

Responsible Investing Policy

Objective

The objective of the Responsible Investing Policy is to communicate the principles behind and the approach to the CAAT Pension Plan's initiatives relating to the incorporation of environmental, social and governance (ESG) factors into its investment program.

Principles

The CAAT Plan's Board of Trustees believes that, as part of its fiduciary duty to Plan beneficiaries, consideration of risks related to the investment of the Plan's assets includes consideration of non-financial risks such as ESG factors.

In particular, the Board believes that over the long term, companies that have sound corporate governance structures and practices will outperform those that do not.

The Board believes that managing the risk to the sustainability of a corporation includes the awareness and management of the environmental and social impacts of the corporation's business activities. Inattention to these impacts can result in, among other things, reputational harm that in turn can lead to financial underperformance.

The Board supports and encourages fair wages, benefits and working conditions for workers employed by our assets. In particular, we point to the ILO Principles addressing the right to form and join trade unions and bargain collectively and freedom for workers' representatives from discrimination and their right to access all workplaces necessary to enable them to carry out their representation functions.

The Board recognizes the important role and contribution of public employees – and a public sector with sufficient capacity and resources – in ensuring the long-term prosperity of our society and economy.

Approach

Principles for Responsible Investment (PRI)

The CAAT Plan is a signatory to the PRI, which is a global organization that is a leading proponent of responsible investment. It is made up of an international network of institutional investors that are committed to incorporating responsible investment issues into their decision making and ownership practices.

Proxy Voting

One of the most important ways for the Plan to encourage corporations to be environmentally and socially responsible and to adopt sound governance practices is by using its proxy vote. The Plan or its voting service provider will:

- Vote proxies in a thoughtful, responsible manner. Shareholder proposals on environmental, social and governance (ESG) issues will be examined on a case-by-case basis taking into account the possible effects that any proposed actions would have on the long-term shareholder value of the corporation.

- Encourage disclosure by corporations on ESG factors and risks so that investors can be better informed as they do their financial and fundamental analysis.
- Vote for proposals that corporations adopt policies that embrace the following third party guidelines/ principles:
 - The International Labour Organization's Conventions
 - The Ceres Principles on the Environment
 - OECD Guidelines for Multinational Enterprises - General Principles

Corporate Engagement

The CAAT Plan will join with other institutional investors in engaging with the boards and management of corporations in which it invests to encourage better environmental, social and governance practices. Organizations that facilitate collaboration include:

- The Canadian Coalition for Good Governance (CCGG)
- The Pension Investment Association of Canada (PIAC)
- CDP (carbon emissions disclosure and water use)
- Shareholder Association for Research and Education (SHARE)
- Other initiatives that are consistent with the principles of this Policy and approved by the Managing Fiduciaries

Investment Managers and General Partners

In due diligence meetings with the Fund's Investment Managers and General Partners, where appropriate to the type of mandate, the CAAT Plan will encourage the incorporation of environmental, social and governance factors into the investment management processes.

On an annual basis, Investment Managers and General Partners are asked to respond to a series of questions about how ESG issues are integrated into their investment processes.

Direct and Co-investments

In due diligence processes relating to private market direct and co-investment opportunities, the CAAT Plan will consider ESG factors in due diligence and risk (including reputational risk) analysis.

Reporting

Each year a report is provided to the Investment Committee on how this Policy is incorporated into the CAAT Plan's investment activities.

Policy Review

The Board of Trustees will review this policy at least once every three years to ensure that it remains relevant and appropriate.

Policy History

The Board of Trustees approved this policy on March 27, 2007.

The Board of Trustees last reviewed this policy on May 31, 2016.

The Board of Trustees approved an amended policy on May 28, 2019.