with similar assets which are publicly traded. In all cases the methodology should be applied consistently over time and in accordance with generally accepted industry valuation procedures. This valuation methodology shall also apply to non-tradable investments held directly or through co-investment with other investors.

10.4 Independent expert appraisal of each such non-traded investment shall be obtained by or for the IMANT Board as needed.

SECTION 11 – RELATED PARTY TRANSACTIONS

11.1 For the purposes of this Policy, "Related Party" has the meaning given in the PBSA, but for greater certainty includes:

(a) the University, an affiliate of the University, or a member of the Board of Governors of the University,

(b) an officer or employee of the University,

(c) a member of the IMANT Board, or

(d) an officer or employee of IMANT.

Related Party Transactions

11.2 The Plan may enter into a transaction with a Related Party only if:

(a) the transaction is required for the operation or administration of the Plan, and the terms, conditions and monetary value of the transaction are not less favourable than market terms, conditions and value; or

(b) the transaction does not exceed 1% to of the market value of the Fund at the time of the transaction;

(c) the transaction involves the purchase or sale of securities of the Related Party on a public exchange.

11.3 The IMANT Board shall monitor transactions with Related Parties to ensure ongoing compliance with this Policy.

Conflicts of Interest

11.4 From time to time, real or perceived conflicts of interest may arise if a member of the IMANT Board, or any agent of or advisor to the Plan, or any employee of IMANT has or acquires any material interest, direct or indirect, in any matter in which the Fund is invested, or may benefit materially from knowledge of, participation in, or by virtue of an investment decision or holding of the Fund. If this occurs, such real or perceived conflict must be promptly disclosed as follows. In the case of an IMANT staff member, the disclosure is to the President; in the case of the President, to the Chair of the IMANT Board; in the case of a member of the IMANT Board, to the Chair of the IMANT Board; in the case of the Chair of the IMANT Board, to the Chair of the Governance Committee of the IMANT Board. The Chair or President shall then advise all the members of the IMANT Board of the matter so disclosed.

After such disclosure, the Board shall decide on an appropriate course of action prior to discussing the related business matter. The person who made such disclosure will not participate in the discussions, and thereafter take no part in any discussions or decision making with respect to the area of conflict, unless otherwise determined by unanimous decision of the remaining members of the IMANT Board.

11.5 Every disclosure of interest under this Section shall be recorded in the minutes of the relevant IMANT Board meeting.

11.6 The failure of a person to comply with the procedures described in this Section shall not of itself invalidate any decision, contract or other matter.

11.7 The President shall satisfy himself that an appropriate policy regarding conflicts of interest exists and is followed by any fiduciary of the Plan, including the Managers. As a minimum, the Code of Ethics and Standards of Professional Conduct adopted by the Chartered Financial Analysts Institute shall be expected to apply to such fiduciaries.

SECTION 12 – MONITORING

12.1 IMANT shall monitor the performance of each Manager relative to the Manager's mandate. In its analysis, IMANT shall review the portfolio holdings of each Manager and shall undertake any analysis that may be required to confirm the Manager's compliance with this Policy.

12.2 IMANT shall prepare a report at the end of each calendar quarter. The report shall show:

(a) the assets and net cash flow of the Plan,

(b) the current asset mix of the Fund,

(c) the investment performance of the Fund relative to the performance of the IPP Benchmark,

(d) analysis, commentary and discussion of the next steps in respect of each Manager that has not achieved its performance objectives or for which IMANT has concerns,

(e) the fees and expenses incurred in managing the Fund (reported at least annually, or quarterly as requested), and

(f) confirmation of compliance with this Policy by IMANT and by each Manager.

12.3 The SPP Board's investment consultant shall meet with IMANT at least once each calendar quarter to discuss:

(a) the Fund's investment performance in the previous quarter

(b) any changes that IMANT has made to Managers and any changes that IMANT is contemplating to Managers

(c) IMANT's progress in implementing the transition plan

12.4 The SPP Board's investment consultant shall prepare a report at the end of each calendar quarter. The report shall show:

(a) the investment consultant's own calculation of the Fund's total rate of return and the IPP Benchmark rate of return

(b) the plan actuary's estimate of the funded position of the Plan on both a going concern and solvency basis as of the end of the quarter, basing its estimate on the rate of the return of the Fund and on changes in long-term interest rates in the quarter

(c) the investment consultant's assessment of any changes that IMANT has made or is expected to make in the management of the Fund

(d) the investment consultant's assessment of the progress that has been made in implementing the transition plan.

12.5 IMANT and the SPP Board's investment consultant shall distribute their reports to the SPP Board, and shall make themselves available to discuss their contents.

12.6 The SPP Board shall evaluate whether any information discovered through the foregoing monitoring activities require specific communication to the Governors.

SECTION 13 – POLICY REVIEW AND AMENDMENT

13.1 This Policy, including the IPP, shall be reviewed at least annually by the SPP Board in order to determine whether any modifications are necessary or desirable. Such review shall address the following considerations:

(a) changes in the design of the Plan,

(b) revisions to the expected long-term relationship between risk and reward on key asset classes,

(c) changes in the actuarial valuation basis, the funded status, the membership/ liability distribution, or the contribution/expense expectation in respect of the Plan,

(d) shortcomings of the Policy that emerge in its practical operation,

(e) changes in applicable legislation,

(f) recommendations by IMANT Board or the SPP Board's investment consultant, and

(g) such other factors as the SPP Board considers relevant.

13.2 In assisting the SPP Board with its review, its investment consultant shall recommend any changes to the investment structure that the SPP Board should consider that may better achieve the Plan objectives, including any changes to the MRP or the IPP.

13.3 Upon the conclusion of each such annual review, the SPP Board shall report the results of the review to the Governors and recommend to the Governors such changes to the Policy, if any, as it considers appropriate or necessary. Any amendments to this Policy must be evidenced by resolution adopted by the Governors.

13.4 Despite Section 13.3, the SPP Board may on the University's behalf adopt by resolution amendments to this Policy which i) on the advice of its legal counsel are required to comply with applicable law, or ii) on the advice of the President or the IMANT Board are required for the efficient investment of the Fund and are consistent with the IPP; provided that all amendments so adopted by the SPP Board must be submitted to the Governors for ratification as part of the next annual review of this Policy in accordance with Sections 13.1 and 13.3. Any such amendments which are not ratified by the Governors within one year of their adoption by the SPP Board shall without further act or formality cease to be of any further force or effect.

13.5 A copy of this Policy and any amendments to it shall be delivered to the Plan's actuary.

APPENDIX A – INVESTMENT POLICY PORTFOLIO BENCHMARK (IPP BENCHMARK) HISTORY

December 31, 2010 – December 31, 2012		
	Weight	
Equities (Cdn)	15%	S&P/TSX Composite Index
Equities (EAFE)	7.5%	MSCI EAFE Net Index (Cdn)
Equities (US)	7.5%	S&P 500 Index (Cdn)
Fixed Income	24%	DEX Long Bond Index
Fixed Income	5%	DEX Real Return Bond Index
Fixed Income	5%	65%/35% DEX Long & Mid Federal Government Index +1.35%
Fixed Income	1%	DEX 91 Day T-Bills Index
Infrastructure Debt	10%	DEX Long Federal Government Index + 1.90%
Infrastructure Equity	12%	30% DEX Real Return Bond/70% MSCI World Index Net (Cdn) (lagged 3 months)
Real Estate	8%	ICREIM/IPD Canada All Property Index (lagged 3 months)
Private Equity	5%	MSCI World Net Index (Cdn) + 2% (lagged 3 months)
April 1, 2007 – December 31, 2010		
	Weight	
Equities (Cdn)	15%	S&P/TSX Composite Index
Equities (EAFE)	12.5%	MSCI EAFE Net Index (Cdn)
Equities (US)	12.5%	S&P 500 Index (Cdn)
Fixed Income	23%	DEX Universe Bond Index
Fixed Income	5%	DEX Long Bond Index
Fixed Income	5%	DEX Real Return Bond Index
Fixed Income	2%	DEX 91 Day T-Bills Index
Hedge Funds	10%	HFRI Fund of Funds: Conservative Index (Cdn)
Real Estate	10%	ICREIM/IPD Canada All Property Index (lagged 3 months)
Private Equity	5%	MSCI World Net Index (Cdn) + 2% (lagged 3 months)
January 1, 2005 – March 31, 2007		
	Weight	
Equities (Cdn)	15%	S&P/TSX Composite Index
Equities (EAFE)	12.5%	MSCI EAFE Net Index (Cdn)
Equities (US)	12.5%	S&P 500 Index (Cdn)
Fixed Income	23%	Scotia Capital Universe Bond Index
Fixed Income	5%	Scotia Capital Long Bond Index
Fixed Income	5%	Scotia Capital Real Return Bond Index
Fixed Income	2%	Scotia Capital 91 Day T-Bills Index
Hedge Funds	10%	HFRI Fund of Funds: Conservative Index (Cdn)
Real Estate	10%	UBC Staff Pension Plan Total Fund Return
Private Equity	5%	UBC Staff Pension Plan Total Fund Return
October 1, 2001 – December 31, 2004		
	Weight	
Equities (Cdn)	20%	S&P/TSX Composite Index
Equities (EAFE)	20%	MSCI EAFE Net Index (Cdn)
Equities (US)	17.5%	S&P 500 Index (Cdn)
Equities (US)	7.5%	S&P 400 Index (Cdn)
Fixed Income	25%	Scotia Capital Universe Bond Index
Fixed Income	5%	Scotia Capital Long Bond Index

Real Estate	5%	API Real Estate Index

January 1, 2000 – September 30, 2001		
	Weight	
Equities (Cdn)	20%	S&P/TSX Composite Index
Equities (EAFE)	20%	MSCI EAFE Net Index (Cdn)
Equities (US)	15%	S&P 500 Index (Cdn)
Equities (US)	5%	S&P 400 Index (Cdn)
Fixed Income	35%	Scotia Capital Universe Bond Index
Fixed Income	2%	Scotia Capital 91 Day T-Bills Index
Real Estate	3%	API Real Estate Index

July 1, 1999 – December 31, 1999		
	Weight	
Equities (Cdn)	17%	S&P/TSX Composite Index
Equities (EAFE)	19%	MSCI EAFE Net Index (Cdn)
Equities (US)	19%	S&P 500 Index (Cdn)
Fixed Income	35%	Scotia Capital Mid-Term Bond Index
Fixed Income	5%	Scotia Capital 91 Day T-Bills Index
Real Estate	5%	API Real Estate Index

Benchmark prior to July 1, 1999		
	Weight	
Equities (Cdn)	25%	S&P/TSX Composite Index
Equities (EAFE)	15%	Morgan Stanley Capital International World Net Index (CAD)
Equities (US)	5%	S&P 500 Index (Cdn)
Fixed Income	45%	Scotia Capital Mid-Term Bond Index
Fixed Income	5%	Scotia Capital 91 Day T-Bills Index
Real Estate	5%	API Real Estate Index

APPENDIX B – REAL ESTATE INVESTMENT GUIDELINES

Investment Philosophy

Real assets have risk and return characteristics that are well suited for the liabilities of the Plan.

Real assets investments generate future streams of inflation-sensitive income, provide protection against unanticipated inflation and contribute to portfolio diversification.

Real estate presents opportunities for superior managers to add value through their operational expertise and to outperform their peers.

The illiquid nature of real assets and the information-intensive aspects of transactions favour skilled, long-term investors.

Investment Objectives

1. **Diversification from Other Asset Classes**

   Real estate returns have historically behaved differently than the return of other asset classes. It is expected that real estate will continue to exhibit low correlation with other asset class returns thus lowering the risk of the overall portfolio.

2. **Inflation Hedge**

   Real estate asset prices have historically responded to increases in inflation providing a hedge against rising inflation. By allocating a portion of investments to an asset class with these characteristics the overall risk of rising inflation to the portfolio is reduced.

3. **Current Income**

   Real estate investments generate substantial cash yields making the total return on investment less sensitive to the length of the holding period and reducing valuation risk.

4. **Appreciation Opportunities**

   Inefficient real estate markets present opportunities for superior managers to add value through their operational expertise and to create value independent of underlying market movements.

5. **Preservation of Capital**

Real estate investments are backed by real assets mitigating exposure to loss of investment principal.

Performance Objectives

Net of fees and expenses, real estate investments of the Fund are expected to achieve a real return of 4% over the long term.

Permissible Investments

(a) Real property, whether held directly or through open or closed-end pooled funds, in partnership with like-minded investors (e.g. bcIMC, CPPIB), participating debentures, and shares of corporations or partnerships formed for pension funds;

(b) Units in real estate investment trusts (REIT);

(c) Units in real estate operating companies (REOC).

Prohibited Investments

In principle, the Fund will not invest in real estate investments that do not have predictable and stable revenue stream. Specifically, the Fund will not invest in stand-alone development projects, land or hospitality projects that by their nature do not have a predictable revenue stream. Following on this principle of predictability of cash flows, the Fund will not invest in managers that cannot provide a history of their previous real estate investments that are in-line with these guidelines.

Risk Management

Real estate is an illiquid asset class where it is difficult to quickly implement risk mitigation strategies in response to changing market conditions. To remedy this limitation, the real estate portfolio will consist of assets diversified by geography, sector, life cycle, vintage year and manager. To avoid reliance on price increases for return generation, the Fund imposes leverage constraints and prefers firms with superior operating capabilities, as opposed to groups relying on financial engineering skills. To mitigate valuation risk, the majority of the portfolio is to be allocated to investments that generate a current cash yield from property rents. To further increase the margin of safety, the Fund pursues investments where assets are bought at a discount to replacement cost.

Given the illiquid nature of privately held real estate, the risk factors listed below apply at time of purchase. Existing real estate investments that do not comply with these guidelines are permitted. Future real estate investments can only be undertaken if they comply with these guidelines.

Geographic Diversification: The Fund seeks to diversify its real estate investments geographically to mitigate exposure to country or region specific economic, political and environmental risks.

Domestic: At least 60%
International: OECD (ex-Canada) countries combined, at most 30%
Non-OECD countries combined, at most 10%

Sector Diversification: The Fund seeks to diversify its real estate investments across sectors to mitigate exposure to a specific real estate sector.

Vintage Year Diversification: The Fund seeks to diversify its real estate investments across vintage years to mitigate exposure to economic cycle peaks.

Property Concentration: Not more than 3% of the Fund may be invested in any one property.

Life Cycle Concentration: In keeping with its goal of risk mitigation, the Fund will invest the majority of its assets in fully established, income producing real estate, commonly referred to as core real estate. To mitigate exposure to changes in real estate prices, the Fund requires that 90% of real estate investments are in revenue generating properties (core) and less than 10% of the portfolio in the development, redevelopment, or restructuring phase (opportunistic).

Manager Diversification: Manager risk consists of two elements: 1) the exposure to a manager and 2) the number of managers in the real estate portfolio. To control manager exposure, real estate investments will be diversified by real estate managers and by real estate funds. The fund will consider investments only with established real estate managers that have a successful history of real estate investing.

Leverage: Leverage is a significant risk factor, the importance of which is magnified during an economic downturn when decreasing property values and stricter lending terms can lead to unexpected increased leverage levels and decreased equity interests. Income-producing real estate holdings may be mortgaged, except that the aggregate principal amount of such mortgages and debt shall not exceed 50% of the real estate portfolio, and no mortgage or debt on any single holding shall be more than 75% of the market value of such holding at the time the mortgage is given or renewed.

Quality of investments: Recognizing the long term nature of real estate investments, preference for income producing real estate and the limited opportunity to exit from individual investments, the Fund will seek real estate investment opportunities that are characterized by the high quality of their cash flows. Typically, such properties are characterized by high occupancy rates with long-term lease contracts with high quality tenants.

Reporting and Monitoring

Performance and compliance of the real estate asset class will be monitored on a quarterly basis.

APPENDIX C – INFRASTRUCTURE EQUITY INVESTMENT GUIDELINES

Investment Philosophy

The Infrastructure asset class provides access to returns generated by tangible assets that provide important services to an economy. Those assets are expected to provide long term stable cash flows that offer a degree of hedge for long-term liabilities and inflation. Such characteristics are well suited for the liabilities of the Plan. The illiquid nature of the real assets and the information-intensive aspects of transactions favour skilled, long-term investors.

Investment Objectives

1. **Long Term Income with Low Volatility**

   Infrastructure investments can yield long-term and predictable revenue streams that might match long-term liabilities.

2. **Inflation Hedge**

   Infrastructure assets are often contractually adjusted to partially follow inflation changes. This characteristic provides a degree of hedging against rising inflation.

3. **Diversification with Other Asset Classes**

   Infrastructure assets historically generated cash yields that account for a large component of the total investment returns and are expected to exhibit low correlation with other asset class returns thus lowering risk in the overall portfolio.

4. **Preservation of Capital**

   Infrastructure investments are backed by real assets or government availability-based contracts mitigating exposure to loss of investment principal.

5. **Active Management Opportunities**

   Infrastructure investments present opportunities for superior managers to add value through their industry expertise and to create value independent of underlying market movements.

Performance Objectives

Net of fees and expenses, infrastructure investments of the Fund are expected to achieve a real return of 4.5% over the long term.

Permissible Investments

Infrastructure investments, whether held directly or through open or closed-end pooled funds, in partnership with like-minded investors (e.g. bcIMC, CPPIB), participating debentures, and shares of corporations or partnerships formed for pension funds.

Risk Management

Infrastructure investments are illiquid and difficult to hedge in response to changing market conditions. To deal with the long-term nature of infrastructure investments, the infrastructure portfolio will consist of assets diversified by revenue type, life cycle, vintage year, industry sectors, geography, and manager. To avoid reliance on price appreciation for return generation, the Fund is seeking investments where cash distributions are a significant portion of returns. Firms with superior operating capabilities are preferred over groups that rely on financial engineering skills.

Given the illiquid nature of privately held infrastructure assets, the risk factors listed below apply at the time of initial investment. Existing infrastructure investments that do not comply with these guidelines are permitted. Future infrastructure investments will be undertaken in compliance with these guidelines.

Revenue Type Diversification: Infrastructure assets are classified by their revenue type: contracted, regulated and GDP dependent. In order to build a portfolio supported by long term, stable cash flows, the Fund will seek to build a diversified portfolio with emphasis on predictable and stable revenue streams.

Sector Diversification: To manage industry sector risk, the Infrastructure portfolio shall be diversified by industry.

Vintage Year Diversification: Infrastructure investments will be diversified by vintage year to mitigate exposure to economic cycle peaks.

Life Cycle Diversification: Infrastructure investments can be categorized by the phase of their investment life cycles: Late stage investments, referred to as brownfield investments, involve assets that are considered mature and proven; growth stage investments typically include expansion projects and new privatizations of existing operating assets; and, early stage investments, sometimes referred to as greenfield investments, include projects where there is no established revenue patterns upon which to rely.

In keeping with its goal of risk mitigation, the Fund will invest the majority of its assets in fully established, late stage ("brownfield") infrastructure investments. The Fund requires that 80% of infrastructure investments are in late stage assets and less than 20% of the portfolio in more opportunistic strategies – growth stage and "greenfield". Investments in contractual assets issued by public private partnerships are not subject to this constraint.

Geographic Diversification: The Fund seeks to diversify its infrastructure investments geographically primarily in OECD countries.

	Allocation range [%]
Canada	20 - 75
OECD Countries (excl. Canada)	0 - 80
Non-OECD Countries	0 - 10

Single Investment Concentration: Not more than 3% of the Fund may be invested in any one infrastructure project.

Manager Diversification: Manager risk consists of two elements: the exposure to a manager and the number of managers in the Infrastructure portfolio. To control manager exposure, Infrastructure investments will be diversified by Infrastructure Managers and by Infrastructure funds.

Leverage: Leverage is a significant risk factor, the importance of which is magnified during an economic downturn when decreasing asset values can lead to refinancing risk. Leverage is limited to 60% of the Infrastructure portfolio. Individual investments leverage limits are set at 75% of their market value and 90% for public private partnership transactions, at the time of investment.

Reporting and Monitoring

Performance and compliance of the infrastructure asset class will be monitored on a quarterly basis.

AMENDMENT No. 6
TO THE UNIVERSITY OF BRITISH COLUMBIA STAFF PENSION PLAN
PLAN RESTATEMENT AS AT JULY 1, 2009

The following changes are made with effect from April 1, 2013:

1. Add a paragraph at the end of 1.003 as follows:

   "Effective April 1, 2013 the Plan has been amended to allow hourly paid members of Canadian Union of Public Employees, CUPE Local 116 to become eligible to be members of the Plan."

2. Replace 2.016, the definition of "Continuous Employment", with the following:

   "2.016 <u>"Continuous Employment"</u> means a continuous period of employment by one or more Employers which

   (a) includes employment both as, and not as, a Staff Employee,

   (b) is not pro-rated for Part-time employment,

   (c) includes any Leave Of Absence, with or without pay, Labour Interruption, Period Of Long-term Disability, or other period of absence as required by Applicable Legislation, and

   (d) is calculated in years and fractions of years;"

3. Replace the words preceding the table in 2.021, the definition of "Credited Interest", with the following, while leaving the table as is:

   "2.021 "<u>Credited Interest</u>" means the annualized investment return applied on Contributions each calendar year, where,

   (a) for Contributions made in the year, Credited Interest is applied and pro-rated from the last day of the month the Contributions are made,

   (b) if a Member undergoes a Retirement, Termination Of Employment, Transfer Of Employment to a category of employment not eligible for membership in the Plan, or death, then Credited Interest is applied and pro-rated to the date the first such event occurs, and

   (c) the annualized rate of investment return used for Credited Interest is determined as follows:"

4. Replace 2.031, the definition of "Employer", with the following:

   "2.031 <u>"Employer"</u> means the University or a Related Employer;"

5. Add new 2.038A, the definition of "Hourly CUPE Employee", as the following:

   "2.038A "<u>Hourly CUPE Employee</u>" means an hourly paid member of Canadian Union of Public Employees, CUPE Local 116 who is employed in accordance with the collective agreement between the University and the Canadian Union of Pubic Employees, CUPE Local 116.

6. In 2.044, the definition of "Labour Interruption", replace the word "Staff Employee" with the word "person".

7. Replace 2.068, the definition of “Pension Index”, with the following:

   “2.068 [Deleted]”

8. In 2.086, the definition of "Service", replace the word "Staff Employee" with the words "Staff Employee or Hourly CUPE Employee".

9. Replace 2.095, the definition of “Transfer of Employment”, with the following:

   “2.095 <u>"Transfer Of Employment”</u> means, in relation to an individual employed by an Employer, a change to or from an employment category eligible for membership in the Plan to an employment category that is not eligible for membership in the Plan, or vice versa;"

10. Replace 3.001, 3.002 and 3.003 with the following:

"3.001 Date of Eligibility

A Staff Employee becomes eligible to become a Member of the Plan on gaining a Full-time Staff Employee appointment which extends to or beyond the date on which they will have achieved one year of Continuous Employment.

Otherwise, a Staff Employee becomes eligible when they have completed at least 12 months of Continuous Employment in which they earned at least 35% of the YMPE of the year the 12 month period concludes.

An Hourly CUPE Employee becomes eligible to become a Member of the Plan when they have completed two consecutive 12 month periods of Continuous Employment in which they earned at least 35% of the YMPE of the year the relevant 12 month period concludes. Only amounts earned after March 31, 2011 will be considered in evaluating an Hourly CUPE Employee’s eligibility for membership in the Plan.

3.002 Compulsory Membership

A Staff Employee or an Hourly CUPE Employee who is eligible to become, but is not yet, a Member, must become one on the first day of the month following completion of three years of Service from the date they were first eligible to become a Member.

If, on July 1, 2009, a Staff Employee is eligible to become, but has not yet become, a Member and is under age 30, then membership will not be compulsory until that person has both attained age 30 and completed 3 years of Service from the date they were first eligible to become a Member.

When calculating Service for this rule, Leaves Of Absence without pay and Labour Interruptions will be excluded."

3.003 Voluntary Membership

Before satisfying the 3 years of Service rule, membership is available on a voluntary basis to Staff Employees and Hourly CUPE Employees who have become eligible.

To become a Member during this period, a Staff Employee or Hourly CUPE Employee must make an Election which specifies the effective date of joining and authorizes payroll deductions for contributions.

The effective date of joining must be the first of a month. Retroactive Elections are permitted, but only where employment as a Staff Employee or Hourly CUPE Employee has been continuous since becoming eligible, and not before January 1 of the calendar year of filing the Election."

11. Replace 3.006 with the following:

"3.006 Special Rules For Re-employment And Transfers Of Employment

On re-employment as a Staff Employee or an Hourly CUPE Employee, including a Transfer Of Employment to an employment category eligible for membership in the Plan, a person will be treated as follows.

If the person is not a Member or has received any portion of their benefit in respect of their previous employment as a lump sum payment or transfer, they will become eligible in accordance with the normal eligibility and membership rules stated in 3.001 to 3.003.

If the person is entitled to a Deferred Pension and has not received any portion of their benefit in respect of their previous employment as a lump sum payment or transfer:

(a) Member Required Contributions and accrual of Pensionable Service resume on the first day of the month on or following re-employment or transfer; and

(b) Pensionable Service before and after re-employment or transfer will be combined; and

(c) Best Average Pensionable Earnings will be determined using Pensionable Earnings both before and after re-employment or transfer,

except that if the Member's immediately preceding Termination Of Employment was before January 1, 1990, then the terms of the Pre-revision Plan apply instead.

If the person is receiving a pension, the pension continues and they will not resume Member Required Contributions or accrual of Pensionable Service during re-employment."

12. Replace 5.001 with the following:

"5.001 Contribution Provisions Applying To Special Situations

Subject to 5.002 ("Limitation On Pensionable Service Arising From Deemed Compensation"), if a Member is not a Staff Employee working Full-time or a Staff Employee on a Leave Of Absence with Full-time pay, the provisions of the following table apply:

Member Situation	***Member Pays***	***Employer Pays***	***Earnings***	***Service***
(a) on a period of Part-time employment as a Staff Employee or a period of employment as an Hourly CUPE Employee (whether Part-time or Full-time[2])	Member must contribute at the 6.5% rate	Employer must contribute at the 10% minus CPP Contribution Offset rate	Contributions are calculated on Part-time Pensionable Earnings In calculating the CPP Contribution Offset, the YMPE and YBE are pro-rated for the Part-time fraction Pensionable Earnings are grossed up to the Full-time equivalent in the calculation of Best Average Pensionable Earnings	Pensionable Service is pro-rated for the Part-time fraction Qualifying Service accrues at the Full-time rate
(b) i. on a Period Of Long-term Disability where the disability commenced on or after the Revision Date	Member must contribute at a combined rate[3] of 16.5% minus the CPP Contribution Offset	Employer does not contribute	Deemed Compensation is used to calculate contributions and Best Average Pensionable Earnings	Same as (a)
ii. on a Period Of Long-term Disability where the disability commenced before the Revision Date	Member does not contribute	Employer does not contribute	Deemed Compensation is used to calculate Best Average Pensionable Earnings	Same as (a)

[2] The Part-time fraction for an Hourly CUPE Employee employed Full-time is 1.0.
[3] The combined rate is the Member contribution rate of 6.5% of Pensionable Earnings plus the Employer contribution rate of 10% of Pensionable Earnings minus the CPP Contribution Offset. All or a portion may be paid by the Member's insurance program.

Member Situation	*Member Pays*	*Employer Pays*	*Earnings*	*Service*
(c) on a Statutory Leave, where the Member has Elected to make contributions during the leave	Member must contribute at the 6.5% rate	Employer must contribute at the 10% minus CPP Contribution Offset rate	Deemed Compensation is used to calculate contributions and Best Average Pensionable Earnings	Same as (a)
(d) on a Leave Of Absence without pay other than a Statutory Leave, where the Member has Elected to make contributions during the leave	Member must contribute at a combined rate[3] of 16.5% minus the CPP Contribution Offset	Employer does not contribute	Deemed Compensation is used to calculate contributions and Best Average Pensionable Earnings	Same as (a)
(e) involved in a Labour Interruption in respect of which the Employer or Member agrees, or they jointly agree, to make contributions	Member must contribute any part of the combined rate[3] of 16.5% minus the CPP Contribution Offset which is not paid by the Employer	Employer contributions as agreed; choice of: 1. no contributions; 2. contributions at the 10% minus CPP Contribution Offset rate; or, 3. if specified in a collective bargaining agreement, contributions at all or part of the combined rate[3] of 16.5% minus the CPP Contribution Offset	Deemed Compensation is used to calculate contributions and Best Average Pensionable Earnings	Same as (a)

[3] The combined rate is the Member contribution rate of 6.5% of Pensionable Earnings plus the Employer contribution rate of 10% of Pensionable Earnings minus the CPP Contribution Offset. All or a portion may be paid by the Member's insurance program.

Member Situation	***Member Pays***	***Employer Pays***	***Earnings***	***Service***
(f) in any of situations (c)-Statutory Leave, (d)-Leave Of Absence, and (e)-Labour Interruption, where the Member has not Elected to make contributions	Member does not contribute	Employer does not contribute	not applicable	no accrual
(g) on a Reduced Work Load Program	Member must contribute at the 6.5% rate	Employer must contribute at the 10% minus CPP Contribution Offset rate	Deemed Compensation is used to calculate contributions and Best Average Pensionable Earnings	Same as (a)
(h) on the accumulation period of a Deferred Salary Leave Program. (The leave period is treated as a Leave of Absence without pay – see (d)-Leave Of Absence and (f)-Member Not Making Contributions)	Member must contribute at the 6.5% rate	Employer must contribute at the 10% minus CPP Contribution Offset rate	Deemed Compensation is used to calculate contributions and Best Average Pensionable Earnings	Same as (a)

13. Replace 10.007 with the following:**:**

"10.007 Transfer Of Employment

A Member who has a Transfer Of Employment to a category of employment that is not eligible for membership in the Plan is treated as if the transfer were a Termination Of Employment. If the Member is over age 55, the Transfer Of Employment may be characterized in the records of the Pension Administration Office as a Retirement, in which case it is treated as such."

14. Replace 10.008 with the following:**:**

"10.008 Small Amounts

The provisions of 9.006 ("Commutation Of Small Pensions") apply to a Member who has a Termination Of Employment or a Transfer Of Employment to a category of employment that is not eligible for membership in the Plan."

15. Replace 12.002 with the following::

"12.002 Eligibility For Indexing

Pensions under the Plan are indexed in the following situations:

Situation	***Indexing Starts***	***Indexing Ends***
in the deferral period of a Deferred Pension	Date of Retirement, Termination Of Employment, or death, as the case may be	Pension Commencement Date (in which case indexing continues as the pension is in payment), or re-employment of the Member, if earlier
where a Member has a Transfer Of Employment to a category of employment that is not eligible for membership in the Plan	Date of Transfer Of Employment	Pension Commencement Date (in which case indexing continues as the pension is in payment), or date the Member transfers back to a category of employment that is eligible for membership in the plan if earlier
pension in payment	Pension Commencement Date	when pension is no longer payable

16. Replace 14.002 with the following::

"14.002 Benefit Settlement On Death Or Termination Or Transfer Of Employment

The following provisions apply when a Limited Member has undischarged rights under the Plan:

Event	***Benefits Payable***
Member has a Termination Of Employment or a Transfer Of Employment to a category of employment that is not eligible for membership in the Plan	Limited Member receives their proportionate share of the Member's benefits payable only as a lump sum transfer in accordance with 10.005 ("Option C – Lump Sum Payment").
Member dies before Pension Commencement Date	Limited Member's proportionate share of benefits is paid to the Limited Member payable only as a lump sum transfer in accordance with 11.003 ("Option C – Lump Sum Payment").
Limited Member dies before Pension Commencement Date	Limited Member's benefits under the Family Relations Act are paid to Limited Member's estate by a single payment.

17. In 18.001 replace the words "each new Staff Employee" with the words "each new Staff Employee and Hourly CUPE Employee".

UBC STAFF PENSION PLAN
AMENDMENT NO. 6 TO PLAN RESTATEMENT AS AT JULY 1, 2009

NOTES TO AMENDMENT NO. 6

Preamble

Recent changes to the Collective Agreement with the Canadian Union of Public Employees CUPE 116 included a provision, effective April 1, 2013, whereby hourly employees of CUPE 116 will become eligible to join the UBC Staff Pension Plan. Eligibility conditions for joining the Staff Pension Plan are unique to CUPE 116 hourly employees. This amendment number 6 contains the changes required to give effect to the agreement, incorporating the details of eligibility and making minor housekeeping changes to accommodate their membership. The amendment also includes other minor housekeeping changes to clarify and/or simplify the Plan document.

NO.	EFF. DATE	PLAN PARA. NO.	TOPIC	REASON FOR CHANGE	EXPLANATION OF CHANGE
1.	April 1, 2013	1.003	History of the Plan	Note on change in Plan as a result of Collective Agreement with CUPE 116.	Starting April 1, 2013, hourly paid members of CUPE 116 will become eligible to join the UBC Staff Pension Plan.
2.	April 1, 2013	2.016	Definition of Continuous Employment	Housekeeping.	Clarify that service is expressed in years and fractions of years.
3.	April 1, 2013	2.021	Definition of Credited Interest	Accommodate CUPE 116	Expand definition to include CUPE 116 employees.
4.	April 1, 2013	2.031	Definition of Employer	Housekeeping.	Remove redundant words from definition.
5.	April 1, 2013	2.038A	Definition of Hourly CUPE Employee	Accommodate CUPE 116	Definition describes the new class of employees eligible to join the plan as a result of the collective agreement.
6.	April 1, 2013	2.044	Definition of Labour Interruption	Accommodate CUPE 116	Expand definition to include CUPE 116 employees.
7.	April 1, 2013	2.068	Definition of Pension Index	Housekeeping.	Remove redundant definition.
8.	April 1, 2013	2.086	Definition of Service	Accommodate CUPE 116	Expand definition to include CUPE 116 employees.

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NOTES TO AMENDMENT NO. 6

NO.	EFF. DATE	PLAN PARA. NO.	TOPIC	REASON FOR CHANGE	EXPLANATION OF CHANGE
9.	April 1, 2013	2.095	Definition of Transfer of Employment	Accommodate CUPE 116	Expand definition to include CUPE 116 employees.
10.	April 1, 2013	3.001	Date of Eligibility	Specify eligibility conditions for Hourly CUPE Employees to join UBC Staff Pension Plan	Hourly CUPE Employees are eligible to become Members of the Plan on the date they have completed two consecutive 12 month periods of Continuous Employment in which they earned at least 35% of the YMPE of the year the relevant 12 month period. Earnings before April 1, 2011 do not count; therefore, the earliest an Hourly CUPE Employee can join the Plan is April 1, 2013, which is in accordance with the collective agreement.
10.	April 1, 2013	3.002	Compulsory Membership	Specify conditions under which Hourly CUPE Employees are required to join the UBC Staff Pension Plan	Membership in the Plan is compulsory for Hourly CUPE Employees once they have completed 3 years of continuous service after they first became eligible to join the Plan.
10.	April 1, 2013	3.003	Voluntary Membership	Specify eligibility conditions for Hourly CUPE Employees to join UBC Staff Pension Plan	Voluntary membership for Hourly CUPE Employees is available between eligibility date and compulsory join date.
11.	April 1, 2013	3.006	Special Rules For Re-employment And Transfers Of Employment	Accommodate CUPE 116	The section is expanded to include CUPE 116 members on basis consistent with regular plan members.
12.	April 1, 2013	5.001	Contribution Provisions Applying To Special Situations	Accommodate CUPE 116 Housekeeping	Section (a) is expanded to specify Member and Employer contribution rates, Earnings and Service recognition for Hourly CUPE Employees who become Members of the Plan. Housekeeping changes have been made to sections (b) through (h) to clarify Service and delete redundant words from (g) and (h).

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NOTES TO AMENDMENT NO. 6

NO.	EFF. DATE	PLAN PARA. NO.	TOPIC	REASON FOR CHANGE	EXPLANATION OF CHANGE
13.	April 1, 2013	10.007	Transfer Of Employment	Accommodate CUPE 116	The section is expanded to include CUPE 116 members on basis consistent with regular plan members.
14.	April 1, 2013	10.008	Small Amounts	Accommodate CUPE 116	The section is expanded to include CUPE 116 members on basis consistent with regular plan members.
15.	April 1, 2013	12.002	Eligibility For Indexing	Accommodate CUPE 116	The section is expanded to include CUPE 116 members on basis consistent with regular plan members.
16.	April 1, 2013	14.002	Benefit Settlement On Death Or Termination Or Transfer Of Employment	Accommodate CUPE 116	The section is expanded to include CUPE 116 members on basis consistent with regular plan members.
17.	April 1, 2013	18.001	Rights To Information	Accommodate CUPE 116	The section is expanded to include CUPE 116 members on basis consistent with regular plan members.