Statement of Investment Policies and Procedures

for the

Trust Fund Created Under

The Carleton University Retirement Plan

Prepared pursuant to
The Pension Benefits Act of Ontario

Registration Number 0526616

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Carleton University

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Section 1 – Purpose

1.1. Carleton University (the "University") provides pension benefits to its employees through the Carleton University Retirement Plan (the "Plan"). The primary goal of the Plan is to assist Plan beneficiaries in providing for a financially secure retirement income at a reasonable cost. The prudent and effective management of the Trust Fund (the "Fund"), as described in Section 13 of the Plan, will have a direct impact on the achievement of this goal.

1.2. This statement of investment policies and procedures (the "Statement") addresses the manner in which the Fund shall be invested to achieve the primary goal of the Plan. The University has prepared the Statement to ensure continued prudent and effective management of the Fund so that there will be sufficient amounts to meet the obligations of the Plan as they come due. The Statement also defines the management structure and other procedures adopted for the ongoing operation of the Fund.

1.3. This statement has been prepared in accordance with all relevant legislation relating to the investment of registered pension plans assets. Investments shall be selected in accordance with the criteria and limitations set forth herein and in accordance with applicable legislation.

1.4. All references to the terms of the Carleton University Retirement Plan contained in this Statement are of a summary nature only. The Plan is administered in accordance with the terms of the Plan text as amended from time to time.

1.5. In accordance with section 78 of Regulation 909 of the Ontario Pension Benefits Act, this policy complies with the federal investment rules under Canada's Pension Benefits Standards Regulation, 1985.

Section 2 – Governance and Administration

2.1. Section 15 of the Retirement Plan text states that the Plan will be administered by the University. Section 15 also describes the composition and role of the Pension Committee (the "Committee"). The Committee is responsible for all matters in regard to the administration of the Plan. Various agents may be retained to assist the Committee in carrying out their duties in respect of the Fund. From an investment standpoint, the Committee is responsible for reviewing the performance of the Fund, and for the preparation of recommendations to the Board of Governors (the "Board") of the University as to the appointment of the Investment Managers (the "Managers") and the custodian.

2.2. The Board, the Committee, the Office of Pension Fund Management, the Managers, and any agent or adviser providing services in connection with the investment of the Fund accepts and adheres to this Statement.

2.3. This Statement provides broad investment guidelines for the management of the Fund. The management of the assets of the Fund is delegated to the Managers. Neither the Board of Governors, the Pension Committee nor any employee of the University shall select individual securities on behalf of the Fund; however, for liquidity and treasury management purposes, the Office of Pension Fund Management may select investments in accordance with the provisions of Section 6.2

2.4. In developing the Statement, the Committee has considered factors such as the following:

- the nature of the Plan's liabilities;
- the allocation of such liabilities between active members and retired members;
- the funded and solvency positions of the Plan;
- the net cash flow position of the Fund and its liquidity requirements;
- the investment horizon of the Fund;
- the expected risk tolerance of the University and Plan beneficiaries,
- the historical and expected capital market returns, volatilities, and correlations;
- the benefits of investment diversification; and,
- the liquidity, complexity, and implementation characteristics of the permitted investments.

2.5. The mandate of each Manager appointed shall be determined by the Committee, subject to approval by the Board.

2.6. A Custodian will be appointed for all or part of the Fund assets. Any Custodian shall be a trust company registered in Canada. All investments and assets of the Fund shall be held by a Custodian.

2.7. The Fund's financial statements shall be audited by an independent auditor at least annually. The audited statements shall be reviewed and approved by the Committee and reviewed by the Board of Governors

2.8. This policy shall be reviewed and approved by the Committee at least annually. It may be reviewed and amended from time to time by the Committee. It must be reviewed and approved annually by the Board of Governors.

Section 3 – Plan Overview

3.1. The Plan is fundamentally a money purchase plan, with contributions of 4.37% of pensionable earnings up to the Year's Maximum Pensionable Earnings (YMPE) plus 6% of pensionable earnings above the YMPE being made by each active member to that member's Money Purchase account. The University makes contributions of 4.62% of pensionable earnings up to the YMPE plus 6.25% of pensionable earnings above the YMPE to the member's Money Purchase account.

3.2. The University makes an additional annual contribution, based on actuarial requirements, and in accordance with relevant legislation to the Minimum Guarantee Fund. Contributions to the Minimum Guarantee Fund are essentially used, as required, to ensure that an active member's pension on retirement is not less than that produced by a defined benefit formula.

3.3. An account is maintained for each active member and for each former member for whom a balance has been left in the Fund. This account is credited with relevant contributions as well as a proportionate share of the Fund's investment return. Money Purchase Pensions are based on the amount in a member's account. Active members and these former members therefore have a direct interest in the Fund's return.

3.4. For pensioners, annual member pension benefits, including lifetime and bridge benefits, are adjusted by a percentage equal to the four-year arithmetic average investment return earned by the Fund minus 6%. So that annual adjustments are reasonably smooth, a four-year moving average of the Fund's return is used in the formula and there is a non-reduction provision for service prior to July 1, 2003. Pensioners therefore have a direct interest in the Fund's return.

3.5. As the Sponsor of the Plan, the University always has an interest in the success of the Plan, and therefore in the Fund's return.

Section 4 – Investment Objectives and Mandates

Investment Objectives

4.1. The Committee shall manage the Fund on a going concern basis, with the primary objective of providing reasonable rates of return, consistent with available market opportunities, a quality standard of investment, and commensurate with the University's risk tolerance level.

4.2. In establishing the investment policy for the Fund, the Committee has identified the following key constraints and considerations that inform the Fund's risk tolerance and investment approach:

- safeguarding the long-term sustainability and stability of the University's contribution requirements;
- maintaining reasonable stability in pensioners' annual increases; and,
- acceptably protecting the money purchase balances of active members nearing retirement.

These considerations are reflected in the Fund's asset mix, risk tolerance, and investment guidelines as set out in this Statement.

4.3. The Committee recognizes that the pursuit of higher long-term investment returns is inherently associated with greater variability of returns over shorter time horizons. Accordingly, the investment policy seeks to balance long-term return objectives with prudent management of downside risk, volatility, and liquidity, consistent with the Plan's investment objectives.

4.4. The Committee expects that, over the long term (10 years or more), the Benchmark Portfolio (as described in Section 4.5) will generate a rate of return, net of investment management fees, that is sufficient to support the Plan's investment objectives. Actual returns in any individual year may vary materially above or below long-term expectations.

4.5. The Committee reviews periodic long-term capital market assumptions and asset-liability considerations to inform return and risk expectations.

Benchmark Portfolio

4.6. The Committee believes that a portfolio (the "Benchmark Portfolio") invested in the following asset mix (based on market value) can, over the long term, achieve the stated investment objectives:

Asset Class	Investment Category	Benchmark Index	Benchmark Portfolio (%)
Cash and Short-Term(1)	Short-term notes and Treasury Bills	FTSE Canada 91-Day T-Bill Index	0.0
Fixed Income(2)	Canadian bonds and debentures	FTSE Canada Bond Universe Index	20.0
High-Yield Debt	Non-Canadian bonds and debentures	BoAML US High Yield Constrained Index	5.0
Canadian Equities	Canadian stocks	S&P/TSX Capped Composite Index	12.0
Global Equities, Core	Global developed stocks	MSCI World Index	25.0
Emerging Market Equities	Emerging market stocks	MSCI Emerging Markets Equity Index	5.0
Global Equities, Small Cap	Global small-cap stocks	MSCI World Small Cap Index	5.0
Infrastructure	Alternatives	CPI[3] + 4.0%	15.0
Real Estate	Alternatives	CPI[3] + 4.0%	10.0
Private Equity	Alternatives	MSCI World Index (1 quarter lagged)	3.0
	Total		100.0

(1) Excludes temporary cash holdings arising from portfolio adjustments.

(2) Cash used as part of a bond duration strategy shall be deemed to be bonds for asset mix purposes.

(3) Consumer Price Index (Total CPI) as per the Bank of Canada.

4.7. Where cash and short-term investments are held as part of a derivatives strategy to gain exposure to a particular asset class, then, for the purpose of the Fund's asset mix, such investments shall be deemed not to be cash and short-term investments, but rather investments of the asset class to which the derivatives relate.

4.8. Since the Fund will be actively managed, and since asset classes provide different returns, the actual asset mix at any time may deviate from the above. Section 5 defines the limits for such deviations.

Rate of Return Objectives

4.9. The Committee expects the total annualized returns of the Fund to exceed by 0.90% the returns that could have been earned by passively managing the Benchmark Portfolio, assuming quarterly rebalancing of the Benchmark Portfolio. For the purpose of measuring rates of return of the Fund, all returns shall be measured before investment management fees, but after transaction costs, and over rolling four-year periods. All index returns shall be total returns. All foreign index returns shall be Canadian dollar returns.

4.10. To achieve its rate of return objectives, the Committee shall recommend the appointment of Managers. The Managers will be assigned such mandates and performance targets as the Committee deems to be in the best interests of the Fund. The Committee shall monitor the Managers both qualitatively and quantitatively.

Section 5 – Asset Mix and Rebalancing Policies

Asset Mix Policy

5.1. The market values of the individual asset class components of the Fund shall be within the following minimum and maximum aggregate investment limits:

Asset Class	Investment Category	Minimum (%)	Benchmark (%)	Maximum (%)
Cash and Short-Term	Short-term notes and Treasury Bills	0.0	0.0	5.0
Fixed Income	Canadian bonds and debentures	10.0	20.0	30.0
High-Yield Debt	Non-Canadian bonds and debentures	2.0	5.0	8.0
Equities				
Canadian Equities	Canadian Stocks	2.0	12.0	22.0
Global Equities, Core	Global Developed Stocks	15.0	25.0	35.0
Emerging Markets	Emerging Market Stocks	2.0	5.0	8.0
Global Small-Cap	Global-Small Cap Stocks	2.0	5.0	8.0
Total Equities		**37.0**	**47.0**	**57.0**
Infrastructure	Alternatives	5.0	15.0	20.0
Real Estate	Alternatives	5.0	10.0	15.0
Private Equity	Alternatives	1.0	3.0	10.0

5.2. Notwithstanding the asset mix ranges shown above, the Committee may authorize temporary asset mix positions outside those ranges to accommodate a Fund restructuring, a Manager restructuring, or a Manager request submitted in writing and providing the rationale for the request.

Rebalancing Policy

5.3. The Committee believes, for the reasons set out below, that it is in the best interests of the Fund to control asset mix deviations:

- The Committee has adopted the Benchmark Portfolio and ranges based on the acceptability to the Committee of its risk and return trade-offs. Significant asset mix deviations from the Benchmark Portfolio would for the Committee's purposes, be sub-optimal.
- The Committee has established the Manager structure to achieve goals of diversification and efficiency.

5.4. Therefore, the Committee may, from time to time and in its absolute discretion, rebalance the actual asset mix back to the Benchmark Portfolio so as to align the two more closely. Between rebalancing events, cash flow may be used to rebalance towards the asset mix of the Benchmark Portfolio.

5.5. Private equity, infrastructure, and real estate are, by their nature, illiquid and may not be able to be rebalanced immediately; however, the objective is to methodically move the allocation to within the investment policy range as soon as practicable.

Section 6 – Permitted Investments and Constraints

Permitted Investments and Constraints by Asset Class

6.1. The Fund may be invested directly or indirectly, through pooled, mutual funds, segregated funds, limited partnerships, private investment funds, or insurance contracts, provided such investments are consistent with applicable legislation and this Statement. The permitted investments and constraints outlined below apply to all relevant mandates. Additional constraints may be imposed by the Committee on certain mandates. Such additional constraints shall be documented in the applicable Manager's mandate.

6.2. **Cash**

Permitted Investments

Cash on hand, demand deposits, treasury bills, short-term notes and bankers' acceptances, term deposits, commercial paper and guaranteed investment certificates with a remaining term to maturity of one year or less.

Investment Constraints

All cash investments shall have a minimum rating of R-1 (low) by the Dominion Bond Rating Service (DBRS) or equivalent rating by a recognized credit rating agency.

6.3. **Fixed Income**

Credit ratings are provided by DBRS or an equivalent rating by a recognized credit rating agency.

Permitted Investments

Bonds, debentures, or other debt instruments of corporations, Governments, Government agencies, or guaranteed by Governments, mortgage-backed securities, mortgages, preferred shares, and inflation-linked bonds.

Investment Constraints

The following constraints apply to the total fixed income allocation of the Fund and each Manager's fixed income portfolio.

Not more than 5% of the market value of fixed income securities shall be invested in any one non-government entity.

The fixed income allocation may be invested to a maximum market value of:

- 100% in Federal government bonds and guaranteed Federal agency bonds;
- 60% in provincial bonds and guaranteed provincial agency bonds, subject to a maximum of 15% for any single province rated AA or better and 10% for provinces rated less than AA;
- 10% in municipal bonds; and
- 50% in corporate issues and other bonds.

All bonds and debentures shall have a minimum credit rating of BBB- by at least one credit rating agency that is recognized by a competent authority. No more than 15% of the market value of the fixed income allocation shall be invested in BBB- bonds or debentures.

In the event of a downgrade below BBB-, the Manager, in consultation with the Committee, shall use its best judgment to determine whether the BBB- rating is likely to be restored within a reasonable time. If so, the Manager may retain the investment and shall keep the Committee informed of its rating. If not, the Manager shall take all reasonable steps to liquidate the investment in an orderly fashion with due regard to price and liquidity constraints, while keeping the Committee informed.

Any direct mortgages in the fixed income portfolio shall meet the following requirements:

- be first mortgages, with a loan-to-value ratio not exceeding 75%;,
- be secured by properties in metropolitan areas;
- not exceed 2% of the market value of the fixed income allocation for any single issuer, and
- not exceed 5% of the total market value of the Fund.

6.4. **Public Equities**

Permitted Investments

Common shares, depository receipts, rights, warrants, convertible securities , exchange-traded funds, index participation units, exchange-listed limited partnerships, REITs, and Canadian income trusts which provide provincially legislated limited liability protection to the unitholder.

Investment Constraints – Canadian Equities

The following constraints apply to the total Canadian equity allocation of the Fund and to each Manager's Canadian equity portfolio

- Any single holding shall not exceed 10% of the individual Manager's portfolio;
- Any one sector exposure shall not exceed 35% of the individual Manager's portfolio;
- Small-cap equities shall not exceed 10% of the individual Manager's portfolio (i.e., market capitalization of less than $500 million);
- Ownership of any single issuer shall not exceed 10% of outstanding securities of that issuer; and,
- Each portfolio shall hold a minimum of 20 issuers.

Investment Constraints – Global Equities

The following constraints apply to the total equity allocation of the Fund and to each Manager's equity portfolio, including developed and emerging markets:

- Any single holding shall not exceed 10% of the market value of the individual Manager's portfolio;
- Any one sector exposure shall not exceed 35% of the individual Manager's portfolio;
- Ownership of any single issuer shall not exceed 10% of outstanding securities of that issuer;
- Small-cap equities shall not exceed 8% of the market value of the Fund;
- Emerging market equities shall not exceed 8% of the market value of the Fund; and,
- Each portfolio shall hold a minimum of 20 different issuers.

6.5. **Real Estate**

Permitted Investments

Real estate investments will be held through public or private real estate funds. The investment criteria for each fund (e.g. type of assets, geographic and sector focus) are outlined in the respective Investment Management Agreement or Private Placement Memorandum and related documents such as side letters. The Committee will review the investment guidelines for each real estate fund prior to recommending approval to the Board.

Investment Constraints

Exposure to any single underlying property shall not exceed 2% of the market value of the Fund.

Infrastructure

Permitted Investments

Infrastructure investments will be held through public or private investment funds. The investment criteria for each fund (e.g. type of assets, geographic and sector focus) are outlined in the respective Investment Management Agreement or Private Placement Memorandum and related documents such as side letters. The Committee will review the investment guidelines for each infrastructure fund prior to recommending approval to the Board.

Investment Constraints

Exposure to any single underlying infrastructure asset shall not exceed 2% of the market value of the Fund.

6.6. **Private Equity**

Permitted Investments

Private equity investments will be held through private investment funds. The investment criteria for each fund (e.g. type of assets, geographic and sector focus) are outlined in the respective Private Placement Memorandum and related documents such as side letters. The Committee will review the investment guidelines for each fund prior to recommending approval to the Board.

Investment Constraints

Exposure to any single underlying private equity asset shall not exceed 2% of the market value of the Fund.

6.7. **High Yield Debt**

Permitted Investments

Bonds, debentures or other debt instruments of corporations, Governments, Government agencies, or guaranteed by Governments, private placement securities classified as 144a debt securities, bank loans, U.S. Treasury futures and options, currency forward or futures contracts, credit default swaps, common and preferred shares and warrants.

Investment Constraints

The following constraints apply to the total high-yield debt portion of the Fund and each Manager's high-yield debt portfolio.

- Exposure to any single issuer shall not exceed 5% of the market value of high-yield debt securities;
- Exposure to securities with ratings below B- or B3 shall not exceed the benchmark weight plus 5%;
- Any one sector exposure shall not exceed 25%;
- Equity-related securities shall not exceed 2% of the market value of any high-yield debt portfolio;
- Short sales of securities are not permitted;
- Margin purchases are not permitted, except as required for derivatives.

6.8. **Derivatives**

Derivatives may be used as risk management, hedging, or portfolio-completion tools where such use is efficient and prudent. Derivatives will only be used after full consideration of the related risks and in compliance with market and regulatory obligations. Risk (such as counterparty risk) will be identified, measured, managed and monitored on an ongoing basis.

The Fund may use exchange-traded, over-the-counter and other forms of bilateral derivative contracts to gain or reduce exposure to interest rates, foreign exchange rates, credit debt instruments, commodities and public equities. Exchange-traded derivative positions are regularly valued using quoted market prices, where available, or discounted cash flows using current market yields for over-the-counter derivatives. Derivative instruments are classified in accordance with the underlying exposure to fixed income or public equity.

Permitted Investments

Permitted derivative investments are:

- Option contracts, including stock, stock index, currency, bond, bond futures and interest rate
- Futures contracts, including stock index, currency, bond and interest rate
- Forward contracts, including currency, and interest rate
- Swap contracts, including credit default, equity, currency and interest rate
- Mortgage derivatives

Guidelines and Restrictions

- Derivatives may only be used with the expressed written consent of the Committee.
- Derivatives may be used as a hedge against existing investments or liabilities, provided their particular purpose/usage has been fully disclosed to the Committee.
- Derivatives may be used to hedge financial risks associated with the underlying portfolio when they hedge those risks more efficiently than cash market instruments. Derivatives used for hedging purposes must have a reasonably high negative correlation with the underlying asset or liability being hedged.

Investment Constraints

- Derivatives shall not be used to create leverage or for speculative purposes.
- Counterparties will carry a minimum BBB or its equivalent credit rating unless approved by the Committee. The Managers shall be responsible for assessing all counterparty risk associated with derivative instruments, with regards to credit rating, and total exposure limits for each derivatives securities dealer and bank.
- These guidelines and restrictions on derivative investments are not intended to restrict investments in derivative instruments by pooled vehicles, including limited partnerships, whose primary investment focus is to invest in other asset classes such as real estate, private equity, and infrastructure. The Managers shall implement internal procedures and controls in order to ensure that derivatives are used in compliance with the Statement at all times.
- Derivatives shall be sold only for securities held in the Fund and bought only when the Fund holds sufficient cash to make the required payment at maturity.
- The Fund may post collateral as required to complete derivative transactions. Pledging of collateral for purposes of derivatives is permitted. Assets that can be pledged for collateral are set out in legal agreements or are defined by exchanges. The level of collateral pledged is determined and monitored as part of liquidity management.

6.9. **Currency**

A currency hedge on a portion of the Funds' Global equities, infrastructure, and real estate exposure may be used to manage currency risk. This hedging activity will be non-speculative and subject to the constraints outlined in Section 6.9 above.

Those managers whose mandate(s) permit hedging of the foreign exchange risk of the underlying foreign equity securities may do so directly into Canadian dollars, or into U.S.

dollars and then back into Canadian dollars.

Investments Requiring Prior Written Approval

6.10. Managers shall not invest in asset classes or instruments not explicitly permitted in the Statement, unless the Committee first consents in writing.

Other Constraints

6.11. The Fund shall not borrow funds to acquire securities or otherwise deal in margin trading.

6.12. All investments shall be made in accordance with the CFA Institute Code of Ethics and Standards of Professional Conduct.

Exceptions to Statement

6.13. If at any time an investment or group of investments does not conform with the limitations provided herein, the Manager, in consultation with the Committee, shall use its best judgement as to the action required to correct the situation. If it appears that the situation shall be corrected within a reasonably short period of time through cash flow into the Fund, the Manager - with the approval of the Committee may elect not to liquidate the temporarily non-conforming investments.

6.14. The Committee may direct a Manager to deviate from the investment guidelines of the Statement with respect to a portion of the Fund. Such direction shall be in writing and shall specify the value of the assets to be invested and how those assets are to be invested. Unless instructed otherwise by the Committee in the written direction, each Manager shall invest the remaining portion of the Fund according to the normal investment guidelines of the Statement as if the assets subject to the special instructions were not part of the Fund.

Where investments are made through pooled funds or private investment funds, the constraints in this Section may not apply in full. In such cases, the governing investment documents shall prevail, and material differences shall be disclosed to the Committee.

Section 7 – Liquidity

7.1. It is expected that cash flow from contributions and regular income (i.e., interest, coupons and dividends) generated from securities held in the Fund will be sufficient to meet most or all of the required disbursements under the Plan.

7.2. Disposing of securities from time to time can make up any shortfall. Considering the type of investments held in the Fund and the anticipated shortfalls, it is not expected that the disposal of securities will have significant implications on the investment of the Fund.

7.3. The relationship between contributions, investment income, and disbursements will be monitored by the Committee on an ongoing basis. Should the shortfall become sizeable in the future, the Committee will consider the options available to meet the Plan's liquidity requirements...

Section 8 – Conflict of Interest Policy

Conflict of Interest and Procedures for Disclosure

8.1. A conflict of interest refers to a situation where financial, professional or other personal consideration may compromise or have the appearance of compromising an individual's professional judgment in the performance of his or her duties or in the exercise of his or her fiduciary obligations as a member of the Pension Committee. A conflict of interest exists where (1) the member owes a duty to the beneficiaries of the Retirement Plan, and (ii) the member has a personal interest in the matter or owes a duty to act in the matter in the interests of a different person, group of persons, institution or organization. A conflict of interest may arise in various cases. The following are definitions of the various types of interests that a member may have, which could give rise to a conflict of interest:

- Financial Interest: A member has a pecuniary or financial interest where he or she stands to gain a financial advantage from a decision made. The financial interest may take the form of money, gifts, favors or other special considerations. This does not apply to compensation paid to University employees who are Members of the Pension Committee nor reimbursement of approved expenses to Members of the Pension Committee in the discharge of their duties.
- Undue Influence: A private or personal interest that impairs, influence or appears to influence the objective exercise of his or her duties as a member of the Committee.
- Adverse Interest: A member is a party to a claim or proceeding against the University.
- Personal Relationship: A non-arm's length relationship, including but not limited to family members and persons with whom there is or has recently been a close personal relationship.
- Apparent/Perceived Conflict of Interest: A reasonable apprehension which a reasonable person may have, that a conflict of interest exists, even if there is neither a potential nor a real conflict.

8.2. For the purposes of this Section 8, a Pension Committee member shall not be considered to have any such interest merely by virtue of being a member of the Plan.

Process for Dealing with a Conflict of Interest

8.3. Both prior to serving on the Pension Committee and during their term of office, Members must openly disclose a potential, real or perceived conflict of interest as soon as the issue arises and before the Pension Committee deals with the matter at issue. If there is any question or doubt about the existence of a real or perceived conflict, the matter may be referred to the Pension Committee, as the case may be, who will determine by majority vote if a conflict exists. The Member potentially in a conflict of interest shall be absent from the discussion and shall not vote on the issue. It is the responsibility of other Members who are aware of a real, potential or perceived conflict of interest on the part of a fellow Member to raise the issue for clarification, first with the Member in question and, if still unresolved, with the Chair of the Pension Committee. If a conflict is identified, the Member must abstain from participation in any discussion on the matter, shall not attempt to personally influence the outcome, shall refrain from voting on the matter and, unless otherwise decided by the Pension Committee, must leave the meeting room for the duration of any such discussion or vote. The disclosure and decision as to whether a conflict exists shall be duly recorded in the minutes of the meeting.

8.4. The Committee shall satisfy itself that an appropriate policy regarding conflicts of interest exists and is followed by any Manager recommended by it to the Board. As a minimum, the Code of Ethics and Standards of Professional Conduct adopted by the CFA Institute shall be deemed to apply to such Manager. Any investigation required by the Committee shall be carried out before the recommendation is made.

8.5. The failure of a person to comply with the procedures described in this Section 8 shall not of itself invalidate any decision, contract or other matter.

8.6. If after a decision has been made, it comes to the attention of the Committee that a member had or has had a conflict of interest, the Chair will appoint an "ad hoc" committee of the members, excluding the person with the alleged conflict, to review all the circumstances and to recommend to the Committee the action to be taken.

8.7. This policy shall apply also to the Board of Governors, and any agent or advisor to the Committee who assists the Committee in the execution of its responsibilities under the Pension Benefits Act (Ontario).

Related Party Transactions

8.8. For the purpose of this section, a "related party" in respect of the Plan has the meaning given to such term in Schedule III of the Pension Benefits Standards Regulations, 1985(Canada).

8.9. Prior to July 1, 2016, the following related party transactions are permitted for the Plan:

- any transaction that is required for the operation or administration of the Plan, the terms and conditions of which are not less favourable to the Plan than market terms and conditions; and
- any purchase of securities of a related party, provided that those securities are acquired at a public exchange recognized under the Pension Benefits Standards Act and Regulations, 1985 (Canada).

8.10. On and after July 1, 2016, the following related party transactions are permitted for the Plan:

- Any transaction for the operation or administration of the Plan, the terms and conditions of which are not less favourable to the Plan than market terms and conditions and the transaction does not involve the making of loans to, or investments in, the related party.

8.11. On and after July 1, 2016, the following exceptions apply to the restrictions on transactions with related parties:

- Investments in an "investment fund" (as defined in the Pension Benefits Standards Regulations, 1985) or a segregated fund in which investors other than Carleton University and its affiliates may invest and which complies with the requirements applicable to a pension plan under Schedule III of the Pension Benefits Standards Regulations, 1985;
- investments in an unallocated general fund of a person authorized to carry on a life insurance business in Canada;
- investments in securities issued or fully guaranteed by the Government of Canada or a Province of Canada or an agency thereof;
- investments in a fund composed of mortgage-backed securities that are fully guaranteed by the Government of Canada or a Province of Canada or an agency thereof;
- investments in a fund that replicates the composition of a widely recognized index of a broad class of securities traded at a marketplace; and

- investments that involve the purchase of a contract or agreement in respect of which the return is based on the performance of a widely recognized index of a broad class of securities traded at a marketplace.

8.12. A related transaction is also permitted if the value of the transaction is nominal or immaterial to the Plan. A transaction will be considered to be nominal or immaterial if its value is no more than one-half of one percent of the market value of the assets of the Fund at the time the transaction is entered into or completed.

Section 9 – Delegation of Voting Rights

9.1. The Committee delegates to the Managers the responsibility of exercising all voting rights acquired through the Fund. The Managers shall exercise such voting rights with the intent of fulfilling the investment objectives and policies of the Statement and for the long-term benefit of the Fund.

9.2. The Managers shall provide their voting rights policies to the Committee. Each Manager shall prepare an annual report to the Committee outlining and explaining any departures from, or exceptions to, the policies, any issues where the Manager has voted against corporate management, and any other extraordinary matters.

9.3. The Committee retains the right to exercise acquired voting rights at any time by notifying the Managers.

Section 10 - Valuation of Investments Not Regularly Traded

10.1. It is expected that most of the securities held by the Fund will have an active market and that the values of such securities will be based on their market values.

10.2. Investments that are not regularly traded shall be valued at least annually by the Custodian in co-operation with each Manager, using fair-value accounting principles and using an independent valuator. In making such valuations, considerations shall be given to bid and ask prices, previous transaction prices, discounted cash flow, the valuations of other comparable publicly-traded investments and other valuation techniques that are judged relevant to the specific situation.

10.3. For untraded investments on which the Custodian has not been provided with a valuation, the Manager shall report to the Committee within ten days after such time as the investment became untraded.

Section 11 – Securities Lending

11.1. The Fund may enter into securities lending agreements provided the loaned investments are secured by cash or readily marketable investments having a market value of at least 105% of the loan, and that level of security is maintained daily. Collateral provided with respect to any such securities lending agreements shall be held by the Lending Agent for the benefit of the Fund, and the collateral will not be subject to a right of set-off by a third party. For purposes of securities lending, acceptable collateral shall consist of the following:

- Obligations of or guaranteed by the respective governments of Canada or the United States, their respective agencies, or any Canadian province;
- Widely-traded debt instruments having a rating of at least single A (low) or the equivalent from a nationally recognized statistical rating organization ("NRSRO");
- Commercial paper rated at least R-1 (low) or the equivalent by a NRSRO;
- Commercial Acceptances of banks and trust and loan companies whose short-term deposits are rated at least R-1 (low) or the equivalent by a NRSRO;
- High quality common and preferred shares;
- Shares of an exchange-traded fund that trade on a major stock exchange, commonly known as Index Participation Units (when immediately convertible into the underlying securities);
- Unconditional, irrevocable letters of credit that comply with the standards of the International Chamber of Commerce and which are issued by banks and trust and loan companies whose short-term deposits are rated at least R-1 (low) or the equivalent by a NRSRO;
- Convertible preferred shares and convertible debt instruments (when immediately convertible into the underlying securities);
- Sovereign debt obligations of countries other than Canada or the United States who are members of the Organization for Economic Co-operation and Development (OECD); and,
- Canadian Hydro Bonds guaranteed by the respective Provincial governments having a rating of single A (low) or the equivalent by a NRSRO.

11.2. The terms and conditions of any securities lending shall provide for the ability to recall loaned securities to exercise proxy voting rights.

Section 12 – Soft Dollar Policy

12.1. No Manager shall enter a soft-dollar arrangement for trades on behalf of the Fund for the payment of third party services without the prior written approval of the Committee.

12.2. In the event a Manager receives soft dollars, these monies shall be used for the benefit of the Plan and not for the benefit of the Manager's firm.

12.3. The Managers shall be governed by the Soft Dollar Policy of the CFA Institute

Section 13 – Statement Review

13.1. The Committee shall review the Statement at least annually, taking into account whether any developments such as the following have occurred:

- governance changes;
- changing investment beliefs;
- changing risk tolerance;
- changes to benefits provided by the Plan;
- changes to the Plan's membership demographics and liability distribution;
- changes to the Plan's cash flow, liquidity profile, and surplus/deficit position;
- changed expectations for the long term risk/return trade-offs of the capital markets;
- new investment products;
- changes to legislation or regulatory guidance; and
- any implementation or operational issues that arise from the application of the Statement.

Appendix

Implementation Guidelines for the Statement of Investment Policies and Procedures

for the

Trust Fund Created Under

The Carleton University Retirement Plan

June 30, 2026

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Section 1 - Purpose

1.1 This Appendix forms part of the Statement and shall be interpreted in accordance with and subject to the Statement. Except where the context requires otherwise, a capitalized term in this Appendix shall have the meaning that is given to that term in the Statement.

1.2 Carleton University (the "University") administers the Trust Fund (the "Fund") to pay benefits in accordance with the terms of the Carleton University Retirement Plan (the "Plan"). The Pension Committee (the "Committee"), acting through the Board of Governors (the "Board"), has prepared a statement of investment policies and procedures (the "Statement") pursuant to the requirements of The Pension Benefits Act of Ontario.

1.3 The Committee has prepared these guidelines (the "Guidelines") to support the Statement and direct its implementation.

Section 2 – Fund Governance – Roles and Responsibilities

2.1 The University is the legal administrator of the Plan and is responsible for all matters relating to the administration of the Plan. The Board delegates responsibilities to the Committee and, through the Committee, to the Office of Pension Fund Management, other external agents and advisors retained from time to time to support the Committee in fulfillment of its duties. The Board retains overall responsibility for the Fund. The allocation of responsibilities in respect of the Fund is set out below.

2.2 The Committee

The Committee shall:

- establish the Statement for approval by the Board;
- review the Statement at least annually, and recommend confirmation or amendment to the Board as appropriate;
- recommend for the Board's approval one or more custodians (the "Custodian") to hold the assets of the Fund;
- recommend for the Board's approval the overall investment structure, including asset mix and risk parameters;
- recommend for the Board's approval the appointment and terminations of the Investment Managers (the "Managers") to manage the Fund in accordance with their mandates;

- retain, as required, external agents or advisors to provide specialized expertise, independent validation, or education in support of the Committee's fiduciary responsibilities;
- engage and monitor an actuary (the "Actuary") to assess the financial position of the Plan at regular intervals and to perform such duties as are required by legislation or deemed necessary by the Committee;
- evaluate, both quantitatively and qualitatively, each Manager's performance at least annually. The review shall include a comparison of the rates of return achieved relative to the objectives established, an analysis of the reasons for such return, and an assessment of the risk assumed in the pursuit of such returns;
- ensure that the Custodian's reports are prepared and reviewed by a designated body;
- review and approve the audited financial statements of the Fund; and
- delegate day-to-day investment implementation and operational responsibilities to the Office of Pension Fund Management and oversee such delegation through reporting and periodic review.

2.3 The Office of Pension Fund Management

The Office of Pension Fund Management shall:

- support the Committee in oversight and implementation of the Statement;
- provide ongoing investment, risk, liquidity, and governance analysis to the Committee;
- implement the approved Asset Mix Policy, including portfolio construction, rebalancing, and transitions within the limits of this Statement;
- monitor performance, risk, compliance, and operational matters of the Managers and report to the Committee on a quarterly basis;
- lead Manager searches, due diligence, contract negotiations, and recommendations to the Committee and Board;
- manage relationships with the Custodian, Performance Measurement Consultant, Actuary, and any other external agent or advisor retained by the Committee;
- prepare materials, recommendations, and decision support for the Committee and Board consideration; and,
- maintain appropriate internal controls, documentation, and reports to support prudent management of the Fund.

2.4 The Managers

The Managers shall:

- manage their respective mandates in accordance with this Statement,, applicable legislation, and the terms of their investment management agreements or applicable contract;

- manage portfolios and select securities consistent with the Statement, applicable legislation, and their investment management agreements or applicable contract;
- prepare reports of investment performance, risk, compliance, and ESG reporting at least quarterly to the Office of Pension Fund Management;
- submit compliance certificates at least annually, or more often if the Committee so requests, attesting to their compliance with the Statement, the terms of their investment management agreements or applicable contract, and notify the Office of Pension Fund Management if at any time an investment or group of investments does not comply;
- meet with the Office of Pension Fund Management at least annually and with the Committees as requested, to review strategy, investment performance, risk, operations, and ESG.
- give prompt notice to the Custodian of all purchases and sales of securities;
- promptly notify the Office of Pension Fund Management of any material issues, including breaches, organizational changes, or changes in investment process;

  cooperate with operational due diligence reviews conducted by the Office of Pension Fund Management and with the Committee as requested;
- identify provisions in the Statement that may need to be revised due to new investment strategies or changes in the capital markets; and
- adhere to the CFA Institute Code of Ethics and Standards of Professional Conduct .

2.5 The Custodian

The Custodian shall:

- perform all duties required of a custodian by law and by the Trust and Custodial Services Agreement with the University;
- maintain safe custody over the assets of the Fund,
- perform the duties required of the Custodian pursuant to agreements entered into from time to time with the University, including the collection of contributions and payment of pension benefits and expenses relating to the administration of the Plan.
- execute instructions of the University's applicable signing authorities and the Managers, as applicable;
- Process and record all transactions;
- Support audit, valuation, and control processes; and,
- provide the Office of Pension Fund Management with monthly portfolio reports of the assets of the Fund and monthly reports of the transactions during the period, as well as any reports containing additional information agreed upon between the Office of Pension Fund

Management, the Committee, or its agents and advisors.

2.6 The Performance Measurement Consultants

The Performance Measurement Consultant shall:

- At least quarterly, provide the Office of Pension Fund Management and the Committee with the annualized time-weighted rates of return for the Fund, for each asset class component of the Fund, and for each Manager;
- At least quarterly, provide the Office of Pension Fund Management and the Committee with analyses of Fund performance relative to market indices or custom indices as may be agreed upon with the Office of Pension Fund Management and the Committee, on a total Fund basis and for each Manager,
- At least quarterly, provide the Office of Pension Fund Management and the Committee with a compliance report; and,
- provide such other information and analysis as the Office of Pension Fund Management and the Committee may from time to time as requested.

2.7 The Actuary

The Actuary shall:

- perform actuarial valuations of the Plan as required, but no less frequently than every three years;
- advise the Committee on any matters relating to Plan design, funding, and regulatory matters; and
- assist the Committee in any other way as required in order for the Committee to meet its fiduciary duties.

Section 3 – Investment Beliefs

3.1 The Committee has from time to time reviewed and confirmed its investment beliefs. Currently, the Committee believes:

- that equity investments will provide greater long-term returns than fixed income investments, although with greater short-term volatility;
- that it is prudent to diversify the Fund across asset classes, geographies, investment styles, and risk factors;
- that a meaningful allocation to global equities broadens the opportunity set, enhances

diversification, and provides access to economic growth beyond domestic markets, thereby decreases portfolio risk while, at the same time, providing the potential for enhanced long- term returns;

- that Managers with active mandates can add after-fee value through security selection, portfolio construction, and risk management;
- that a diversified Manager structure is appropriate, given the size and complexity of the Fund, provided that each mandate has a clearly defined role and contributes to overall portfolio risk and return objectives;
- that the overall Fund should be rebalanced within prescribed limits to control risk and maintain alignment with the Fund's long-term investment objectives; and
- that it is prudent to manage currency risk in a non-speculative, non-leveraged manner, consistent with the Fund's overall risk management approach.

Responsible Investing

3.2 The University provides pension benefits to its employees through the Plan. The primary goal of the Plan is to assist Plan beneficiaries in providing for a financially-secure retirement income at a reasonable cost. The University as Administrator under the Pension Benefits Act, has a fiduciary duty to act in the long-term best interest of the beneficiaries of the Plan. The Committee in carrying out its functions per the Plan Text, also has a fiduciary responsibility to the Plan beneficiaries. The prudent and effective management of the Fund as described in this Statement has a direct impact on the achievement of this goal.

3.3 The development of the Responsible Investing Policy is guided by certain principles as they relate to responsible investing. These are:

- That the fund should be invested to achieve the best possible risk-adjusted rate of return on the Fund's assets.
- That portfolio diversification is necessary to achieve these returns.
- That responsible corporate behaviour with respect to environmental, social and governance (ESG) factors can have a positive effect on long-term financial performance (to varying degrees across companies, sectors, regions, assets classes and time).
- That taking into account ESG issues may better align the portfolio with the interests of our stakeholders.
- That imposing constraints or negative screens on portfolio investments may increase risk or reduce returns or both.

- That stewardship by investors may be an effective way to encourage responsible corporate behaviour.

3.4 The University is a signatory to the United Nations-supported Principles for Responsible Investment (PRI) which are considered best practice in the area of responsible investing. As a signatory, the University commits to the following Principles:

- Incorporate ESG issues into investment analysis and decision-making processes.
- Be an active owner and incorporate ESG issues into ownership policies and practices.
- Seek appropriate disclosure on ESG issues by the entities in which it invests.
- Promote acceptance and implementation of the Principles within the investment industry.
- Work together with other signatories to enhance its effectiveness in implementing the Principles.
- Report on its activities and progress towards implementing the Principles.

3.5 The Responsible Investing Policy applies to all Fund assets, unless otherwise specified. The Policy outlines the beliefs, commitments, and approach to Responsible Investing.

Section 4 – Managers, Mandates and Objectives

4.1 The Committee has retained the following external Managers and assigned them the investment mandates shown:

REMOVED FOR CONFIDENTIALITY REASONS.

REMOVED FOR CONFIDENTIALITY REASONS.

4.2 The Committee expects that the annualized returns of the Manager's portfolio and its component asset classes shall exceed the returns of the representative benchmark indexes plus the value-added targets identified below for that Manager. Total portfolio value-added shall be the principal measure of performance; asset class value-added shall be a supplemental measure of performance.

4.3 A secondary performance objective for an active Manager shall be to equal or exceed the median of the returns of other managers with comparable mandates in a well-recognized manager performance universe, on an asset class level.

4.4 The Committee expects that the volatility of a Manager's quarterly returns shall be equal to or less than the median volatility of other managers with comparable mandates in a well-recognized manager performance universe.

4.5 For the purpose of measuring rates of return for the Managers, all returns shall be measured before investment management fees, but after transaction costs, and over rolling four-year periods. All index returns shall be total returns. All foreign index returns shall be Canadian dollar returns. The returns of all portfolio benchmarks utilizing more than one asset class shall be calculated assuming quarterly rebalancing.

4.6 In the benchmark tables below, the portfolio benchmark allocations and the minimum and maximum ranges are measured at market value.

REMOVED FOR CONFIDENTIALITY REASONS.

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Reasons for Termination of Managers

4.7 The Committee shall from time to time determine whether any or all of the Managers should be replaced. Without limiting the Committee's discretion, a Manager may be replaced for reasons including, but not limited to, the following:

- failure by a Manager to meet the value-added performance targets set out in herein;
- a change in a Manager's ownership or key personnel;
- a change in the Fund's investment objectives, asset mix, or overall investment management structure;
- failure to satisfy the requirements of Section 2 or to meet contract obligations;
- failure to adhere to the investment constraints and guidelines set out in the Statement and or applicable mandate;
- a change in a Manager's investment philosophy, process, or style; and
- fees or costs that are no longer considered reasonable relative to the value provided.

Section 5 – Monitoring and Control

5.1 Performance

The performance of the Managers will be reviewed at least quarterly by the Committee. Both quantitative and qualitative criteria will be used, including those listed in Section 4.6 of the Appendix. In cases of Manager underperformance, the Office of Pension Fund Management or any external agent or advisor will provide the Committee with a detailed review of the Manager and record same in the Committee minutes and/or notes held in the Office of Pension Fund Management.

5.2 Compliance Reporting by Managers

Each Manager is required to complete and deliver a compliance report to the Committee at least annually. The report will indicate compliance with this policy and their contract. In the event that a Manager is not in compliance with this policy or their contract, the Manager shall advise the Committee immediately and recommend a course of action to remedy the situation.

5.3 Selection of Managers

In the event that a new Manager must be hired, whether to replace a terminated manager or to expand the existing Manager structure, the Committee will undertake

a Manager search. The criteria for selecting new managers will be consistent with the investment beliefs outlined in Section 3 of the Implementation Guidelines, the fit of the Manager within the policy asset mix and existing manager structure, and the investment constraints detailed in Section 6. Other factors include, but are not limited to, the investment style and process of the Manager, risk controls, depth of key personnel, and organizational stability. Follow on vintages of closed-end funds with existing Managers within Alternatives (Global Infrastructure, Real Estate, Private Equity) are not considered a new hire.

5.4 Control Reporting by Custodian

Annually, the Custodian will be required to provide a Service Organization Control report to the Office of Pension Fund Management and to the external auditors for the Fund.