Statement of Investment Policies and Procedures

for

The Coquitlam Foundation

This Statement is intended to describe the current operating procedures, objectives and policies for investing the assets of the above Foundation. This Statement will be periodically updated as policies are reviewed and revised, and as necessitated by changes in regulations and practice.

This Statement is revised and effective January 1, 2020.

Certified to be a true and complete copy of the
Statement of Investment Policies and Procedures

Roch, Ripley
Board Chair, Coquitlam Foundation

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Section I
Overview and Purpose

1.1 The primary goal of the Coquitlam Foundation (herein after referred to as the Foundation) is to provide a reasonable investment income return to provide the monies for distribution related to the various donor Funds established by the Foundation. The prudent and effective management of the Foundations assets will have a direct impact on the achievement of this goal.

1.2 The Board of Directors of the Foundation is responsible for the administration of the donor Funds, including establishing and implementing investment objectives and taking necessary actions to achieve the primary goal.

1.3 This Statement of Investment Policy and Procedures is intended to ensure continued prudent and effective management of all the assets of the Foundation and shall be reviewed at least once each year and either confirmed or amended.

1.4 The annual review should take into account any developments in the following:

a. changing investment environment;
b. changing risk tolerance;
c. changed expectations for the long-term risk/return trade-offs in the capital markets;
d. new investment products;
e. any practical issues arising from the application of this Statement.

1.5 This Statement documents the following:

a. guidelines for the prudent and effective management of the Foundation's investment portfolio including investment objectives;

b. the parameters under which the investment manager is to operate and communicate with the Foundation; and

c. how the performance of the investment manager is to be evaluated.

1.6 Note that when assets are invested in a pooled fund, those assets will be subject to the pooled fund's Statement of Policies and Procedures where and to the extent it differs or conflicts with this Statement.

Section 2
Roles and Responsibilities

2.1 In general, the duty of prudence governs all aspects of fiduciary performance in both the investment and administration of Foundation Funds.

2.2 The Foundation retains the following external advisors:

a. investment managers;
b. others, as required from time to time.

2.3 The Foundation's responsibilities are to:

a. ensure the Foundation's investments are managed prudently to maximize long-term returns within acceptable risk levels and this Statement and consistent with the requirements of individual Fund Agreements;

b. appoint the required external investment manager(s), determine and communicate their responsibilities, and then monitor performance and take any necessary corrective actions;

c. review and approve this Statement annually;

d. ensure that the investments are managed in accordance with the guidelines set out in this Statement;

e. review on an ongoing basis the investment results of the Foundation's portfolio relative to its benchmarks and ensure that the investment income earned is credited/allocated appropriately;

f. review the quarterly investment results and monitor the investment managers' compliance with this Statement;

g. review formally at least annually the performance of the investment manager's portfolios relative to established benchmarks, and determine if any remedial actions should be taken;

h. review the investment management structure and styles and whether the Foundation's current position remains appropriate;

i. at least every five years conduct an investment manager review and if appropriate conduct a manager search through an RFP and make a selection based on established criteria;

2.4 The investment manager will:

a. manage the tactical asset mix within approved guidelines and select securities within each asset class subject to the constraints outlined in Section 8;

b. provide the Foundation with a written quarterly report certifying compliance with this Statement, and summarizing the portfolio's asset mix, changes in portfolio holdings, rationale for portfolio changes, environmental, social and governance (ESG) criteria considered, and performance analysis, and expectations regarding the upcoming quarter;

c. at the discretion of the Foundation participate in the review of this Statement;

d. attend meetings of the Foundation annually to present a written report to include:
   - the investment objectives;
   - the market performance of each asset class;
   - a brief review of the current portfolio structure;
   - a summary of changes to the portfolio during the reporting period along with rationale for the changes
   - the rates of return obtained-quarterly, annually and 4 year rolling average compared to the benchmarks
   - the sources of added value over the past period;
   - the economic outlook and factors which could alter that outlook;
   - the manager's evaluation of current asset mix (where applicable);
   - the anticipated portfolio structure for the upcoming period; and

- the total fees (including embedded fees) charged to the portfolio shown as Basis Points and calculated in accordance with current Regulatory Standards
- certify compliance with this Statement

e. explain to the Foundation the characteristics of other asset classes to be considered for investment and how they might assist in the achievement of the Foundation's objectives;

f. inform the Foundation in a timely manner, any element of this Statement that could prevent the attainment of the objectives, any matters of non compliance related to asset allocation, as well as any significant changes in personnel.

2.5 The Treasurer will:

a. act as liaison between the Foundation and the investment manager to ensure that they fulfill their duties and responsibilities and that adequate information is available for decision-making;

b. develop and manage in-house manual and computer systems to administer accurately and efficiently the income allocation to Foundation donor Funds;

2.6 Standard of Care:

In exercising their responsibilities, the Board, its Directors and employees, and its appointed advisors must adhere to the following guidelines:

a. in the discharge of their duties and the exercise of their powers, they shall exercise that degree of care, diligence and skill that a person of ordinary prudence would exercise in dealing with the property of another person; and
b. without limiting the generality of the above, persons who possess, or because of their profession, business or calling, ought to possess, a particular level of knowledge or skill relevant to their responsibilities to the Foundation, shall employ that particular level of knowledge or skill in the administration of the Foundation.

Section 3
Investment Objectives

3.1 The overall objective is to provide the Foundation with an asset allocation that increases the likelihood of the portfolio achieving a reasonable investment income that allows the

Foundation to disburse monies from its various donor Funds, subject to taking on a suitable amount of risk. In assessing the amount of suitable risk it is taken into account that in general the Foundation has a long term time horizon in excess of 10 years.

3.2 More specifically, the target (net of fees) investment return is to exceed the defined benchmark. Note that these targets are the expectations of the Foundation but are not guaranteed.

Section 4
Benchmark Portfolio

4.1 A Benchmark Portfolio is intended to define a model portfolio which should permit achievement of its objectives with an acceptable level of risk, as well as providing a benchmark rate of return for the evaluation of the investment managers' performance.

4.2. Effective January 1, 2020 the Benchmark Portfolio (subject to the minimum and maximum limits outlined in Section 7) is:

Asset Class	Target Percentage of Mix	Proxy
Canadian Equities	25%	S&P/TSX Composite Capped Index
Global Equities	20%	MSCI World Index in $CDN
Fixed Income	50%	FTSE TMX Canada Universe Bond Index
Cash and Equivalents	5%	FTSE TMX Canada 90 Day Tbill Index

Section 5
Investment Beliefs

The Foundation believes that:

- Asset allocation is an important factor in determining investment performance and in managing risk.

- Achieving financial returns involves taking risk. In general, higher risks are rewarded with higher expected returns. Returns may, however, take time to emerge from the underlying risks and risk-taking does not guarantee additional returns.

- Diversification provides an opportunity to reduce risk and increase returns.

- Equity investments will provide greater long-term returns than fixed-income investments, although with greater short term volatility.

- An investment manager can potentially add value through a focused mandate.

- An investment manager with an active mandate can add value through security selection techniques and thereby reduce risk to the market.

- Foreign equities provide potential for enhanced returns relative to Canadian equities by increasing portfolio diversification.

The Foundation also believes in the importance of investing prudently in corporations that demonstrate environmental responsibility, social justice and strong governance practices (ESG). Responsible corporate behaviour, which includes high ethical and environmental standards and respect for employees, human rights and the communities in which a company operates can have a positive effect on financial performance (to varying degrees across companies, sectors, regions, asset classes and time). Foundation investments should strive to be made in accordance with the social conscience of the donors and the Foundation Directors. The investment manager should consider all relevant environmental, social and governance ("ESG") factors in selecting investments.

Section 6
Evaluation of Investment Management Performance

6.1 The performance of the investment manager's portfolio(s) shall be reviewed quarterly to determine the contribution made relative to the Benchmark portfolio. The manager will prepare a quarterly report with calculations of the time-weighted rate of return earned by its portfolios and the component asset classes, and present the results in accordance with the presentation standards of the CFA Institute

6.2 The annualized return of each asset class component (after all management fees) shall be reported on an annual, 3 year and 5 year comparison to the benchmarks as outlined in Section 4.

6.3 The evaluations will also include the following qualitative standards:

a. adherence to this Statement including responsibilities, constraints and reporting requirements;

b. changes in the manager's firm including ownership, organizational structure and key investment personnel;

c. adequacy of service and quality of responses to questions and requests.

Section 7
Asset Allocation Policy

7.1 Asset Class Allocations

The percentage asset class allocations must be within the following minimum and maximum limits.

Asset Class	Min (%)	Target (%)	Max (%)
Canadian Equity	15	25	40
Global Equity	5	20	30
Fixed Income	35	50	65
Cash and Equivalents	0	5	40

Section 8
Investment Constraints

8.1 Permissible investment categories:

The investment manager will be expected to diversify the portfolio investments by type of security, industry, maturity date and company, to minimize the risk of large losses, unless prevailing circumstances suggest diversification would be imprudent. The assets of the Foundation may be invested in any of the following investment categories in accordance with the guidelines outlined in this Statement. An investment not specifically permitted by this Statement shall not be made until the written permission of the Treasurer is obtained. Once written permission has been obtained, this Statement will be updated with the new or revised asset class.

a. Cash and equivalents: cash on hand, demand deposits, treasury bills issues by federal or provincial governments including their agencies, commercial paper, short-term notes, bankers' acceptances, term deposits and guaranteed investment certificates of less than or equal to a one year term.

b. Fixed income: bonds, debentures, or other debt instruments of governments, government agencies, or guaranteed by governments, or corporations, notes.

c. Equity: common and preferred shares, warrants, rights, income trust units, and securities convertible into common shares traded on the major recognized global stock exchanges.

8.2 Limitations and restrictions:

8.2.1 Lending of Cash and Securities

The investment manager may not enter into cash or securities lending agreements, although any pooled funds held in the portfolio may do so if their policies so permit

8.3 Cash, cash equivalents and fixed income investments:

8.3.1 Investments in the securities of one issuer will not be more than 5% of the total market value of the portfolio unless the issue is guaranteed by the Government of Canada or one of the provinces of Canada with a minimum A rating, or for companies rated AA or higher where the limit will be 8% of the total.

8.3.2 Quality Constraints:

A manager may invest in the permitted investment categories listed in this Statement subject to the following quality constraints:

a. The purchase of cash equivalents issued by corporations and financial institutions is generally restricted to those which have a minimum rating of A Low (S&P/Moodys) or R1 Low (DBRS). An investment in a lower rated security shall only be made after advising the Treasurer of the rationale for making the investment, and receiving written authorization from the Treasurer for such an investment.

b. The purchase of fixed income instruments is generally restricted to those which have a minimum rating of A or equivalent at the time of purchase;

c. Investments in non-Canadian cash equivalents and fixed income securities will be restricted to securities which meet local rating service criteria equivalent to those for similar Canadian securities.

8.3.3 If an investment meets the above quality requirements at the time of investment but is downgraded at a subsequent date, the decrease in the rating below the above requirements should not result in the automatic or immediate sale of the security unless in the judgement of the manager the investment is no longer of sound quality.

8.4 Equity:

8.4.1 Investment constraints related to equities are as follows:

a. The market value of any single equity investment as a percentage of the total market value of all equity investments held shall not exceed 10% of the equity portfolio.

b. The majority of the equity holdings will be mid to large cap companies as measured by market capitalization'

c. The equity portfolio shall not own more than 5% of the voting shares of any one corporation.

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d. The proportion of the total market value of the Canadian equity portfolio invested by a manager shall not exceed 40% in the case of the financials sector and shall not exceed 35% in the case of the energy sector.

e. For the remaining sectors, the proportion of the total market value of the Canadian equity portfolio invested in a single sector of the S&P/TSX Composite Capped Index shall be the lesser of four times that sector's Index weight or 25%.

f. In order to achieve a reasonable degree of diversification, there should be at least 12 equity holdings in the equity portfolio, and should be dispersed among at least six of the 10 sectors.

g. For foreign equities, an investment in the shares of any single company should not exceed 5% of the market value of all foreign equities held.

8.5 Other restrictions are as follows:

a. No writing of options on securities held, no short selling, and no investing in commodities or commodities futures contracts.

b. No investing in assets which are not readily marketable.

c. No entering into a commission recapture or directed commission program except as approved by the Board in a documented soft dollar policy statement.

d. No securities shall be purchased through other than normal public market facilities.

8.6 Investments outside of prescribed limits:

8.6.1 It is recognized that the above limits are guidelines which should generally be adhered to, but should the performance of certain sections of the equity market or the investment markets in general be such that they cause the above limits to be violated, the manager must manage the assets to ensure maximum benefit to the Foundation.

8.6.2 If any occasion should arise where an investment or group of investments does not conform with the limitations stipulated in this Statement, the manager in consultation with the Treasurer shall exercise its best judgement concerning the action required to correct the situation.

8.7 Liquidity requirements:

The Treasurer will inform the investment managers about any ongoing cash requirements, as well as any changes or unusual needs.

Section 9
Conflict of Interest Policy

9.1 Parties Governed by these Guidelines:

9.1.1 These guidelines apply to:

a. the Treasurer;
b. the investment manager;

9.2 Conflict of Interest:

9.2.1 Any party listed above must disclose any direct or indirect association, material interest, or involvement in aspects related to their role with regard to the Foundation investments that would result in any potential, actual or perceived conflict of interest

9.2.2 Without limiting the generality of the above, a conflict of interest arises when one of the parties governed by this Statement receives a direct or indirect benefit on account of any transaction made on behalf of the Foundation's portfolio, or a benefit from any actual or proposed contracts with the issuer of any securities which are or may be included in the assets held in the portfolio, or if the individual is a member of the board of directors of any corporation or has significant holdings in the securities issued by any corporation.

9.3 Disclosure Procedures:

9.3.1 Any party listed above who is confronted with a conflict of interest must disclose the nature and extent of the conflict to the Board in writing, or request to have entered in the minutes of the meeting of the Board at the earliest of:

a. first becoming aware of the conflict;
b. the first meeting in which the matter in issue is discussed
c. the first meeting in which the person knows or ought to have known that the party had an interest in the matter that required disclosure.

For the purposes of a) above, the disclosure must be made verbally if knowledge of the conflict arises in the course of a discussion at a meeting.

Section 10
Delegation of Voting Rights

10.1 The Treasurer may delegate the responsibility for exercising all voting rights acquired through the investments of the portfolio.

Section 11
Valuation of Investments

11.1 The Foundation expects that all securities held in the portfolio will have an active market and therefore valuation of the securities held will be based on their market values.

11.2 The investment manager will notify the Treasurer if the market for any investment held in the portfolio becomes inactive, and provide the Treasurer with the method it intends to use for valuing the affected investment.