

SPONSORS AGREEMENT

THIS AGREEMENT, including Schedules “A”, “B”, and “C” hereto, effective as of September 5, 2019

B E T W E E N:

WORKPLACE SAFETY AND INSURANCE BOARD

(the “**Employer Sponsor**”)

- and -

**ONTARIO COMPENSATION EMPLOYEES UNION, CANADIAN UNION OF
PUBLIC EMPLOYEES, LOCAL 1750**

(the “**Union Sponsor**”, and together with the Employer Sponsor, the “**Sponsors**”, and each a “**Sponsor**”)

WHEREAS the Plan (as defined herein) is a defined benefit pension plan, Ontario Registration No. 0579839, continued under the WSIA (as defined herein), and the terms of which are contained in the Plan Regulation (as defined herein), which regulation shall be repealed and replaced with the Plan text pursuant to the Term Sheet (as defined herein) and this Sponsors Agreement (as defined herein);

AND WHEREAS the Plan is currently sponsored and administered by the Employer Sponsor, under the PBA (as defined herein), as a single-employer pension plan in respect of all eligible employees and deemed employees of the Employer Sponsor;

AND WHEREAS the Union Sponsor represents and is the exclusive bargaining agent for more than two-thirds ($\frac{2}{3}$) of the active employees of the Employer Sponsor who are members of the Plan;

AND WHEREAS the Employer Sponsor and Union Sponsor agreed to the Term Sheet, a copy of which is attached hereto as Appendix “A”;

AND WHEREAS the Term Sheet provides that the conversion of the Plan to a JSPP (as defined herein) will be effective on the Conversion Date (as defined herein) which is a date upon which the Parties (as defined herein) shall agree and that, with effect on and after the Conversion Date, the Plan will be a JSPP, subject, however, to the satisfaction of the pre-conditions set out in the Term Sheet and the prior approval of the Superintendent (as defined herein) to the JSPP conversion;

NOW THEREFORE in consideration of the promises and covenants set forth in this Sponsors Agreement, the Parties to this Sponsors Agreement agree as follows, subject to the satisfaction of the pre-conditions set out in the Term Sheet (which for greater certainty are also set out at Article 8.2 of this Sponsors Agreement):

ARTICLE 1 – RECITALS

- 1.1 The Sponsors acknowledge and agree that the recitals contained herein are true in substance and in fact.

ARTICLE 2 – DEFINITIONS AND INTERPRETATION

- 2.1 “**Ad Hoc Indexing**” means indexing that is not funded by normal cost contributions to the Plan and that may be granted in accordance with the Funding Policy in respect of service accrued under the Plan before the Amendment Date in an amount of up to 25% of CPI.
- 2.2 “**Administration and Trust Agreement**” means the declaration and agreement between the Sponsors and the individuals who are initially appointed as Trustees as of the Effective Date and that governs the administration of the Plan and Trust Fund on and after the Conversion Date, as amended or replaced from time to time. A copy of the Administration and

Trust Agreement in effect as of the Effective Date is attached as Schedule “B” to this Sponsors Agreement.

- 2.3 “**Amendment Date**” means the date that is sixty (60) months (five (5) years) following the Conversion Date.
- 2.4 “**Applicable Legislation**” means the WSIA, the PBA and the ITA, and regulations thereto, as amended or replaced from time to time, and any other legislation and regulations applying to the Plan as the case may be.
- 2.5 “**Board of Arbitration**” means the board of arbitration established in accordance with Article 11.4 of this Sponsors Agreement.
- 2.6 “**Board of Trustees**” means the board of trustees comprised of eight (8) trustees, which shall, as of the Conversion Date, as defined below, hold, administer, and invest the Trust Fund and Plan in accordance with the provisions of the PBA and the Administration and Trust Agreement. For greater certainty, each person appointed as a trustee on the Board of Trustees is a Trustee.
- 2.7 “**Conditional Indexing**” means indexation relating to service on and after the Amendment Date that is in excess of 50% of CPI (from 50% up to and including 100% of CPI), including on the bridge benefit and lifetime benefit, which indexing shall not be funded as part of the normal cost, but shall or may be granted at up to and including 100% of CPI, as determined by the Trustees in accordance with the Funding Policy. When Conditional Indexing is not granted in a particular year, catch-up indexation may be paid in a future year, in accordance with the Funding Policy. For greater certainty, the bridge benefit is a funded benefit.
- 2.8 “**Contribution Corridor**” means, following the Phase-In Period, the corridor within which the Board of Trustees may set the contribution rates of the Plan,

being when the total cost of the Plan is between 18% of Pensionable Payroll and 25% of Pensionable Payroll, excluding the funding of the Conversion Deficit.

- 2.9 “**Conversion Date**” means July 1, 2020.
- 2.10 “**Conversion Deficit**” means any going concern unfunded liability (based on salaries projected to retirement) existing on the Conversion Date, calculated in accordance with the PBA.
- 2.11 “**Conversion Filing Valuation**” means the valuation report to be filed by the Board of Trustees in conjunction with the conversion of the Plan.
- 2.12 “**Conversion Surplus**” means any going concern surplus (based on salaries projected to retirement) existing on the Conversion Date, calculated in accordance with the PBA.
- 2.13 “**CPI**” means the percentage change in the average of the monthly Consumer Price Index for Canada for all items, for the twelve (12) month period ending October 31 of the previous year compared to the twelve (12) month period ending October 31 a year earlier. The Consumer Price Index is published by Statistics Canada or its successor, or, if Statistics Canada or its successor no longer publishes such an index or is no longer operated by the Government of Canada, such other price index as the Sponsors may substitute, acting reasonably.
- 2.14 “**CRA**” means the Canada Revenue Agency.
- 2.15 “**Effective Date**” means the date specified herein upon which this Sponsors Agreement becomes effective.
- 2.16 “**Employer Sponsor**” has the meaning ascribed to that term in the recitals to this Sponsors Agreement, or any successor thereto.

- 2.17 “**Filing Valuation**” means an actuarial valuation report filed in accordance with the PBA.
- 2.18 “**Funding Policy**” means the policy established by the Sponsors pursuant to Article 6.3 of this Sponsors Agreement, as amended or replaced from time to time. A copy of the Funding Policy in effect as of the Conversion Date is attached as Schedule “A”.
- 2.19 “**Guaranteed Indexing**” means guaranteed indexing relating to service on and after the Amendment Date, including indexation on the lifetime benefit and the bridge benefit, which shall be at a rate of 50% of CPI (instead of 75% of CPI), and, for greater certainty, includes guaranteed indexing on the lifetime benefit for service accrued prior to the Amendment Date, which shall continue to be at a rate of 75% of CPI.
- 2.20 “**IMCO**” means the Investment Management Corporation of Ontario.
- 2.21 “**Initial Trustees**” means the initial trustees appointed to the Board of Trustees in accordance with the Administration and Trust Agreement.
- 2.22 “**ITA**” means the *Income Tax Act*, RSC 1985, c 1 5th Supp and regulations thereto, as amended or replaced from time to time, and any waiver or relief provided by the Minister of National Revenue or the CRA, as applicable, thereto.
- 2.23 “**JSPP**” means jointly sponsored pension plan as defined by the PBA.
- 2.24 “**Material Change**” means changes consisting of:
- (a) Any and all amendments to the Plan to improve or temporarily reduce benefits, except those described in Article 2.24(d) below which shall be approved by the Board of Trustees in accordance with the Funding Policy;

- (b) Any and all amendments to the Plan to increase or decrease Member and Employer Sponsor contribution rates, if the amended total cost of the Plan would be less than 18% of Pensionable Payroll or the total cost of the Plan exceeds 25% of Pensionable Payroll, excluding the funding of the Conversion Deficit. For greater certainty, increases and decreases to contributions that are within the Contribution Corridor shall be approved by the Board of Trustees in accordance with the Funding Policy; and
- (c) A decision to amend the governance or benefit structure of the Plan, a decision to merge or transfer the Plan or part of the Plan to an existing JSPP, convert the Plan to some other form of pension plan, or to terminate the Plan;
- (d) But does not include:
 - (i) the granting of Conditional Indexing;
 - (ii) the granting of Ad Hoc Indexing; and
 - (iii) restoring Temporary Benefit Reductions,each subject to and in accordance with the Funding Policy.

2.25 “**Member**”, “**Former Member**” and “**Retired Member**” have the meaning ascribed to those terms in the Plan.

2.26 “**Ninth Trustee**” means a temporary ninth Trustee who is appointed in accordance with the Administration and Trust Agreement to resolve a deadlock between the Trustees.

2.27 “**Party**” or “**Parties**” means the parties to this Sponsors Agreement (each, a “**Party**” and collectively, the “**Parties**”).

- 2.28 “**PBA**” means the *Pension Benefits Act*, RSO 1990, c P-8 and regulations thereto, as amended or replaced from time to time.
- 2.29 “**Pensionable Payroll**” means the aggregate for all Members (as defined in the Plan text) of the Plan of the Earnings (as defined in the Plan text) of each Member up to but not exceeding the maximum Earnings on which the Member is required to contribute to the Plan, determined in accordance with the Plan text.
- 2.30 “**Phase-in Period**” means the period commencing on the Conversion Date and continuing each year on the anniversary of the Conversion Date until the Member contributions are equal to 50% of the normal cost of the Plan.
- 2.31 “**Plan**” means the Workplace Safety and Insurance Board Employees’ Pension Plan, as amended or replaced from time to time. A copy of the Plan text in effect as of the Conversion Date is set out at Schedule “C” to this Sponsors Agreement.
- 2.32 “**Plan Regulation**” means Ontario Regulation 455/97 made under the WSIA.
- 2.33 “**Schedules**” are the documents referenced in Article 3 of this Sponsors Agreement and appended hereto.
- 2.34 “**Sponsors**” has the meaning ascribed to it in the recitals to this Sponsors Agreement.
- 2.35 “**Sponsors Agreement**” means this agreement, all schedules to this agreement and any amendment made by the Sponsors pursuant to Article 10.1 of this Sponsors Agreement.
- 2.36 “**Superintendent**” means the Superintendent of the Financial Services Commission of Ontario or the successor thereto.

- 2.37 “**Temporary Benefit Reduction**” means, under the circumstances prescribed in the Funding Policy, a temporary reduction in future Plan benefits, as a result of a decision of the Sponsors to amend the Plan, in accordance with the Funding Policy.
- 2.38 “**Term Sheet**” means the memorandum of agreement dated October 24, 2018 which, among other things, amended and incorporated three (3) prior agreements setting out the terms for the conversion of the Plan to a JSPP. For greater certainty, the Term Sheet is rescinded and shall cease to be of any force and effect on the later of the Conversion Date and the date upon which all conditions under the Term Sheet are satisfied or the Parties have otherwise agreed the conditions are waived, amended or met to their satisfaction, as applicable. A copy of the Term Sheet in effect prior to the Conversion Date is set out at Appendix “A” to this Sponsors Agreement for reference purposes only and does not form part of this Sponsors Agreement.
- 2.39 “**Trust Fund**” means the fund established and maintained in accordance with the Administration and Trust Agreement to provide benefits under or related to the Plan, which, effective on the Conversion Date, is comprised of all of the assets of the Plan consolidated with all funds and assets received from time to time by way of contributions, together with all increments, earnings and profits accruing from the administration and investment of the assets of the Plan.
- 2.40 “**Trustees**” means the persons appointed by each of the Sponsors from time to time as trustees to constitute the Board of Trustees in accordance with this Sponsors Agreement and the Administration and Trust Agreement. For greater certainty, each person so appointed is a “**Trustee**”.
- 2.41 “**Union Sponsor**” and “**Union**” means the Ontario Compensation Employees Union, CUPE Local 1750.

- 2.42 “YMPE” means in relation to a year, means the Year’s Maximum Pensionable Earnings established under the Canada Pension Plan for the year.
- 2.43 “WSIA” means the *Workplace Safety and Insurance Act, 1997*, SO 1997, c 16, Sched A. For greater certainty, effective on the Conversion Date, the WSIA shall not include the Plan Regulation.
- 2.44 Wherever the singular and any word connoting gender is inserted throughout this Sponsors Agreement, the same shall be construed as meaning the plural, masculine, feminine or a body corporate where the context so requires and vice versa.
- 2.45 The headings of the articles of this Sponsors Agreement are included for convenience only and shall not be deemed to constitute part of this Sponsors Agreement or to affect its construction.
- 2.46 Any use of the words “includes”, “including” or “included” shall be interpreted to mean includes without limitation.
- 2.47 Capitalized terms that are not defined in this Sponsors Agreement shall have the meaning ascribed to them in the Plan text.
- 2.48 A reference to “days” shall mean calendar days, unless specified to mean business days.

ARTICLE 3 – SCHEDULES TO THIS SPONSOR AGREEMENT

- 3.1 The Schedules are part of this Sponsors Agreement.
- 3.2 A copy of the Funding Policy in effect as of the Conversion Date is set out at Schedule “A” to this Sponsors Agreement. The Funding Policy may only be amended in accordance with its terms.

- 3.3 A copy of the Administration and Trust Agreement in effect as of the Conversion Date is set out at Schedule “B” to this Sponsors Agreement. The Administration and Trust Agreement may only be amended in accordance with its terms.
- 3.4 A copy of the Plan text in effect as of the Conversion Date is set out at Schedule “C” to this Sponsors Agreement. The Plan text shall be amended in accordance with its terms.

ARTICLE 4 – SPONSORSHIP OF THE JSPP

- 4.1 Subject to the satisfaction of the pre-conditions set out in Appendix “A” and Article 8.2 of this Sponsors Agreement, on and after the Conversion Date, the Plan will be jointly sponsored as a JSPP under the PBA and the Employer Sponsor and Plan Members will be jointly responsible for funding the Plan, including going concern deficits arising under the Plan on or after the Conversion Date, as and to the extent described in this Sponsors Agreement, subject to the requirements of Applicable Legislation.
- 4.2 On and after the Conversion Date, the Plan and Trust Fund shall be established and continued in accordance with this Sponsors Agreement and the WSIA (as applicable).
- 4.3 On and after the Conversion Date, the Union Sponsor and the Employer Sponsor shall have the obligations and powers in relation to the Plan and Trust Fund as set out in this Sponsors Agreement (including the Schedules), subject to Applicable Legislation.
- 4.4 The Sponsors are each responsible for the appointment, termination and replacement of the Board of Trustees, being the administrator of the Plan under section 8(1) of the PBA effective on and after the Conversion Date, pursuant to Article 5.

- 4.5 Except as otherwise provided for in this Sponsors Agreement, the Funding Policy, and the Administration and Trust Agreement, the Sponsors are jointly responsible for determining the terms and conditions of the Plan, including determining contribution rates and adopting changes to the Plan benefits in accordance with the Funding Policy.
- 4.6 The Sponsors are jointly responsible for establishing and amending, from time to time, the Funding Policy.
- 4.7 The Sponsors are jointly responsible for entering into and amending, from time to time, the Administration and Trust Agreement.
- 4.8 The Sponsors are jointly responsible for considering and, if considered appropriate, approving the education policy established by the Board of Trustees.
- 4.9 The Sponsors are each responsible for satisfying any and all other obligations of registered pension plan sponsors under Applicable Legislation.
- 4.10 The Sponsors shall meet no less than once per calendar year to discuss matters relating to the Plan and may hold such additional meetings as they determine are necessary or appropriate in a calendar year.

ARTICLE 5 – TRANSITION OF ADMINISTRATION AND GOVERNANCE OF THE PLAN AS A JSPP

- 5.1 On and after the Conversion Date, the administrator of the Plan under section 8(1) of the PBA shall be the Board of Trustees (comprised of the Trustees) provided for and established pursuant to this Sponsors Agreement and the Administration and Trust Agreement.
- 5.2 The Board of Trustees shall administer the Plan and Trust Fund in accordance with the Administration and Trust Agreement.

- 5.3 The Board of Trustees shall be comprised of and act solely through eight (8) Trustees, subject to the appointment of a Ninth Trustee in accordance with the dispute resolution procedures set out in the Administration and Trust Agreement. The Sponsors shall appoint, remove, and replace the Trustees in accordance with the procedures set out in the Administration and Trust Agreement.
- 5.4 Four (4) of the Trustees shall be appointed by the Union Sponsor, and four (4) of the Trustees shall be appointed by the Employer Sponsor. Notwithstanding the foregoing, the overall composition of the Board of Trustees (including, in the event of deadlock, accounting for the Ninth Trustee) shall, at all times, (a) include a majority of Trustees who are some combination of: (i) employees of the Employer Sponsor, and (ii) appointees of the Employer Sponsor, and (b) include at least one Trustee who is independent of the Employer Sponsor.
- 5.5 Each Trustee shall be appointed in the sole discretion of the appointing Sponsor, provided that the Sponsors shall appoint as Trustees individuals who have knowledge of one or more of (a) pensions, legislative and regulatory matters related to pensions; (b) investments and investment products, investment strategy particularly as related to pension investments; (c) pension governance issues and practices; (d) asset liability assessment expertise; (e) pension plan operations; or (f) experience serving on pension committees or investment committees for pension plans. When appointing Trustees, the Sponsors will consider the overall mix of skills and knowledge present within the Board of Trustees.
- 5.6 The Employer Sponsor shall pay administration expenses of the Plan in the amount of 20 basis points per annum as a percentage of Plan assets until the Amendment Date. For purposes of this provision, the market value of the Plan assets shall be determined as of the Conversion Date and December 31st of each year following the Conversion Date as set out in the audited financial

statements of the Plan. Thereafter, subject to Applicable Legislation, all administration expenses shall be payable from the Trust Fund.

- 5.7 Prior to the Conversion Date, the Employer Sponsor and the Initial Trustees shall enter into an agency agreement in a form negotiated by and acceptable to the Sponsors, which shall be effective as at the Conversion Date, providing for, among other things, administrative services to be provided to the Trustees by the Employer Sponsor acting as administrative agent of the Trustees, the hiring of an initial plan manager/chief executive officer/however so named position and any initial staff of the Board of Trustees, as applicable, and the continuation of certain existing administration arrangements in place as of the Conversion Date.
- 5.8 In connection with the transition of service providers providing administrative services to the Employer Sponsor commenced prior to the Conversion Date, the Employer Sponsor will make every reasonable effort to verify Plan data and related information and to correct any errors in Plan data or related information and shall promptly inform the Board of Trustees and the Union Sponsor of the results of such transition process review.

ARTICLE 6 – FUNDING OF THE PLAN

6.1 Contributions

- (a) Subject to Article 6.1(b), (c), (d), and the Funding Policy, on and after the Conversion Date, Members of the Plan and the Employer Sponsor are required to make contributions to the Trust Fund in respect of normal costs and any going concern liability to the extent and in the manner required by the PBA.
- (b) During the Phase-In Period, notwithstanding Article 6.1(a), the Members' contributions shall be as set out in the Plan text, increasing from the rates in

effect immediately prior to the Conversion Date in increments equivalent to 0.6% of Pensionable Payroll per year commencing on the Conversion Date and continuing each year on the anniversary of the Conversion Date until the Member contributions are equal to 50% of the normal cost of the Plan, following which time full cost sharing shall be effective. For greater certainty, as set out in the Funding Policy and the Plan text, the Employer Sponsor will contribute the difference between the total of the Member contributions and the total cost of the Plan during the Phase-in Period.

- (c) As of the Conversion Date, and during the Phase-in Period, post-conversion going concern gains and losses (for both pre- and post- conversion service) are the responsibility of/for the account of the Employer Sponsor. The Sponsors agree that any Conversion Surplus and going concern gains arising during the Phase-in Period will be used only to offset going concern losses arising during the Phase-in Period. Effective as of the end of the Phase-in Period, all post-conversion going concern gains and losses (for both pre-and post-conversion service) experienced by the Plan shall be fully and equally shared by the Plan Members and the Employer Sponsor, including any unallocated gains or remaining amortization payments on losses arising during the Phase-in Period, each in accordance with the Funding Policy.
- 6.2 The Employer Sponsor shall be responsible for funding the Conversion Deficit existing on the Conversion Date in accordance with the PBA. The Employer Sponsor shall pay the Conversion Deficit in the manner and over the period following the filing of the Filing Valuation dated as of the Conversion Date, as agreed to by the Sponsors.

6.3 **Funding Policy**

- (a) The Sponsors shall establish, maintain, and amend, as appropriate, the Funding Policy for the Plan which shall address, among other things to be agreed by the Sponsors, risk management, full funding goals, and the circumstances in which: (i) contributions are required to, or may, be increased or decreased by either the Trustees or the Sponsors; and/or (ii) the Sponsors may negotiate and agree upon Temporary Benefit Reductions; and/or (iii) the Trustees shall or may grant Conditional Indexing, Ad Hoc Indexing or the restoration of Temporary Benefit Reductions in accordance with the Funding Policy; and/or (iv) benefits may be improved (except Conditional Indexing, Ad Hoc Indexing and restored Temporary Benefit Reductions) and/or the contingency reserve of the Plan may be amended in accordance with the Funding Policy.
- (b) When contribution and benefit setting decisions are made by either of the Sponsors or the Board of Trustees, as applicable, the decisions will be made based on the considerations specified in the Funding Policy as amended from time to time.
- (c) The Funding Policy shall contain such other risk management objectives as are desirable and reasonable for a prudently managed pension plan.

ARTICLE 7 – Changes to the Plan

7.1 **Minimum Benefit Provisions**

- (a) The Sponsors agree that, except as otherwise may be agreed by the Sponsors, the Plan text will not be amended to change the pension benefits provided under the Plan on and after the Conversion Date and before the Amendment Date.

- (b) Effective on and after the Amendment Date, the Plan shall provide Guaranteed Indexing as specified in the Plan in respect of service both before and on and after the Amendment Date, as applicable.
- (c) Effective on and after the Amendment Date, the Plan shall provide Conditional Indexing.
- (d) Effective on and after the Amendment Date, the Trustees may grant Ad Hoc Indexing in accordance with the Funding Policy.

7.2 Material Changes to Benefits

- (a) The Sponsors must approve all Material Changes.
- (b) For greater certainty, a voluntary termination and wind-up of the Plan shall require the consent of both Sponsors and such decision shall not be subject to the dispute resolution mechanism under Article 11.
- (c) Notwithstanding any other term of this Sponsors Agreement, any decision to reduce pension benefits shall not have the effect of reducing the amount or commuted value of a pension benefit accrued with respect to service before the effective date of the amendment of the Plan or the amount or the commuted value of an ancillary benefit for which all eligibility requirements necessary to exercise the right to receive payment of the benefit have been met before the effective date of the amendment of the Plan.

7.3 Termination of Plan

- (a) If the Plan is wound up and at that time the Plan is not fully-funded on a wind-up basis, in accordance with the PBA, the Employer Sponsor shall pay to the Trust Fund any amounts required to fund benefits accrued prior to the Conversion Date under the Plan. Subject to the PBA, and for greater

certainty, neither the Employer Sponsor nor the Union Sponsor shall be responsible for funding any wind-up deficit relating to benefits accrued on and after the Conversion Date.

- (b) If the Plan is wound up assets shall be distributed in accordance with the Funding Policy.

ARTICLE 8 – PRE-CONDITIONS TO JSPP CONVERSION

8.1 Except as may be otherwise agreed by the Parties, the conversion of the Plan to a JSPP is conditional upon, and the Conversion Date shall not be before the date upon which, all of the conditions described in this Article 8 are satisfied or the Parties have otherwise agreed the conditions are waived, amended or met to their satisfaction, as applicable.

8.2 The conversion to JSPP is conditional on:

- (a) approval of this Sponsors Agreement (including the Schedules) without amendment by the Board of Directors of the Employer Sponsor;
- (b) approval of this Sponsors Agreement (including the Schedules) without amendment by, and on behalf of, the Union Sponsor and the Members of the Plan represented by the Union Sponsor;
- (c) in the case of the Administration and Trust Agreement, approval without amendment by the individuals who are initially appointed as the Trustees;
- (d) at least two-thirds ($\frac{2}{3}$) of the Plan's active Members consenting or having consent provided on their behalf by their union(s), if applicable, and not more than one-third ($\frac{1}{3}$) of the Plan's Retired Members, Former Members and other Plan beneficiaries, as a group, objecting to the proposed conversion;

- (e) the consent of the Superintendent to the application filed by the Parties in support of the conversion of the Plan to a JSPP;
- (f) the Plan being listed under section 1.3.1(3) of Regulation 909 to the PBA and is granted a permanent solvency exemption under the PBA (for pre- and post-conversion liabilities) effective on and after the Conversion Date that is satisfactory to the Parties;
- (g) the WSIA being amended as required to implement the Sponsors Agreement and the Plan Regulation being repealed (understanding that the WSIA will however continue to provide for the Plan);
- (h) the Plan is a member of IMCO on and immediately after the Conversion Date, provided that the Board of Trustees shall be released from liability respecting this decision and expressly provided that the Board of Trustees will have the power and discretion to continue or discontinue membership in IMCO, in whole or in part, in accordance with the terms of the IMCO governing legislation, regulations, by-laws and any agreement with IMCO, as applicable;
- (i) effective as at the Conversion Date, pension benefits and contributions are no longer the subject of collective bargaining and pension benefits and contributions are to instead be determined in accordance with procedures set out in this Sponsors Agreement and the collective agreement shall be amended to reflect the establishment of the JSPP and the condition set out in this Article 8.2(i);
- (j) any outstanding pension-related policy or individual grievance(s) is withdrawn by the Union Sponsor;

- (k) the Parties agree upon the actuarial assumptions and methods employed in the valuation of the Plan as at the Conversion Date and for the Conversion Filing Valuation;
 - (l) the funding rules applicable to JSPPs under the PBA are not materially altered prior to the Conversion Date; and
 - (m) the Trustees and the Employer Sponsor enter into an agency agreement in a form acceptable to the Employer Sponsor, Initial Trustees, and Union Sponsor.
- 8.3 Notwithstanding Article 8.2(l), in the event that the funding rules applicable to JSPPs are materially altered prior to the Conversion Date, then either Sponsor may, at its option, give the other Party written notice within 30 days of the date such changes are filed by the Ontario Government, following which the Parties agree to meet to negotiate a mutually satisfactory resolution, taking into account the new regime and this Sponsors Agreement will be amended accordingly.
- 8.4 For greater certainty and notwithstanding anything to the contrary above, the Parties may agree to defer the pre-condition set out in Article 8.2(f) and such deferral of the pre-condition at the Conversion Date shall not constitute a failure to satisfy the condition(s) nor shall it constitute a waiver of the pre-condition. Should it become evident to the Parties at any time that the pre-condition set out in Article 8.2(f) shall not be satisfied, the Parties shall make good faith efforts to bargain further terms and conditions of a conversion of the Plan to a JSPP.
- 8.5 For greater certainty, the Term Sheet is rescinded by the Sponsors and shall cease to be of force and effect on the later of the Conversion Date and the date on which all conditions under the Term Sheet are satisfied or the Parties have

otherwise agreed the conditions are waived, amended or met to their satisfaction, as applicable.

ARTICLE 9 – LIMITATIONS OF LIABILITY

9.1 Neither the Employer Sponsor nor the Union Sponsor, individually or collectively, shall be responsible or liable for:

- (a) any matter, cause or thing arising due to the invalidity of all or any part of this Sponsors Agreement; or
- (b) any delay in the implementation of the JSPP occasioned by any restriction or provision in:
 - (i) this Sponsors Agreement; or
 - (ii) dealings with the Superintendent, the Financial Services Commission of Ontario (or any successor thereto) or the Ontario Government.

9.2 On and after the Conversion Date, each Member, Former Member, Retired Member of the Plan and every person claiming through them shall have recourse solely to the Trust Fund for any pension benefit or other payment under or contemplated by the Plan.

9.3 None of the Sponsors, Members, Former Members, Retired Members or other beneficiaries of the Plan are liable or responsible for any debts, liabilities, obligations, or deficiencies of the Plan or the Trust Fund, except in accordance with the terms of this Sponsors Agreement, the Administration and Trust Agreement, and the Plan text.

9.4 No Sponsor is liable for any of the acts or obligations of any person appointed as a Trustee by it solely because such Trustee is or was an officer, employee or appointee of any such Sponsor, or such Sponsor had any role in the appointment of such Trustee provided that the Trustee was appointed by the

Sponsor in good faith in accordance with the Administration and Trust Agreement.

ARTICLE 10 – AMENDMENT

10.1 The Sponsors may by mutual agreement, in writing, amend this Sponsors Agreement.

ARTICLE 11 – DISPUTE RESOLUTION

11.1 Any dispute arising in respect of this Sponsors Agreement or any decision to be made by the Sponsors shall be determined in accordance with the provisions of this Article 11. Notwithstanding the foregoing, or any other provision of this Sponsors Agreement, and for greater certainty, a decision to voluntarily terminate and wind-up the Plan shall require the consent of both Sponsors and such decisions shall not be subject to the dispute resolution mechanism under this Article.

11.2 Upon receiving notice from the other Party, a Sponsor shall negotiate with the other Party, in good faith, with a view to forming an agreement and, where applicable, providing direction to be given to the Trustees. The Sponsors shall make reasonable efforts to avoid triggering dispute resolution under this provision.

11.3 If the Sponsors are unable to reach an agreement in accordance with this Article 11 within sixty (60) days following the receipt of notice from the other Party, a deadlock shall be deemed to exist.

11.4 In the event of a deadlock, the matter at issue and, where applicable, direction to be given to the Trustees, shall be determined by a three (3) person Board of Arbitration in accordance with the following procedures:

- (a) The Party requesting arbitration shall indicate in its written request, made within five (5) days of the matter becoming deadlocked, the name of its one (1) nominee to the Board of Arbitration;
 - (b) Within five (5) days thereafter the other Party shall answer in writing indicating the name of its nominee. The two (2) nominees will then select an impartial chairperson of the Board of Arbitration; and
 - (c) If either Party fails to appoint a nominee within the time limit set out above, or if the two (2) nominees fail to agree upon a chairperson within ten (10) days of their appointment, or within such other time as may be agreed, the Chair of the Ontario Labour Relations Board may be asked to nominate a person to act as nominee or as chairperson, as applicable.
- 11.5 The Sponsors shall share the costs of the Board of Arbitration on a 50%-50% basis.
- 11.6 Within twenty (20) days of the chairperson being appointed to the Board of Arbitration, or within such other time as may be agreed, a hearing will be scheduled.
- 11.7 The Parties may make submissions orally and/or in writing. The Board of Arbitration shall determine its own procedures. A final and binding decision shall be rendered within thirty (30) days of any hearing.
- 11.8 All costs, expenses and fees of the Sponsors associated with the review, negotiation, and decision-making in accordance with this Article 11 shall be borne by the Party incurring the cost, expense or fee, but for the fees of the members of the Board of Arbitration, which shall be paid by each Sponsor, as specified in Article 11.5.

ARTICLE 12 – MISCELLANEOUS PROVISIONS

- 12.1 This Sponsors Agreement constitutes the entire agreement between the Parties with regard to the conversion of the Plan to a JSPP and is intended to provide for joint responsibility by the Employer Sponsor and the Union Sponsor for making all decisions about the terms and conditions of the Plan and any amendments to the Plan within the meaning of section 3.1(1) of the Regulation 909 under the PBA, as amended from time to time.
- 12.2 This Sponsors Agreement shall be governed by and construed and interpreted in accordance with the laws of the Province of Ontario.
- 12.3 This Sponsors Agreement may be executed by the Parties in one (1) or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. Signatures by facsimile shall be as effective as original signatures.
- 12.4 Except as provided for in this Sponsors Agreement, neither Party to this Sponsors Agreement may assign any of its rights hereunder without the prior written consent of the other Party, which consent shall not be unreasonably withheld or delayed, and any purported assignment in violation of this Article 12.4 shall be void. This Sponsors Agreement shall be binding upon and enure to the benefit of the Parties hereto.
- 12.5 Any provision of this Sponsors Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. To the extent any provision of this Sponsors Agreement is invalid or unenforceable as provided for in this Article 12.5, it shall be replaced by a valid and enforceable provision agreed to by the Employer

Sponsor and the Union Sponsor (such agreement shall not be unreasonably withheld or delayed) that preserves the same economic effect for the Parties under this Sponsors Agreement.

- 12.6 Time is of the essence in respect of each term in this Sponsors Agreement.
- 12.7 The Employer Sponsor and the Union Sponsor shall fully cooperate in securing all Member, Former Member, Retired Member, other beneficiary, legal or regulatory consents, notices and/or approvals, as applicable, required to effectuate this Sponsors Agreement.
- 12.8 Any notice, request, information or other document to be given under this Sponsors Agreement to one Party by the other Party shall be in writing and delivered personally, or sent by Federal Express or other carrier which guarantees next-day delivery, transmitted by email, or sent by registered or certified mail, postage prepaid, at the following addresses:

If to the Employer Sponsor:

Phone: 416-344-6188

Email: Susanna.Zagar@wsib.on.ca

Attention: Susanna Zagar

Chief Strategy & Analytics Officer

If to the Union Sponsor:

Phone: (905) 676-0030

Email: hagoslin@oceu.ca

Attention: Harry Goslin, President and CEO

All such notices and communication shall be effective when delivered by hand, or, in the case of registered mail, Federal Express or other carrier, upon receipt, or, in the case of facsimile or email transmission, when transmitted.

12.9 Each of the Parties hereto shall, from time to time and at any time hereafter upon reasonable written request to do so, make, do, execute and deliver, or cause to be made, done, executed and delivered, all such further acts, deeds, assurances, things and written instruments as may be necessary for more effectively implementing and carrying out the intent of this Sponsors Agreement.

[This section intentionally left blank]


IN WITNESS WHEREOF the Parties have executed this Sponsors Agreement.


**WORKPLACE SAFETY AND
INSURANCE BOARD**

**ONTARIO COMPENSATION
EMPLOYEES UNION**

Per:

Per:

DocuSigned by:

3136C56E451D434...
Name: Thomas Teahan

DocuSigned by:

12B22BA2A5D34F5...
Name: Harry Goslin

Title: President and Chief Executive Officer

Title: President and Chief Executive Officer