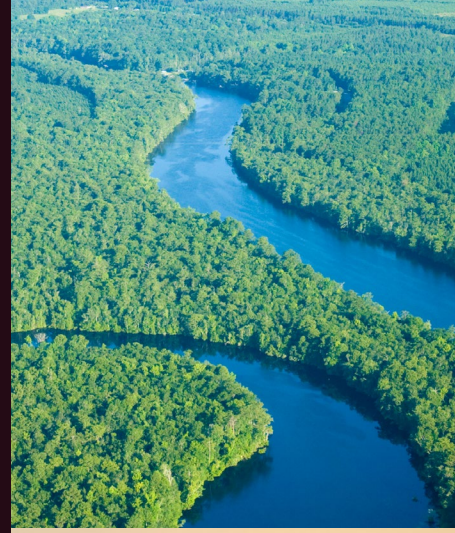


2022

Responsible Investing Guidelines



**ONTARIO
TEACHERS'
PENSION PLAN**



Ontario Teachers' Pension Plan Responsible Investing Guidelines

I. About Ontario Teachers'

The Ontario Teachers' Pension Plan Board (Ontario Teachers' or the organization) is a global, independent organization that delivers retirement security to over 330,000 working and retired teachers. It invests in 50+ countries through six locations around the world. The organization's mission is to provide outstanding service and retirement security for its members – today and tomorrow.

II. Introduction

Ontario Teachers' considers environmental, social and governance (ESG) factors when making investment decisions. ESG factors may impact the financial return and risk profile of an investment, as well as Ontario Teachers' brand and reputation.

Ontario Teachers' believes that integrating and managing ESG considerations throughout the investment process supports the creation of long-term, sustainable growth and helps achieve higher risk-adjusted returns to help pay pensions.

Staying abreast of emerging and evolving ESG factors and ensuring effective ESG practices enables us to deliver on our pension promise, while having a positive impact for our members, partners and communities.

III. Purpose of the Guidelines

The Responsible Investing Guidelines (the Guidelines) describe the general principles guiding Ontario Teachers' approach to integrating ESG considerations in each phase of the investment lifecycle. The Guidelines outline key ESG practices and processes to support a clear focus on long-term value creation and a systematic assessment of risks and opportunities posed by ESG factors.

IV. Defining ESG Factors

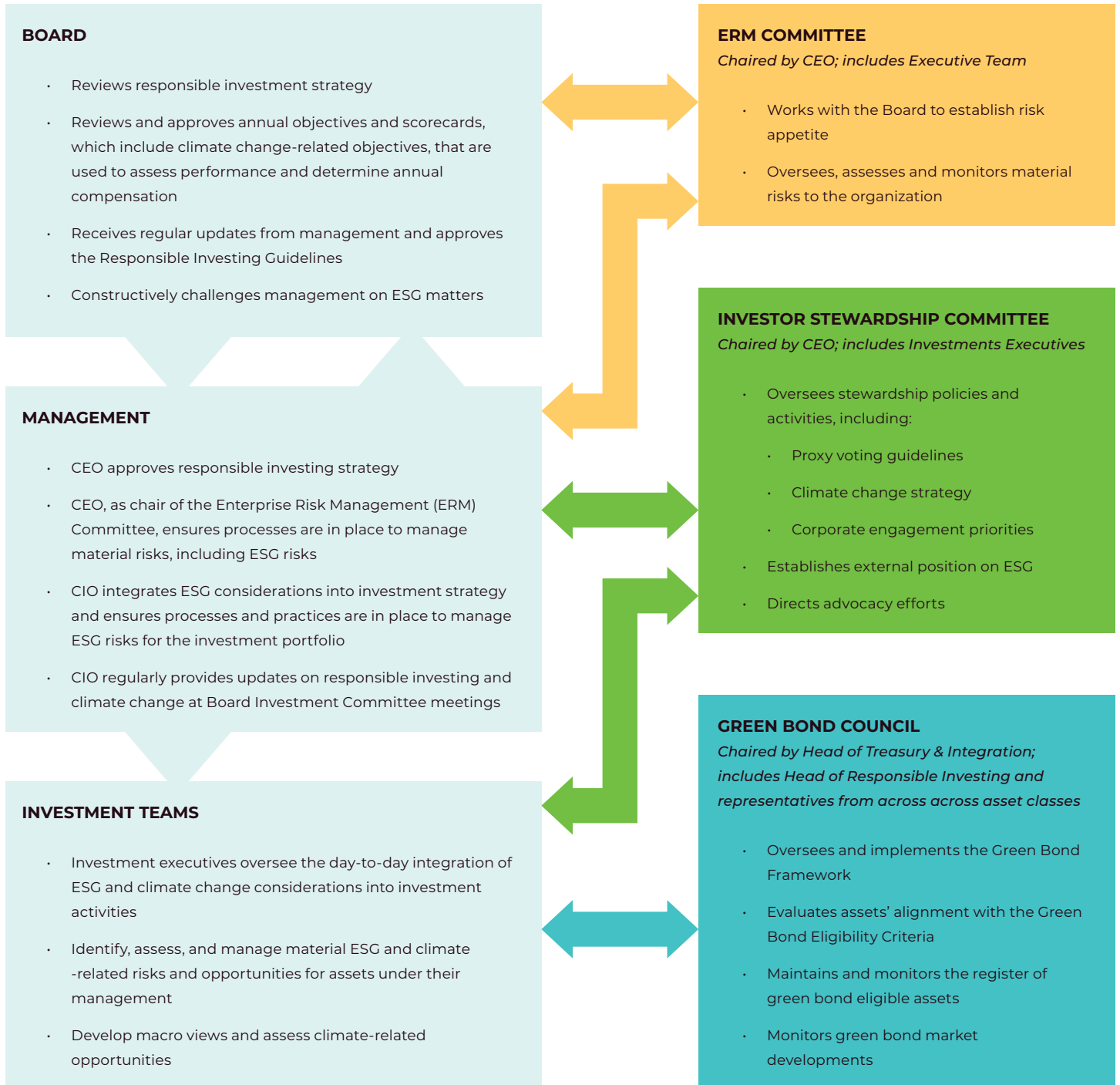
ESG factors can materially impact the value of an investment. They include:

- **Environmental** factors, which are related to a company's interaction with the physical environment. Environmental factors include both impacts on the environment (e.g., contamination or greenhouse gas emissions), as well as impacts from the environment (e.g., extreme weather or water scarcity).
- **Social** factors that arise from the relationship between a company and its employees, consumers, suppliers, and communities. Social factors include, but are not limited to, labour and human rights, health and safety, diversity, equity and inclusion, and product safety.
- **Governance** factors, which relate to the system of structures a company puts in place to ensure it is effectively directed and controlled. An effective governance system can reduce risks for stakeholders by ensuring there is proper alignment of management and stakeholder interests. This relies on the clear delineation of roles – shareholders elect directors, directors supervise management, and management executes its strategy.



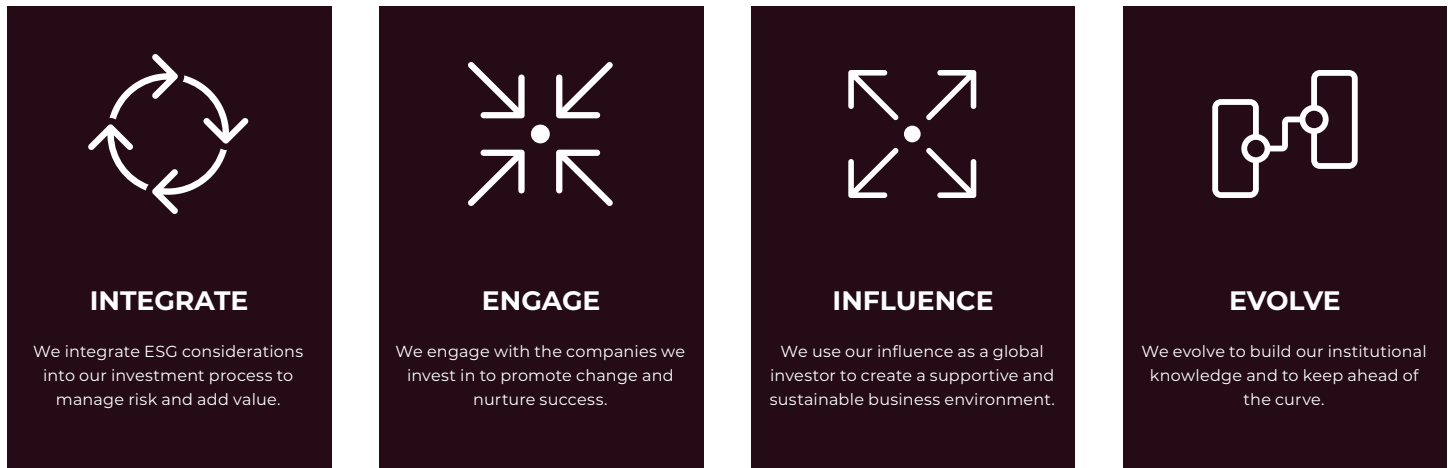
V. Responsible Investing Leadership and Implementation

Accountability for Responsible Investing at Ontario Teachers' extends throughout the organization.



VI. Responsible Investing Principles

Ontario Teachers' has established four principles that guide how the organization considers and manages ESG factors.



VII. Applying the Principles

Integrate

The relevance of ESG factors can differ depending on the sector, asset class, time horizon and strategy. ESG factors can also be relevant at any stage of the investment process from origination through to diligence, asset management and exit.

The assessment of the materiality of ESG factors is informed by factors including, but not limited to, the investment strategy, the potential impact on the organization, subject matter expert review, and external guidelines such as the Value Reporting Foundation Sustainability Accounting Standards Board (SASB) and the Recommendations of the Task force on Climate-related Financial Disclosures (TCFD).

We recognize that climate change presents significant systemic financial risks and opportunities over the short-, medium- and long-terms. Integrating climate risk and opportunity in our investment process is essential to our purpose of providing lifetime retirement income. To support our commitment to net-zero, we aim to assess a company's carbon footprint, its contribution to our portfolio carbon footprint, and, where the footprint is significant, the scope for the company to make emissions reductions, as part of our assessment of all material ESG factors.

As a global investor, Ontario Teachers' invests across public and private markets through internal and external managers.

The integration of responsible investing into these investments is outlined on the next page.

Internally Managed

Public Equity and Credit Investments

In public equity and credit portfolios, Ontario Teachers' approach differs depending on whether the investment strategy is based on fundamental analysis (e.g., stock or credit selection) or is quantitative or passive.

Fundamental equity and credit teams include ESG considerations as part of their standard review practices. Material ESG risks and opportunities are included in investment evaluation.

Ontario Teachers' applies an overlay approach for quantitative and passive strategies, where material ESG considerations are identified, assessed and addressed by the Responsible Investing and Corporate Governance team.

Private Equity, Infrastructure and Natural Resources

Material ESG opportunities, risks and mitigants are evaluated as part of the due diligence and investment approval process.

To assist in the review and assessment of ESG factors, investment teams will, as appropriate, engage external environmental, legal, commercial and other technical consultants as well as Ontario Teachers' Responsible Investing team.

When an investment is made, ESG risks and/or opportunities identified during the pre-investment stage are incorporated into value creation plans and ongoing monitoring.

Real Estate

Ontario Teachers' real estate portfolio is managed by Cadillac Fairview Limited (CF), a wholly owned subsidiary. ESG considerations have long been a core element of CF's investment, development, management and operation of real estate properties.

This includes monitoring environmental performance, ensuring health, safety and well-being of staff and occupants and engaging key stakeholders. Ontario Teachers' Responsible Investing team works closely with CF to share leading practices in ESG matters and to ensure that responsible investing practices continue to have strategic priority in the organization.

Externally Managed

When selecting external managers in public markets and general partners (GPs) in private markets, where relevant, Ontario Teachers' reviews their ESG policies and practices, as well as their governance, strategy and risk management practices related to ESG factors. Proprietary, mandate-specific, ESG maturity frameworks support in the assessment of ESG practices in line with Ontario Teachers' and industry expectations.

ESG practices and performance are also assessed as part of the ongoing monitoring and evaluation of external investment managers and GPs.

Through ongoing dialogue and sharing of leading practices, Ontario Teachers' encourages external managers and GPs to continually improve their ESG approach.



Engage

Ontario Teachers' strives to be an active steward of the companies it owns. This means that in addition to integrating ESG considerations in investment sourcing and due diligence, the organization has ongoing interaction with companies it owns through engagement.

Ontario Teachers' engages with companies to protect and create value. Discussions with the board and management can provide insights into how companies are managing ESG risks and opportunities, and this can change behaviours and inform our own research and analysis. The engagement strategy calls for specific, measurable, achievable, relevant and timebound objectives for each engagement. Progress is monitored regularly.

Through active management, Ontario Teachers' is committed to supporting portfolio companies in the transition to a net zero economy.

Agency Risks	Tools of Influence	Influence & Ownership
Low	Board Seats	High
↑	Shareholder Agreements	↑
	Access to Management	
	Engagement	
High	Proxy Voting	Low
High	Divestment	None

Public Markets

Ontario Teachers' uses multiple channels to engage with public companies, including proxy voting, direct engagement and collaboration with other investors.

Ontario Teachers' has different catalysts for public company engagements, including:

- **Theme-driven:** focused on ESG issues that are significant to the company.
- **Event-driven:** determined by an ESG-related incident or corporate transaction.
- **Proxy vote-driven:** when deciding how to vote proxies or as a follow-up to a vote.

One of the most important rights investors have is the right to vote. Ontario Teachers' uses its ownership positions in public companies to promote good governance practices by exercising our proxy voting

rights. This means ensuring that votes are cast in a manner that is most consistent with the organization's [Corporate Governance Principles & Proxy Voting Guidelines](#) and are in the best long-term economic interests of company shareholders.

While we publicly disclose our proxy voting record, our preference is to conduct direct company engagements confidentially. A public approach to company engagement can be viewed as confrontational and be counter-productive, however, we will make our views known if a company is unresponsive or the situation is such that a public response is appropriate and/or more effective.

Our engagement strategy for public companies sets out an escalation process, which includes voting against directors, executive participation in engagements, potential to use shareholder proposals and legal action, and finally divestiture.

Private Markets

For direct private investments, where Ontario Teachers' often has board representation, the organization engages directly with boards and management on material ESG risks and opportunities as part of the asset management and value creation process. Our ability to effect or encourage changes will depend on our ownership stakes.

In the early stages of an investment where we have board representation there is a focus on constructing an effective board, considering the right mix of skills from both Ontario Teachers' and external directors, board diversity, the board and committee roles and responsibilities and the relevant charters and policies.

At the outset and throughout the ownership period, where we have board representation, Ontario Teachers' also considers various frameworks to assist in effective board governance, including code of conduct, enterprise risk management, anti-bribery and corruption, ESG and escalation protocols, among others. Ontario Teachers' designates an employee director to be an ESG representative who will be responsible for escalating ESG issues to Ontario Teachers'.

To ensure our boards are operating effectively throughout the ownership period, Ontario Teachers' is in regular communication with board members and management teams. The organization uses a variety of continuing education methods to keep employee directors up to date on key topics and periodically employs board effectiveness reviews and re-evaluates the mix of skills on the boards of portfolio companies.

Exclusions

Ontario Teachers' believes that engaging with portfolio companies is more likely to influence positive changes than divesting from investments. However, Ontario Teachers' will not invest in certain businesses due to heightened and irreconcilable risks. Under our exclusion framework we consider international treaties and conventions, the degree of societal or environmental harm and the company or sector's willingness or ability to address the harm.

In addition to our exclusion framework, Ontario Teachers' has an ongoing process to identify and assess companies associated with severe controversies, such as human rights abuses. Investment in companies posing potential reputation and financial risks as a result of these controversies may be restricted following an assessment of the risk and our ability to engage and influence positive change.

Influence

Ontario Teachers' is a globally diversified, long-term investor. It has broad exposure to macroeconomic and systemic market and credit risks, providing it with a vested interest in the overall well-being of the economy.

The organization's influence can be used at the regulatory and policy level to support long-term policymaking and regulations that reduce risk, clarify uncertainty and promote sustainability in investments.

Using influence can be a highly effective and efficient lever to address ESG concerns that are common across sectors and markets. Through collaboration with peers, Ontario Teachers' can use its influence to advance the responsible investing practices of the global investment community.

Ontario Teachers' involvement with organizations and initiatives is informed by the objective and broader context of the initiative and the extent of alignment with Ontario Teachers' corporate strategy.

VIII. Reporting

Consistent with its expectations of reporting and transparency from companies in which it invests, Ontario Teachers' is committed to reporting on its responsible investing activities. Ontario Teachers' reports internally, including to the Investor Stewardship Committee and the Board. It also reports publicly through its Annual Report, Responsible Investing and Climate Change Report and regular updates to the corporate website.

Ontario Teachers' Proxy Voting Guidelines and proxy voting record are also available on its website.

Ontario Teachers' Pension Plan Board

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Evolve

ESG factors are constantly evolving, requiring Ontario Teachers' to stay ahead of emerging topics and trends. As understanding of ESG opportunities and risks evolves, tools and processes may need to be developed or modified.

It is often helpful for us to seek out new knowledge or different points of view. Ontario Teachers' devotes time and resources to continuous education on ESG issues across the organization, including our Board and sponsors. This involves bringing in external speakers to discuss evolving ESG risks, opportunities and practices; conferring and collaborating with peers; and participating in external forums, roundtables and conferences to build knowledge and inform strategy.