Annual Report
2021

SHEPP

People. Pensions. Results.

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Key Service Providers

ACTUARY

Aon

AUDITOR

KPMG LLP

CUSTODIAN

CIBC Mellon Global Securities Services Company

INVESTMENT CONSULTANT

Aon

LEGAL COUNSEL

Lawson Lundell LLP
Miller Thomson LLP
Blake, Cassels & Graydon LLP

INVESTMENT MANAGERS

Aeolus Capital Management
AlpInvest Partners
Baillie Gifford & Co
Basalt Infrastructure Partners
BentallGreenOak
BlackRock Asset Management
Brevan Howard
Brookfield Asset Management
Causeway Capital Management
CB Richard Ellis
Christofferson, Robb & Co
Connor, Clark & Lunn Investment Management
Foyston, Gordon & Payne
Global Infrastructure Partners
I Squared Capital
IFM Investors
Invesco Ltd.
JP Morgan Asset Management
Kohlberg Kravis Roberts & Co
Macquarie Infrastructure and Real Assets
Manulife Investment Management
Meridiam Infrastructure
Nephila Capital
Pantheon Global Infrastructure
Phillips, Hager & North Investment Management
Systematica Investments
TD Asset Management
Unigestion Asset Management
Wellington Management

Message **from the Board**

In a time of incredible uncertainty, the overarching theme that emerged for 2021 was a sense of perseverance – people remaining committed to serving the needs of their communities with unwavering dedication and determination through another challenging year.

We first extend our utmost respect and gratitude to our Plan members – Saskatchewan's healthcare workers. Your continued perseverance during a second year of the COVID-19 pandemic is admirable. We are grateful for everything that you do for the health and safety of our communities and our province. Your dedication and courage are commendable, and we are proud to serve you.

The Plan continued to persevere as well, showing strength in a period of turbulence. While the onset of the COVID-19 pandemic in 2020 caused abrupt market disruption, we remained focused on long-term Plan sustainability and the Fund generated steady returns as markets recovered in 2021. Our risk management and diversified investment strategies have positioned the Fund on solid footing, able to endure market volatility during times of short-term uncertainty. With the Plan's funded status having progressively improved over six consecutive valuations since 2010, we are steadfast in our commitment to the sustainability of the Plan for our valued healthcare workers.

The Administration team at SHEPP, led by CEO Alison McKay, also displayed incredible perseverance during the year. Through flexible working arrangements, online collaboration tools and a commitment to fulfilling the SHEPP Promise to Plan members, they did not miss a beat in providing exceptional service. Thank you for your resilience, your support and your continual commitment to SHEPP's core values – People, Pensions and Results.

Supporting the Plan and serving the best interests of our members is truly a collaborative effort. We thank our Partner Committees for their commitment to strengthening the Trust Agreement and continued dedication to fulfilling their role with regard to Plan design. We also thank the Plan actuary, investment consultant, legal counsel and auditor in providing guidance and expertise. Lastly, to our fellow Trustees, thank you for your commitment to your fiduciary duty and for leading with thoughtful purpose and guidance under an exceptional governance structure and sound investment strategies.

Our participating employers and over 61,000 members throughout the province of Saskatchewan are at the heart of what we do. Through the perseverance displayed by everyone this last year, we are able to provide stable and predictable retirement income for your financial future.

Thank you for another successful year in the face of adversity and stay safe.

Andrew Huculak
Chair

Jeff Stepan
Vice Chair

Message **from the CEO**

Serving the members of Saskatchewan's healthcare industry comes with a strong sense of pride.

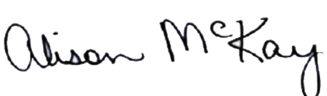
Faced with another year of challenges and uncertainty resulting from the COVID-19 pandemic, the Administration continued to be united in our shared purpose. We are proud to recognise our members' service in the province and provide assurance that their pension is in good hands.

As SHEPP members across the province worked tirelessly and gave of themselves to keep our communities safe, our team delivered for them when called upon. Throughout 2021, we adapted to changing situations to keep our workplace safe while providing top-quality support and service to our members and employers. I am privileged to lead a team of highly knowledgeable and dedicated people. Our people are our strength and pensions are our passion.

With 2021 being the final year of our five-year strategic plan, I'm proud of all that we have accomplished to meet our identified objectives. An actuarial valuation was filed as at December 31, 2020, and showed the Plan's funded position improved again on a going-concern basis and contributions remain stable. Plan amendments supporting long-term Plan sustainability were approved by the Board and the changes were effectively communicated to members and employers prior to taking effect. We saw the completion of a member engagement survey and an employee engagement survey to better understand what our members and employees expect from SHEPP. As well, we accomplished our initiatives in numerous business areas including our service strategy, disaster recovery and business continuity program, and security roadmap. The Board and the Administration completed development of the new five-year rolling strategic plan, which we will begin to implement in 2022 with goals focused on people and culture, stakeholder experience and Plan sustainability.

In 2021, we saw markets and major economies come back to strength. While inflation and anticipated central bank responses put pressure on returns, our investment strategies and diversified portfolio positioned the Fund to perform well. Overall, the Fund experienced strong investment returns of 10.1% (net of investment manager fees). This exceeded the market benchmark of 9.7% and brought the Plan's total market value of net assets to $9.7 billion at December 31, 2021. This past year, we continued our efforts to further diversify our long-term asset mix to provide long-term Plan sustainability and withstand future market volatility.

Thank you to our Board of Trustees, Partner Committees and Administration for your commitment to excellence in pension plan administration, governance and the provision of benefits. It is this shared commitment to serve the best interests of our members that positions us for success.



Alison McKay
Chief Executive Officer

Plan **Overview**

About SHEPP

Established in 1962, the Saskatchewan Healthcare Employees' Pension Plan (SHEPP) has grown into the largest defined benefit pension plan in the province and the only industry-wide pension plan serving the healthcare sector—one of Saskatchewan's largest and most valued workforces.

SHEPP is a multi-employer defined benefit pension plan with 50 participating employers and over 61,000 members either receiving or entitled to a pension benefit under the Plan. Today, one in every 15 people employed in Saskatchewan is a SHEPP member supporting the health and wellbeing of communities across the province.

The defined benefit design means a SHEPP pension is predictable. It provides members with a secure lifetime pension, calculated using a formula based on their four-year highest average eligible earnings and years of credited service at retirement. Once vested in the Plan, SHEPP members are entitled to receive a monthly pension they'll never outlive. The Plan also provides early retirement, disability, death and termination benefits.

The Plan is funded by contributions from active Plan members and participating employers, and by the investment earnings of the Plan's assets.

SHEPP is jointly sponsored and governed by a Board of Trustees and Partner Committees – each equally represented by employers and employees. The Agreement and Declaration of Trust identifies the roles and responsibilities of these decision-making bodies. The Plan is administered in compliance with the Plan Text, *The Pension Benefits Act, 1992* (Saskatchewan) and the *Income Tax Act* (Canada).

SHEPP's office is in Regina, situated on Treaty 4 Territory and the Homeland of the Métis Nation.

OUR VALUES

People.
We are people driven and member focused.

Pensions.
We are passionate about pensions.

Results.
We embrace quality and innovation.

OUR MISSION

To serve the best interests of our members.

OUR VISION

Excellence in pension plan administration, governance, and the provision of benefits.

Plan **Funding**

Best Estimate Year-end Results

Economic recovery in 2021 brought markets back to strength following the turbulence brought on by the COVID-19 pandemic the previous year. Overall strong investment returns throughout the year brought the total market value of the Fund to approximately $9.7 billion at the end of 2021. Year-over-year, net assets increased by approximately $818.0 million and pension liabilities increased by $295.4 million, resulting in a surplus of $1.5 billion on a best-estimate basis at year-end.

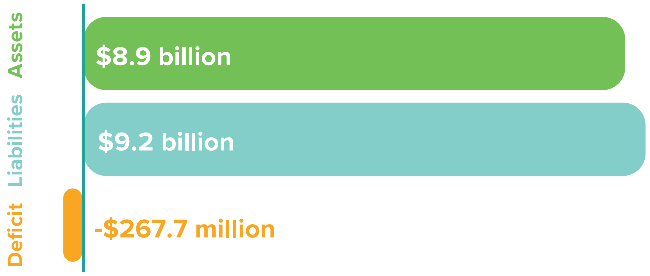
While last year's financial results were positive on a best-estimate basis, Plan funding is measured on a going-concern basis which assumes operations continue and obligations exist indefinitely. Therefore, stability and the long-term sustainability of the Plan must remain as the continued focus.

Going-concern Funded Status

A valuation is one way the Board of Trustees regularly monitors the Plan's funded status and performance. Under *The Pension Benefits Act, 1992* (Saskatchewan), SHEPP is required to perform an actuarial valuation at least once every three years but may file more often if desired. In recent years, the Board has filed valuations more frequently which has been advantageous for carefully monitoring the Plan's funded position during times of volatility in the financial markets.

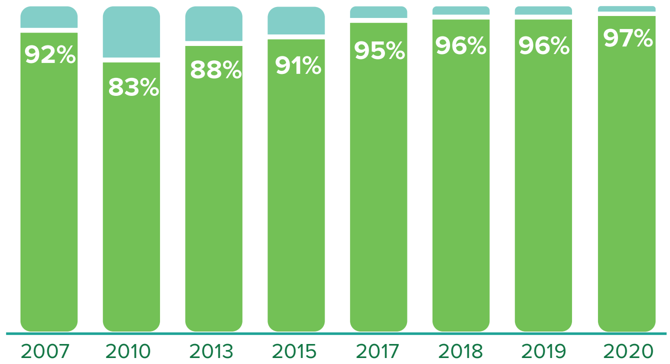
In 2021, SHEPP filed an actuarial valuation as at December 31, 2020, which showed an improvement in the Plan's funded status, now at 97% on a going-concern basis. The unfunded liability was reduced to $268 million (from $301 million in 2019) – a difference of $33 million. The Fund's performance has resulted in contribution rates remaining stable and unchanged since 2014, when the combined contribution rate was set at 18.3% of payroll.

Financial Position (Going-Concern)
(as at December 31, 2020)



SHEPP has progressively improved its going-concern funded status since 2010 when the current unfunded liability was incurred as a direct result of the 2008 global financial crisis. Although volatile markets, prolonged low interest rates and longer life expectancies have posed challenges, the Board's funding and investment policies, among other factors, have enabled the Plan to make significant strides toward eliminating the funding deficit, which must be fully amortised by 2025.

Going-Concern Funded Ratio
(as at December 31)



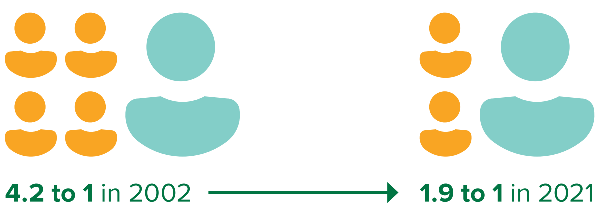
Long-term Sustainability

Providing lifetime pensions and funding a defined benefit pension plan requires careful monitoring and continued oversight by the Board to ensure the security of member benefits now and into the future.

While the Plan's going-concern funded status has steadily improved, the financial and demographic risks make it challenging for plans like SHEPP to meet pension obligations at reasonable costs. Compounding the funding challenge is Plan maturity.

Over the past two decades, the active to retired member ratio has dropped from over four to one, to just two to one. As pension plans naturally mature over time it is expected that this shift will continue, making it increasingly important to pursue investment strategies that can generate a level of return sufficient to fund benefits long term.

Active to Retired Member Ratio



Robust risk management strategies are needed to balance and minimise risk without forgoing investment returns. The ability of the Plan to withstand short-term volatility was demonstrated amid the instability of the global COVID-19 pandemic. The Board has remained committed to its approach to Plan sustainability which reinforced confidence in its diversified investment strategies.

To support its decision-making, the Board has a Funding Policy designed to guide the Plan through economic cycles and shifting demographics while maintaining the financial integrity of the Plan over the long term. The primary objective of the Board's Funding Policy is to secure member benefits, and the secondary objective

SHEPP Contribution Rate
(as a percentage of payroll)

Current service cost	15.36%
Temporary contribution to amortise the unfunded liability	2.94%
Total Combined Contribution Rate	**18.3%**

SHEPP Contribution Rates
(as a percentage of pensionable earnings)

Member Contribution Rates	**8.1%** up to the YMPE*	**10.7%** above the YMPE*
Employer Contribution Rates	**9.07%** up to the YMPE*	**11.98%** above the YMPE*

*The YMPE is the Year's Maximum Pensionable Earnings which was $61,600 in 2021 and is $64,900 in 2022.

is to stabilise contribution rates. With this policy in place, SHEPP continues to make meaningful progress toward fully funded status.

SHEPP's governance structure is such that pension benefits are the responsibility of the Partner Committees and the funding of these benefits is the responsibility of the Board of Trustees. Therefore, the Board does not have the authority to make fundamental changes to pension benefits. When a funding deficit occurs, the only option available to the Board is to raise contribution rates to ensure the deficit is funded within the maximum period permitted under legislation.

To mitigate the need for contribution rate changes, the Fund's investments need to work hard, and this means the Plan must take on some risk. SHEPP's Board and Administration continue to work closely with the Plan actuary and investment consultant to implement investment and risk management strategies that achieve a sufficient rate of return within an acceptable level of risk.

Diversified **Investments**

Investment Overview

The investment backdrop in 2021 was shaped by the reopening of economies aided by COVID-19 vaccine rollouts and advancements in treatments. Equity markets responded positively to the prospect of increased economic activity and substantial monetary and fiscal stimulus, with some indices moving to record highs. Real assets such as real estate and infrastructure also performed very well in 2021, recovering from a weaker 2020.

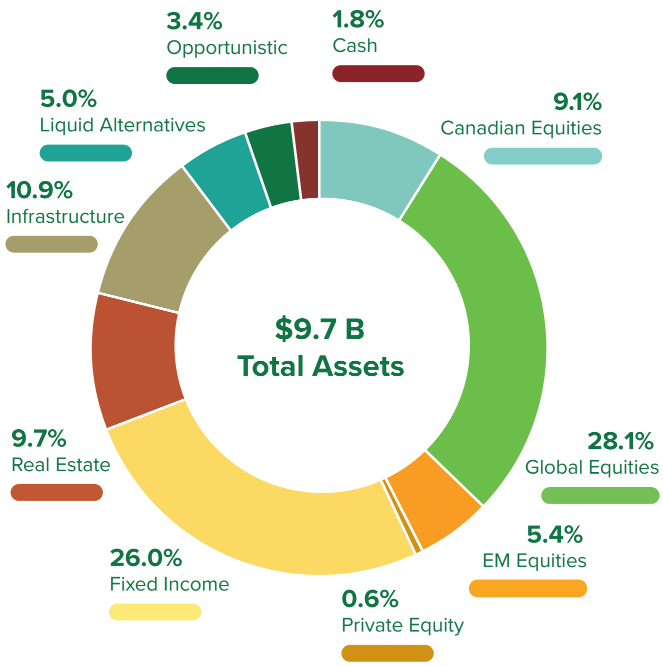
Growth in demand combined with ongoing supply bottlenecks led to increased inflation pressure. In Canada, the annual inflation rate hit 4.8%, a level not seen for three decades. Fixed income markets anticipated central bank responses to higher inflation, which pushed interest rates up and bond values down. Commodity supply-demand imbalances contributed to the inflation trend, with higher oil prices lifting the Canadian dollar relative to many major currencies.

Overall, the Plan experienced a strong 10.1% absolute return and continued improvement relative to its sustainability objectives, which are to generate long-term returns sufficient to improve and maintain the Plan's funded position, securing members' benefits and stabilising contributions. The historically low interest rates and increasingly stretched equity markets over the past few years have presented a challenge that has been answered with a multi-year focus on diversifying sources of return and relying less on traditional equity and bond market trends. The uncertainty generated by the COVID-19 pandemic over the past two years served to further highlight the need for diversification.

Strategic Initiatives and Accomplishments

- Alignment of the investment portfolio with Plan sustainability objectives continued to be a focus with the advancement of an investment risk management framework and initiation of an asset liability study, with potential asset mix changes to be considered in 2022.
- Portfolio diversification was expanded with added infrastructure investments and funding of private equity and real estate mandates.
- A review of data and analytics requirements was undertaken to support integrated, efficient, and timely oversight of the investment portfolio.

2021 Asset Mix

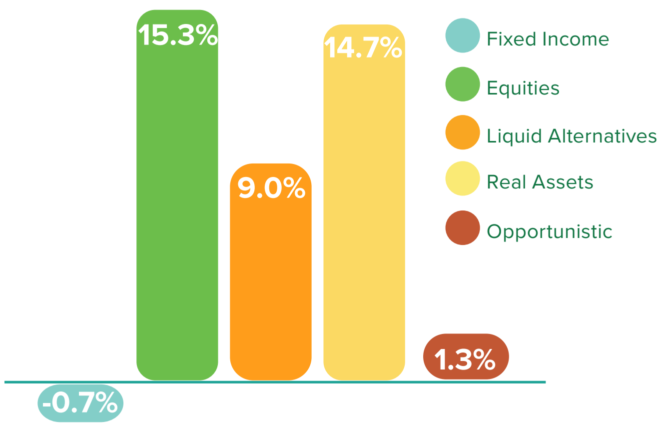


2021 Performance

For the third consecutive year, the Fund has generated a double-digit return. The 10.1% result (net of investment management fees) tracked ahead of the 9.7% benchmark return. The benchmark return reflects SHEPP's target asset mix implemented using passive index strategies and absolute return targets.

The equity and real asset portfolios led the portfolio absolute returns. Liquid alternatives also provided strong risk-adjusted returns. Fixed income portfolios were challenged by rising yields which detracted from return, while the opportunistic basket provided positive but muted returns. Fixed income, real assets and liquid alternatives contributed to the 0.4% value add net of fees, offsetting underperformance within the equity portfolio and opportunistic investments.

2021 Total Fund Returns
(net of investment management fees)



Fixed Income

The fixed income portfolio provides stable investment income, supplies liquidity and is designed to hedge against equity risk. There is also a return-seeking element within the portfolio, through mandates that provide exposure to global fixed income and a range of credit markets.

Following two years of declining yields and resulting price gains, the fixed income portfolios faced rising interest rates and experienced price declines in 2021. Within the fixed income portfolio, long bonds were the worst performers, declining 4.5% as yields increased by 0.5%. Other mandates with more global and credit exposure fared better, with positive returns including the top performing mortgages portfolio that was up over 3%. SHEPP's overall fixed income allocation generated a -0.7% net return in the year. This tracked 1.3% ahead of the asset class benchmark with all active managers contributing.

Equities

Equities anchor the growth-oriented portion of the portfolio and are expected to deliver dividend income and long-term growth in excess of inflation.

For the year, cyclicals such as energy and financials posted some of the strongest performance, which helped Canadian equities lead the equity portfolio. Within markets, this trend also favoured value-style investing, which experienced a comeback following years of underperformance relative to growth stocks. While some developed equity markets were reaching all time highs, emerging markets did not follow suit, weighed down by slower growth concerns, particularly in China, and provided a -1.6% result. SHEPP's total equity portfolio posted a 15.3% net return in 2021, which trailed the benchmark by 1.5% held back by growth and low volatility style mandates.

Liquid Alternatives

Liquid alternatives employ strategies that seek to provide attractive risk-adjusted returns across various market environments by being less reliant on positive market direction to generate returns. Designed to have relatively low correlation with traditional equity and fixed income markets, and a risk profile lower than equities, these absolute return strategies are intended to provide diversification at the total Fund level. This part of the portfolio provided a solid 9.0% result in 2021, outpacing the benchmark by 5.8%.

Real Assets

Real assets include real estate and infrastructure investments. Their role in the portfolio is to provide additional diversification and potential for inflation-sensitive income and/or longer-term growth opportunities, depending on the investment. SHEPP's real asset return for the year was 14.7%. This represents a solid recovery from last year's slightly negative return which reflected impacts from pandemic-induced shutdowns on certain sectors within both real estate and infrastructure portfolios.

Real estate assets provided a 15.1% return in 2021. Industrial assets (warehouses) and apartments and some specialty sectors continued to outperform retail and office by a wide margin as the prolonged pandemic impact has amplified shifts that were already underway. By region, the US real estate portfolio led in 2021, rebounding from a weaker 2020 result.

Infrastructure returned 14.5% net of fees in 2021. Solid returns came from a combination of some recovery in transportation assets (airports and ports) with reopening, as well as in some energy related infrastructure. Other investments have been resilient during the pandemic due to long-term contracts or being in sectors such as communications and utilities.

Real assets are targeted to be 20% of the Fund, split approximately equally between real estate and infrastructure. In 2021, diversification of the real estate portfolio outside of North America continued with the funding of a new European real estate mandate. The infrastructure program was also active with the addition of two new mandates.

Opportunistic Investments

The opportunistic investment category within the portfolio is intended to capture potential opportunities that may come out of market dislocations and/or emerging asset strategies. Potential opportunistic investments for SHEPP are those that are expected to add to the Fund from a return and diversification perspective. Currently these include insurance-linked securities and bank capital relief. These strategies provide diversifying income-oriented returns from insurers and banks managing against post financial crisis capital requirements. Insurance-linked securities experienced losses in 2021 due to a very active storm season. Bank capital relief, however, provided a solid return over the year. Overall, opportunistic investments returned 1.3% in the year.

Currency

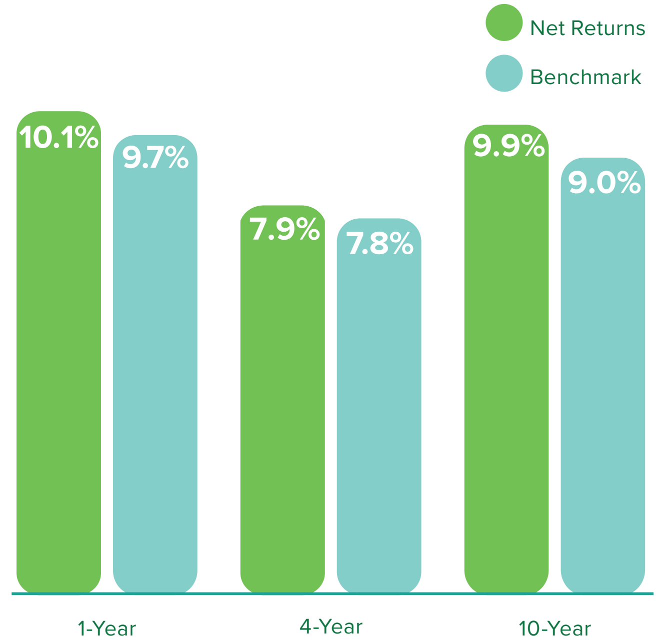
SHEPP uses a currency overlay program to partially hedge currency exposures that come with a globally diversified portfolio. Since currency acts as a source of diversification during certain market environments, only part of the exposure is hedged and the hedging level is dynamic. In 2021, SHEPP's total Fund return was reduced by currency exposure as the Canadian dollar appreciated against a basket of currencies. The currency overlay program partially mitigated these losses and slightly added to the total Fund performance.

Longer-term Results

SHEPP's investment strategy is a long-term one and, as such, its success must be examined under a lens spanning more than any one year. On a longer-term basis, SHEPP assesses the effectiveness of investment strategies and activities relative to absolute return targets used in funding calculations, as well as a benchmark portfolio return calculated using passive index and absolute returns. The primary and secondary objectives, respectively, are to meet or exceed a real return of 4.0% (inflation plus 4.0%) over the very long term (10+ years) and to meet or exceed the return of the benchmark portfolio approved by the Board (over rolling four-year periods).

The 2021 return contributed to strong longer-term absolute returns. The Fund exceeded performance targets with a four-year annualised return of 7.9%

Total Fund Rate of Return
(annualised, net of investment management fees)
as at Dec 31, 2021



(net of investment management fees) exceeding the benchmark of 7.8%. Over 10 years, the 9.9% return (net of investment management fees) also exceeded the 9.0% benchmark portfolio return and provided a strong net of inflation return of approximately 8.0%.

Responsible Investing

The Plan's Statement of Investment Policies and Procedures outlines the belief that organisations that manage Environmental, Social and Governance (ESG) factors effectively are more likely to endure, manage risk, and create sustainable value over the long term. Therefore, ESG is integrated into the investment process, as part of the Board's commitment to act in the financial best interest of Plan members. Since 2017, SHEPP has set out the practices adopted in applying this belief in its Responsible Investment Policy.

SHEPP engages external managers to implement the Plan's investment strategy and encourages its investment managers to integrate ESG factors into investment decisions. This is done through the due diligence process for existing and potential managers, and annual surveying of investment managers on how ESG factors are integrated into their investment processes. The Board has received annual reporting on Responsible Investment activities, which has revealed a positive trend in how managers are considering the impact of ESG factors when making investment decisions.

Plan **Administration**

Operating Expenses

Pension administration expenses are a normal aspect of administering a pension plan and, like other pension plans, SHEPP strives to strike a balance between quality service delivery and cost efficiency. As a check and balance, SHEPP regularly compares its administration costs to those of its peers to ensure the expenses incurred are reasonable and necessary to effectively operate the Plan.

In 2021, SHEPP participated in the CEM Benchmarking survey, which calculates the Plan's administrative cost per member (active and retired) and compares it to similar sized Canadian defined benefit pension plans. According to the report, SHEPP continues to provide an effective level of service at a reasonable cost when compared to its Canadian industry peers. SHEPP also regularly performs an internal analysis of operating expenses on a basis of both cost-to-assets and cost-to-liabilities, at which SHEPP continues to track at a mid-point for operating expenses in comparison to similar Canadian pension plans.

SHEPP's 2017 - 2021 Strategic Plan

- Enhance the long-term viability of the Plan by executing innovative strategies that protect the interests of the Plan and its members.
- Strengthen the relationship with the Partner Committees by enhancing communications, striving to educate and inform while encouraging effectiveness that benefits all Plan members.
- Maintain and enhance SHEPP's position as an industry leader by driving a culture of excellence and resilience.

Strategic Plan

In the final year of the 2017-2021 Strategic Plan, several major initiatives were either underway or completed to accomplish objectives in support of all three strategic goals. Highlights from 2021 included:

Plan Amendments

Plan amendments recommended by the Administration were approved by the Board in support of long-term Plan sustainability. The amendments also provide SHEPP members with a better opportunity to grow their pension. Prior to implementation on July 1, 2021, and January 1, 2022, the Plan amendments were effectively communicated by SHEPP to members and employers to ensure they were aware of how the changes may impact them.

Employee Health and Safety

As the pandemic stretched into another year, we continued to focus on the health and safety of our employees. Our office remained closed to the public and we supported flexible working arrangements, which allowed employees to balance work and personal responsibilities. Supporting employees' mental, physical and emotional well-being is increasingly important and we have enhanced several of our online resources to complement the offerings already in place.

Organisational Changes

Strategic organisational changes in the Administration were made to support the future direction of SHEPP. With the retirement of Kelley Orban, Chief People Officer, Cheldon Angus assumed the role of Chief People and Technology Officer prior to year-end, with leadership for the Human Resources and Communications functions added to his group. Allison Nystrom joined the Senior Leadership Team in the new role of Executive Director of Governance and Strategic Planning, with the Project Management Team transitioned to Allison.

Employee Engagement

Our people are a critical component of our ability to deliver on the SHEPP Promise. SHEPP employees were invited to provide their feedback on our employment practices and the employee experience by participating in an engagement survey. With a 93% sustainable engagement score, employees continue to be highly motivated and engaged to serve the best interests of our Plan members.

AIMS Preparation

The Administrative Information Management System (AIMS) project, led by the province's key healthcare organisations, will see 82 non-integrated systems replaced with a single software solution. As SHEPP receives important payroll and member information from healthcare employers, an internal project team has prepared our systems to receive data from this new source when it goes online.

Cyber Security Program

SHEPP's security program continued to mature with enhancements to our anti-malware defences, upgraded physical monitoring of our servers, and implementation of two-factor authentication for all systems. Stronger internal security is supported by new policies and procedures addressing public Wi-Fi usage, identifiers added to external emails, and the introduction of a phishing education and awareness program. A COBIT (Control Objectives for Information and Related Technologies) cyber maturity assessment was performed in 2021, testing SHEPP's internal and external security controls, which saw our rating increase over the previous assessment in 2018. Work is underway to shift from COBIT to the ISO 27001 security management framework.

Disaster Recovery and Business Continuity

Being nimble and able to service our members through any situation has been a focus for our IT team in recent years. Work continues to migrate on-premise services, applications and all critical infrastructure to the cloud and to utilise software as a service (SaaS) where possible. Major highlights for 2021 included the migration of SHEPPdocs to SHEPP's Microsoft Azure cloud infrastructure and work began to migrate the **SHEPPweb** portal and our Pension Administration System to the cloud in preparation for the CGI data centre closing in 2022. A review of SHEPP's back-up infrastructure was completed with the implementation of immutable back-ups and migration from physical back-ups to a cloud-based solution.

Member Engagement

Our first-ever member survey was completed in 2021, with a response rate from Plan members beyond expectations. The feedback will be incorporated into our strategic communications activities moving forward, ensuring members in all stages of their career are informed about their pension and the value of defined benefit income security in retirement. Our focus continues to be on moving our service delivery model to be more relationship-focused and providing new channels of delivery for Plan members' needs.

Industry Involvement

SHEPP is a member of several Canadian organisations focused on pensions with representatives from the Administration having active roles at the national and regional level. These organisations include: Canadian Public Pension Leadership Council (CPPLC), The Association of Canadian Pension Management (ACPM), Pension Investment Association of Canada (PIAC), and Canadian Pension & Benefits Institute (CPBI).

SHEPP's Senior Leadership Team

Left to Right:

Paula Potter,
Chief Operating Officer

Dale Markewich,
Chief Financial Officer

Janet Julé,
Chief Investment Officer

Alison McKay,
Chief Executive Officer

Cheldon Angus,
Chief People & Technology Officer

Allison Nystrom,
Executive Director of Governance
& Strategic Planning

Kelley Orban,
Chief People Officer

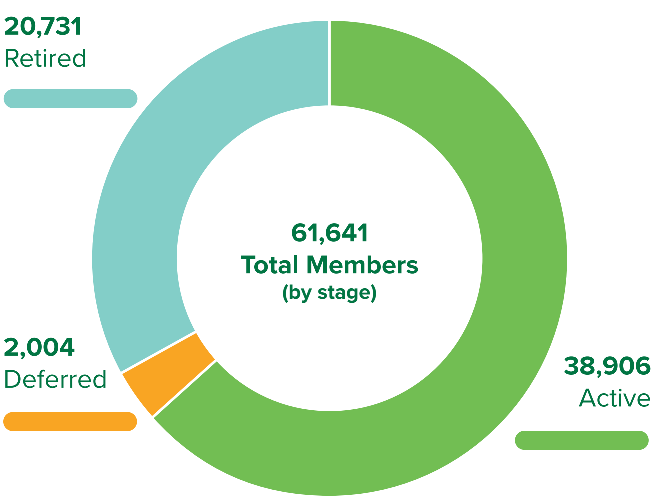
Exceptional **Service**

Every day, SHEPP employees demonstrate excellence in pension plan administration, governance and the provision of benefits as we pursue our mission to serve the best interests of our members.

Our team is dedicated to delivering exceptional service to members and employers alike, ensuring they feel important and appreciated. Throughout the challenges of the pandemic, our team has adjusted and adapted to how we work while providing a seamless service experience.

Driven by our service strategy, we strive to be accurate, timely, helpful and approachable–these service standards guide every interaction.

Plan Membership Profile
(as at December 31, 2021)



Accurate

Our team of pension professionals are educated and trained in pension administration to ensure members are provided with the accurate information they need to make informed decisions about their SHEPP pension.

65
Knowledgeable employees

Frontline employees have access to tools built to ensure correct, consistent, and current documentation including policies, practices, and legislated rules, available at their fingertips for those important conversations with members and employers.

As our office has remained closed to the public since the onset of the pandemic, and with employees continuing to be provided flexible work from home arrangements, our team continued to deliver the same level of accurate service by email and phone in the absence of members being able to meet with a SHEPP representative in person. In 2021, our member services team processed and mailed over 9,250 pension projections, service purchase estimates, termination and death benefits, and spousal relationship breakdown calculations requested by members.

9,258
Calculations mailed by SHEPP

Timely

Delivering information in a timely manner is critical when deadlines impact decision making and are often a legislated necessity in pension administration. Setting mutually agreed upon timelines allows our team to hit the targets for turnaround times and meet the expectations of members and employers.

In the case of changes being made to the Plan, considerable effort is required to manage and implement changes successfully, especially on tight timelines. Plan amendments were approved by the Board in March 2021, which impacted a broad range of members in different ways, all requiring different communication and process changes. We worked with employers to provide education on the changes in a collective effort to deliver on our service commitments to members prior to the amendments coming into effect on July 1, 2021, and January 1, 2022.

To ensure our stakeholders are receiving timely information and important updates, news about the Plan is posted to **www.shepp.ca** and circulated in newsletters to members and participating employers. SHEPP members and employers also have access to **SHEPPweb**, a secure online portal with tools and resources available to them for quick self-service as needed. In 2021, nearly 6,800 information updates were submitted by members through **SHEPPweb**.

6,800
Information updates by members

Helpful

Pensions are complex, requiring a helpful approach to find the best solution for every situation. We actively listen to understand the needs of our members and then draw on our expertise to provide the information they need to make informed decisions. SHEPP ensures we have the right people, the right processes, and the right training in place to deliver a quality service experience.

22,460
Calculations online by members

In addition to the personal service offered by SHEPP, many resources are available to help members better understand their pension. All Plan members receive a mailed personalised annual statement, with active member statements featuring key information for retirement planning, including pension accrued to date as well as the projected early and normal retirement dates (and estimated pension on those dates). Members can also run their own pension projections and calculate various retirement scenarios using the **SHEPPweb** online calculators, which were used by members to run a total of 22,460 calculations in 2021.

As the demand for digital communication increases, SHEPP's website (**www.shepp.ca**) is a trusted source of information about the Plan, and in 2021 the site received over 56,000 visitors. In addition, video recordings of pension information presentations received about 1,430 views.

56,056
Visitors to www.shepp.ca

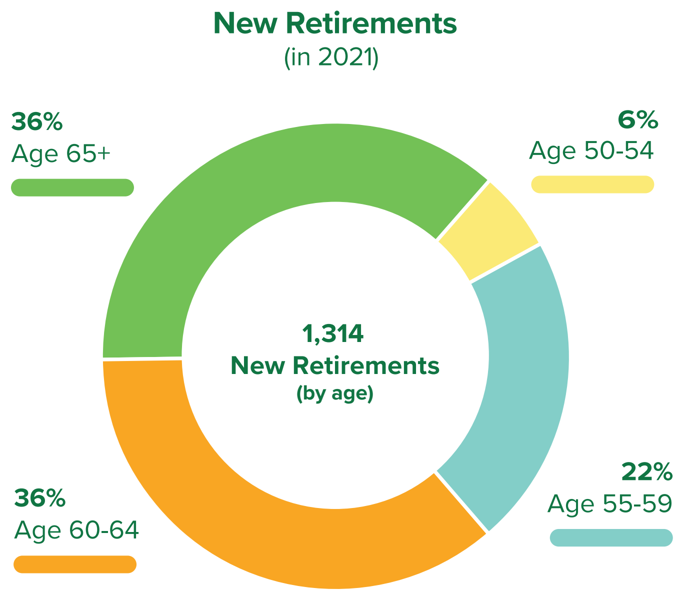
Approachable

Each person is a welcome priority, and we appreciate that not every situation is the same. Being approachable in our interactions provides opportunities to strengthen relationships with members so that they feel comfortable reaching out to us in the future.

As members become more engaged in learning about their pension, we encourage them to contact us with their questions and for support. In 2021, our member services team fielded approximately 17,190 phone calls and responded to about 8,640 emails.

17,190
Phone conversations with members

While in-person pension information sessions remained on hold, in September 2021 we launched our Retirement Ahead presentations delivered by live webinar as a connection point with members. Before the end of the year, we hosted eight sessions with a total of 340 registered attendees. By limiting registration size for each session, our presenting team was able to effectively manage interactions with members and answer their questions during the live webinar.



$1,763.18
per month was the average new lifetime pension

$579.87
per month was the average new bridge benefit

Strong **Governance**

Structure and Authority

On December 31, 2002, the Plan's settlors signed the Declaration and Agreement of Trust (Trust Agreement) establishing SHEPP's current joint-trustee structure whereby Plan obligations are shared between employers and employees. The Trust Agreement assigns authority to two governing bodies, appointed by the Plan settlors.

Two Partner Committees – the Union Partner Committee represented by individuals appointed by the five settlor unions (SEIU-West, CUPE, SUN, HSAS and SGEU), and the Employer Partner Committee represented by individuals appointed by 3sHealth – are collectively responsible for Plan design. Any benefit changes which impact the cost of the Plan must be negotiated and agreed upon by the Union and Employer Partner Committees.

An eight-member Board of Trustees, consisting of four Trustees appointed by 3sHealth and four Trustees appointed by SEIU-West, CUPE, SUN and HSAS are fiduciaries, responsible for administering the Plan and investing the assets held in trust. The Board sets the strategic direction of the Plan and establishes investment and administrative policies in accordance with the Plan Text, the Trust Agreement and all governing legislation.

The Plan is funded by investment earnings and contributions from Plan members and participating employers. It is the Board's responsibility to invest the Plan's assets to adequately cover the pension obligations and implement contribution rates to meet the funding requirements established by the Plan actuary. As fiduciaries, Trustees must exercise their authority while consistently acting in the best interests of Plan members and beneficiaries.

Settlors
Responsible for Plan's existence and appointing Partner Committees and Board of Trustees.

Partner Committees
Responsible for Plan design.

Board of Trustees
Responsible for Plan administration.

SHEPP Administration
Responsible for day-to-day operations.

2021 Highlights

2020 Actuarial Valuation

An actuarial valuation was filed with the regulator in September 2021, which showed an improvement in funded status as at December 31, 2020, with no changes to contribution rates required.

Although an actuarial valuation is required to be performed and filed at least every three years, the Board has the option to file more frequently, which it has done in recent years. The valuation is an important resource for monitoring the Plan's financial health and performance and, as such, the strategy to file on a more frequent basis has helped the Board proactively position the Plan to perform well under the stress of short-term market volatility and maintain funding stability.

Partner Committees Engagement

The Partner Committees signed the Second Amending Agreement to the Trust Agreement in June 2021, which consisted of housekeeping changes and the removal of RWDSU as a settlor party. Strengthening the relationship with the Partner Committees was an objective identified within the 2017-2021 Strategic Plan, and significant progress has been made to increase their level of engagement.

As the Partner Committees are responsible for Plan design and the only governing body that can amend the Trust Agreement, ensuring they have the knowledge of the Plan to effectively execute their role remains a priority for the Board and Administration. The Partner Committees are meeting approximately twice each year for education purposes and to remain informed of the Plan's funded status.

SHEPP Maps Out the Future

SHEPP's new five-year rolling strategic plan was approved by the Board in December, setting the strategic goals and priorities for the organisation going into 2022. A rolling approach to strategic planning will provide an opportunity to be more flexible and responsive to changes in the operating environment with continuous assessment of the Plan's strategic objectives.

Meeting Activities

Each year, the Board approves a work plan to guide its regular activities, ensuring legal obligations are met and governance best practice is followed.

In 2021, the Board held six regular meetings, one annual meeting and one education session.

In addition to the activities highlighted in the previous section, the Board:

- Met with six investment managers;
- Reviewed 11 policies;
- Received reports confirming compliance with legislation and policy, including code of conduct, conflict of interest, and the Funding Policy;
- Identified key organisational risks as part of the enterprise risk management program;
- Completed the Canadian Association of Pension Supervisory Authorities (CAPSA) Pension Plan Governance (Guideline 4) and Prudent Investment Practices (Guideline 6) Self-Assessments;
- Received the CEM Pension Administration benchmarking report; and
- Met with Partner Committees during its annual meeting.

SHEPP's Board of Trustees

Left to Right:

Ted Warawa

Ray Deck

Jim Tomkins

Natalie Horejda

Andrew Huculak, Chair

Marg Romanow

Jeff Stepan, Vice Chair

Russell Doell

Five-Year Financial **Highlights**

AS OF DECEMBER 31	2021 (000's)	2020 (000's)	2019 (000's)	2018 (000's)	2017 (000's)
NET ASSETS AVAILABLE FOR BENEFITS	$ 9,703,461	$ 8,885,516	$ 8,030,768	$ 7,214,270	$ 7,223,728
ACCRUED PENSION OBLIGATIONS	8,162,700	7,867,300	7,292,200	6,843,700	6,683,200
CONTRIBUTIONS					
Member	173,271	164,053	161,184	158,177	155,200
Employer	194,063	183,739	180,526	177,158	173,824
Other	5,344	14,880	5,922	3,466	4,964
TOTAL CONTRIBUTIONS	372,678	362,672	347,632	338,801	333,988
BENEFIT PAYMENTS					
Pensions	361,273	336,903	314,516	293,236	269,005
Terminations, Death Benefits and Holdbacks	74,304	52,412	48,020	46,561	56,141
TOTAL BENEFIT PAYMENTS	435,577	389,315	362,536	339,797	325,146
PLAN EXPENSES					
Administrative	12,769	11,269	10,485	9,730	9,042
Investment	70,161	48,183	44,390	33,097	28,770
TOTAL PLAN EXPENSES	$ 82,930	$ 59,452	$ 54,875	$ 42,827	$ 37,812

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Canada
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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of the Saskatchewan Healthcare Employees' Pension Plan

Opinion

We have audited the financial statements of the Saskatchewan Healthcare Employees' Pension Plan (the Plan), which comprise:

- the statement of financial position as at December 31, 2021
- the statement of changes in net assets available for benefits for the year then ended
- the statement of changes in pension obligations for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Saskatchewan Healthcare Employees' Pension Plan as at December 31, 2021, and its changes in net assets available for benefits and its changes in pension obligations for the year then ended in accordance with Canadian accounting standards for pension plans.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "*Auditors' Responsibilities for the Audit of the Financial Statements*" section of our auditors' report.

We are independent of the Plan in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. Other information comprises:

- the 2021 Annual Report

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statement or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditors' report thereon, included in the 2021 Annual Report document as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for pension plans, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Plan's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Plan or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Plan's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Plan's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Plan to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants

Regina, Canada

May 18, 2022

Statement of **Financial Position**

FOR THE PERIOD ENDING DECEMBER 31

	2021 (000's)	2020 (000's)
ASSETS		
Investments (Note 5)	$ 9,410,247	$ 8,559,909
Investments under security lending program (Note 5)	308,986	333,816
Members' contributions receivable	14,367	13,705
Employers' contributions receivable	16,091	15,350
Dividends receivable	9,290	10,597
Property and equipment	5,249	5,844
Intangible assets	3,173	3,133
Other receivables	580	842
	9,767,983	8,943,196
LIABILITIES		
Accounts payable	13,166	11,436
Transfer deficiency holdbacks	51,356	46,244
	64,522	57,680
NET ASSETS AVAILABLE FOR BENEFITS	9,703,461	8,885,516
PENSION OBLIGATIONS (Note 7)	8,162,700	7,867,300
SURPLUS	$ 1,540,761	$ 1,018,216

The accompanying notes to the financial statements are an integral part of this financial statement.

Approved by the Board of Trustees and signed on their behalf on May 18, 2022.

Andrew Huculak, Chair

Jeff Stepan, Vice Chair

Statement of
Changes in Net Assets Available for Benefits

FOR THE PERIOD ENDING DECEMBER 31

	2021 (000's)	2020 (000's)
INCREASE IN NET ASSETS		
Contributions - Members	$ 173,271	$ 164,053
Contributions - Employers	194,063	183,739
Contributions - Other	5,344	14,880
Investment income (Note 6)	194,924	141,178
Net realised gain on investments	639,116	396,759
Realised gain on foreign exchange	20,689	41,521
	1,227,407	942,130
DECREASE IN NET ASSETS		
Pension benefits	361,273	336,903
Terminations and death benefits	69,192	47,987
Transfer deficiency holdback	5,112	4,425
	435,577	389,315
EXPENSES		
Administrative expenses	10,642	9,265
Custodian fees	452	720
Investment fees (Note 10)	69,709	47,463
Professional fees	2,127	2,004
	82,930	59,452
	518,507	448,767
UNREALISED GAINS/(LOSSES)		
Unrealised market value gain	146,807	386,568
Unrealised loss on foreign exchange	(37,762)	(25,183)
	109,045	361,385
NET INCREASE FOR THE YEAR	817,945	854,748
NET ASSETS AVAILABLE FOR BENEFITS, BEGINNING OF YEAR	8,885,516	8,030,768
NET ASSETS AVAILABLE FOR BENEFITS, END OF YEAR	$ 9,703,461	$ 8,885,516

The accompanying notes to the financial statements are an integral part of this financial statement.

Statement of
Changes in Pension Obligations

FOR THE PERIOD ENDING DECEMBER 31

	2021 (000's)	2020 (000's)
PENSION OBLIGATIONS, BEGINNING OF YEAR	$ 7,867,300	$ 7,292,200
Current service costs	283,100	270,000
Benefits paid by the plan	(435,600)	(389,300)
Interest expense	467,000	452,100
Change in actuarial assumptions	(12,600)	295,600
Experience losses	(6,500)	(53,300)
PENSION OBLIGATIONS, END OF YEAR (NOTE 7)	$ 8,162,700	$ 7,867,300

The accompanying notes to the financial statements are an integral part of this financial statement.

DECEMBER 31, 2021

NOTE 1 - SASKATCHEWAN HEALTHCARE EMPLOYEES' PENSION PLAN

The Saskatchewan Healthcare Employees' Pension Plan (the Plan) is a multi-employer defined benefit pension plan registered under *The Pension Benefits Act, 1992* (Saskatchewan) and the *Income Tax Act* (Canada). The Plan is governed by a Board of Trustees pursuant to an Agreement and Declaration of Trust dated December 31, 2002. Four Trustees are appointed by Health Shared Services Saskatchewan (3sHealth) and four healthcare unions each appoint one Trustee. The Chief Executive Officer and the Plan's employees are responsible for the administration of the Plan, subject to Board monitoring and review.

NOTE 2 - BASIS OF PREPARATION

A. STATEMENT OF COMPLIANCE

The financial statements for the year ended December 31, 2021 have been prepared in accordance with Canadian Accounting Standards for Pension Plans (CPA Handbook Section 4600). For matters not addressed in Section 4600, International Financial Reporting Standards (IFRS) guidance has been implemented.

B. BASIS OF MEASUREMENT

The financial statements have been prepared on the historical cost basis except for financial instruments which have been measured at fair value.

C. FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Canadian dollars, which is the Plan's functional currency and are rounded to the nearest thousand unless otherwise noted.

D. USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements in accordance with Canadian accounting standards for pension plans requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates and changes in estimates are recorded in the accounting period in which they are determined. The most significant estimation processes are related to the valuation of investments (note 5) and actuarial determination of pension obligations (note 7).

NOTE 3 - DESCRIPTION OF PLAN

The following description of the Plan is a summary only. For more complete information reference should be made to the Plan Text.

A. EFFECTIVE DATE

The effective date of the Plan was March 1, 1962.

B. ELIGIBILITY

Eligible permanent full-time and permanent part-time employees of the Plan employers must participate.

Membership is optional for eligible casual and temporary employees who work at least 780 hours

NOTE 3 - DESCRIPTION OF PLAN (CONTINUED)

in the immediately preceding calendar year or at least 700 hours in each of the two immediately preceding calendar years.

C. MEMBER CONTRIBUTIONS

The Plan employers are responsible for the accuracy and completeness of the payroll information on which contributions are remitted and benefits determined under the Plan. Contributions are made by both members and the Plan employers in accordance with the provisions of the Plan.

For the year ending December 31, 2021, members are required to contribute 8.1 percent of their pensionable earnings up to the Year's Maximum Pensionable Earnings (YMPE) and 10.7 percent of pensionable earnings above the YMPE.

Plan members may purchase eligible service provided they satisfy the full purchase cost. These contributions are referred to as additional purchased service contributions and may be purchased on a current service or prior service basis.

Plan members may transfer in service and contributions from the pension plan of a prior employer. These contributions are referred to as portability transfer contributions..

D. EMPLOYER CONTRIBUTIONS

Employers contribute 112 percent of a member's required contributions.

E. AMOUNT OF PENSION

Subject to the maximum pension limits set out in the Plan Text the basic lifetime pension is equal to the sum of:

i. 2 percent of highest average contributory earnings[1] multiplied by years of credited service up to December 31, 1989, plus

ii. 1.65 percent of highest average base contributory earnings plus 2 percent of highest average excess contributory earnings multiplied by years of credited service between January 1, 1990 and December 31, 2000, plus

iii. 1.4 percent of highest average base contributory earnings plus 2 percent of highest average excess contributory earnings multiplied by years of credited service after January 1, 2001.

F. RETIREMENT DATES

The normal retirement date of a member is the first day of the month coincident with or next following the member's 65th birthday.

Members can retire early with an unreduced pension as soon as their age and years of credited service add up to 80 years.

Members can retire with a reduced pension any time after age 55 with at least two years of service. The reduction applied to the member's pension depends on how long the member has worked for their employer. If the member has worked for at least 10 years, the pension is reduced by the lesser of:

i. 3 percent multiplied by the number of years, and portions thereof, that the member is short of age 65, and

ii. 3 percent multiplied by the number of years, and portions thereof, that the member's age plus credited service is short of 80 years, and

iii. The greater of:

a. 3 percent multiplied by the number of years, and portions thereof, that the member is short of age 62, and

b. 3 percent multiplied by the number of years, and portions thereof, that the member's credited service is short of 20 years.

A member may delay receipt of pension payments until December 1 of the year in which they attain age 71. In this event, pension accruals will continue in the normal manner.

G. TRANSFER DEFICIENCY HOLDBACKS

The valuation performed at December 31, 2020 revealed a solvency deficit of 25 percent. This was effective September 30, 2021. On April 16, 2020, due to COVID-19, the Financial Consumer Affairs Authority (FCAA) issued a freeze on transfers or payments out of defined benefit plans. The Plan applied for and was granted an exemption from the freeze on the condition that it apply a current transfer deficiency holdback to all applicable payments made from the Plan. On that basis the Plan withheld 36 percent from applicable benefits paid to reflect the Plan's solvency ratio at April 30, 2020 of 64 percent. Effective March 24, 2021,

[1] The average of a member's four highest years of contributory earnings.
[2] The average of a member's contributory earnings up to the Year's Maximum Pensionable Earnings during the five highest calendar years of contributory earnings.
[3] The difference between a member's highest average contributory earnings and highest average base contributory earnings.

NOTE 3 - DESCRIPTION OF PLAN (CONTINUED)

FCAA lifted the freeze and required Plans to revert back to applying the transfer deficiency holdback based on the solvency ratio of the Plan in the most recently filed actuarial valuation report. The previous transfer deficiency holdbacks were 35 percent, 28 percent, 29 percent and 29 percent, based on the valuations performed at December 31, 2015, December 31, 2017, December 31, 2018 and December 31, 2019 respectively. Transfer deficiency holdbacks plus applicable interest is paid within five years of the initial payment or when the Plan becomes fully funded on a solvency basis (whichever occurs first). Transfer deficiency holdbacks began to be repaid in 2016.

H. DEATH IN SERVICE

On the death of a member before retirement, the member's surviving spouse receives the greater of:

i. the sum of:

   a. the commuted value of the member's pension earned to the date of death in respect of all core credited service, plus excess contributions, if any, and

   b. the member's accumulated additional purchased service and portability transfer contributions, plus interest, and

ii. the sum of:

   a. the commuted value of the member's core credited service pension earned from January 1, 1992 to the date of the member's death, plus excess contributions, if any, and

   b. twice the member's required contributions, with respect to pre-1992 core credited service, plus interest, plus the member's additional purchased service contributions and portability transfer contributions, plus interest.

If the member is not survived by a spouse, or the spouse has completed and submitted the pre-retirement death benefit waiver form prescribed under *The Pension Benefits Act, 1992* (Saskatchewan), the death benefit is payable in a lump sum to the member's designated beneficiary or estate.

I. NORMAL FORM OF PENSION

The normal form of pension provides for monthly payments for life, with a minimum of 60 monthly payments being guaranteed in any event. Optional forms of pension are available on an actuarial equivalent basis. If the retiring member has a spouse, a joint life optional pension reduced by not more than 40 percent on the member's death must be elected unless the spouse has waived this option.

J. TERMINATION OF EMPLOYMENT

Benefit entitlement to members who are terminated depends upon whether or not the member is vested.

A member is vested if on termination, the member has:

- more than two years of credited service in which case the benefit is not locked in, or
- more than two years of continuous service in which case the benefit is locked in.

A non-vested member is entitled to a refund of their own required and additional purchased service contributions, plus interest as either:

- a taxable payment issued directly to the member, or
- a tax-exempt transfer directly to the member's personal registered retirement savings plan (RRSP) or other qualifying vehicle.

A vested member may discharge their non-locked-in deferred pension and receive a refund of their own required and additional purchased service contribution as either:

- a taxable payment issued to the member, or
- a tax-exempt transfer directly to the member's personal RRSP or other qualifying vehicle.

A vested member is entitled to a deferred pension payable at age 65. The member's deferred pension is calculated based on the member's credited service and contributory earnings at the date of termination.

A vested member may discharge their locked-in deferred pension and transfer the present value of the deferred pension to a personal registered retirement savings plan or another registered pension plan, providing the funds transferred are administered on a locked-in basis.

K. DISABILITY BENEFIT

Members who become disabled under the terms of the Plan will continue to earn credited service under the Plan. Their pension at retirement is based on all years of credited service including those on approved disability, and their highest average contributory earnings are calculated assuming they had made contributions during disability based on their salary when the disability commenced.

L. MAXIMUM EMPLOYEE COST

At least 50 percent of the cost of the benefit payable at retirement or termination of employment to a member who is vested and locked-in must be provided by employer contributions. Any "excess" contributions on termination or retirement are refundable to the member.

M. INTEREST

For the purpose of calculating accumulated member contributions, interest rates are applied in respect of required contributions at the rates of interest determined by the Plan from time to time, but in no event are lower than the minimum rate required by *The Pension Benefits Act, 1992* (Saskatchewan).

NOTE 4 - SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared in accordance with Canadian Accounting Standards for Pension Plans (ASPP). These standards provide guidance in the measurement of the Plan's pension obligations and any investments held by the Plan. ASPP also provides the Plan with the ability to select and follow IFRS or Accounting Standards for Private Enterprises for all other accounting policies. The Plan has chosen to adopt the relevant sections in IFRS.

The following policies are considered to be significant:

A. REVENUE RECOGNITION

Interest on bonds and short-term investments is recognised as it accrues. Income from real estate equity investments is recognised on the accrual basis as earned. Dividend income and pooled fund distributions are recognised as of the date of record.

Investment transactions are accounted for on the trade date. Realised gains and losses on currency forward contracts are recognised on the settlement date and unrealised gains and losses are recognised with reference to the fair value determined using appropriate valuation techniques. The Plan follows the accrual method for the recording of income and expenses.

B. FINANCIAL INSTRUMENTS

All financial instruments are carried at fair value. The fair value of cash and short-term investments is based on cost, which approximates fair value due to the immediate or short-term nature of these financial instruments. The fair value of equities is based on year-end market quotations. The fair value of bonds is based on model pricing techniques that effectively discount prospective cash flows to present value taking into consideration duration, credit quality and liquidity. The fair value of bond, mortgage, liquid alternatives, opportunistic investments and equity pooled funds is based on the market values of the underlying investments. Unlisted bonds are valued at fair value reflecting current market yields of similar debt obligations. The fair value of currency forward contracts is determined using appropriate valuation techniques. The fair value of real estate pooled funds is based on the most recent appraisal and earnings results. The fair value of real estate equity investments is based on the most recent appraisal. Infrastructure investments are valued by using market comparable and discounted cash flows valuation models.

C. INVESTMENTS UNDER SECURITIES LENDING PROGRAM

Securities lending transactions are entered into on a collateralised basis. The securities lent are not derecognised on the Statement of Financial Position given that the risks and rewards of ownership are not transferred from the Plan to the counterparties in the course of such transactions. The securities are reported separately on the Statement of Financial Position on the basis that the counterparties may resell or re-pledge the securities during the time that the securities are in their possession.

Securities and cash received from counterparties as collateral are not recorded on the Statement of Financial Position given that the risks and rewards of ownership are not transferred from the counterparties to the Plan in the course of such transactions.

D. PROPERTY AND EQUIPMENT

Items of property and equipment are measured at cost less accumulated amortisation and accumulated impairment losses. The amortisation

NOTE 4 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

method, the useful lives and the residual value of the assets are reviewed at each reporting date. Repairs and maintenance are recorded as administrative expenses in the period in which they have been incurred.

Amortisation is recognised in the Statement of Changes in Net Assets Available for Benefits on a straight-line basis, commencing in the year the asset is available to be placed in service, over the estimated useful lives as follows:

Leasehold improvements	15 years
Furniture and equipment	4 - 10 years
Computer equipment	2 - 4 years

Cost includes expenditures that are directly attributable to the acquisition of the asset. The Plan has not incurred borrowing costs attributable to property and equipment and therefore no borrowing costs have been capitalised.

E. RIGHT-OF-USE ASSET AND LEASE LIABILITY

The Plan has elected to apply practical expedients to not recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less, and leases of low-value assets. At inception of a contract, the Plan assesses whether a contract is, or contains a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Plan recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use assets are subsequently amortised using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those in property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability. The right-of-use asset is included in property and equipment on the Statement of Financial Position. The lease liability is subsequently measured at the present value of future lease payments discounted at the Plan's incremental borrowing rate, adjusted as appropriate. The lease liability is included in accounts payable on the Statement of Financial Position.

F. INTANGIBLE ASSETS

Intangible assets that are acquired by the Plan and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised in the Statement of Changes in Net Assets Available for Benefits on a straight-line basis over the estimated useful lives of intangible assets of between 5 and 10 years.

G. PROVISION FOR ACCRUED PENSION BENEFITS

The provision for accrued pension benefits represents the most recent actuarial present value of accrued pension benefits extrapolated to the year-end reporting date. Any resulting change in this provision is recognised as a revenue or expense in the Statement of Changes in Net Assets Available for Benefits.

H. FOREIGN CURRENCIES

Foreign currency transactions are translated into Canadian dollars using the transaction date exchange rate. Monetary assets and liabilities denominated in foreign currencies are adjusted to reflect exchange rates at the balance sheet date. Exchange gains or losses arising on the translation of monetary assets and liabilities or sales of investments are included in the Statement of Changes in Net Assets in the year incurred. Future changes in the fair value of foreign currency derivative financial instruments are recognised as gains or losses in the period of change.

I. INCOME TAXES

The Plan is not subject to income tax since it is a Registered Pension Plan as defined by the *Income Tax Act* (Canada).

NOTE 5 - INVESTMENTS

The objective of the Plan is to maintain sufficient assets to discharge future pension obligations and to generate cash flows required for pension plan payments. The Plan's investment portfolio (the Fund) has the following holdings:

SUMMARY OF INVESTMENT HOLDINGS:	2021		2020	
	FAIR VALUE	YIELD	FAIR VALUE	YIELD
TYPE	(000's)	(%)	(000's)	(%)
BOND POOLED FUNDS	$ 2,049,408	1.8 – 2.6	$ 1,829,133	2.0 – 2.4
MORTGAGE POOLED FUND	473,948	3.8	438,863	3.7
EQUITIES AND EQUITY POOLED FUNDS				
Canadian	622,889		526,399	
Global	973,685		978,958	
Emerging markets	529,538		631,196	
Global pooled funds	1,715,406		1,546,805	
TOTAL EQUITIES AND EQUITY POOLED FUNDS	3,841,518		3,683,358	
OTHER				
Short-term investments	12,308		16,075	
Real estate pooled funds	896,351		632,652	
Real estate equity investments	44,512		116,860	
Infrastructure	1,057,137		847,006	
Liquid alternatives	486,324		404,922	
Opportunistic investments	332,578		324,202	
Private equities	57,406		-	
Cash	163,379		250,326	
Currency forward contracts	(4,622)		16,512	
TOTAL OTHER	3,045,373		2,608,555	
TOTAL INVESTMENTS	$ 9,410,247		$ 8,559,909	

	2021	2020
	FAIR VALUE	FAIR VALUE
TYPE	(000's)	(000's)
INVESTMENTS UNDER SECURITIES LENDING PROGRAM		
Canadian equities	$ 265,899	$ 278,237
Global equities	43,087	55,579
TOTAL INVESTMENTS UNDER SECURITIES LENDING PROGRAM	$ 308,986	$ 333,816

NOTE 5 - INVESTMENTS (CONTINUED)

BOND POOLED FUNDS AND MORTGAGE POOLED FUND

Bonds are subject to a minimum quality standard of BBB or equivalent unless otherwise specified in an investment manager's mandate. In the active bond mandate, BBB bonds or lower may not be purchased if they comprise more than 15 percent of the book value of the total portfolio of any individual manager. No single issuer is to exceed 10 percent of the carrying value of the Plan except for securities issued or guaranteed by the provincial or federal governments.

No more than 20 percent of the carrying value of the bond portfolio may be held in foreign issuer bonds. Pooled funds have no fixed distribution rate and returns are based on the success of the investment managers.

The mortgage pooled fund portfolio is owned within SHEPP and diversified by property type and geographic location throughout Canada.

Financial derivative instruments including futures, options and swap contracts are permitted to both increase returns and reduce currency, credit and interest rate risks. These instruments are allowed to be used by one investment manager and the use of these instruments is restricted by the investment mandate.

EQUITIES AND EQUITY POOLED FUNDS

Pooled funds have no fixed distribution rates and returns are based on capital market trends and the success of the investment managers. No one holding of an individual stock may represent more than 10 percent of the market value of the specific equity mandate.

SHORT-TERM INVESTMENTS

Short-term investments are comprised of investments with less than one year to maturity. The Plan requires a minimum R-1 or equivalent rating.

INFRASTRUCTURE

The Plan invests in infrastructure investments within SHEPP as well as through its 100 percent owned subsidiary, Horizon Alternative Investments SHEPP Holdings Ltd. (Horizon). The fair value of these investments is shown as an infrastructure investment.

REAL ESTATE POOLED FUNDS

The real estate pooled funds portfolio is owned within SHEPP and diversified by property type and geographic location globally.

REAL ESTATE EQUITY INVESTMENTS

The Plan invests in real estate equity investments through its 100 percent owned subsidiary, Sunrise Properties Ltd. (Sunrise). This property is located in Ontario. The fair value of this investment is shown as a real estate equity investment.

LIQUID ALTERNATIVES

Liquid alternative investments include strategies designed to provide diverse exposure across multiple asset classes and employ a range of global macro and relative value trading strategies. These mandates invest in liquid financial instruments within various markets such as fixed income, foreign currency, commodities, and equities. The Plan holds investments in liquid alternatives through pooled funds.

OPPORTUNISTIC INVESTMENTS

Opportunistic investments include insurance-linked securities and bank capital relief. An insurance-linked security is a financial instrument whose value is mainly driven by insurance and/or reinsurance loss events. This security is based on the cash flows that arise from the transfer of insurable risks. These cash flows are similar to premium and loss payments under an insurance policy. Bank capital relief is a strategy whereby an investor can earn a premium by providing credit protection on a portion of a bank's loan portfolio. This allows banks to achieve their regulatory capital requirements. The Plan holds investments in opportunistic investments through pooled funds.

PRIVATE EQUITIES

Private equity investments represent partial equity ownership in entities that are not traded and priced in stock exchanges. SHEPP invests in private equity via a wholly owned entity which acts as a limited partner in underlying private equity funds. Future contractual commitments are due on demand and are based on the capital needs of the underlying funds in which the Plan has invested.

DERIVATIVE FINANCIAL INSTRUMENTS – CURRENCY FORWARD CONTRACTS

Currency forward contracts are financial contracts, the value of which is derived from underlying assets or indices. Derivative transactions are conducted in the over-the-counter market directly between two counterparties or on regulated exchanges. Derivatives are permitted in the Statement of Investment Policy & Procedures (SIP&P). However, unless permission is specifically granted, managers are prohibited from using derivatives.

FAIR VALUE HIERARCHY

Fair value is best evidenced by an independent quoted market price for the same instrument in an active market. An active market is one where quoted prices are readily available, representing regularly occurring

NOTE 5 - INVESTMENTS (CONTINUED)

transactions. The determination of fair value requires judgment and is based on market information where available and appropriate. Fair value measurements are categorised into levels within a fair value hierarchy based on the nature of the inputs used in the valuation.

Level 1 – Where quoted prices are readily available from an active market.

Level 2 – Valuation model not using quoted prices, but still using predominantly observable market inputs such as interest rates.

Level 3 – Models using inputs that are not based on observable market data.

	2021 (000's)			
	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Cash and short-term investments	$ 163,379	$ 12,308	$ -	$ 175,687
Bond pooled funds and mortgage pooled fund	-	2,523,356	-	2,523,356
Canadian equities	888,788	-	-	888,788
Global equities	1,016,772	-	-	1,016,772
Global pooled funds	-	1,715,406	-	1,715,406
Emerging market equities	-	529,538	-	529,538
Infrastructure	-	-	1,057,137	1,057,137
Real estate pooled funds	-	-	896,351	896,351
Real estate equity investments	-	-	44,512	44,512
Liquid alternatives	-	486,324	-	486,324
Opportunistic investments	-	-	332,578	332,578
Private equities	-	-	57,406	57,406
Currency forward contracts	-	(4,622)	-	(4,622)
	$ 2,068,939	$ 5,262,310	$2,387,984	$ 9,719,233

	2020 (000's)			
	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Cash and short-term investments	$ 250,326	$ 16,075	$ -	$ 266,401
Bond pooled funds and mortgage pooled fund	-	2,267,996	-	2,267,996
Canadian equities	804,636	-	-	804,636
Global equities	1,034,537	-	-	1,034,537
Global pooled funds	-	1,546,805	-	1,546,805
Emerging market equities	-	631,196	-	631,196
Infrastructure	-	-	847,006	847,006
Real estate pooled funds	-	-	632,652	632,652
Real estate equity investments	-	-	116,860	116,860
Liquid alternatives		404,922	-	404,922
Opportunistic investments	-	-	324,202	324,202
Currency forward contracts	-	16,512	-	16,512
	$ 2,089,499	$ 4,883,506	$ 1,920,720	$ 8,893,725

NOTE 5 - INVESTMENTS (CONTINUED)

LEVEL 3 RECONCILIATION	2021 (000's) REAL ESTATE/ POOLED REAL ESTATE AND INFRASTRUCTURE	2020 (000's) REAL ESTATE/ POOLED REAL ESTATE AND INFRASTRUCTURE
Opening balance	$ 1,920,720	$ 1,980,692
Acquisitions	506,546	275,763
Dispositions	(258,761)	(336,214)
Realised gain	71,818	102,634
Change in unrealised gain (loss)	147,661	(102,155)
	$ 2,387,984	$ 1,920,720

During the current year no investments were transferred between levels.

NOTE 6 - INVESTMENT INCOME

	2021 (000's)	2020 (000's)
Bond interest	$ 48,170	$ 29,161
Dividends	74,135	75,199
Interest on short-term investments and cash balances	1,353	1,461
Other income	71,266	35,357
	$ 194,924	$ 141,178

NOTE 7 - PENSION OBLIGATIONS

The pension obligations are the actuarial present value of the future expected pension benefit obligation to members as determined by the actuarial valuation done by Aon, an independent actuarial consulting firm, at least every three years. The last actuarial valuation was performed as of December 31, 2020. The present value of accrued pension benefits was then extrapolated to December 31, 2021, using the funding valuation cost method with the expectation that the Plan will continue on an ongoing basis.

The assumptions used in determining the provision for accrued pension benefits may change from year to year depending upon current and long-term market conditions. The following is a summary of the significant actuarial assumptions:

ASSUMPTIONS	2021	2020
Discount rate	6.00%	6.00%
Inflation rate	2.00%	2.00%
Mortality table	SHEPP Mortality Table projected generationally with scale MI-2017	SHEPP Mortality Table projected generationally with scale MI-2017
Remaining service life	12.9 years	12.8 years
Salary projection	2.75% per year	2.75% per year

The following illustrates the effect of changes in the interest rate and the salary and pensionable earnings assumptions:

- A 1 percent change in the discount rate results in approximately a 13 percent change in the pension obligations; and
- A 1 percent change in the salary scale and the pensionable earnings levels results in approximately a 3 percent change in the pension obligations.

NOTE 8 - FINANCIAL RISK MANAGEMENT

The nature of the Plan's operations results in a Statement of Financial Position that consists primarily of financial instruments. The key risks that arise are credit risk, market risk (consisting of interest rate risk, foreign exchange risk and equity price risk), and liquidity risk.

Significant financial risks are related to the Plan's investments. These financial risks are managed through policies within the SIP&P, which is subject to review and approval by the Board not less than annually.

Permitted investments under the SIP&P include equities; fixed income; cash and short-term investments; mortgages; derivatives; real estate; infrastructure; pooled funds and opportunistic investments. By investing in a well-diversified portfolio of asset classes and further diversifying within each asset class, risk is reduced. The SIP&P sets out the asset mix to achieve sufficient asset growth on a risk-controlled basis. The minimum, maximum and target weightings for each asset class, and sub-class, are clearly established within the total Fund policy asset mix.

The SIP&P sets out a minimum quality requirement of "BBB" for bonds and debentures at the time of purchase unless otherwise specified in an investment manager's mandate; a minimum rating of "R-1" for short-term investments at the time of purchase and a minimum quality standard of "A" at the time of transaction for counterparties in a derivative transaction. Downgrades in qualities of an asset below the established purchased standards require immediate disclosure to the Board and require the affected investment manager to set out a course of action to resolve the deviation.

In addition, the SIP&P includes maximum quantity restrictions. With limited specific exceptions, debt and equity holdings in a single company are limited to 10 percent of the carrying value of the total Fund. The Plan may not invest directly or indirectly in the securities of a corporation representing more than 30 percent of the votes that may be cast to elect the directors of the corporation.

Maximum quantity restrictions are also applied at the investment manager level. Each investment manager engaged by the Plan is responsible for investing the assets of the Plan in accordance with the SIP&P, the mandate prescribed by the Plan for the manager or the agreement under which the Plan has contracted the manager's services.

CREDIT RISK

Credit risk is the risk that one party does not pay funds owed to another party. The Plan's credit risk arises primarily from two distinct sources: accounts receivable and certain investments. The maximum credit risk to which the Plan is exposed is limited to the carrying value of the financial assets summarised as follows:

	2021 (000's)	2020 (000's)
Cash	$ 163,379	$ 250,326
Employers' contributions receivable	16,091	15,350
Members' contributions receivable	14,367	13,705
Dividends receivable	9,290	10,597
Other receivables	580	842
Short-term investments	12,308	16,075
Fixed income *	2,523,356	2,267,996
	$ 2,739,371	$ 2,574,891

*Fixed income is comprised of bond pooled funds and mortgage pooled fund.

NOTE 8 - FINANCIAL RISK MANAGEMENT (CONTINUED)

Members' and employers' contributions receivable and dividends receivable are generally received in less than 30 days. Accrued interest receivable is received on the next scheduled payment date, generally either annually or semi-annually.

Credit risk within short-term and fixed income investments is managed through the investment policy that establishes a minimum credit quality for issuers and spreads the risk amongst several issuers. The investment policy requires a minimum credit quality for individual bonds of BBB for issuers at the time of issue unless otherwise specified in an investment manager's mandate and R-1 for short-term investments.

Credit ratings for fixed income investments are as follows:

		2021		2020
CREDIT RATING	FAIR VALUE (000's)	MAKEUP OF PORTFOLIO	FAIR VALUE (000's)	MAKEUP OF PORTFOLIO
AAA	$ 581,528	23.0%	$ 438,991	19.4%
AA	508,113	20.1%	439,568	19.4%
A	262,414	10.4%	270,029	11.9%
BBB	296,623	11.8%	320,374	14.1%
Less than BBB	322,335	12.8%	280,412	12.4%
Other*	552,343	21.9%	518,622	22.8%
	$ 2,523,356	100%	$ 2,267,996	100%

*Other includes: mortgages, unrated fixed income securities, and net fixed income derivative exposure.

The Plan is also subject to credit risk through its use of forward currency contracts. The contracts are entered into between the Plan and approved counterparties. The credit risk is mitigated by limiting counterparties to specific entities approved by the Board.

As part of the Plan's securities lending strategy, collateral has been pledged to the Plan by various counterparties for securities out on loan to the counterparties. At December 31, 2021, the Plan's investments included loaned securities with a market value of $308,986,000 (2020 - $333,816,000) and the fair value of securities and cash collateral received in respect of these loans was $322,690,911 (2020 - $349,641,270).

MARKET RISK

Market risk represents the potential for loss from changes in the value of financial instruments. Value can be affected by changes in interest rates, foreign exchange rates and equity prices. Market risk primarily impacts the value of investments.

INTEREST RATE RISK

The Plan is exposed to changes in interest rates in its cash, short-term investments, bond pooled funds and mortgage pooled fund. Duration is a measure used to estimate the extent market values of these investments change with changes in interest rates. Using this measure, it is estimated that a 100 basis point increase/decrease in interest rates would decrease/increase net assets by $166,393,000 at December 31, 2021 (2020 - $158,576,000); representing 6.2 percent (2020 - 6.3 percent) of the $2,699,043,000 (2020 - $2,534,397,000) fair value of these investments.

FOREIGN EXCHANGE RISK

The Plan is subject to changes in the United States/Canadian dollar exchange rate on its United States denominated investments. Also, the Plan is exposed to other non-North American currencies through its investment in non-Canadian equities, foreign infrastructure and foreign real estate. At December 31, 2021, the Plan's exposure to United States equities was 31.6 percent (2020 - 30.4 percent) and its exposure to non-North American equities was 18.2 percent (2020 - 20.2 percent).

The Plan manages this risk through the use of currency futures or forwards. At December 31, 2021, the fair value of currency forward contracts payable

NOTE 8 - FINANCIAL RISK MANAGEMENT (CONTINUED)

was $5,841,723,000 (2020 - $2,921,567,000) and the fair value of currency fund contracts receivable was $5,837,133,000 (2020 - $2,938,120,000).

EQUITY PRICE RISK

The Plan is exposed to changes in equity prices in Canadian, United States and other markets. Equities comprise 43 percent (2020 - 45 percent) of the market value of the Plan's total investments. Individual stock holdings are diversified by geography, industry type and corporate entity. A 10 percent change in equity prices would result in a $415,051,000 (2020 - $401,717,000) change in the Plan's net assets.

REAL ESTATE AND INFRASTRUCTURE RISK

Real estate and infrastructure assets are valued based on estimated fair values determined by using appropriate techniques and best estimates. An independent auditor performs an annual assessment on these estimated fair values to ensure the assets are fairly stated in all material aspects. Risk in the real estate portfolio is further managed through diversification across types and locations. Adverse impacts in any one segment of the market or geographic location are minimised by having holdings diversified across property type, geographic location and investment size.

LIQUIDITY RISK

Liquidity risk is the risk that the Plan is unable to meet its financial obligations as they fall due. Cash resources are managed on a daily basis based on anticipated cash flows. The following summarises the contractual cash flows of the Plan's financial liabilities:

		CONTRACTUAL CASH FLOWS (000's)			
AS AT DECEMBER 31, 2021	CARRYING AMOUNT	TOTAL	LESS THAN 1 YEAR	2 - 4 YEARS	5 YEARS
Transfer deficency holdbacks	$ 51,356	$ 51,820	$ 11,555	$ 27,409	$ 12,856
Accounts payable	13,166	13,166	13,166	-	-
	$ 64,522	$ 64,986	$ 24,721	$ 27,409	$ 12,856
AS AT DECEMBER 31, 2020					
Transfter deficiency holdbacks	$ 46,244	$ 48,741	$ 8,532	$ 29,458	$ 10,751
Accounts payable	11,436	11,436	11,436	-	-
	$ 57,680	$ 60,177	$ 19,968	$ 29,458	$ 10,751

NOTE 9 - RELATED PARTY TRANSACTIONS

These financial statements include transactions for the Plan's administrative expenses paid to 3sHealth. All transactions are recorded at the exchange amounts agreed by the two parties.

	2021 (000's)	2020 (000's)
EXPENSES	$ 85	$ 84

NOTE 9 - RELATED PARTY TRANSACTIONS (CONTINUED)

KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel are those persons having authority over the planning, directing, and controlling activities of the Plan, which include directors and executive officers.

Key management personnel compensation is comprised of:

	2021 (000's)	2020 (000's)
Short-term employee benefits	$ 1,512	$ 1,521
Post-employment benefits		
Defined benefit retirement allowance	119	114
TOTAL BENEFITS	$ 1,631	$ 1,635

NOTE 10 - INVESTMENT FEES

Investment fees incurred by the Plan and reported in the Statement of Changes in Net Assets Available for Benefits are:

	2021 (000's)	2020 (000's)
Investment management fees	$ 51,984	$ 43,225
Investment performance fees	15,423	1,912
Investment consulting fees	783	822
Investment transaction fees	1,519	1,504
TOTAL INVESTMENT FEES	$ 69,709	$ 47,463

The Plan incurs management fees which are base fees incurred for investment managers to manage the Plan's investments. Performance fees are incurred when certain returns are exceeded.

In addition to the fund management fees and performance fees incurred directly by the Plan, and reported separately on the Statement of Changes in Net Assets Available for Benefits, the Plan also incurs fund management and performance fees in Horizon and Sunrise. The fund management and performance fees recorded in Horizon and Sunrise are included within the unrealised market value gain on the Statement of Changes in Net Assets Available for Benefits. During the year, one investment was moved from the Horizon subsidiary to SHEPP.

Total investment management fees incurred by the Plan are:

	2021 (000's)	2020 (000's)
Incurred directly by the Plan	$ 51,984	$ 43,225
Incurred through Sunrise	138	604
Incurred through Horizon	2,321	4,523
TOTAL INVESTMENT MANAGEMENT FEES	$ 54,443	$ 48,352

NOTE 10 - INVESTMENT FEES (CONTINUED)

Total performance fees incurred by the Plan are:

	2021 (000's)	2020 (000's)
Incurred directly by the Plan	$ 15,423	$ 1,912
Incurred through Sunrise	-	(118)
Incurred through Horizon	8,602	(1,310)
TOTAL PERFORMANCE FEES	$ 24,025	$ 484

NOTE 11 - COMPARATIVE INFORMATION

Certain comparative information has been reclassified to conform with the current year's presentation.

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