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December 1, 2014

E-FILE

National Energy Board
517 – 10th Avenue SW
Calgary, AB T2R 0A8

Attention: Sheri Young, Secretary of the Board

Dear Madam:

**Re: Land Matters Consultation Initiative (“LMCI”) Stream 3
MH-001-2013 Reasons for Decision
Statement of Investment Policies and Procedures and Fee Structure for
Enbridge Pipelines Inc. (“EPI”)
Enbridge Southern Lights GP Inc. on behalf of Enbridge Southern Lights LP
 (“Enbridge SL”)
Enbridge Pipelines (Westspur) Inc. (“Westspur”)
Enbridge Bakken Pipeline Company Inc. on behalf of Enbridge Bakken Pipeline
 Limited Partnership (“Enbridge Bakken”)
Vector Pipeline Limited Partnership (“Vector”)
Niagara Gas Transmission Limited (“Niagara Gas”)
2193914 Canada Ltd. (“2193914”)
(together, the “Specified Affiliates”)
Enbridge Pipelines (NW) Inc. (“Enbridge NW”)
(Enbridge NW, together with the Specified Affiliates, the “Enbridge Affiliates”)**

Pursuant to National Energy Board MH-001-2013 Reasons for Decision, issued May 29, 2014 and the following associated Board orders, the Enbridge Affiliates were required to file a Statement of Investment Policies and Procedures (“SIPP”) by December 1, 2014:

- MO-030-2014 (EPI);
- MO-079-2014 (Enbridge Bakken);
- MO-103-2014 (Westspur);
- MO-083-2014 (Enbridge SL);
- MO-081-2014 (Niagara Gas);
- MO-082-2014 (Vector);
- MO-077-2014 (2193914); and
- MO-094-2014 (Enbridge NW).

Please find attached two SIPPs for the Enbridge Affiliates: Appendix A is the SIPP being filed on behalf of the Specified Affiliates and Appendix B is the SIPP being filed on behalf of Enbridge NW.

As per the MH-001-2013 Reasons for Decision, companies were also required to file their fee structure as part of the SIPP and related investment documents. The SIPPs for the Enbridge Affiliates do not include the fee structure. Therefore, please also find attached, as Appendix C, the fee structure as agreed to between the Enbridge Affiliates and CIBC Trust Corporation.

Sincerely,

A handwritten signature in black ink, appearing to read 'Dorothy Foster', written in a cursive style.

Dorothy Foster
Regulatory Counsel

Attachments

**Pipeline Abandonment Trust
for the Specified Affiliates of Enbridge Inc.**

Statement of Investment Policies and Procedures

November 2014

A. INTRODUCTION

1. In May, 2014 the National Energy Board (the “**NEB**”) issued MH-001-2013 Reasons for Decision and associated orders that require the pre-funding of the abandonment costs for pipelines and requires the Specified Affiliates, to collect, set aside and invest funds using a trust structure (the “**Trust**”) to pay for the reclamation obligations of the sites in Canada used by the Specified Affiliates for the operation of their pipelines (the “**NEB Decision**”). “**Specified Affiliates**” means Enbridge Pipelines Inc., Enbridge Southern Lights GP Inc. on behalf of Enbridge Southern Lights LP, Enbridge Pipelines (Westspur) Inc., Enbridge Bakken Pipeline Company Inc. on behalf of Enbridge Bakken Pipeline Limited Partnership, Vector Pipeline Limited Partnership, Niagara Gas Transmission Limited and 2193914 Canada Limited.
2. An Executive Committee comprised of members from Enbridge Inc., and Enbridge Inc. affiliates has been constituted to oversee the management and the administration of the Specified Affiliates’ respective Trusts (the “**Executive Committee**”). The Boards of Directors of the Specified Affiliates have delegated to Executive Committee the duties, responsibilities and accountability in overseeing the Trusts.
3. Words not defined in this Statement of Investment Policies and Procedures (“**SIPP**”) shall have the same meaning as the meaning set out in the trust agreements entered into between the Specified Affiliates and CIBC Trust Corporation (the “**Trust Agreement**”).

B. OBJECTIVE

1. This SIPP provides policy guidelines to the Trustee, the Executive Committee and the Audit, Finance & Risk Committee of the Enbridge Inc. Board of Directors (“**AFRC**”) regarding the management and investment of the assets of the Trusts.
2. The Trusts shall be managed in accordance with:
 - (a) all applicable legislation and related amendments, including the *National Energy Board Act* (Canada), the *Income Tax Act* (Canada) (“**ITA**”) and the *Corporate Tax Act* (Alberta), as from time to time amended, supplemented, restated or replaced;
 - (b) the Executive Committee Terms of Reference;
 - (c) the ITA provisions regarding Qualifying Environmental Trust (“**QET**”) to ensure that the Trusts qualifies and continues to qualify as a QET;
 - (d) any applicable decision, order, direction or other determination of the NEB relating to Abandonment, Reclamation Obligations or the Trusts; and
 - (e) this SIPP.

C. DESCRIPTION OF THE TRUSTS

1. The Trusts refers to the pipeline abandonment trusts declared pursuant to the Trust Agreements.
2. The Trustee is responsible for appointing an Investment Manager to manage the investment of all or any specified portion of the funds relating to the Trusts.
3. The settlement and declaration of the Trusts is for the exclusive purpose of setting aside funds to pay for the pipeline abandonment costs in respect of the pipeline sites in Canada used by the Specified Affiliates.

4. The Specified Affiliates are the contributors to the Trusts as that term is defined in the Trust Agreements. All contributions of abandonment charges, together with all interest and investment proceeds earned on the Fund shall be invested in Qualified Investments, as defined in the ITA and as currently set out in Appendix A.

D. INVESTMENT OBJECTIVES

1. The primary objectives of the Trusts are:
 - (a) to ensure that funds to cover abandonment obligations are recovered over time through collections and investment returns;
 - (b) to invest funds in a manner that has capital preservation as a primary goal and provide sufficient liquidity; and
 - (c) to ensure that the Trusts are maintained as a QET.

E. INVESTMENT RETURN EXPECTATIONS AND INVESTMENT MANAGER MONITORING

1. **Investment Return Objective.** The investment return objective is 3.5% before fees and taxes.
2. **Performance Measurement.** The performance of the Trusts shall be measured annually and in accordance with industry conventions.
3. **Policy Risk Value-Add Objective.** The primary investment objective for the Trusts is capital preservation. The Trusts will be passively managed.
4. **Passive Investment Managers.** Passive Investment Manager performance will be evaluated relative to the FTSE TMX Long Canada Non-Agency Index over rolling one-year periods. The primary objective for a passive Investment Manager is to earn a return that matches the rate of return earned on the relevant market index. The policies of passive mandates specify longer term tracking variance targets versus relevant benchmarks. It is expected returns will fall within plus or minus 15 basis point tolerance ranges.
5. **Investment Manager Monitoring.** The Trustee shall monitor the Investment Manager on an ongoing basis, giving consideration to, among other things:
 - (a) investment performance in relation to the performance objectives and tolerance ranges outlined in this SIPP;
 - (b) consistency of the Investment Manager's portfolio activities, style and philosophy with its stated style and strategy;
 - (c) the Investment Manager's compliance with this SIPP;
 - (d) the Investment Manager's staff turnover and the role of key personnel in the investment decisions;
 - (e) characteristics of the Investment Manager's firm (ownership, growth in assets, client retention etc.); and
 - (f) competitiveness of the Investment Manager's fees.
6. **Termination of Investment Manager.** Reasons for considering the termination of the services of the Investment Manager include the following:

- (a) performance results which, over a reasonable period of time, are below the value-add objectives and tolerance ranges;
- (b) changes in the overall structure of the Trusts such that the Investment Manager's services are no longer required;
- (c) changes in personnel, firm structure, and investment philosophy, style or approach that might adversely affect the potential return and/or risk level of the Trusts;
- (d) legal or regulatory proceedings against the Investment Manager or its investment personnel, or any sub-advisor firm or that firm's investment personnel;
- (e) changes to the assessments/ratings of third party advisors indicating expectations of future performance; and
- (f) failure to adhere to this SIPP.

F. INVESTMENT CATEGORIES, LIMITS & CONSTRAINTS

1. This Article sets out the investment constraints and limits of the Trusts. The limits apply to the total assets of the Trusts as well as the assets managed by each Investment Manager.
2. **Investment Categories.** The Trusts may invest, either directly through segregated portfolios or indirectly through pooled funds (as that term is defined and limited in the Trust Agreements), in the following investment categories. Where the Trusts holds any part of the portfolio in one or more pooled fund, the pooled funds are expected to be operated within the constraints described in this SIPP.

<u>Fixed Income</u>	<u>Minimum</u>	<u>Maximum</u>
• Government of Canada Bonds.	95%	100%

<u>Cash and Short-term Assets - maturity of one year or less</u>	<u>Minimum</u>	<u>Maximum</u>
• Cash on hand and Treasury bills.	0%	5%

3. Investment Limits and Constraints.

Fixed Income

- Duration for each segregated portfolio or pooled fund should remain within three years of the applicable benchmark.
- All fixed income investments are to be denominated in Canadian dollars.

G. CONFLICT OF INTEREST

1. These conflict of interest provisions apply to:
 - (a) any employee of:
 - (i) Enbridge Inc. or an affiliated company,
 - (ii) the Trustee, or
 - (iii) any company involved in the management, administration or decision making process relating to the investments of the Trusts and/or relating to the selection, appointment, review or replacement of the Investment Manager of the Trusts;
 - (b) the Investment Manager, with respect only to the investments of the Trusts managed by the Investment Manager, or an employee or agent of the Investment

Manager who is directly involved in the recommendation or selection of investments of the Trusts; and

- (c) any third-party investment consultant who has been engaged in order to assist with selecting or monitoring the Investment Manager.
2. For purposes of this section a "**Material benefit**" is one that could reasonably be expected to impair the ability of any person listed above to make unbiased and objective decisions with respect to the investments of the Trusts.
 3. "**Material beneficial ownership of or control over**" means either:
 - (a) Ownership of or control over at least 10% of the issued and outstanding securities of a class or series of an issuer, the securities of which are included in the investments of the Trusts; or
 - (b) Ownership of or control over securities of which a class or series is included in the investments of the funds of the Trusts, or either of them, comprising 10% or more of the assets beneficially owned or controlled by a person listed above.

Notwithstanding the thresholds in (a) and (b) above, a conflict of interest can exist even if the extent of beneficial ownership or control is less than these thresholds depending on the particular circumstances.

4. A conflict of interest arises when any person listed above:
 - (a) receives a Material Benefit from any investment, or from an actual or proposed contract with the issuer or underwriter of any security, which is part of the Trusts;
 - (b) is a member of the board of directors, or similar body, or an officer or employee of an entity which is an issuer or underwriter of any security which is part of the Trusts; or
 - (c) has Material beneficial ownership of or control over any security or investment which is part of the Trusts.
5. A security or investment shall be considered to be part of the Trusts if:
 - (a) it is already included in the Trusts; or
 - (b) the decision to purchase or acquire the security or investment has been made.
6. All determinations regarding whether a conflict of interest exists shall be made by the Executive Committee in its discretion.
7. Any person listed above who has a conflict of interest shall disclose the nature and extent of the conflict of interest to the Executive Committee or Trustee on first becoming aware of the conflict. The person disclosing the conflict shall not participate in the activities related to the issue in conflict without the express prior consent of the Executive Committee.
8. The notification made by an individual with respect to a conflict of interest shall be considered a continuing disclosure of that conflict, subject to any future notification by

that individual, for the purpose of the disclosure requirements of the conflict of interest policy, that he or she no longer has such conflict.

H. MISCELLANEOUS

1. **Valuation of Investments.** The valuation of Trust investments traded regularly will be based on the market value.
2. **Investments Not Regularly Traded.** The Investment Manager must notify the Trustee of any investments which are not regularly traded. For such investments the valuation will be based on fair value as determined by an independent pricing service or by the custodian. The fair value can be book value where deemed appropriate by the pricing service or custodian. Book value will be used where required by applicable legislation and regulatory policy.
3. **Professional Conduct.** The Investment Manager shall observe the Chartered Financial Analyst Institute Code of Ethics and Standards of Professional Conduct in managing the Trusts.
4. **Investment Managers' Compliance with this SIPP.** The Executive Committee shall provide the Trustee with a copy of this Statement, who, in turn, will also provide the Investment Manager with a copy of this Statement. Investment Managers will advise the Trustee immediately if they are unable to comply with any aspect of this SIPP, who, in turn, will advise the Executive Committee.

I. ROLES AND RESPONSIBILITIES

1. In a form acceptable to the Executive Committee, the Trustee shall submit an annual Trust report to the Executive Committee, which outlines compliance with the terms of this SIPP, the financial position and investment performance of the Trusts. During the year, information updates on any significant investment performance issues will be provided to the Executive Committee.
2. The Executive Committee shall review and confirm or amend this SIPP as applicable at least every five years to ensure that it continues to meet the circumstances and objectives of the Trusts. The Executive Committee will, as required, recommend changes to this statement to the AFRC for approval.
3. The Executive Committee will provide an annual report to the AFRC that includes the financial position and investment performance of the Trusts. The report will also include any aspects of this SIPP.
4. This SIPP must be approved by the AFRC.
5. This SIPP has been adopted and approved by the AF&RC on the recommendation of the Executive Committee on November 4, 2014.

Appendix 1

Income Tax Act (Canada): Qualified Investments

The relevant paragraphs of the definition of "**qualified investment**" in section 204 read as follows:

- (a) money (other than money the fair market value of which exceeds its stated value as legal tender in the country of issuance or money that is held for its numismatic value) and deposits (within the meaning assigned by the Canada Deposit Insurance Corporation Act or with a branch in Canada of a bank) of such money standing to the credit of the trust,
 - (i) debt obligations described in paragraph (a) of the definition "fully exempt interest" in subsection 212(3) [being a bond, debenture, note, mortgage, hypothecary claim or similar debt obligation
 - (ii) of, or guaranteed (otherwise than by being insured by the Canada Deposit Insurance Corporation) by, the Government of Canada,
 - (iii) of the government of a province,
 - (iv) of an agent of a province,
 - (v) of a municipality in Canada or a municipal or public body performing a function of government in Canada,
 - (vi) of a corporation, commission or association to which any of paragraphs 149(1)(d) to (d.6) applies or

of an educational institution or a hospital if repayment of the principal amount of the obligation and payment of the interest is to be made, or is guaranteed, assured or otherwise specifically provided for or secured by the government of a province],
- (b) debt obligations issued by
 - (i) a corporation, mutual fund trust or limited partnership the shares or units of which are listed on a designated stock exchange in Canada,
 - (ii) a corporation the shares of which are listed on a designated stock exchange outside Canada, or
 - (iii) an authorized foreign bank and payable at a branch in Canada of the bank,
- (c) debt obligations that meet the following criteria, namely,

- (i) any of
 - (A) the debt obligations had, at the time of acquisition by the trust, an investment grade rating with a prescribed credit rating agency,
 - (B) the debt obligations have an investment grade rating with a prescribed credit rating agency, or,
 - (C) the debt obligations were acquired by the trust in exchange for debt obligations that satisfied the condition in clause (A) and as part of a proposal to, or an arrangement with, the creditors of the issuer of the debt obligations that has been approved by a court under the *Bankruptcy and Insolvency Act* or the *Companies' Creditors Arrangement Act*, and
- (ii) either
 - (A) the debt obligations were issued as part of a single issue of debt of at least \$25 million, or,
 - (B) in the case of debt obligations that are issued on a continuous basis under a debt issuance program, the issuer of the debt obligations had issued and outstanding debt under the program of at least \$25 million,
- (d) securities (other than futures contracts or other derivative instruments in respect of which the holder's risk of loss may exceed the holder's cost) that are listed on a designated stock exchange, and
- (e) guaranteed investment certificates issued by a trust company incorporated under the laws of Canada or of a province.

The definition of "**prohibited investment**" in subsection 211.6(1) reads as follows: "prohibited investment", of a trust at any time, means a property that

- (f) at the time it was acquired by the trust, was described by any of paragraphs (c), (c.1) or (d) of the definition "qualified investment" in section 204; and
- (g) was issued by
 - (i) a person or partnership that has contributed property to, or that is a beneficiary under, the trust,
 - (ii) a person that is related to, or a partnership that is affiliated with, a person or partnership that has contributed property to, or that is a beneficiary under, the trust, or
 - (iii) a particular person or partnership if

- (A) another person or partnership holds significant interest (within the meaning assigned by subsection 207.01(4) with any modifications that the circumstances require) in the particular person or partnership, and
- (B) the holder of that significant interest has contributed property to, or is a beneficiary under, the trust.

**Pipeline Abandonment Trust for
Enbridge Pipelines (NW) Inc.**

Statement of Investment Policies and Procedures

October 2014

A. INTRODUCTION

1. In May, 2014 the National Energy Board (the “**NEB**”) issued MH-001-2013 Reasons for Decision and associated orders that require the pre-funding of the abandonment costs for pipelines and requires Enbridge Pipelines (NW) Inc. (the “**Company**”) to collect, set aside and invest funds using a trust structure to pay for the reclamation obligations of the sites in Canada used by the Company for the operation of its pipeline (the “**NEB Decision**”).
2. The Board of Directors of the Company has delegated to the Audit, Finance & Risk Committee of the Enbridge Inc. Board of Directors (the “**AFRC**”) the authority to review, approve or make recommendations with respect to policies governing the investment of the Trust. An Executive Committee comprised of members from Enbridge Inc., and Enbridge Inc. affiliates has been constituted to oversee the management and the administration of the Company’s Trust (the “**Executive Committee**”).
3. Words not defined in this Statement of Investment Policies and Procedures (“**SIPP**”) shall have the same meaning as the meaning set out in the Trust Agreement entered into between the Company and CIBC Trust Corporation (the “**Trust Agreement**”).

B. OBJECTIVE

1. This SIPP provides policy guidelines to the Trustee, the Executive Committee and the AFRC regarding the management and investment of the assets of the Trust.
2. The Trust shall be managed in accordance with:
 - (a) all applicable legislation and related amendments, including the *National Energy Board Act* (Canada), the *Income Tax Act* (Canada) (“**ITA**”) and the *Corporate Tax Act* (Alberta), as from time to time amended, supplemented, restated or replaced;
 - (b) the Executive Committee Terms of Reference;
 - (c) the ITA provisions regarding Qualifying Environmental Trust (“**QET**”) to ensure that the Trust qualifies and continues to qualify as a QET;
 - (d) any applicable decision, order, direction or other determination of the NEB relating to Abandonment, Reclamation Obligations or the Trust; and
 - (e) this SIPP

C. DESCRIPTION OF THE TRUSTS

1. The Trust refers to the pipeline abandonment trust declared pursuant to the Trust Agreement.
2. The Trustee is responsible for appointing an Investment Manager to manage the investment of all or any specified portion of the funds relating to the Trust.
3. The settlement and declaration of the Trust is for the exclusive purpose of setting aside funds to pay for the pipeline abandonment costs in respect of the pipeline sites in Canada used by the Company.
4. The Company is the contributor to the Trust as that term is defined in the Trust Agreement. All contributions of abandonment charges, together with all interest and investment proceeds earned on the Fund shall be invested in Qualified Investments, as defined in the ITA and as currently set out in Appendix A.

D. INVESTMENT OBJECTIVES

1. The primary objectives of the Trust are:
 - (a) to ensure that funds to cover abandonment obligations are recovered over time through collections and investment returns;
 - (b) to invest funds in a manner that has capital preservation as a primary goal and provide sufficient liquidity; and
 - (c) to ensure that the Trust is maintained as a QET.

E. INVESTMENT RETURN EXPECTATIONS AND INVESTMENT MANAGER MONITORING

1. **Investment Return Objective.** The investment return objective is 1.25% before fees and taxes.
2. **Performance Measurement.** The performance of the Trust shall be measured annually and in accordance with industry conventions. For the purpose of evaluating the Investment Managers, performance will normally be assessed over rolling four-year periods.
3. **Policy Risk Value-Add Objective.** The primary investment objective for the Trust is capital preservation. The Trust will be passively managed.
4. **Policy Risk Value-Add Objective.** The primary investment objective for the Trust is capital preservation. The Trust will be passively managed.
5. **Passive Investment Managers.** Passive Investment Manager performance will be evaluated compared to the FTSE TMX All Federal Universe Canada Non-Agency Index over rolling one-year periods. The primary objective for a passive Investment Manager is to earn a return that matches the rate of return earned on the relevant market index. The policies of passive mandates specify longer term tracking variance targets versus relevant benchmarks. It is expected returns will fall within plus or minus 15 basis point tolerance ranges.
6. **Investment Manager Monitoring.** The Trustee shall monitor the Investment Manager on an ongoing basis, giving consideration to, among other things:
 - (a) investment performance in relation to the value-add objectives and tolerance ranges outlined in this SIPP;
 - (b) consistency of the Investment Manager's portfolio activities, style and philosophy with its stated style and strategy;
 - (c) the Investment Manager's compliance with this SIPP;
 - (d) the Investment Manager's staff turnover and the role of key personnel in the investment decisions;
 - (e) characteristics of the Investment Manager's firm (ownership, growth in assets, client retention etc.); and
 - (f) competitiveness of the Investment Manager's fees.
7. **Termination of Investment Manager.** Reasons for considering the termination of the services of the Investment Manager include the following:

- (a) performance results which, over a reasonable period of time, are below the value-add objectives and tolerance ranges;
- (b) changes in the overall structure of the Trust such that the Investment Manager's services are no longer required;
- (c) changes in personnel, firm structure, and investment philosophy, style or approach that might adversely affect the potential return and/or risk level of the Trust;
- (d) legal or regulatory proceedings against the Investment Manager or its investment personnel, or any sub-advisor firm or that firm's investment personnel;
- (e) changes to the assessments/ratings of third party advisors indicating expectations of future performance; and
- (f) failure to adhere to this SIPP.

F. INVESTMENT CATEGORIES, LIMITS & CONSTRAINTS

1. This Article sets out the investment constraints and limits of the Trust. The limits apply to the total assets of the Trust as well as the assets managed by each Investment Manager.
2. **Investment Categories.** The Trust may invest, either directly through segregated portfolios or indirectly through pooled funds (as that term is defined and limited in the Trust Agreements), in the following investment categories. Where the Trust holds any part of the portfolio in one or more pooled fund, the pooled funds are expected to be operated within the constraints described in this SIPP.

<u>Fixed Income</u>	<u>Minimum</u>	<u>Maximum</u>
<ul style="list-style-type: none"> • Government of Canada Bonds. 	95%	100%
<u>Cash and Short-term Assets - maturity of one year or less</u>	<u>Minimum</u>	<u>Maximum</u>
<ul style="list-style-type: none"> • Cash on hand and Treasury bills. 	0%	5%

3. Investment Limits and Constraints.

Fixed Income

- Duration for each segregated portfolio or pooled fund should remain within three years of the applicable benchmark.
- All fixed income investments are to be denominated in Canadian dollars.

G. CONFLICT OF INTEREST

1. These conflict of interest provisions apply to:
 - (a) any employee of:
 - (i) Enbridge Inc. or an affiliated company,
 - (ii) the Trustee, or
 - (iii) any company involved in the management, administration or decision making process relating to the investments of the Trust and/or relating to the selection, appointment, review or replacement of the Investment Manager of the Trust;
 - (b) the Investment Manager, with respect only to the investments of the Trust managed by the Investment Manager, or an employee or agent of the Investment

Manager who is directly involved in the recommendation or selection of investments of the Trust; and

- (c) any third-party investment consultant who has been engaged in order to assist with selecting or monitoring the Investment Manager.
2. For purposes of this section a "**Material benefit**" is one that could reasonably be expected to impair the ability of any person listed above to make unbiased and objective decisions with respect to the investments of the Trust.
 3. "**Material beneficial ownership of or control over**" means either:
 - (a) Ownership of or control over at least 10% of the issued and outstanding securities of a class or series of an issuer, the securities of which are included in the investments of the Trust; or
 - (b) Ownership of or control over securities of which a class or series is included in the investments of the funds of the Trust, or either of them, comprising 10% or more of the assets beneficially owned or controlled by a person listed above.

Notwithstanding the thresholds in (a) and (b) above, a conflict of interest can exist even if the extent of beneficial ownership or control is less than these thresholds depending on the particular circumstances.

4. A conflict of interest arises when any person listed above:
 - (a) receives a Material Benefit from any investment, or from an actual or proposed contract with the issuer or underwriter of any security, which is part of the Trust;
 - (b) is a member of the board of directors, or similar body, or an officer or employee of an entity which is an issuer or underwriter of any security which is part of the Trust; or
 - (c) has Material beneficial ownership of or control over any security or investment which is part of the Trust.
5. A security or investment shall be considered to be part of the Trust if:
 - (a) it is already included in the Trust; or
 - (b) the decision to purchase or acquire the security or investment has been made.
6. All determinations regarding whether a conflict of interest exists shall be made by the Executive Committee in its discretion.
7. Any person listed above who has a conflict of interest shall disclose the nature and extent of the conflict of interest to the Executive Committee or Trustee on first becoming aware of the conflict. The person disclosing the conflict shall not participate in the activities related to the issue in conflict without the express prior consent of the Executive Committee.
8. The notification made by an individual with respect to a conflict of interest shall be considered a continuing disclosure of that conflict, subject to any future notification by

that individual, for the purpose of the disclosure requirements of the conflict of interest policy, that he or she no longer has such conflict.

H. MISCELLANEOUS

1. **Valuation of Investments.** The valuation of Trust investments traded regularly will be based on the market value.
2. **Investments Not Regularly Traded.** The Investment Manager must notify the Trustee of any investments which are not regularly traded. For such investments the valuation will be based on fair value as determined by an independent pricing service or by the custodian. The fair value can be book value where deemed appropriate by the pricing service or custodian. Book value will be used where required by applicable legislation and regulatory policy.
3. **Professional Conduct.** The Investment Manager shall observe the Chartered Financial Analyst Institute Code of Ethics and Standards of Professional Conduct in managing the Trust.
4. **Investment Managers' Compliance with this SIPP.** The Executive Committee shall provide the Trustee with a copy of this Statement, who, in turn, will also provide the Investment Manager with a copy of this Statement. Investment Managers will advise the Trustee immediately if they are unable to comply with any aspect of this SIPP, who, in turn, will advise the Executive Committee.

I. ROLES AND RESPONSIBILITIES

1. In a form acceptable to the Executive Committee, the Trustee shall submit an annual Trust report to the Executive Committee, which outlines compliance with the terms of this SIPP, the financial position and investment performance of the Trust. During the year, information updates on any significant investment performance issues will be provided to the Executive Committee.
2. The Executive Committee shall review and confirm or amend this SIPP as applicable at least every five years to ensure that it continues to meet the circumstances and objectives of the Trust. The Executive Committee will, as required, recommend changes to this statement to the AFRC for approval.
3. The Executive Committee will provide an annual report to the AFRC that includes the financial position and investment performance of the Trust. The report will also include any aspects of this SIPP.
4. The structure of this SIPP was approved by the AFRC on November 4, 2014.

Appendix 1

Income Tax Act (Canada): Qualified Investments

The relevant paragraphs of the definition of "**qualified investment**" in section 204 read as follows:

- (a) money (other than money the fair market value of which exceeds its stated value as legal tender in the country of issuance or money that is held for its numismatic value) and deposits (within the meaning assigned by the Canada Deposit Insurance Corporation Act or with a branch in Canada of a bank) of such money standing to the credit of the trust,
 - (i) debt obligations described in paragraph (a) of the definition "fully exempt interest" in subsection 212(3) [being a bond, debenture, note, mortgage, hypothecary claim or similar debt obligation
 - (ii) of, or guaranteed (otherwise than by being insured by the Canada Deposit Insurance Corporation) by, the Government of Canada,
 - (iii) of the government of a province,
 - (iv) of an agent of a province,
 - (v) of a municipality in Canada or a municipal or public body performing a function of government in Canada,
 - (vi) of a corporation, commission or association to which any of paragraphs 149(1)(d) to (d.6) applies or

of an educational institution or a hospital if repayment of the principal amount of the obligation and payment of the interest is to be made, or is guaranteed, assured or otherwise specifically provided for or secured by the government of a province],
- (b) debt obligations issued by
 - (i) a corporation, mutual fund trust or limited partnership the shares or units of which are listed on a designated stock exchange in Canada,
 - (ii) a corporation the shares of which are listed on a designated stock exchange outside Canada, or
 - (iii) an authorized foreign bank and payable at a branch in Canada of the bank,
- (c) debt obligations that meet the following criteria, namely,

- (i) any of
 - (A) the debt obligations had, at the time of acquisition by the trust, an investment grade rating with a prescribed credit rating agency,
 - (B) the debt obligations have an investment grade rating with a prescribed credit rating agency, or,
 - (C) the debt obligations were acquired by the trust in exchange for debt obligations that satisfied the condition in clause (A) and as part of a proposal to, or an arrangement with, the creditors of the issuer of the debt obligations that has been approved by a court under the *Bankruptcy and Insolvency Act* or the *Companies' Creditors Arrangement Act*, and
- (ii) either
 - (A) the debt obligations were issued as part of a single issue of debt of at least \$25 million, or,
 - (B) in the case of debt obligations that are issued on a continuous basis under a debt issuance program, the issuer of the debt obligations had issued and outstanding debt under the program of at least \$25 million,
- (d) securities (other than futures contracts or other derivative instruments in respect of which the holder's risk of loss may exceed the holder's cost) that are listed on a designated stock exchange, and
- (e) guaranteed investment certificates issued by a trust company incorporated under the laws of Canada or of a province.

The definition of "**prohibited investment**" in subsection 211.6(1) reads as follows: "prohibited investment", of a trust at any time, means a property that

- (f) at the time it was acquired by the trust, was described by any of paragraphs (c), (c.1) or (d) of the definition "qualified investment" in section 204; and
- (g) was issued by
 - (i) a person or partnership that has contributed property to, or that is a beneficiary under, the trust,
 - (ii) a person that is related to, or a partnership that is affiliated with, a person or partnership that has contributed property to, or that is a beneficiary under, the trust, or
 - (iii) a particular person or partnership if

- (A) another person or partnership holds significant interest (within the meaning assigned by subsection 207.01(4) with any modifications that the circumstances require) in the particular person or partnership, and
- (B) the holder of that significant interest has contributed property to, or is a beneficiary under, the trust.

APPENDIX C – SUPPLEMENTAL INFORMATION

TRUSTEE FEE STRUCTURE

Custody Fee

Tiered fee schedule:

\$0-250 million	2.0 basis points
\$250 - 500 million	1.5 basis points
\$500 - \$1,000 million	1.0 basis points
Over \$1,000 million	0.55 basis points

Investment Management Fee

Tiered fee schedule:

\$0-\$100 million	8.0 basis points
\$100 - \$1,000 million	2.0 basis points
Over \$1,000 million	1.0 basis points

Trustee Fee

Tiered fee schedule:

\$0-250 million	4.0 basis points
Over \$250 million	2.0 basis points