



**TEACHERS'
PENSION PLAN
CORPORATION**
NEWFOUNDLAND
& LABRADOR

RESPONSIBLE INVESTING POLICY

Teachers' Pension Plan Fund

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1.0 INTRODUCTION

The Newfoundland and Labrador Teachers' Pension Plan ("Plan") is a jointly sponsored defined benefit pension plan that offers its members a lifetime pension benefit when they retire. Member pension benefits are funded by contributions made by them and their employer, as well as investment income generated by the Plan's assets.

The Teachers' Pension Plan Corporation's ("TPPC") mission is to provide retirement security and outstanding service for its members. TPPC is the administrator of the Plan.

In fulfilling its mission, TPPC has a fiduciary responsibility to act in the financial best interest of its members, provide prudent investment management and consider risks that may affect the performance of the Plan. TPPC will consider environmental, social and governance ("ESG") factors that may impact the financial outcomes of the Plan through both risks and investment opportunities.

Since 2018, TPPC has taken a measured and focused approach to progressing its responsible investment practices.

2.0 RESPONSIBLE INVESTMENT BELIEFS AND PRIORITIES

TPPC believes that responsible investment, an approach to investing that aims to incorporate any relevant and material ESG factors into investment decisions and capital stewardship, plays a role in meeting its fiduciary obligations. Considering ESG factors in investment activities supports risk management as ESG analysis can identify systemic, long-term and unpriced risks. Similarly, companies that manage ESG risks and seek solutions to ESG challenges can create long-term value. Consequently, we believe ESG factors should be considered when making investment decisions as they can impact long-term investment returns. We also seek investment managers who share our beliefs in the importance of responsible investing.

In addition to ESG integration, we also want to engage with our external managers. We believe that ongoing dialogue and engagement are more likely to influence positive change and long-term sustainability and investment returns than divestment or negative screening.

TPPC has identified four ESG priorities to focus our investment monitoring and engagement activities:

1. **Climate Change:** How investee companies¹ are measuring their greenhouse gas emissions and setting reduction goals, managing climate risks, and capturing climate change-related opportunities.
2. **Diversity, Equity and Inclusion:** How investee companies are increasing diversity of their boards and workforces as well as integrating equitable and inclusive practices into their business.
3. **Labour Practices:** How investee companies are advancing fair labour practices and safe workplaces.
4. **Inequality:** How investee companies are contributing to global social and economic equality of members of society.

3.0 PURPOSE

The purpose of this Responsible Investing Policy (“Policy”) is to outline how TPPC integrates ESG factors into its investment process. To guide us through the implementation, we use TPPC’s ESG Framework, which focuses on four principles:

1. **Integrate:** Continued integration of ESG within TPPC’s investment manager selection and monitoring processes and investment manager governance framework.
2. **Engage:** Direct engagement (through TPPC’s investment managers, including proxy voting) and indirect engagement activities.
3. **Inform:** Continuous learning and knowledge transfer regarding ESG trends, and integration of best practices.
4. **Evolve:** ESG factors and TPPC’s ESG beliefs are not static, requiring continuous review and evolution as needed.

In this Policy, we explain how these principles are implemented on a continual basis.

The Policy will evolve as TPPC and our investment managers progress ESG practices.

¹ Investee companies include shares in public market securities, and units held in funds that invest in private market companies, real estate and infrastructure assets.

4.0 SCOPE AND APPLICABILITY

This Policy applies to all investment activities performed within each investment mandate, directly or indirectly, by TPPC and their service providers.

We are also using this Policy as an inspiration for corporate policies and programs, ensuring consistency between our expectations towards investments and our own behaviours as an organization and an employer.

5.0 ESG INTEGRATION IN THE INVESTMENT PROCESS

We are progressively integrating ESG factors and priorities into our investment processes.

TPPC's investments are managed externally by various investment management firms. As stated in Principle 1 of TPPC's ESG Framework, ESG considerations are applied in the due diligence process used to select and appoint external managers, which includes reviewing how they identify, assess and manage ESG risks and opportunities for investments in their portfolio.

TPPC also integrates ESG considerations in its external investment manager monitoring process. We use ESG specific questionnaires to gather and document information regarding the ESG policies and practices of those firms.. ESG related topics are an integral part of our discussions with investment managers and we monitor how these factors are being managed within TPPC's portfolios through regular reporting.

TPPC does not apply exclusions to its investments. We believe that we can have a greater impact by engaging with our external managers rather than negatively screening investments.

6.0 ESG INTEGRATION IN CAPITAL STEWARDSHIP

As good stewards of the capital with which we are entrusted, TPPC will use its influence to promote the creation of long-term sustainable value.

Our stewardship approach is tailored to each asset class, the nature of the market (private or public) and ownership structure.

For investments made in public equities, TPPC's investment managers are delegated voting rights, which are to be cast based on the manager's proxy voting policies and

the investment management agreement between the manager and TPPC. We monitor manager activity at the investment level and require investment managers to report on proxy voting activity at least annually. We also reserve the right to direct managers with investment management agreements to vote in a specified manner.

As active stewards of capital, TPPC engages with external managers to improve ESG performance and influence corporate behaviour in our investee companies. We also engage indirectly with Canadian public investee companies through our membership in the Canadian Coalition for Good Governance (“CCGG”). TPPC receives information on a regular basis on engagement activities from CCGG and investment managers and provides input into those processes.

For investments made in the private markets, TPPC monitors investment manager activity through quarterly and annual reporting, which is supplemented by ongoing manager dialogue, participation at fund annual general meetings, and in some instances, through our participation on fund advisory boards and committees.

Finally, during the manager due diligence and selection processes, TPPC will assess whether external investment managers have, or are planning to, adopt capital stewardship programs.

TPPC’s stewardship activities continue to evolve and adapt. TPPC’s Stewardship Guidelines further articulate our beliefs with respect to ESG matters relating to our priority areas, which we expect to see reflected in proxy voting and engagement activities undertaken by our investment managers.

7.0 COLLABORATION

TPPC is collaborating on responsible investment with peers and other investment industry stakeholders through dialogue and through association activities and working groups. TPPC is a member of the following organizations:

- Canadian Coalition for Good Governance
- Institutional Limited Partners Association
- Pension Investment Association of Canada

TPPC will seek to identify other relevant organizations and associations and collaborate with peer organizations as it progresses its ESG journey.

8.0 REPORTING AND COMMUNICATIONS

We will report progress on the implementation of this Policy on an annual basis to the Board of Directors (“Board”) and the Investment Committee (“IC”). In addition, an

update will be provided on our ESG progress in our Annual Reports and during the Board's annual meeting with the Sponsor Body.

9.0 ROLES AND RESPONSIBILITIES

TPPC's Board is responsible for the approval and oversight of this Policy, as recommended by the IC. The Board has overall responsibility for all investment activities of the Plan.

TPPC's Management (the Chief Executive Officer and the Chief Investment Officer) are responsible for the implementation, review and updating of this Policy, as well as recommending changes for approval. Management provides an annual update to the Board and IC describing how ESG considerations were integrated into the administration, execution, and operation of investment activities.

Continuous learning and knowledge transfer regarding ESG trends and integration of best practices is a principle of TPPC's ESG Framework. We provide regular updates and periodic training opportunities on various ESG related topics to our investment staff, Board and IC members. Our responsible investment approach is also included in our staff and Board member onboarding training.

10.0 POLICY REVIEW

The Board shall review and approve the Policy at least annually. Notwithstanding the minimum review requirement, the Policy may be changed or modified at any time by the Board.