
Responsible Investing Policy

Introduction

1. The objective of the Responsible Investing Policy is to communicate the CAAT Pension Plan's beliefs and approach regarding the incorporation of environmental, social and governance (ESG) factors into its investment decisions and post-investment ownership practices (Responsible Investing activity).

Beliefs

2. The Board of Trustees (Board) believes that:
 - a. Responsible Investing is an extension of the Plan's fiduciary duty to members. Incorporating ESG factors into investment decisions is critical to evaluating opportunities and addressing financial and other risks to the Plan over the long term.
 - b. Climate change presents significant investment opportunities and systemic risks. Long-term investors need to incorporate the impacts of a transition to a low-carbon economy and the physical impacts of different climate outcomes into all investment decisions.
 - c. Equitable employment practices at investee entities, including fair wages and safe working conditions, contribute to improved long-term investment results.
 - d. Good governance is key to a company's long-term viability. Companies that exhibit good governance practices are also better positioned to address environmental and social issues.
 - e. Collaboration with both investee companies and other long-term investors is a valuable tool to promote change and foster success.

Governance

Roles and Responsibilities

3. The Governing Fiduciaries will review and approve this Policy at least once every three years. The Board will also, either directly or through the Investment Committee, review annual and other ad hoc reporting from Plan staff concerning the Plan's Responsible Investing activities.
4. Plan staff are responsible for integrating ESG considerations into all investment and portfolio management decisions and for implementing Plan-wide ESG-focused investment initiatives such as adherence to the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD).
5. Responsibilities for the Plan's Responsible Investing activity are also captured in the Plan's Portfolio Implementation Policies and Procedures.

ESG Integration

6. Plan staff will integrate ESG considerations into all investment decisions.
7. Most of the Plan's investments are managed by external investment managers who play an important role in integrating ESG considerations into the Plan's investment activities. When selecting investment managers, the Plan will carefully evaluate the role that ESG considerations play in their portfolio management practices.

8. To support ESG integration in investment decisions, the Plan will provide regular ESG-focused training to Plan staff and Board members.

Stewardship

Proxy Voting

9. The Plan will use its proxy voting power to encourage corporations to be environmentally and socially responsible and to adopt sound governance practices. The Plan or its voting service provider will vote proxies in a thoughtful, responsible manner. Shareholder proposals on ESG issues will be examined on a case-by-case basis, considering the possible effects that any proposed actions would have on the long-term shareholder value of the corporation. In collaboration with its voting service provider and through participating in industry initiatives including the TCFD, the Plan will encourage disclosure by corporations on ESG factors and risks.

Engagement

10. In general, the Plan favours active engagement over exclusion or divestment as a first course of action to influence corporate behaviour. Through the retention of an external corporate engagement specialist and in collaboration with industry peers, the Plan will join with other institutional investors in engaging with the boards and management of corporations in which it invests to encourage better ESG practices.
11. The Plan will communicate this Policy, including any material updates, to all external investment managers every year, along with the Plan's expectation that managers integrate ESG considerations into their investment decision making and portfolio management activities. On an annual basis, the Plan's external managers will also be asked to respond to a series of questions about how ESG issues are integrated into their investment processes.

Collaboration

12. The Plan is committed to collaborating with like-minded organizations, investors, regulators, and legislators to exchange information and advocate for better transparency and performance on relevant standards and practices. This includes being a signatory to the Principles for Responsible Investment (PRI, <https://www.unpri.org>), 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. In addition to the PRI, the Plan has endorsed or is a signatory to initiatives including the TCFD (www.fsb-tcf.org) and the Carbon Disclosure Project (<https://www.cdp.net/en>).
13. The Plan's collaborative efforts also include active membership in organizations such as the Pension Investment Association of Canada (www.piacweb.org/home.html), the Shareholder Association for Research and Education (SHARE, <https://share.ca>), the Canadian Coalition for Good Governance (www.ccgq.ca), the 30% Club (<https://30percentclub.org/chapters/canada>) and the Institutional Limited Partners Association (<https://ilpa.org>).

Focus Areas

Climate Change

14. The Plan will implement processes to identify and manage climate change risks and opportunities with the objective of enhancing long-term risk-adjusted returns. This includes improving processes related to governance, strategy, and risk management in line with the Plan's commitment to implement the TCFD recommendations.

Labour Matters

15. The Plan supports and encourages fair wages, benefits, and working conditions for workers employed by its assets. In particular, the Plan points to the International Labor Organization (ILO) Principles addressing the right to form and join trade unions and bargain collectively, and the right of worker representatives to access all workplaces necessary to carry out their representation function and be free from discrimination.

Reporting

16. Each year, a report is provided to the Investment Committee on how this Policy is incorporated into the Plan's investment activities.
17. Information concerning the Plan's Responsible Investing practices, including a copy of this Policy, is available on the Plan's website and in its annual reports.

Review and History

Approved by	Board of Trustees
Review frequency	Every three (3) years
Adopted	March 27, 2007
Last reviewed	November 29, 2022
