

Responsible Investment Approach*

The Pension Board's approach to Responsible Investment (RI) includes the integration of environmental, social and governance (ESG) factors, engagement, proxy voting and specified exclusions. This approach focuses on those ESG issues that have or are likely to have a material impact on the long-term sustainability of the Fund. Examples of ESG issues include:

- Environmental – climate change, greenhouse gas emissions, energy efficiency and renewable energy use, natural resource use and sustainability, water use, waste management and pollution;
- Social – health and safety, product safety, working conditions, diversity and inclusion, human rights, Indigenous rights and stakeholder relations;
- Governance – accounting standards and audit quality, business ethics, regulatory compliance, board structure and composition, executive compensation, shareholder rights, shareholder engagement and transparency.

The RI strategy includes a commitment to active ownership by monitoring companies within its portfolios, actively voting at company meetings, and engaging with investee companies to improve long-term performance.

To manage the Fund's assets, the Investment Committee expects external investment managers to incorporate all material ESG considerations in the investment decision-making process and to be aware of the Plan's approach to responsible investment. In particular, the Investment Committee expects investment managers to adhere to the United Church of Canada's exclusions so that the Fund does not invest in companies that primarily engage in the following:

- development, manufacture or sale of weapons or weapon delivery systems;
- preparation, distribution and sale of adult entertainment;
- the manufacture and sale of tobacco products; or
- gambling activities.

* This is also included in the Pension Plan's Statement of Investment Policies and Procedures.