

# RESPONSIBLE INVESTING REPORT



**Responsible investing (RI) aims to incorporate relevant and material environmental, social, and governance (ESG) factors into investment decisions and capital stewardship.**

As outlined in our Responsible Investing Policy, RI plays an important role in meeting our fiduciary duty and ensuring the sustainability of the Plan for the long term. We consider ESG factors within our investment analysis and decision-making processes in the context of both risks and opportunities, with the aim of improving risk-adjusted returns. Furthermore, we seek to use our rights and influence to protect and enhance the overall long-term value of the Plan for our beneficiaries.

## Responsible Investing Framework

We have established a framework to guide our approach to RI, which focuses on four principles:



## Our Approach

**Our approach to RI has been evolving since the inception of the Corporation.**

Since creating our 2022 ESG workplan, we have developed an RI policy and integrated ESG considerations into the selection and monitoring of our investment managers. In 2024, we also developed Stewardship Guidelines to provide a framework for conducting and monitoring stewardship activities and to articulate our beliefs regarding key ESG issues. We have refreshed our ESG workplan for 2025-2027 and look forward to communicating our progress with you as our ESG journey continues.



In addition to updating our ESG workplan, we believe engagement is a critical part of our RI Policy; therefore, we actively collaborate with our peers through our membership in the Pension Investment Association of Canada (PIAC), the Canadian Coalition for Good Governance (CCGG) and the Institutional Limited Partners Association (ILPA).

## Responsible Investing Priorities

In considering the potential ESG risks that may impact the Plan, our Board identified four priorities to focus our investment monitoring and engagement activities:



### Climate Change

How companies are managing climate risks, capturing climate change-related opportunities, measuring their greenhouse gas emissions and setting reduction goals



### Labour Practices

How companies are advancing fair labour practices and safe workplaces



### Diversity, Equity and Inclusion

How companies are increasing the diversity of their boards and workforces as well as integrating equitable and inclusive practices into their business



### Inequality

How companies are contributing to global social and economic equality of members of society

## Governance

Our Board is responsible for all investment activities of the Plan, including the approval and oversight of our RI Policy. Our management team is responsible for implementing, reviewing, and updating the Policy and providing an annual update to the Board, describing how ESG considerations are integrated into the administration, execution, and operation of our investment activities.

Our continuous learning regarding ESG trends and the integration of best practices is part of our RI framework. We also incorporate an overview of ESG considerations in our orientation and onboarding process for new employees and Board members and provide periodic training opportunities for our Board and investment team. Some recent topics we've explored included Stewardship and Sustainable Transition.

## Asset Manager Selection and Monitoring

As part of our ongoing monitoring of existing investment managers, we administer a customized ESG questionnaire, which is also used in our due diligence process when selecting investment managers. The questionnaire is designed to gather information regarding each investment manager's approach to RI, and in 2024, it was used to provide valuable insights into the performance and practices of three new investment managers.

In 2024, 95% of our investment managers completed our ESG questionnaire with responses indicating a strong degree of alignment with our RI beliefs. The questionnaire also revealed that 95% of our investment managers are United Nations Principles of Responsible Investment (PRI) signatories and participate in the PRI assessment process. As PRI signatories, these investment managers commit to incorporating ESG factors into their investment decision-making and ownership practices and report on their responsible investment activities.

The ESG questionnaire process, which includes consideration of the investment managers' PRI assessments, enables us to engage in meaningful dialogue regarding each investment managers' approach to RI with a view of identifying opportunities for improvement and sharing best practices.



**95%**

**of our investment managers completed our ESG questionnaire**



**95%**

**of our investment managers are PRI signatories**



## Stewardship

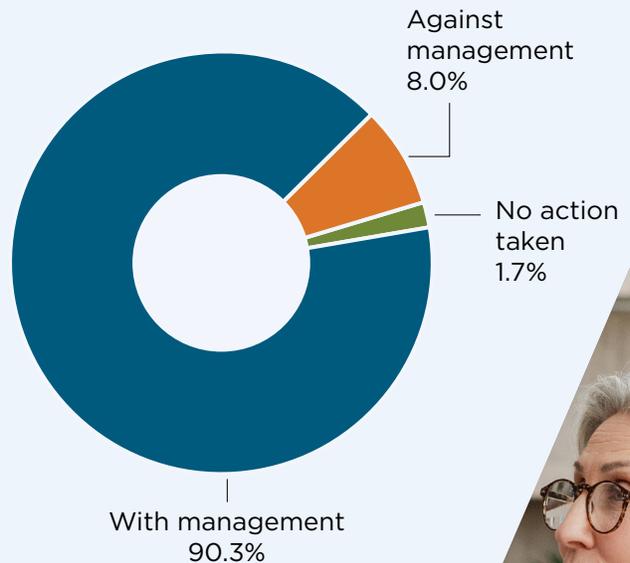
We aim to use our influence to promote sustainability and advance our ESG priority areas by improving the corporate behaviour of our investee companies and engaging with policymakers.

### Proxy Voting

To ensure our voice is heard among companies, we have delegated responsibility for proxy voting to our external public equity investment managers, who endeavour to vote at all shareholder meetings of the companies in our portfolios. Votes may be withheld or cast against to signal concern to management or due to a lack of information regarding a proposal. During 2024, our investment managers voted against management 8% of the time.

Our investment managers support proposals that address issues material to the company as well as those which are in the long-term financial interest of shareholders. Specific to proposals related to climate, they tend to support calls for additional disclosure, including emissions reporting, which enables the company and its shareholders to better understand the company's climate risks. As well, they tend to support management's *Say on Climate* proposals, which present a company's climate-related strategies and policies.

### 2024 Proxy Voting



### Engagement and Advocacy

Throughout 2024, our investment managers engaged with companies on ESG issues to enhance their understanding of the risks and opportunities companies are facing, as well as their approach to and oversight of those issues. Our investment managers also encourage enhancements to disclosure where they feel shareholders would benefit from further information.

In 2024, we participated in the CCGG annual engagement program, and a member of our investment team serves on the CCGG's Public Policy Committee. Our investment team members also attended PIAC conferences, taking advantage of the opportunity to network with peers and discuss current issues, including RI topics.



We believe that RI plays an important role in meeting our fiduciary obligations, and our approach to RI will continue to evolve. Building on our understanding of our investment managers' RI practices, we will further progress our climate change priority. In 2025, we will work to establish a baseline carbon footprint for our portfolio. We intend to utilize portfolio emissions data to assess our exposure to climate-related risks and opportunities, as well as to inform our stewardship activities.

We look forward to providing updates on our RI activities and outcomes as part of our annual reporting cycle.

If you are interested in learning more about our RI activities, please contact us by email at [memberservices@tppcnl.ca](mailto:memberservices@tppcnl.ca), or by phone at **709-793-8772** or **1-833-345-8772**.

