

**JBT**

Joint Board of Trustees of the CUPE Employees' Pension Plan  
Le Conseil de fiducie mixte du régime de retraite des employé(e)s du SCFP

**CFM**

**Canadian Union of Public Employees  
Employees' Pension Plan**

**Statement of Investment Policies and Procedures (SIP&P)**

**Effective January 1, 2019**

**Approved by the Trustees of the Plan  
at the meeting held on December 4, 2018**

## TABLE OF CONTENTS

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<b>Introduction</b>		1
<b>Section 1 - Financial Obligations of the Plan</b>		2
1.01	Type of Plan	2
1.02	Financial Status	3
<b>Section 2 - Management Structure</b>		4
2.01	Responsibilities	4
2.02	Investment Management Approach	5
<b>Section 3 - Risk and Performance Objectives</b>		7
3.01	Rate of Return Objective	7
3.02	Fund Benchmark Portfolio	7
3.03	Performance Objectives – Balanced Investment Manager(s)	8
3.04	Performance Objectives – Specialized Fixed Income Investment Manager(s)	8
3.05	Performance Objectives – Specialized Equity Investment Manager(s)	8
3.06	Performance Objectives – Canadian Real Estate Investment Manager(s)	8
3.07	Performance Objectives – Global Real Estate Investment Manager(s)	9
<b>Section 4 - Investment Constraints</b>		10
4.01	Asset Allocation Limits	10
4.02	Permitted Categories of Investments	10
4.03	Quality Requirements – Balanced Investment Mandates	12
4.04	Quantity Restrictions – Balanced Investment Mandates	13
4.05	Quality Requirements and Quantity Restrictions – Specialized Fixed Income Investment Mandate	14
4.06	Quality Requirements and Quantity Restrictions – Specialized Equity Investment Mandate	14
4.07	Quality Requirements and Quantity Restrictions – Real Estate Investment Mandate(s)	15
4.08	Applicability of this Section to the Mandate Portfolio of each Investment Manager	15
<b>Section 5 - Other Administrative Issues</b>		16
5.01	Securities Lending	16
5.02	Conflicts of Interest	16
5.03	Related Party Transactions	16
5.04	Voting Rights	17
5.05	Investments Not Regularly Traded	17
5.06	Other Constraints	18
5.07	Periodic Review	18

## TABLE OF CONTENTS

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### Appendix

- A - Quarterly Compliance Report
- B - Investment Policies of Pooled Funds
- C - Responsible Investment Policy

## INTRODUCTION

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This Statement of Investment Policies and Procedures (the “SIP&P”) has been set for the Pension Fund (the “Fund”) of the *Canadian Union of Public Employees Employees’ Pension Plan* (the “Plan”). Effective January 1, 2019, this SIP&P replaces the one that was adopted previously by the Trustees of the Plan (the “Administrator”).

The basic goal pursued by the Administrator in establishing the SIP&P is to ensure that the Fund is invested as per the “prudent person portfolio approach”, which essentially requires the application of the investment principles of a reasonable and prudent person to the whole of the Fund assets, while considering the purpose and circumstances of the Plan.

## **SECTION 1 – FINANCIAL OBLIGATIONS OF THE PLAN**

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### **1.01 Type of Plan**

The Plan has been established in 1971 to cover the employees of Canadian Union of Public Employees (CUPE). The Plan is a defined benefit final average pension plan, with the following main characteristics:

- The basic pension formula is, for each year of credited service, 2% of best 3-year average earnings, subject to the maximum pension limits under the Income Tax Act (ITA).
- A bridge pension may also be payable up to age 65 in accordance with different plan provisions, subject to ITA limits.
- Unreduced early retirement is permitted as of age 60 or when the sum of age and credited service totals at least 80.
- Pensions payable under the Plan may be subject to annual indexation adjustments, pursuant to the terms of collective agreements as negotiated from time to time.
- The basic and bridge pensions are continued to the surviving spouse, after the death of the member, at 66 2/3% of their levels just before death with a 5-year guarantee from date of retirement.
- Members contribute to the Plan at the rate of 9.7% of earnings or at such different rate as agreed by the Settlers, subject to ITA limits.

## SECTION 1 – FINANCIAL OBLIGATIONS OF THE PLAN

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### 1.02 Financial Status

The most recent actuarial valuation of the Plan filed with government authorities, which was performed as at January 1, 2018, revealed the following results on a going concern basis (\$ in thousands):

<b>Actuarial Liabilities</b>	<b>\$</b>	<b>% of Actuarial Liabilities</b>
Active members	\$249,840	42%
Vested Terminated Members	\$3,299	1%
Pensioners and Survivors	<u>\$345,632</u>	<u>57%</u>
<b>Total</b>	<b>\$598,771</b>	<b>100%</b>

  

<b>Assets / Surplus (Deficit)</b>	<b>\$</b>	<b>% of Actuarial Liabilities</b>
Actuarial Value of Assets	<u>\$776,440</u>	
Surplus	\$177,669	30%

  

<b>Current Service Cost for year 2018</b>	<b>\$</b>	<b>% of Covered Payroll</b>
Employee contributions	\$8,863	9.70%
Employer contributions	<u>\$9,460</u>	<u>10.35%</u>
<b>Total</b>	<b>\$18,323</b>	<b>20.05%</b>

The deficit on a wind-up basis as at January 1, 2018, based on market values of assets and liabilities represented 7.0% of actuarial liabilities. The purpose of the wind-up valuation is to show the degree of benefit security provided for all of the Plan members' accrued benefit by the current assets of the Fund in case of a wind-up of the Plan. The Plan wind-up liabilities in respect of pensioners then represented 55% of aggregate wind-up liabilities and it is anticipated that this percentage will continue to gradually increase in the future. The investment horizon under the Plan is long term and liquidity requirements will not constitute an investment constraint for many years in the future.

The uncertainty of future economic/investment scenarios also dictates diversification through significant participation at all times in several different asset classes (fixed income, Canadian equities, equities of Eligible Foreign Companies as defined in Section 4.02 and alternative investments).

## **SECTION 2 – MANAGEMENT STRUCTURE**

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### **2.01 Responsibilities**

#### **a) Administrator**

The Administrator is responsible for:

- the adoption of the SIP&P;
- the annual review and maintenance of the SIP&P;
- the submission of the SIP&P to the actuary of the Plan;
- the selection of the Investment Manager(s) and the Custodian;
- the quarterly evaluation of the performance of the Investment Manager(s); and
- the monitoring of the Investment Manager(s) and the Custodian.

In order to assist with the fulfillment of the above responsibilities, the Administrator has created an Investment Committee, which is composed of members of the Joint Board of Trustees. The role of the Investment Committee is to coordinate and/or perform any analysis and research activities that may be required in connection with investment issues related to the above responsibilities and to provide comments and recommendations thereon to the Administrator for decision purposes; all decision powers in connection with the above responsibilities remain with the Administrator, unless such decision-making authority is delegated to the Investment Committee by resolution of the Joint Board of Trustees.

The Administrator may, at its discretion, retain third party services to help fulfill the foregoing responsibilities.

#### **b) Investment Manager(s)**

The Investment Manager(s), including Balanced Investment Manager(s), Specialized Fixed Income Investment Manager(s), Specialized Equity Investment Manager(s) and Real Estate Investment Manager(s), will:

- invest the Fund as per the SIP&P, their investment management agreement with the Administrator, applicable legal requirements and any other document approved by the Administrator in connection with their investment mandate;
- notify the Administrator of any significant changes in the Investment Manager's organization, philosophy, procedures or personnel;
- prepare a quarterly report on the performance of the portion of the Fund covered by their investment mandate (i.e. the "Mandate Portfolio");
- meet at least annually with the Administrator to review the performance of their Mandate Portfolio; and
- file quarterly compliance reports (Appendix A).

## **SECTION 2 – MANAGEMENT STRUCTURE**

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### **c) Custodian**

The Custodian will:

- maintain safe custody of the assets of the Fund;
- make the transactions requested by the Administrator or the Investment Manager(s); and
- provide quarterly financial statements on the Fund.

### **2.02 Investment Management Approach**

The Administrator has adopted an active management approach for most of the Fund, both for asset allocation and security selection, with the objective that the value added by such active management should exceed the additional investment management fees.

A target amount representing currently approximately 9.0% of the Fund is allocated to Canadian real estate investments through a specialized Canadian Real Estate Investment Mandate. The allocation to Canadian real estate investments is referred to herein as the “Canadian Real Estate Allocation” and the Investment Manager responsible for this mandate is referred to as the “Canadian Real Estate Investment Manager”.

Effective July 1, 2014, an amount representing approximately 9.0% of the Fund has been allocated to a specialized fixed income securities mandate (the “Specialized Fixed Income Investment Mandate”). This allocation to fixed income securities is referred to herein as the “Specialized Fixed Income Allocation” and the Investment Manager responsible for this mandate is referred to as the “Specialized Fixed Income Investment Manager”.

Effective April 1, 2015, an amount representing approximately 6.0% of the Fund will be allocated to a specialized equity securities mandate (the “Specialized Equity Investment Mandate”). This allocation to equity securities is referred to herein as the “Specialized Equity Allocation” and the Investment Manager responsible for this mandate is referred to as the “Specialized Equity Investment Manager”.

Effective January 1, 2018, a target amount representing approximately 6.0% of the Fund is allocated to Global real estate investments through a specialized Global Real Estate Investment Mandate. The allocation to Global real estate investments is referred to herein as the “Global Real Estate Allocation” and the Investment Manager responsible for this mandate is referred to as the “Global Real Estate Investment Manager”.

The balance of the Fund (referred to herein as the “Balanced Mandates Allocation”) is to be invested through Balanced Investment Mandates, and the

## **SECTION 2 – MANAGEMENT STRUCTURE**

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Investment Managers responsible for the management of these mandates are referred to herein as the “Balanced Investment Managers”.

The Administrator is responsible for the determination of the portion of the Fund which is allocated to each of the investment mandates and such allocation will be reviewed by the Administrator at least annually (i.e. at the annual review of the SIP&P), or at more frequent intervals, if deemed appropriate by the Administrator.

Although any pooled fund used by the Fund will be subject to its own investment policy, this SIP&P provides for guidelines regarding the asset allocation of the Fund as well as specific performance objectives and constraints. The actual extent of investment quality and diversification within each pooled fund shall comply with the investment policies of the pooled funds (Appendix B).

The Administrator believes that environmental, social and governance (ESG) factors are relevant to the Fund’s investments and that the effective management of ESG factors may have a positive impact on long-term investment performance. In order for ESG factors to be efficiently and rigorously addressed in the context of the Fund, the Administrator maintains a Responsible Investment Policy as a separate document (Appendix C).

## SECTION 3 – RISK AND PERFORMANCE OBJECTIVES

### 3.01 Rate of Return Objective

Recognizing the long-term nature of the financial obligations of the Plan and the funding policy retained by the Administrator, the long-term objective for the total Fund is to achieve a rate of return of at least 3.75% above increases in the Consumer Price Index (CPI). Such objective is typically measured over ten-year moving average periods.

### 3.02 Fund Benchmark Portfolio

In order to achieve the foregoing rate of return objective within an acceptable level of risk, the Administrator has established the following long-term asset mix that will also be used as a Fund Benchmark Portfolio to evaluate the performance of the Fund:

<b>Investment Mandates and Asset Classes</b>	<b>Allocation to Investment Mandates and sub-allocation within each Investment Mandate</b>	<b>Overall allocation to each asset class and Fund Benchmark Portfolio (Nearest 1%)</b>
Allocation to Balanced Investment Mandate(s)	70%	
- Equities	65%	45%
- Fixed Income	33%	23%
- Cash Equivalents	2%	2%
Allocation to Specialized Fixed Income Investment Mandate(s)	9%	
- Fixed Income	100%	9%
Allocation to Specialized Equity Investment Mandate(s)	6%	
- Canadian Small Cap Equities	100%	6%
Allocation to Canadian Real Estate Investment Mandate(s)	9%	
- Canadian Real Estate	100%	9%
Allocation to Global Real Estate Investment Mandate(s)	6%	
- Global Real Estate	100%	6%

The sub-allocation within the Balanced Investment Mandates (i.e. 65% Equities / 33% Fixed Income / 2% Cash Equivalents) is referred to as the “Balanced Benchmark Portfolio” and this sub-allocation will be used to evaluate the performance of each Balanced Investment Manager.

## **SECTION 3 – RISK AND PERFORMANCE OBJECTIVES**

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The real rate of return expectation of the Fund Benchmark Portfolio exceeds the real rate of return objective of 3.75%, based on historical performance data.

### **3.03 Performance Objectives – Balanced Investment Manager(s)**

The Balanced Investment Manager(s) is expected to obtain a total Fund rate of return, on a moving four-year average, that meets the following objective: to exceed by 1% the rate of return that would have been earned by the passive management of the Balanced Benchmark Portfolio, as measured by using the following market indices:

<b>Market Indices</b>	<b>%</b>
- 2/3 of the S&P/TSX Composite Index plus 1/3 of the MSCI World Index (in Can \$)	65%
- FTSE TMX Canada Universe Bond Index	33%
- FTSE TMX Canada 91 Day T-Bill Index	2%

### **3.04 Performance Objectives – Specialized Fixed Income Investment Manager(s)**

The Specialized Fixed Income Investment Manager(s) is expected to obtain a total Fund rate of return, on a four-year moving average basis, that exceeds by 0.75% the rate of return that would have been earned by the passive management of the fixed income portfolio, as measured by the FTSE TMX Canada Universe Bond Index.

### **3.05 Performance Objectives – Specialized Equity Investment Manager(s)**

The Specialized Equity Investment Manager(s) is expected to obtain a total Fund rate of return, on a four-year moving average basis, that exceeds by 3% the rate of return that would have been earned by the passive management of the equity portfolio, as measured by the S&P/TSX Small Cap Index.

### **3.06 Performance Objectives – Canadian Real Estate Investment Manager(s)**

The Real Estate Investment Manager(s) is expected to obtain a total Fund rate of return, on a moving four-year average, that meets the following objective: to exceed by 1% the rate of return that would have been earned by the passive

## **SECTION 3 – RISK AND PERFORMANCE OBJECTIVES**

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management of the real estate portfolio, as measured by the Investment Property Databank (“IPD”) Canada Index.

### **3.07 Performance Objectives – Global Real Estate Investment Manager(s)**

The Real Estate Investment Manager(s) is expected to obtain a total Fund rate of return, on a moving four-year average, that meets the following objective: to exceed by 4.5% the increase in the Consumer Price Index.

## SECTION 4 – INVESTMENT CONSTRAINTS

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### 4.01 Asset Allocation Limits

- a) The allocation of the Fund to each asset class will have to remain within the following limits as a percentage of the market value of the Fund:

<b>Asset Class</b>	<b>Minimum</b>	<b>Benchmark</b>	<b>Maximum</b>
Cash Equivalents	0%	2%	11%
Fixed Income	21%	32%	43%
Canadian Equities	21%	36%	63%
Equities of Eligible Foreign Companies	0%	15%	31%
Canadian Real Estate	0%	9%	11%
Global Real Estate	0%	<u>6%</u>	8%
<b>Total</b>		<b>100%</b>	

- b) The Balanced Investment Manager(s) is permitted to vary the asset allocation of his Mandate Portfolio in order to add value, within the following limits as a percentage of market value of the Mandate Portfolio:

<b>Asset Class</b>	<b>Minimum</b>	<b>Benchmark</b>	<b>Maximum</b>
Equities*	50%	65%	80%
Fixed Income	18%	33%	48%
Cash Equivalents	0%	<u>2%</u>	15%
<b>Total</b>		<b>100%</b>	

- \* The portion of the equity segment of the Mandate Portfolio to be invested in Eligible Foreign Companies shall be determined by the Balanced Investment Manager, with the objectives of optimizing the investment return and improving the overall diversification of the Mandate Portfolio. The market value of the equity segment of the Mandate Portfolio to be invested in equity securities of Eligible Foreign Companies shall however not exceed 55% of the total market value of the equity segment of the Mandate Portfolio.

### 4.02 Permitted Categories of Investments

The investments of the Fund must comply with the requirements of the Income Tax Act and the Ontario Pension Benefits Act (including the Federal Investment Regulations as defined in the regulations under the Act).

Investments under the Balanced Investment Mandates may be made in any of the following investment categories from Canadian companies, through purchase of securities issued by Canadian companies or units of Canadian pooled funds:

## SECTION 4 – INVESTMENT CONSTRAINTS

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- a) Equities traded on recognized market exchanges:
- common stocks;
  - units of income or royalty trusts;
  - American Depository Receipts (ADRs) or Global Depository Receipts (GDRs);
  - convertible preferred stocks; and
  - convertible debt securities.
- b) Fixed income:
- bonds and related coupons or residuals;
  - debentures, notes and non-convertible preferred stocks;
  - mortgages;
  - mortgage-backed securities; and term deposits and guaranteed income certificates.
- c) Cash or equivalents:
- cash;
  - demand or term deposits;
  - treasury bills; and
  - commercial paper (other than asset-backed securities not unconditionally guaranteed by a Canadian chartered bank) or bankers' acceptances.

For purposes of investments under the Balanced Investment Mandates, any company with a head office located in Canada shall be deemed to be a Canadian company. Furthermore, for purposes of equity investments under the Balanced Investment Mandates, any company with substantial operations in Canada but with its head office located outside of Canada, shall also be considered as a Canadian company (“Eligible Foreign Companies”). The identification of companies with head office outside of Canada that have substantial operations in Canada and that qualify for equity investments under the Balanced Investment Mandates shall be made by the Administrator; a list of these Eligible Foreign Companies shall be provided from time to time by the Administrator to the Balanced Investment Manager(s) and the investments in equity securities of these Eligible Foreign Companies shall be subject to any additional terms and conditions as may be approved by the Administrator and communicated in writing to the Balanced Investment Manager(s) in a document entitled “Balanced Investment Mandates – Equity Segment of the Mandate Portfolios – Terms of Reference”.

Investments under the Specialized Fixed Income Investment Mandate may be made in open-ended pooled funds investing primarily in Canadian fixed income securities and/or in individual fixed income securities through a segregated account. If a segregated account is used for the mandate, securities included in the portfolio shall be restricted to the following debt instruments:

## **SECTION 4 – INVESTMENT CONSTRAINTS**

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- i. Treasury bills, bonds or other evidence of indebtedness of or fully guaranteed by the Government/Government agency of Canada, a province of Canada, a Municipality of Canada, or a supranational organization;
- ii. Term deposits, notes, bonds or other evidence of indebtedness issued by Canadian corporations or trusts;
- iii. Term deposits, notes, bonds or other evidence of indebtedness issued by non-Canadian governments, corporations or trusts;
- iv. Mortgages or asset backed securities, collateralized mortgage obligations, collateralized debt obligations collateralized loan obligations and leverage loans;
- v. Real return bonds;
- vi. Repurchase and reverse repurchase agreements; and
- vii. Money markets funds.

The portfolio for the Specialized Fixed Income Mandate may utilize futures, options, swaps and swaptions (on currency, interest rate and credit, long or short); derivatives, other than for currency hedging, shall however not exceed 15% of the portfolio.

Investments under the Specialized Equity Investment Mandate may be made in open-ended pooled funds investing primarily in Canadian small to mid-cap equity securities and/or in individual equity securities through a segregated account. If a segregated account is used for the mandate, securities included in the portfolio shall be restricted to the following equity instruments:

- i. Common stocks;
- ii. Instalment receipts;
- iii. Subscription receipts;
- iv. Convertible preferred stocks; and
- v. Income trusts.

Investments under the Real Estate Investment Mandate(s) – Canadian and Global may be made in open-ended or close-ended pooled funds investing primarily in Canadian or Global income-producing real estate properties or pooled funds investing primarily in Canadian or Global real estate investment trusts.

### **4.03 Quality Requirements – Balanced Investment Mandates**

The fixed income securities should meet the following minimum quality rates from at least two recognized bond rating agencies:

## **SECTION 4 – INVESTMENT CONSTRAINTS**

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- “BBB” or equivalent rate for individual bonds and debentures, unless provided otherwise in quantity restrictions (Section 4.04);
- “R-1” or equivalent rate for cash or equivalents, unless provided otherwise in quantity restrictions (Section 4.04); and
- “P-1” or equivalent rate for preferred shares.

Investment in units of an income or royalty trust is only permitted where applicable legislation limits the Plan’s liability to the amount invested in that trust.

### **4.04 Quantity Restrictions – Balanced Investment Mandates**

The Mandate Portfolio will be invested as per the following quantity restrictions:

- no single Equity holding shall represent more than:
  - 7% of the total book value of the Mandate Portfolio;
  - 20% of the voting rights of any corporation; or
  - 10% of the market value of the equity segment of the Mandate Portfolio;
- minimum of 30 Equity securities;
- market value weighting of Equity securities in any one industry sector shall not exceed the lower of: (a) 35% and (b) the greater of 15% or twice the sector weight in the S&P/TSX Composite Index;
- the market value of bonds shall comply with the following maximum weightings:
  - 15% in BBB or equivalent (for purposes of verifying compliance with this restriction, the quality ratings of all bonds in the portfolio shall be as determined by the same recognized bond rating agency, as selected and consistently used by the Investment Manager and as communicated to the Administrator);
  - 10% in unrated;
  - 15% in private placements;
  - 10% in any single holding from issuers other than the Canadian or provincial governments;
  - 25% in foreign currency;
- up to 30% of the market value of cash or equivalents can be invested in unrated short-term deposits of less than one year issued by cooperative savings and credit unions if, in the opinion of the Investment Manager making the investment, it is made at a competitive rate of return and level of risk; and
- investments in mortgages shall only be made in first mortgages not exceeding 75% of the property value, with a maximum market value weighting of 5% in any single holding.

## **SECTION 4 – INVESTMENT CONSTRAINTS**

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### **4.05 Quality Requirements and Quantity Restrictions – Specialized Fixed Income Investment Mandate**

If the totality or a portion of the mandate is managed through investments in a segregated account, the quality requirements and quantity restrictions (based on market values) applicable to securities included in the segregated portfolio shall be as follows:

- a) The portfolio shall not contain any security issued by Public-Private Partnership (PPPs);
- b) The average quality rating of the portfolio shall at least be BBB and no more than 30% of the portfolio shall be in non-investment grade securities; minimum quality rating shall be “C” or equivalent;
- c) The percentage of the portfolio invested in any one corporate issuer shall be subject to a maximum of 10% for securities rated “BBB” or above, 3% for securities rated “BB”, 2% for securities rated “B” and 1% for securities rated “CCC” to “C”;
- d) No more than 30% of the portfolio shall be in securities of Non-Canadian issuers and no more than 10% of the portfolio shall be invested in emerging market securities;
- e) At least 70% of the portfolio shall be invested in Canadian investment grade securities;
- f) The maximum net exposure to non-Canadian currencies shall be 10%; and
- g) The maximum allocation to corporate securities shall be 80%.

If the totality or a portion of the mandate is managed through investments in one or more open-ended pooled funds, the quality requirements and quantity restrictions applicable to such investments shall be as described in the investment policies of the pooled funds used for the mandate (Appendix B).

### **4.06 Quality Requirements and Quantity Restrictions – Specialized Equity Investment Mandate**

If the totality or a portion of the mandate is managed through investments in a segregated account, the quality requirements and quantity restrictions (based on market values) applicable to securities included in the segregated portfolio shall be as follows:

- a) The portfolio shall not contain any security issued by Public-Private Partnership (PPPs);
- b) The portfolio shall be invested in a majority of securities with a market capitalization of less than \$2.5 billion at purchase; the portfolio will be

## **SECTION 4 – INVESTMENT CONSTRAINTS**

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- allowed to hold a maximum aggregate exposure of 25% in securities whose market capitalization has increased to between \$2.5 billion and \$3 billion;
- c) Securities shall be of appropriate quality, be listed on a recognized stock exchange, and have adequate market liquidity relative to the size of the investment;
  - d) Cash may be held from time to time as defensive reserves or to implement short-term strategies up to a maximum of 20% in the aggregate of the market value of the portfolio, except in the initial stages of the portfolio's life;
  - e) A maximum of 10% of the market value of the portfolio shall be invested in the equity securities of any one issuer;
  - f) The portfolio shall be invested in at least 5 of the 10 sectors of the market at all times;
  - g) The weight of any individual sector, as a proportion of the portfolio's equity market value, shall be limited to 35%; however, for the Industrial sector, the limit will be 45%;
  - h) The number of stocks held in the portfolio shall be between 20 and 40 securities; and
  - i) Private placements and investments in derivatives, such as warrants and rights, shall not be permitted.

If the totality or a portion of the mandate is managed through investments in one or more open-ended pooled funds, the quality requirements and quantity restrictions applicable to such investments shall be as described in the investment policies of the pooled funds used for the mandate (Appendix B).

### **4.07 Quality Requirements and Quantity Restrictions – Real Estate Investment Mandate(s) – Canadian and Global**

The quality requirements and quantity restrictions applicable to Real Estate Investment Mandate(s) – Canadian and Global will be as described in the investment policies of the pooled funds used for these mandates (Appendix B).

### **4.08 Applicability of this Section to the Mandate Portfolio of each Investment Manager**

The requirements and restrictions contained in this Section apply to the Mandate Portfolio of each Investment Manager.

## **SECTION 5 – OTHER ADMINISTRATIVE ISSUES**

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### **5.01 Securities Lending**

There shall be no lending of cash or securities of the Fund.

### **5.02 Conflicts of Interest**

The Administrator and its agents involved in any decisions or recommendations with respect to the Pension Fund, including the Custodian and the Investment Manager(s), are all fiduciaries of the Plan and are subject to the guidelines pertaining to conflicts of interest.

The particulars of all actual or perceived conflicts of interest with respect to the Plan or the Fund must be disclosed by the person or persons in conflict, immediately upon becoming aware of the conflict, in writing, to the Administrator. The person or persons in conflict shall not directly or indirectly participate in any discussion on the subject of the conflict nor participate in any vote or decision on the matter.

While it is impossible to determine every circumstance or case giving rise to a possible conflict of interest, the following indicate some of the activities that could result in a conflict of interest that should be disclosed:

- a) any material beneficial ownership of investments, which could reasonably be expected to impair the ability to render unbiased and objective advice, should be disclosed whenever the fiduciary wishes to make recommendations concerning an investment in which he or she has a material beneficial interest or potential conflict;
- b) any additional or special compensation arrangements from any person other than his or her employer, which could reasonably be expected to impair his or her ability to render unbiased and objective advice with respect to the Plan and Fund; and,
- c) any consideration paid to others for making a particular recommendation relating to Fund matters (such disclosures must be made before the recommendation is implemented).

### **5.03 Related Party Transactions**

The term “Related Party” includes the Administrator and its agents, and any officer, director or employee of CUPE. It also includes the Custodian and its employees, a member, a spouse or child of the aforementioned individuals, and a corporation that is directly or indirectly controlled by the persons named previously. Related Party does not include a government or a government agency, a bank, a trust company or other financial institution that holds the assets of the Plan, where that person is not the Administrator of the Plan.

## **SECTION 5 – OTHER ADMINISTRATIVE ISSUES**

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The Administrator, on behalf of the Plan assets, may not enter into a transaction with a Related Party unless:

- a) the transaction is required for operation or administration of the Plan and:
  - i. its terms and conditions are no less favourable to the Plan than market terms and conditions; and
  - ii. it does not involve the making of loans to or investments in the Related Party;
- b) the transaction involves an investment:
  - i. in an investment fund that is open to investors other than the Administrator and its affiliates; or
  - ii. in an index fund or contract or agreement linked to the performance of a widely recognized index; or
- c) the combined value of all transactions with the same Related Party is nominal or the transaction is immaterial to the Plan. Transactions less than 0.5% of the market value of the Plan assets are considered nominal.

### **5.04 Voting Rights**

The voting rights for all securities held under the Plan may be delegated to the Investment Manager or alternatively to a service provider specialized in proxy voting (“Specialized Provider”), subject to the Administrator exercising its right at any time to give direction to the Investment Manager or Specialized Provider with respect to the voting on any specific situations. In this connection, on September 8, 2010, the Administrator has adopted the CEPP - Proxy Voting Guidelines (the “Guidelines”), and may amend such document from time to time. The rights exercised by the Investment Manager or the Specialized Provider shall be in the best interests of the Fund and in line with the Guidelines and, where applicable, with the SIP&P or any other instructions adopted by the Administrator. Except if required under the Guidelines, the Investment Manager or the Specialized Provider is not required to advise the Administrator in advance of the manner in which he intends to exercise any vote, but shall provide to the Administrator on a quarterly basis a report on the voting activities.

### **5.05 Investments Not Regularly Traded**

Should the Investment Manager(s) invest in any securities wherein the market value is not readily available, the Investment Manager(s) will present the method to be employed in establishing the marketable value for approval by the Administrator.

## **SECTION 5 – OTHER ADMINISTRATIVE ISSUES**

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### **5.06 Other Constraints**

- a) The Fund shall not borrow money.
- b) The Investment Manager(s) will comply with the standards of the CFA Institute.

### **5.07 Periodic Review**

The requirements of this document reflect the mutual agreement between the Administrator and the Investment Manager(s).

It is the intention of the Administrator to re-assess the SIP&P annually, or more frequently as required. However, if at any time the Investment Manager(s) feels that the SIP&P cannot be met, or may restrict performance, the Administrator should be notified immediately. Upon mutual agreement, the SIP&P may then be changed to allow the Investment Manager(s) the necessary latitude to exercise his special skills.

The Investment Manager(s) will meet with the Administrator at least annually to review the past performance and discuss future investment strategies. All proceedings of such meetings will be recorded in writing and distributed to persons the Administrator deems appropriate.

## APPENDIX A – QUARTERLY COMPLIANCE REPORT

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### 1. For Balanced Investment Mandates

Canadian Union of Public Employees Employees' Pension Plan

Quarterly Compliance Report – Balanced Investment Mandate  
Quarter Ending \_\_\_\_\_(date)

ASSET ALLOCATION LIMITS (4.01)	% of Total Market Value	Complied Yes / No*
Equities	50% - 80%	
Fixed Income (must be rated BBB, R-1, P-1)	18% - 48%	
Cash Equivalents	0 – 15%	
<b>PERMITTED INVESTMENT CATEGORIES (4.02)</b>		
Equities (4.02 a)		
Fixed Income (4.02 b)		
Cash or equivalents (4.02 c)		
<b>QUALITY REQUIREMENTS (4.03)</b>		
<b>QUANTITY RESTRICTIONS (4.04)</b>		

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\* Please provide comments in case of non-compliance, including for non-compliance events occurring during a given quarter and which were corrected before quarter-end.

## **APPENDIX A – QUARTERLY COMPLIANCE REPORT**

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### **2. For Canadian Real Estate Investment Mandates**

#### **Canadian Union of Public Employees Employees' Pension Plan**

#### **Quarterly Compliance Report – Canadian Real Estate Investment Mandate Quarter Ending \_\_\_\_\_(date)**

**I hereby certify that for the quarter indicated hereinabove, the investment of the assets covered by our mandate has been effected in full compliance with the statement of investment policies applicable to the pooled fund in which the assets are invested, as attached herewith\*.**

\_\_\_\_\_  
**Signature**

\_\_\_\_\_  
**Date**

\* Please provide comments in case of non-compliance, including for non-compliance events occurring during a given quarter and which were corrected before quarter-end.

## **APPENDIX A – QUARTERLY COMPLIANCE REPORT**

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### **3. For Global Real Estate Investment Mandates**

**Canadian Union of Public Employees Employees' Pension Plan**

**Quarterly Compliance Report – Global Real Estate Investment Mandate**  
**Quarter Ending \_\_\_\_\_(date)**

**I hereby certify that for the quarter indicated hereinabove, the investment of the assets covered by our mandate has been effected in full compliance with the statement of investment policies applicable to the pooled fund in which the assets are invested, as attached herewith\*.**

\_\_\_\_\_  
**Signature**

\_\_\_\_\_  
**Date**

\* Please provide comments in case of non-compliance, including for non-compliance events occurring during a given quarter and which were corrected before quarter-end.

## **APPENDIX A – QUARTERLY COMPLIANCE REPORT**

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### **4. For Specialized Fixed Income Investment Mandates**

#### **Canadian Union of Public Employees Employees' Pension Plan**

#### **Quarterly Compliance Report – Specialized Fixed Income Investment Mandate Quarter Ending \_\_\_\_\_(date)**

**I hereby certify that for the quarter indicated hereinabove, the investment of the assets covered by our mandate has been effected in full compliance with the applicable provisions of the Statement of Investment Policies & Procedures (SIP&P) of the Plan\*.**

\_\_\_\_\_  
**Signature**

\_\_\_\_\_  
**Date**

\* Please provide comments in case of non-compliance, including for non-compliance events occurring during a given quarter and which were corrected before quarter-end.

## **APPENDIX A – QUARTERLY COMPLIANCE REPORT**

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### **5. For Specialized Equity Investment Mandates**

**Canadian Union of Public Employees Employees' Pension Plan**  
**Quarterly Compliance Report – Specialized Equity Investment Mandate**  
**Quarter Ending \_\_\_\_\_(date)**

**I hereby certify that for the quarter indicated hereinabove, the investment of the assets covered by our mandate has been effected in full compliance with the applicable provisions of the Statement of Investment Policies & Procedures (SIP&P) of the Plan\*.**

\_\_\_\_\_  
**Signature**

\_\_\_\_\_  
**Date**

\* Please provide comments in case of non-compliance, including for non-compliance events occurring during a given quarter and which were corrected before quarter-end.

## **APPENDIX B – INVESTMENT POLICIES OF POOLED FUNDS**

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Following pages contain Investment Policies of pooled funds in which a portion of the Fund may be invested, i.e.

- Bentall Kennedy Investment Management – Prime Canadian Property Pooled Fund
- Guardian Capital LP – Short Term Investment Fund
- Invesco – Global Direct Real Estate Fund

December 4, 2018

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**BENTALL KENNEDY PRIME CANADIAN PROPERTY FUND PARTNERSHIPS**

**INVESTMENT POLICY**

**Performance Objectives**

1. Generate a four year rate of return, net of fees, that exceeds the Consumer Price Index + 4%
2. Generate a four year rate of return, net of fees, that meets or exceeds the REALPAC/IPD Canada Quarterly Property Fund Index.
3. Build a diversified portfolio of properties that are primarily income-producing, office, industrial, retail and multi-family residential properties with strong underlying cash flows located in major Canadian markets

**Performance Reporting**

On an annual basis, management will prepared a detailed report on the Bentall Kennedy Prime Canadian Property Fund's performance relative to the Performance Objectives noted above.

**Investment Policies**

1. Diversification

Long-term diversification targets are:

<b>Property Type</b>	<b>Diversification Range</b>
Office	25-45%
Distribution and Warehouse	10-35%
Retail	20-45%
Multi-Family Residential	5-15%
Other	0-10%
Land	0-5%

**Location**

British Columbia	
Primary Markets: Vancouver and Victoria	15-40%
Alberta	
Primary Markets: Calgary and Edmonton	15-40%
Ontario	
Primary Markets: Greater Toronto Area, Ottawa and Southwest Ontario	25-55%
Quebec	
Primary Markets: Montreal	5-20%
Rest of Canada	0-15%

Investment in Secondary Markets in Canada will be permitted, provided that (i) the maximum exposure target for property acquisitions/investments in the Secondary Markets is 20%; and (ii) any property acquisition/investment made in the Secondary Markets is not expected to, in the opinion of management, significantly increase the risk profile of the Fund's overall property portfolio and management is satisfied with the liquidity of such property acquisition/investment.

It is acknowledged that the diversification target ranges set out above are intended to be long term target ranges and accordingly, actual property holdings may, from time to time, be outside of the established range in the short to medium term while management works towards bringing the portfolio within the target range specified.

### Risk Category

Risk categories will be:

	Minimum % of Total Properties	Maximum % of Total Properties
Core (Stable Income Producing)	80%	100%
Repositioning	0%	10%
Build to Core	0%	15%

Core (Stable Income Producing) properties includes those properties that are substantially leased, with little redevelopment or value-add potential and that maximize value.

Build to Core properties will include those investments that are under construction. Once they are completed and more than 75% leased they will be transferred to the Core category.

Repositioning properties include those properties with significant redevelopment, refinancing, releasing or other opportunities to add value.

Uncommitted leasing in Build to Core and Repositioning (including properties under construction or completed but less than 75% leased) is not to exceed 7% of the fund's Potential Gross Revenue upon commencement of a new project. Uncommitted leasing in Multi-Family Residential Build-to-Core and Multi-Family Residential Repositioning properties will be excluded from the restriction that limits exposure to Build-to-Core and Repositioning to 7% of Prime Canadian's Potential Gross Revenue.

## 2. Leverage

Specific mortgage financing on individual properties is permitted up to 75% of the acquisition cost or fair market value.

Overall, leverage is restricted to 40% of the fair market value of the total portfolio.

Wherever possible, mortgages should be non-recourse and not cross-collateralized.

Floating rate debt will be limited to 25% of the fair market value of total mortgage liabilities. For this calculation, floating rate debt will:

- (a) Exclude debt that has an option to fix at a predetermined interest rate or spread.
- (b) Include fixed rate debt maturing within 6 months.

Short-term debt, as defined below, is restricted to one-third of the total Net Asset Value.

Short-term debt is defined as:

- (a) Debt due for payment within the next twelve months;
- (b) Total current liabilities;
- (c) Projected development costs for the next twelve months;

Less:

- (d) Refinancing any debt in (a) above with paper that is dated more than one year;
- (e) Commitments for purchase of new equity capital by shareholders (or potential shareholders) within the next twelve months;
- (f) Holdings of cash and short term investments in excess of 5% of proceeds from the common shares issued.

## 3. Investment Size

The maximum equity invested in a single real estate investment will be limited to 10% of Bentall Kennedy Prime Canadian Property Fund's total equity as determined at the time the investment is made and the maximum total investment will be limited to 10% of Bentall Kennedy Prime Canadian Property Fund's total assets as determined at the time the investment is made.

Investments less than \$5 million will not be considered for investment unless they are contiguous to, or can be shown to enhance the value of a current real estate investment owned by Bentall Kennedy Prime Canadian Property Fund.

- 4. 100% of a property is preferred. Co-ownerships may be considered but will not be entered into if another co-owner may unilaterally make major decisions.

5. Property acquisitions should be freehold. Leaseholdings less than 75 years should be avoided.
6. Every property acquired must have a current report on environmental matters. A Phase I environmental audit must be completed prior to each acquisition.
7. Cash and short term investments should normally be less than 10% of the market value of the total portfolio. Such positions will be understood to represent temporary occurrences between offsetting sale and purchase transactions. After allowing for existing financial commitments, if cash and short term investments are anticipated to remain more than 10% of the market value of the total portfolio for two consecutive quarters, the manager will distribute for discussion at the next Advisory Board meeting a plan for the excess.
8. Bentall Kennedy Prime Canadian Property Fund will not invest in any oil or gas well or any real property the principal value of which depends on its petroleum or natural gas content.
9. At each Advisory Board Meeting, the Advisor must report that the policy has been complied with or note exceptions, with explanations.

## GUARDIAN CAPITAL LP

### STATEMENT OF INVESTMENT POLICIES AND PROCEDURES

Effective: July 1, 2014

- |                              |   |  |
|------------------------------|---|--|
| <b>Investment Product</b>    | ◆ | Guardian Canadian Short Term Investment Fund (the "Fund")  |
| <b>Investment Manager</b>    | ◆ | Guardian Capital LP  |
| <b>Investment Objectives</b> | ◆ | The primary objective of the Fund is the preservation of capital together with earning income, through investments in high quality, short-term fixed-income securities.  |
|                              | ◆ | In addition, the investments of the Fund shall be such that the Units shall be legal investments for Canadian deferred income plans (i.e., the Fund may only invest in qualified investments as defined under the Income Tax Act). |
| <b>Investment Guidelines</b> | ◆ | The Fund will comply with the investment restrictions contained in National Instrument 81-102 – <i>Mutual Funds</i> .  |
|                              | ◆ | The Fund will invest in high quality, short-term fixed income securities issued by Governments, Canadian Corporations and Canadian Chartered Banks. The Investment Manager will target a weighted average credit rating of "AA".   |
|                              | ◆ | Maximum term to maturity for any issue will be twelve months.  |
|                              | ◆ | Average term to maturity of all investments will be less than 90 days.   |
|                              | ◆ | No foreign currencies are permitted.   |
|                              | ◆ | The Fund will consist of high credit quality issues. Each security will be scrutinized for credit quality by members of the Fixed Income Team. External ratings will be used as guidelines only.                                   |
|                              | ◆ | The Investment Manager will maintain a list of credits approved for purchase by the Fund. The Approved List will be updated on an ongoing basis.   |
|                              | ◆ | No leveraging strategies of any kind are permitted.  |
| Securities Lending           | ◆ | The Fund may participate in a securities lending program which is administered by the Custodian.   |
| <b>Performance Standards</b> |   |  |
| Benchmark                    | ◆ | Primary Benchmark: 50% FTSE/TMX 30 Day Treasury Bill Index / 50% FTSE/TMX 60 Day Treasury Bill Index   |

**Statement of Investment Policies and Procedures: Guardian Canadian Short Term Investment Fund**

Benchmark (cont'd)	◆	Secondary Benchmark: Canadian Money Market Universe (Morningstar)
Value-Added Target	◆	Primary: Outperform the Primary Benchmark.
	◆	Secondary: Outperform the median of the Canadian Money Market Universe.
Time Frame	◆	Primary: Twelve months
	◆	Secondary: Three Year Moving Average.

**Investment Responsibility**

Investment Implementation	◆	Primary: Peter Hargrove
	◆	Secondary: Wes Dearborn

**Other**

- ◆ The above guidelines are effective as of the date shown. They are subject to the approval of, and are periodically reviewed by, the Manager and may be changed periodically as regulatory constraints and market conditions dictate. They are provided as guidelines only, and if there are any discrepancies between these constraints and the Pool prospectus or National Instrument 81-102, the latter shall prevail.

# GDRE Investment Policy Guidelines

## Investment objective

Invesco Global Direct Real Estate Fund (“GDRE”) seeks to provide total returns including income, from global direct real estate, over the long term.

## Investment strategy and philosophy

GDRE seeks to achieve its objective through diversified investment in Invesco Real Estate’s (“IRE”) regional core and income open-ended funds: collective investment vehicles that primarily invest, directly or indirectly, in institutional quality, core or income real estate and real estate related rights, estates and interests that are located anywhere in the world. GDRE currently seeks to provide an average annual gross return of 7-10% over the long term, expressed in US\$.

During normal market conditions, GDRE intends to invest in at least three regions – the US, Europe and Asia Pacific. GDRE’s target strategic allocation and tactical ranges by region are set out below.

Region	Underlying Fund	Target Strategic Allocation	Target Tactical Range
US	Invesco Core Real Estate – U.S.A., L.P. (“US Core”) Invesco U.S. Income Fund, L.P. (“US Income”)	50%	40-60%*
Europe	Invesco Real Estate – European Fund (“Europe Core”)	25%	15-35%
Asia Pacific	Invesco Real Estate Asia Fund (“Asia Core”)	25%	15-35%

\* The maximum allocation to either the US Core or the US Income Underlying Fund is 40%.

Each of the Underlying Funds comprises two fundamental principles: (1) maximize the predictability and consistency of investment returns and (2) minimize the risk of capital loss. This philosophy forms the cornerstone of IRE’s core real estate investment philosophy.

More specifically, IRE believes the following:

- Current income should be emphasized in order to achieve return goals because it is more predictable, and therefore, more reliable than projected appreciation.
- Properties producing the most consistent returns over time are those located in markets that have a history of proven demand for that particular property type.
- Real estate is not a passive investment - it must be actively managed. The investor must consider market cycles in purchasing and disposing of assets, in order to produce optimal investment results.
- Quality assets will always be in strong demand; therefore, they are inherently better positioned for an effective exit strategy.

The investment philosophy is achieved through a systematic approach known as the Invesco House View. The House View incorporates top-down economic and market research as well as in-depth bottom-up analysis which incorporates real time feedback from IRE’s property investment professionals located across the globe. The House View is prepared twice annually, with the Global House View guiding GDRE’s strategic direction, while the House View for each region (US, Europe and Asia Pacific) drives the strategic direction of each of the Underlying Funds.

Leveraging the Global House View, GDRE will establish an Investment Plan which also takes into account GDRE’s existing holdings and its strategic allocation weights and investment guidelines.

The Investment Plan guides the investment operations of GDRE, including allocations, redemptions and distribution activities. The Investment Plan is updated at least semi-annually in parallel with the Global House View process and is vetted by the GDRE Steering Committee.

## Investment guidelines

1. **Regional allocation:** During normal market conditions, GDRE intends to invest in at least three regions – the US, Europe and Asia Pacific. On a strategic allocation basis, GDRE intends to invest 50% in US underlying funds, 25% in the Europe underlying fund and 25% in the Asia underlying fund. The manager may deviate from the regional strategic allocation by up to 10%.
2. **Use of borrowing\*:** GDRE does not intend to borrow to enhance returns. GDRE's loan to value ratio ("LTV") is the weighted average LTV of the Underlying Funds held by it. Based on the strategic allocation to each Underlying Fund, GDRE's LTV would be no more than 45%. As each Underlying Fund determines LTV based on different measures of assets under management, GDRE's LTV is based on the LTV reported by an Underlying Fund.
3. **Non-core real estate exposure\*:** GDRE's non-core real estate ("NCRE") exposure is the weighted average NCRE exposure of the Underlying Funds held by it. GDRE treats NCRE as real estate that does not meet the characteristics of a particular Underlying Fund's typical investments. Assuming GDRE holds the Underlying Funds in accordance with the strategic asset allocation, GDRE's NCRE would be no more than 20%.
4. **Sector allocation\*:** GDRE's sector allocation is the weighted average sector allocation of the Underlying Funds held by it. The underlying funds focus on the four main real estate sectors: Industrial, Retail, Office and Apartments.
5. **Closed end fund exposure:** 100% allocation to open-ended regionally diversified Core and Income funds, 0% allocation to closed-end funds.
6. **Cash or short term instruments:** GDRE invests substantially all of its assets in Underlying Funds. GDRE may also, from time to time, invest in money market funds managed by a member of the Invesco Group, cash, cash equivalents, short-term government and other high-quality debt securities having maturities of one year or less or floating rate debt where the interest rate is reset at least every 185 days.
7. **Use of derivatives:** GDRE may invest in Underlying Funds that are not denominated in US dollars. When rebalancing or reallocating assets to these funds that are unrelated to subscriptions by prospective investors, GDRE may use derivatives to hedge against currency fluctuations. Hedging may occur from the date of subscriptions resulting from rebalancing or reallocating of assets, as deemed suitable. The types of derivatives to be used include, but are not limited to, currency forward contracts, call options, put options, currency forward sales and exchange currency forward sales.

\* With regard to these restrictions, each Underlying Fund has its own respective constraints as per GDRE's offering memorandum. Accordingly, there are no constraints at the GDRE level.

## Fund Structure

GDRE is an open-ended commingled direct real estate fund built as a proprietary fund-of-funds and is subject to the Securities Act (Ontario) and other instruments, rules and regulations that are applicable to investment funds that are not reporting issuers in Ontario. As a limited partnership structure, GDRE enables Qualified Foreign Pension Plans ("QFPFs") to access an exemption to FIRPTA ("Foreign Investors in Real Property Tax Act"), a US tax levied on foreign investors. Additionally, QFPFs are generally not required to file taxes annually with the US once they have filed a w8BENe. The feeder structure is a separate limited partnership structure that acts as a filing blocker for investors who do not have QFPF status.

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## APPENDIX C – RESPONSIBLE INVESTMENT POLICY

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### CUPE EMPLOYEES' PENSION PLAN ("CEPP") RESPONSIBLE INVESTMENT POLICY December 2015

#### I. PREAMBLE

The Joint Board of Trustees ("JBT") of the CEPP is the administrator of the CEPP, for purposes of the Ontario *Pension Benefits Act* ("PBA"). It is responsible for the overall investment of the assets of the CEPP Trust Fund and stands in a fiduciary relationship with the Plan and its membership.

The JBT recognizes that its fiduciary investment obligation is to maximize long-term investment returns at an acceptable level of risk. The JBT is guided by these considerations in establishing its asset allocation policies, and in selecting its Investment Managers. However, the JBT does not engage in the analysis or selection of individual securities directly, but rather delegates security selection to its Investment Managers and relies upon their skills and expertise to make decisions at the security level.

At the level of security selection, financial factors are analyzed and weighed, but the JBT also recognizes that non-financial criteria, and especially environmental, social and governance ("ESG") criteria may also influence investment performance. As was set out in a United Nations sponsored legal analysis of plan fiduciaries' legal obligations in regard to pension investments:

"Conventional investment analysis focuses on *value*, in the sense of financial performance. As we note above, the links between ESG factors and financial performance are increasingly being recognised. On that basis, integrating ESG considerations into an investment analysis so as to more reliably predict financial performance is clearly permissible and is arguably required in all jurisdictions." (*A Legal Framework for the Integration of Environmental, Social and Governance Issues into Institutional Investment* (the 'Freshfields report'), produced for the Asset Management Working Group of the UNEP Finance Initiative, October 2005, at p. 13).

In conformity with the Freshfields' opinion, the JBT believes that business entities that implement ESG standards are likely to be better managed and more financially successful over the longer-term than those which do not.

Accordingly, the JBT has recommended to its Investment Managers that they consider ESG standards in making their security selections so that all relevant risks and opportunities can be properly evaluated. The JBT has adopted this approach with respect

## **APPENDIX C – RESPONSIBLE INVESTMENT POLICY**

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to all of its Investment Managers, for all classes of assets in which the CEPP Trust Fund is invested.

In the event that an Investment Manager declines to expressly consider ESG standards in its securities selections, the JBT will consider this as an adverse indication when evaluating the Investment Manager's performance.

### **II. RESPONSIBLE INVESTING INITIATIVES**

In furtherance of its objectives in regard to responsible investing, the JBT has pursued the following:

- A. implementation of a proxy voting program with respect to all equity securities of Canadian publicly held companies in the CEPP portfolio;
- B. adoption of a shareholder engagement strategy;
- C. adoption of the United Nations Principles for Responsible Investments; and
- D. adoption of the ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up ("ILO Declaration").

#### **A. Proxy Voting**

The JBT has retained SHARE to provide proxy voting services to the CEPP and has adopted proxy voting guidelines that are closely modelled on SHARE's proxy voting guidelines which are available at [www.share.ca/files/share\\_proxy\\_guidelines\\_2015.pdf](http://www.share.ca/files/share_proxy_guidelines_2015.pdf). The guidelines analyse a range of resolutions typically put to corporate shareholders in regard to corporate governance and corporate social responsibility. The SHARE guidelines are updated annually to address new issues, and refine the way in which already identified issues are addressed, and the results of SHARE's proxy voting are reported to the JBT every year.

#### **B. Shareholder Engagement Program**

In some cases, on the recommendation of SHARE, the JBT will consider advocating change directly to the Board of Directors of a Canadian corporation in which the CEPP holds shares. Engagement may take many forms, from private meetings to proposing shareholder resolutions in regard to specific issues. The JBT will commit resources to shareholder engagement initiatives where it considers that the issue in question relates directly and materially to the reward or risk attached to an investment in the Corporation. All decisions with respect to shareholder engagement are made on a case by case basis.

#### **C. United Nations-supported Principles for Responsible Investment ("UNPRI")**

The UNPRI were launched in 2006, and have been endorsed by a large number of pension and investment funds all over the world. Signatories to the UNPRI include the Canada Pension Plan Investment Board, the Caisse de dépôt et placement du Québec, the British Columbia Investment Management Corporation and the Ontario Teachers'

## **APPENDIX C – RESPONSIBLE INVESTMENT POLICY**

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Pension Plan. All signatories have agreed to the following six Principles for Responsible Investment (the “Principles”):

1. to incorporate environmental, social and governance issues into investment analysis and decision-making processes;
2. to be active owners and incorporate environmental, social and governance issues into our ownership policies and practices;
3. to seek appropriate disclosure on environmental, social and governance issues by the entities in which we invest;
4. to promote acceptance in the implementation of the Principles within the investment industry;
5. to work together to enhance our effectiveness in implementing the Principles; and
6. to report on our activities and progress towards implementing the Principles.

As a mid-size pension plan, the JBT is not able to devote substantial resources to implementing all of these principles. However, the JBT has taken important steps to encourage its Investment Managers to consider ESG criteria in security selections and to engage directly with publicly held Canadian corporations on particular ESG issues of concern.

### **D. Labour Standards of the International Labour Organization (“ILO”)**

The ILO has adopted a number of conventions regarding a wide range of labour related issues, including those related to freedom of association and collective bargaining. The JBT endorses ILO conventions as minimum labour standards.

The ILO’s labour standards are based on the fundamental premise that fairness and labour relations is essential to labour peace and prosperity, and the JBT endorses this premise as a factor in security selection. The JBT specifically endorses the following fundamental rights, as reflected in Article 2 of the ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up:

1. freedom of association and the effective recognition of the right to collective bargaining;
2. the elimination of all forms of forced or compulsory labour;
3. the effective abolition of child labour; and
4. the elimination of discrimination in respect of employment and occupation.

:mlt/cope 491  
December 1, 2015