

Joint Board of Trustees of the
CUPE Employees' Pension Plan (CEPP)

Proxy Voting Guidelines

Effective Date: April 15, 2020

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INTRODUCTION

The Pension Fund (the “Fund”) of the Canadian Union of Public Employees Employees’ Pension Plan (the “Plan”) owns shares in several companies. Equity investments represent a significant portion of the Fund; as a long-term investor, the Joint Board of Trustees (the “JBT”) believes that the investments of the Fund should be adequately diversified and that owning corporate shares will contribute to such diversification, while producing long term returns that will be superior relative to fixed-income investments.

The JBT believes that business should be in the service of human beings and their desire for strong and resilient communities, a clean environment and a sustainable marketplace. Therefore, the JBT wishes to manage its pension assets with social concerns and institutional values by being principled, proactive and inspired by the opportunity to make a difference with its investments.

The JBT wishes to act as a shareholder advocate for transparency and accountability. The JBT wishes to position itself at the leading edge of social investment and to use proxy voting to improve the policies and practices of companies in which it is invested. The proxy resolution process should be used to maintain a dialogue with management, both to educate and to advocate for improved corporate practices. Such dialogue generates pressures on corporate executives as well as directing public attention on social, environmental and workplace issues.

The JBT believes that it can reach better long-term performance by investing in companies with good social performance, while avoiding companies whose below par social practices can become liabilities that ultimately can lower shareholder value. The JBT believes that addressing financial goals and encouraging corporations to take steps to improve their social, environmental and workplace actions is financially prudent, strategically advantageous and contributing to a healthier world for all.

Based on these beliefs, the JBT, through the Investment Committee, has developed the present proxy voting guidelines (the “Guidelines”). The primary objective of the Guidelines is to ensure that the shares owned are voted in a way that supports the best interests of the Plan’s participants and their beneficiaries over the long term.

Section 1 of the Guidelines sets out general principles in connection with proxy voting while Section 2 describes the proxy voting process and the reporting to be made in this connection. Subsequent sections of the Guidelines provide detailed information on issues on which proxy voting may have to be exercised. For each of the issue, the Guidelines contain a discussion of the issue and then present voting recommendations, with the rationale behind such recommendations.

For Section 3 (General Guidelines), the issues specifically covered by the Guidelines are:

- General Guidelines
- Board of Directors
- Auditors and Financial Reports
- Reports
- Protection of Shareholder Rights and Interests
- Capital Structure
- Acquisitions, Mergers and Takeover Protection
- Human Capital as an Asset
- Executive Compensation
- Labour Rights
- Human Rights
- Political Contributions and Positions
- Predatory Lending
- Dangerous Products and Product Liability
- Climate Change
- Hydraulic Fracturing
- Water Use Management
- Animal Welfare

Section 3 of the present Guidelines correspond integrally to the Sections “Oversight Bodies of the Company”, “Accountability to Shareholders”, “Stewardship of Corporate Resources”, “Relationships with Employees”, “Relationships with communities” and “Environmental responsibilities” of the “2020 Model Proxy Voting Guidelines” developed by the Shareholder Association for Research and Education (SHARE). The “2020 Model Proxy Voting Guidelines” document can be found in Appendix A of the Guidelines.

In Section 4, any exclusion/modification in the application of the provisions of the SHARE Model Proxy Voting Guidelines for the CEPP are outlined.

The CEPP Proxy Voting Guidelines were first adopted by the JBT in March 2004 and were subsequently amended. The present Guidelines constitute an amended version approved by the JBT on April 15, 2020.

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GENERAL PRINCIPLES

1.1 Proxy voting responsibilities

The Fund manages its assets in a manner that will provide benefits to Plan participants and their beneficiaries over a span of many decades. Consequently, the Fund's actions must support these parties' long-term interests.

Equities held by the Fund usually carry voting rights. Voting rights are valuable assets of the Fund. Trustees have an obligation to ensure that shares owned by the Plan are voted in a way that supports the interests of Plan participants over the long term.

1.2 Duties of loyalty and care

The JBT and any entity to whom the JBT delegates their voting authority have a duty of loyalty to exercise their proxy voting authority solely in the interests of Plan participants and beneficiaries. They have a duty of care to exercise their proxy voting authority with the prudence, skill, and diligence that a prudent person would exercise in managing the property of others. Failing to vote the Fund's shares, voting without consideration of the effects of the vote, or voting arbitrarily with or against management violates these duties. Those who are responsible for voting the Fund's shares also have a duty to take reasonable steps to ensure that they receive and act on the proxies for all of the Fund's shares in a timely manner.

1.3 Application of these Guidelines

The Fund will vote its proxies in accordance with these proxy voting Guidelines. These Guidelines apply to companies in Canada and in other countries.

In deciding how to apply the Guidelines, the Fund will consider the circumstances of each vote as well as the general principles contained in these Guidelines. If it is not clear how to apply the Guidelines for a particular vote, decisions on how to vote should be based on what will best serve the long-term interests of Plan participants and their beneficiaries. *This may include deviating from these Guidelines* if doing so would best serve participants' interests in the long term. Those responsible for voting may need to seek out information from a variety of sources and consult with the JBT to determine what is in the long-term interests of Plan participants and beneficiaries.

- The Fund will vote in a manner that is consistent with the duties of loyalty and care, and that supports implementation of current best practices in corporate governance and social responsibility.
- Above all else, the Fund will always vote in the best long-term interests of the Plan participants and their beneficiaries.

If questions arise about the application or interpretation of these Guidelines for any issue, they should be resolved in consultation with the JBT or the Investment Committee by taking the course of action that will best serve the long-term interests of participants and beneficiaries.

The Fund will not attempt to manage companies by shareholder referendum and will ensure that any attempts to influence a company do not harm its financial viability.

1.4 Delegation/retention of voting authority

The JBT may delegate to a proxy voting service provider the responsibility of voting proxies, in which case the service provider will vote the proxies in accordance with these Guidelines. The terms of the delegation, including the reporting requirements to the JBT, shall be as outlined in the contract executed between the service provider and the JBT, as may be amended from time to time.

Although the JBT may delegate its voting authority to a proxy voting service provider, it reserves the right to direct the vote on any particular resolution or issue.

1.5 Annual review of Guidelines

The best practices and standards for corporate governance and corporate social responsibility evolve over time, and new proxy issues emerge each year. These Guidelines will be reviewed, updated and approved on an annual basis by the JBT, upon recommendation of the Investment Committee.

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INSTRUCTIONS FOR VOTING PROXIES

2.1 Operational structure for proxy voting

The JBT has retained the services of a proxy voting service provider (the “Service Provider”) for purposes of voting shares held by the Fund. The Service Provider is expected to follow the Guidelines in making voting decisions. The Service Provider, in carrying out its duties and responsibilities, must exercise the care, diligence and skill in its dealings with the proxy of the pension fund that a professional in the business of providing proxy voting advice would exercise in advising with respect to the property of another person. The Service Provider must use all relevant knowledge and skill that the Service Provider possesses or, by reason of its business, ought to possess.

The JBT has delegated to the Investment Committee the responsibility to act on its behalf for purposes of the ongoing administration of the proxy voting Guidelines. As part of these responsibilities, the Investment Committee will review recommendations received from the Service Provider in connection with the voting of shares and make decisions on behalf of the JBT in this connection, all in accordance with the process described in Section 2.2 herein. The Investment Committee will report at least annually to the JBT on the delegated responsibilities with respect to proxy voting.

2.2 Process for proxy voting

Through appropriate arrangements with the custodian of the Fund, the Service Provider must keep informed of all votes with respect to the securities of the Fund. The Service Provider must provide to the Investment Committee such analysis of issues arising with respect to proposals presented to shareholders of companies in which the Fund own securities, as it prepares generally for its clients.

The Service Provider shall vote on all proposals affecting all of the securities of the Fund, in accordance with the following rules, in the following order:

- a) If the Guidelines cover the issue in question, the Service Provider will vote in accordance with the Guidelines;
- b) If the Guidelines do not cover the issue in question but a vote on an identical or similar issue has previously been cast by the Service Supplier in accordance with the rules described in paragraph c) herein below, then the Service Provider will vote in the same manner as for the prior identical or similar issue;

- c) If the issue in question is not covered by the Guidelines and a vote on an identical or similar issue has never been cast by the Service Provider in accordance with the rules described herein, then the Service Provider shall provide its recommended vote to the Investment Committee, with the rationale underlying the recommendation. The recommended vote, together with the supporting analysis, must normally be provided by the Service Provider to the Investment Committee at least seven (7) business days in advance of the date the ballot form is due to be returned. The Investment Committee must then notify the Service Provider no later than two (2) business days prior to the date a ballot is due of any intention to cast a ballot otherwise than in accordance with the recommendation of the Service Provider. In the absence of such a directive, the Service Provider is authorized to record its recommended vote as the Investment Committee's voting decision

The Service Provider shall return the proxy ballot forms with the Fund's votes prior to the time such ballots are due and shall act as the JBT's agent for this purpose.

2.3 Reporting on proxy voting

The Service Provider must within thirty (30) calendar days following the end of each calendar quarter, provide the Investment Committee with a written report which will include:

- a) a listing of all votes cast during the calendar quarter, by security, issue and vote, indicating, for each vote whether it was cast in accordance with the Guidelines or the instructions of the Investment Committee;
- b) a reconciliation of the securities in respect of which the Service Provider cast a vote during the calendar quarter with a listing, provided by the custodian, of the Fund's security holdings during the quarter; and
- c) a statement by the Service Provider certifying that all votes cast by the Service Provider on behalf of the Fund comply with the Guidelines or the instructions of the Investment Committee.

The Service Provider will also, within thirty (30) calendar days following the close of each fiscal year of the Fund, provide the Investment Committee with a written annual statement including information provided in quarterly statements and such other information as the Investment Committee may reasonably require.

The Investment Committee will review all reports submitted by the Service Provider and will provide to the JBT copies of these reports as part of its regular reporting on proxy voting delegated functions.

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GENERAL GUIDELINES

Section 3 of the present Guidelines corresponds integrally to Sections “Oversight Bodies of the Company”, “Accountability to Shareholders”, “Stewardship of Corporate Resources”, “Relationships with Employees”, “Relationships with communities” and “Environmental responsibilities” of the “2020 Model Proxy Voting Guidelines” developed by the Shareholder Association for Research and Education (SHARE) which can be found in Appendix A of the CEPP Proxy Voting Guidelines 2020.

For clarification purposes, the expression [The fund] in the “2020 Model Proxy Voting Guidelines” means the Fund (The Pension Fund of the Canadian Union of Public Employees Employees’ Pension Plan).

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EXCEPTIONS FROM SHARE'S GUIDELINES

In order to facilitate the annual updating process of the CEPP Proxy Voting Guidelines, Section 3 the Guidelines are not included in the document but refer directly to Sections "Oversight Bodies of the Company", "Accountability to Shareholders", "Stewardship of Corporate Resources", "Relationships with Employees", "Relationships with communities" and "Environmental responsibilities" of the SHARE Model Proxy Voting Guidelines as in effect on the effective date of the update of the CEPP Guidelines. It is however provided that the JBT may override some of the provisions of the SHARE Proxy Voting Guidelines for the purposes of the CEPP Guidelines. These overriding provisions may take the form of exclusions from some voting instructions included in Section 3 or additions of voting instructions not included in Section 3, or modifications to the voting instructions contained in Section 3. The present Section 4 lists all overriding provisions adopted by the JBT for purposes of the CEPP Guidelines.

Overriding Provisions on General Guidelines (Section 3)

There are currently no overriding provisions.

APPENDIX A

2020 Model Proxy Voting Guidelines by SHARE