



<b>Policy Name:</b>	Investment Policy		
<b>Policy Number:</b>	FM002	<b>Policy Type:</b>	Board
<b>Original Approval:</b>	April 2018	<b>Review Cycle:</b>	5 Years
<b>Last Approval:</b>	December 2023	<b>Last Review:</b>	December 2023

## 1.0 Purpose

The purpose of this investment policy is to promote good governance of the ESIO's funds. Governance of the investments is required to balance adequate liquidity and purchasing power while preserving capital and achieving returns consistent with prudent investing in accordance with sound investment management practices.

### 1.1 General Objectives

Investment returns are maximized based on the level of the risk deemed appropriate by the Board. At the same time, investment returns shall provide for realized income that is reasonable and relatively predictable given the ESIO's operational needs.

This policy does not apply to equity investments funded by the Strategic Initiatives Fund (SIF), as those investments are governed by a separate policy (FM010 Strategic Initiatives Fund Investment Policy).

## 2.0 Procedures

The Audit and Finance Committee will recommend the investment policies and procedures that are appropriate to achieve the investment objectives as determined by the Board.

Specifically, the Committee has the following tasks:

- Recommend the appropriate investment strategies to the Board, including matters such as:
  - Risk tolerance
  - Performance benchmarks
  - Services of an investment advisor
- Monitor the performance of the investment advisor (if required)
- Review quarterly performance of investments relative to established criteria

If the services of an investment advisor ("Advisor") are utilized, the Advisor has the following tasks:

- Manage the investments on a prudent basis according to the principles of this policy and subject to any specific direction received from time to time

- Recommend to the Audit and Finance Committee a strategic asset mix for investment within the principles of the policy, based on the forecast of the expected cash requirements of the investments.
- Meet at minimum semi-annually with the Audit and Finance Committee and report on the investment performance, strategy, transactions and compliance with policy and specifically against any performance criteria provided from time to time.
- Provide sufficient information for the ESIO to approve or ratify decisions required by government legislation.
- Report to the CEO and Director of Finance & Operations monthly in writing regarding investment performance.
- At least on a quarterly basis, confirm in writing, the Advisor's compliance with the provisions of the Policy and its mandate. Inadvertent violations shall be reported immediately to the CEO or the Board of Directors and action shall be taken to remedy the situation.

### **3.0 Permitted Investments**

The ESIO is authorized to invest any funds of the ESIO in such investments as would be appropriate for a prudent investor, with the underlying objective to preserve capital. The ESIO may invest in the following asset categories:

- cash
- demand or term deposits
- short-term notes
- treasury bills
- bankers' acceptances
- commercial paper
- investment certificates issued by banks, insurance companies or trust companies
- bonds and non-convertible debentures

Investment in other asset categories is permitted with Board approval.

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