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## COMPLIANCE POLICY

### TABLE OF CONTENTS

1. Preamble .....	1
2. Scope .....	2
3. Objectives.....	2
4. Compliance at the Caisse .....	2
4.1 General principles .....	3
4.2 Accountability principles.....	5
4.3 Types of compliance program.....	5
4.4 Reporting.....	6
5. Responsibilities .....	6
5.1 Employees .....	6
5.2 Investment groups and general services groups .....	6
5.3 Policies and Compliance Senior Vice-Presidency .....	6
5.4 Executive Committee .....	7

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### 1. PREAMBLE

The Caisse de dépôt et placement du Québec (the “Caisse”) aims to be recognized as a benchmark organization among institutional fund managers that demonstrate governance leadership, with the ambition of promoting a sound, dynamic, wealth-creating business environment in compliance with applicable laws, regulations and policies.

In the implementation of a management framework based on the characteristics of a benchmark organization, the Policies and Compliance Senior Vice-Presidency has established the Compliance Policy (the “Policy”) to set out formal principles for the organization of compliance at the Caisse.

A sufficient compliance process requires a set of activities and measures that are integrated, effective and adapted to the organization, in line with principles of sound management and in accordance with applicable laws, regulations, policies and directives. Compliance activities and measures are present throughout the organization, at every level and in every function. They consist of a varied range of activities, such as documentation, communication and co-ordination of policies and directives, monitoring and application of compliance programs to ensure follow-up on policies, and relevant training for employees and officers.

Under the Policy, the risk of non-compliance includes the risk that the organization may fail to fulfill obligations arising from laws, regulations, policies, directives and other frameworks that affect the Caisse's operations, the risk that substantial financial losses may arise therefrom, the risk that situations affecting the Caisse's reputation may occur or the risk of losing the trust of depositors and the public.

The changes occurring in the financial sector, which is characterized by increasingly diverse and complex financial instruments as well as more stringent legal and regulatory requirements, pose ever-greater compliance challenges, especially because they increase the risk of non-compliance.

The effectiveness of an organization's compliance processes is strongly influenced by the following:

- / The environment and industry in which it operates;
- / The quality of Executive Committee oversight;
- / The accountability of persons responsible for operations;
- / The compliance culture in relation to the organization's risks;
- / The policies, directives and other frameworks applicable to the organization's key processes;
- / Training in and communication of compliance policies for officers and employees;
- / Periodic application of compliance programs;
- / The scope of monitoring by the Policies and Compliance Senior Vice-Presidency.

## **2. SCOPE**

This Policy is intended for the employees, officers and directors of the Caisse and its wholly owned subsidiaries.

## **3. OBJECTIVES**

The Policy is intended to:

- / Create a formal environment for compliance at the Caisse and its wholly owned subsidiaries;
- / Make officers and employees aware of the importance of compliance with the laws, regulations, policies and directives applicable to their daily activities;
- / Provide the Board of Directors, the Risk Management Committee (RMC) and the Executive Committee with the assurance that the compliance policies and programs are complete, and the Audit Committee with the assurance that the compliance monitoring mechanisms are sufficient and effective.

## **4. COMPLIANCE AT THE CAISSE**

The Caisse's Compliance Policy is based on the following principles:

#### 4.1 General principles

1. Compliance is part of the organization's culture. It must not be a responsibility assumed only by the Policies and Compliance Senior Vice-Presidency. The Caisse promotes a compliance management culture on all levels to ensure officer and employee accountability.
2. Compliance is an integral part of the key business processes of each business unit. The description of these processes includes business objectives, levels of responsibility, main risks, main controls, compliance programs and resource optimization criteria.
3. The Caisse has a manual of policies and directives that contains all the institutional policies and directives for officers and employees.
4. The directors of the Caisse are subject to a Code of Ethics and Professional Conduct, as are as the officers and employees. Once a year, they declare that they comply with the applicable code. The codes are reviewed and communicated once a year. They set out standards, rules and principles to guide the Caisse's directors, officers and employees in situations involving ethics or professional conduct. The codes support the organization's values, namely excellence, boldness, ethics and transparency.
5. The Caisse has compliance programs for periodic monitoring of key business processes as regards laws, regulations, market practices, policies and directives applicable to all business units. For example, compliance programs are applied regularly to the depositors' investment policies, the investment policies of the specialized portfolios and the underlying management mandates, and a number of specific policies and directives, such as the Policy on Contracts.
6. Officers and employees take the means necessary to comply rapidly when situations involving non-compliance are identified. Significant deficiencies that are discovered, regardless of who discovers them, are communicated to the appropriate persons and corrected rapidly.
7. The compliance programs for each unit of the Caisse are adapted to the nature, size, volume and complexity of operations, risks assumed, market rules and applicable legal and regulatory obligations.
8. The Caisse strives to establish, with officers and employees, complete and sufficient periodic reporting mechanisms for operations compliance by all the Caisse's business units.
9. The Caisse organizes compliance activities to ensure application of an integrated approach to internal control management, risk management and resource optimization.
10. The Caisse provides the Board of Directors and depositors with certification of compliance, particularly with respect to the depositors' investment policies as well as to the investment policies of the specialized portfolios.

11. In its day-to-day operations, the Caisse carries out benchmarking exercises to identify best practices. To that end, it has put in place mechanisms for awareness and communication of strategic orientations, corporate expectations and market trends with respect to compliance.

#### Independence

12. The independence of the compliance function at the Caisse is based on four elements. First, the compliance function has a formal status within the organization. Second, the person responsible for the compliance function has been identified and co-ordinates management of non-compliance risk at the Caisse. Third, the person responsible for the compliance function and his personnel must not have a conflict of interest when they assume their responsibilities. Fourth, the compliance function must have access to the necessary information and personnel to assume its responsibility.
13. The Caisse has independent teams that periodically monitor risks, controls and compliance with applicable policies and directives.

#### Monitoring and compliance

14. The Board of Directors approves the Caisse's business strategies, main general policies and organizational structure. The Board of Directors establishes the acceptable risk levels, ensures that the Executive Committee takes the necessary steps to identify, measure and control risks and that it monitors the effectiveness of the internal control system and compliance programs.
15. The Executive Committee implements general policies adopted by the Board of Directors, approves operational policies, develops mechanisms to identify, measure and control risks assumed by the Caisse, maintains a hierarchical structure that assigns responsibilities and clear levels of authority, and lastly ensures that the compliance programs are sufficient and effective.
16. The responsibility of the compliance function is to support the Board of Directors and the Executive Committee in the effective management of the non-compliance risks to which the Caisse is exposed. In this sense, the mission of the Policies and Compliance Senior Vice-Presidency is to ensure compliance so that the Caisse fulfills its obligations and discharges its responsibilities as a major institutional investor to meet the expectations of all stakeholders. Its role is to ensure that the operations of all units of the organization comply with applicable laws, regulations, policies and directives.

#### Monitoring activities and correction of deficiencies

17. The effectiveness of the compliance programs is evaluated on an ongoing basis through the following activities:
  - / Monitoring by team leaders;
  - / Monitoring by the risk management team;
  - / Monitoring by the compliance team;

- / Monitoring by the information technology security team;
- / Monitoring by the finance team;
- / Meetings of the Executive Committee;
- / Meetings of the Depositors and Risks Committee (“DRC”);
- / Quarterly meetings of the President and Chief Executive Officer;
- / Meetings of the Board of Directors and the Board’s committees;
- / Work by Internal Audit.

18. The compliance function has the necessary resources to perform its mandate and is independent from the investment and general services units. The Depositors and Risks Committee examines instances of non-compliance with the investment policies of the specialized portfolios, reviews the results of work pertaining to compliance certificates and may request that any other work be carried out to monitor these portfolios.

#### **4.2 Accountability principles**

Compliance at the Caisse is the responsibility of all officers and employees.

In performing their activities, the following groups must concern themselves with achieving objectives by carrying out activities in compliance with applicable legislation, regulation, market rules, policies and directives:

- / Managers, who must ensure that compliance activities are incorporated into business processes and computer systems for day-to-day management of activities, processes and systems under their responsibility;
- / The units that perform control functions independent of transaction initiation, notably investment administration, risk management, performance measurement, corporate accounting and budget follow-up, legal affairs, financial certification and information technology security;
- / The units that perform senior management and Board monitoring, in particular the Board of Directors and the Executive Committee, including Internal Audit and Compliance.

#### **4.3 Types of compliance program**

The Caisse, through the Policies and Compliance Senior Vice-Presidency, ensures compliance through such means as:

- / Programs for the Board of Directors to ensure compliance with the *Act respecting the Caisse de dépôt and placement du Québec*;
- / Programs for the Executive Committee to ensure compliance with laws, regulations, policies and directives applicable to the organization’s units;

## 4.4 Reporting

To provide the Board of Directors with the assurance that non-compliance risk is managed effectively and the Audit Committee with the assurance that compliance monitoring mechanisms are sufficient and effective, the Caisse reports as follows:

	<u>AC</u>	<u>RMC</u>	<u>Depositors</u>
<u>Senior management</u>			
▪ Compliance self-assessment relative to laws, regulations, policies and directives applicable to the investment groups and the general services groups (on an ongoing basis)	✓	✓	
<u>Policies and Compliance</u>			
▪ Communication of the results of work to apply compliance programs pertaining to applicable laws, regulations, policies and directives (on an ongoing basis)	✓	✓	
▪ Compliance certificates (on an ongoing basis)		✓	✓
▪ Quarterly compliance activity report (on an ongoing basis)	✓		

## 5. RESPONSIBILITIES

### 5.1 Employees

Each employee is obliged to comply with the applicable laws, regulations, policies and directives, including the Caisse's Code of Ethics and Professional Conduct for Officers and Employees.

### 5.2 Investment groups and general services groups

Each unit is responsible for:

- / Ensuring compliance with applicable laws, regulations, policies and directives;
- / Applying compliance policies and programs adopted by the organization;
- / Promptly reporting any instance of non-compliance according to the mechanism provided in the Code of Ethics and Professional Conduct for Officers and Employees;
- / Taking part in preparation of annual self-assessments regarding application of their unit's compliance manual.

### 5.3 Policies and Compliance Senior Vice-Presidency

This unit is responsible for:

- / Administering the Policy;
- / Designing compliance programs pursuant to section 4.3 of the Policy;
- / Preparing annual self-assessments regarding laws, regulations, policies and directives applicable to the investment groups and the general services groups;
- / Submitting to the Audit Committee and the Risk Management Committee the results of application of the compliance programs.

#### **5.4 Executive Committee**

The Executive Committee is responsible for:

- / Maintaining a compliance environment that is adapted, complete, sufficient and effective;
- / Communicating the annual self-assessments of compliance with applicable laws, regulations, policies and directives to the Audit Committee and the Risk Management Committee.