SUMMARY OF FUNDING POLICY

The following is a brief summary of the main provisions of the Funding Policy for the Shared Risk Plan for Certain Bargaining Employees of New Brunswick Hospitals ("CBE Pension Plan"), restated as of September 19, 2025. This summary is provided for information only. In the event of a conflict between this summary and the Funding Policy, the Funding Policy prevails. The full text of the Funding Policy is available at **cbenb.ca**.

PURPOSE OF THE PLAN AND FUNDING POLICY

The purpose of the CBE Pension Plan is to provide secure pension benefits to members and former members without an absolute guarantee, but with a risk-focused management approach delivering a high degree of certainty that base benefits can be met in the vast majority of potential future economic scenarios.

The primary focus is to provide a highly secure lifetime pension at normal retirement age. However, the intention is that additional benefits may be provided depending on the financial performance of the Plan.

The Funding Policy is the tool used by the Board of Trustees to manage the risks inherent in a shared risk plan. The Funding Policy provides guidance and rules regarding decisions that must, or can, be made by the Board of Trustees around funding levels, contributions, and benefits.

BENEFIT OBJECTIVES

The primary benefit objective of the Plan is to deliver benefits that closely replicate, to the extent possible, the benefits provided under the former Plan prior to the conversion, including inflation protection.

Furthermore, benefit accruals under the post-conversion Plan are based on a normal retirement age of 65 with a 5%-per-year reduction for early retirement. This change reflects anticipated continued increases in life expectancy. The overall Plan design objective with respect to retirement age is to provide each cohort of Plan members with about the same expected number of years of pension payments for a similar amount of pension in current dollars at retirement. None of the above are guarantees.

RISK MANAGEMENT

In accordance with the regulations under New Brunswick's *Pension Benefits Act* (PBA) governing shared risk plans, the primary risk management goal is to achieve a 97.5% probability that past base benefits will not be reduced over the following 20 years.

In addition, secondary risk management goals are to provide, on average, contingent indexing on base benefits (including all contingent indexing provided to all members in accordance with Steps 1 to 4 listed on page 3 of this summary) in excess of 75% of the Consumer Price Index (CPI) over the next 20 years, and to achieve at least a 75% probability that the ancillary benefits described in the Plan Text can be provided over the next 20 years.

CONTRIBUTIONS

The initial total contribution rate shall not be less than 15.6% of earnings.

Contribution adjustments may be made by the Board of Trustees. A total contribution increase of up to 1% of earnings shall be triggered by the Board of Trustees if the open group funded ratio of the Plan, as defined by the PBA, falls below 100% for two successive year ends, until such time as the open group funded ratio reaches 105% without considering the effect of the contribution increase and the primary risk management goal is met.

A reduction in contributions of up to a total of 2% of earnings can be triggered by the Board of Trustees if the conditions set forth in the funding excess utilization plan are met.

FUNDING DEFICIT RECOVERY PLAN

The funding deficit recovery plan must be implemented by the Board of Trustees if the open group funded ratio of the Plan falls below 100% for two successive Plan year ends.

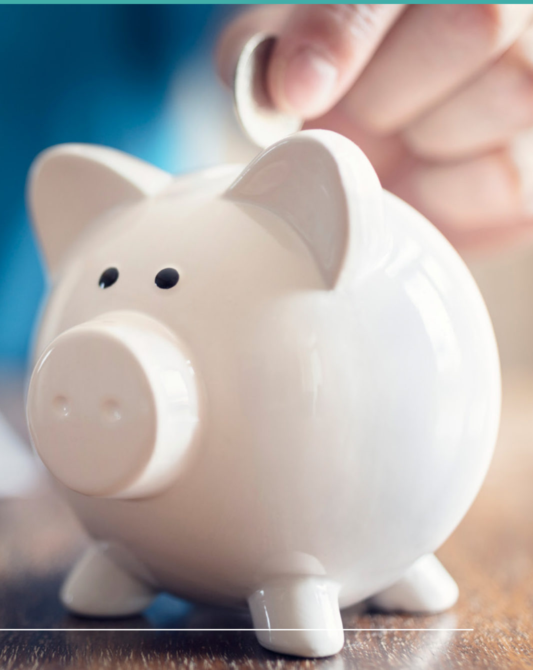
The funding deficit recovery plan consists of the following steps in the order of priority as listed below:

1. Increase contributions by up to a total of 1.0% of earnings.
2. Change early retirement rules for post-conversion service for members who are not yet eligible to retire and receive an immediate pension under the terms of the Plan to a full actuarial reduction for retirement before age 65.
3. Change early retirement rules for pre-conversion service for members who are not yet eligible to retire and receive an immediate pension under the terms of the Plan to a full actuarial reduction for retirement before age 60.
4. Reduce base benefit accrual rates for future service after the date of implementation of the deficit recovery plan by not more than 5%.
5. In addition to the reduction in Step 4 above, reduce base benefits on a proportionate basis for all members, regardless of membership status for both past and future service in equal proportions.

The above steps shall be taken one by one and when the funding goals under the PBA's regulations are met, no further steps are required at that time.

The base benefit reduction in Step 5 above, if required, shall be such that the funding goals under the PBA's regulations for such purposes are achieved.

Steps 1 to 4 above shall take effect no later than 12 months following the date of the funding policy valuation report that triggered the need for the action, and Step 5 above shall take effect no later than 18 months following the date of the funding policy valuation report that triggered the need for the base benefit reduction.



FUNDING EXCESS UTILIZATION PLAN

The funding excess utilization plan describes the steps the Board of Trustees must take or consider when the open group funding levels exceed 105%. If the open group funding level is above 105% and an increase in initial contribution rates under the funding deficit recovery plan is still in effect, or the open group funded ratio is at 105% or less, there are no steps that can be taken under the funding excess utilization plan.

For valuation dates on and after December 31, 2022, the amount available for utilization is as follows:

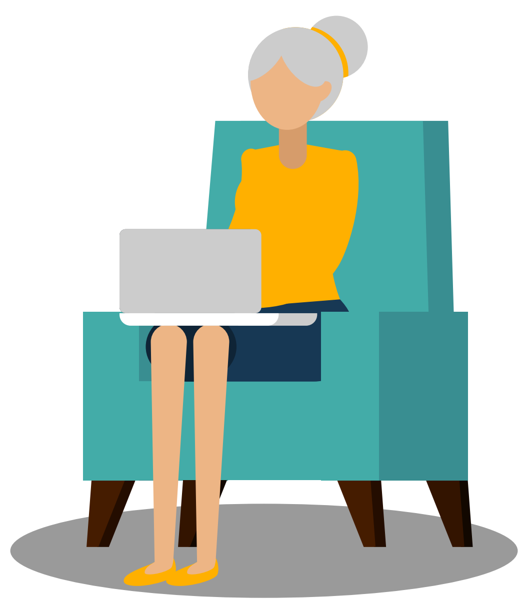
1/5th of the excess funds that make up the difference between the open group funded ratio at the valuation date (to a maximum of 140%) and 105%

PLUS

100% of the excess above **140%**

If base benefits and/or ancillary benefits have been reduced, all excess available for utilization must first be used to reinstate those reductions. Afterwards, the following steps may be taken in the following order of priority and no step can be taken until the immediately preceding step in the list below has been fully implemented:

1. Provide indexing of accrued base benefits and accrued bridge benefits up to the full CPI since the last date where full CPI was achieved.
2. Provide further increases in base benefits of members not in receipt of a pension such that the base benefits are upgraded to the five-year average formula under the former CBE Pension Plan as of the actuarial valuation report.
3. Provide a further increase to retired members such that the five-year average formula under the former CBE Pension Plan is used as of each retired member's retirement date and indexed to the full CPI thereafter.
4. Provide a lump sum payment representing a reasonable estimate of missed past increased payments up to the levels of benefits arising out of Steps 2 and 3.
5. Establish a reserve to cover the next 10 years of potential contingent indexing.
6. Apply contribution reduction adjustments of up to 2%.
7. Improve the normal form of pension for all members who are not in receipt of a pension.
8. Improve the bridge pension for all members eligible for a bridge pension whether or not in pay.
9. Improve the early retirement rules for service after June 30, 2012, provided that the Board of Trustees considers life expectancy experience as it develops.



Steps 1 to 4 can be applied with excess funds available when the open group funded ratio is below 140%. If all improvements from 1 through 4 above have been made and the open group funded ratio is still in excess of 140%, then Steps 5 through 9 can be undertaken in sequence. After such steps have been undertaken, the Board of Trustees may consider permanent benefit changes subject to the approval of the Province and union, and subject to most members being able to benefit from the changes.

Except for the timing of contribution reductions, the timing of the above steps shall be the first of the year that is 12 months after the date of the funding policy valuation report that triggered the steps.

Notwithstanding the above, with respect to steps taken by the Board of Trustees further to the actuarial valuation reports with effective dates from July 1, 2012 to December 31, 2014 inclusively, where the discount rate is 5.75% per annum, the Board of Trustees shall be prohibited from providing any increases in benefits other than as described in Step 1 above.

ACTUARIAL ASSUMPTIONS

A funding policy actuarial valuation shall be conducted by the Plan's actuary at December 31st of each year. Effective December 31, 2022, the discount rate is 5.00% per year. The intention is to keep the discount rate stable. On the advice of the Plan's actuary, the Board of Trustees may consider a change in the discount rate for subsequent funding policy actuarial valuations provided it is required by the superintendent of pensions, standards published by the Canadian Institute of Actuaries, applicable laws, or if there are changes in the economy that in the Plan's actuary's opinion warrant a change in the discount rate.

Other assumptions may be changed as experience evolves.

CBE PENSION PLAN

AS OF DECEMBER 31, 2022, THE DISCOUNT RATE IS

5.00%