Pension Fund: Responsible Investment Guideline (Approved by the PFIC May 26, 2015)

1. Purpose and Definition

Through its alignment with the United Nations supported Principles for Responsible Investment (“PRI”) the University of Ottawa (“University”) has made a public commitment to make investment decisions that consider environmental, social and governance (“ESG”) issues while taking appropriate steps to meet its fiduciary responsibilities to optimize investment returns. Responsible investment integrates ESG criteria in the investment decision making process based on the belief that these criteria can influence the performance of an underlying investment and therefore are relevant to the assessment of economic value.

The Pension Fund Investment Committee (“Committee”) determines the approach and related actions taken to promote the principles of responsible investment in a manner that is consistent with the industry best practices framework established by the PRI. The approach and related actions facilitate the ability to collaborate with other investors and undertake engagement initiatives, which is the most effective method to achieve positive changes with respect to ESG issues.

2. Application

The University is a signatory to the PRI. As such, the internal investment staff must implement a responsible investment approach that is consistent with the PRI framework. This guideline and the related actions outlined in section 4 below specifically apply to the pension fund (“Portfolio”).

Responsible investment considerations and ESG criteria are factors that are integrated along with all other factors when making investment decisions.

3. Objectives

The objectives of the responsible investment guideline are:

(i) To outline the specific actions that will be taken in response to each of the six PRI Principles
(ii) To provide transparency to beneficiaries and stakeholders in terms of the specific actions taken and on the holdings in the Portfolio
(iii) To ensure that the University takes all appropriate steps to meet its fiduciary responsibilities and act in the best long-term interests of its beneficiaries and stakeholders
(iv) To inform the University’s beneficiaries and stakeholders on its philosophy and approach to address ESG issues
(v) To provide a mechanism to monitor and further develop the University’s responsible investment capabilities
4. The Six PRI Principles and Related Actions

At present the actions set out below largely apply to publicly listed equities and, since the Portfolio is managed by external managers, actions such as exercising proxy voting rights and shareholder engagement initiatives are carried out through external investment management firms. The University takes the same approach with external investment management firms whether the securities are held in separate accounts or through pooled fund vehicles.

Responsible investment principles are well ingrained in the private market portfolios, which include investments in real estate, infrastructure and renewable energy projects, and steps are being taken to broaden out the monitoring and reporting processes to include these portfolios.

<table>
<thead>
<tr>
<th>PRI Principle¹ For Each Signatory</th>
<th>University Actions</th>
</tr>
</thead>
</table>
| 1. We will incorporate ESG issues into investment analysis and decision-making processes. | • Support development of ESG-related monitoring and reporting tools  
• Assess the capabilities of external investment managers to incorporate ESG issues  
• Document approach to ESG issues in investment mandates  
• Undertake ESG training for internal investment staff |
| 2. We will be active owners and incorporate ESG issues into our ownership policies and practices. | • Exercise voting rights through external investment managers  
• Monitor voting activity and compliance with voting policy  
• Ask investment managers to undertake and report on ESG-related engagement |
| 3. We will seek appropriate disclosure on ESG issues by the entities in which we invest. | • Ask investment managers to report on ESG issues in the portfolios  
• Ask investment managers to report on ESG-related engagement activities |
| 4. We will promote acceptance and implementation of the Principles within the investment industry. | • Include assessment of ESG capabilities when selecting investment managers  
• Align monitoring and performance indicators with long-term time investment horizons  
• Communicate ESG expectations to investment service providers  
• Support the development of industry resources for benchmarking ESG integration |

¹ As outlined on the PRI website
5. We will work together to enhance our effectiveness in implementing the Principles.

- Participate in networks, including the PRI, as a source of learning and collaboration
- Participate in advocacy initiatives through PIAC² to promote sound governance practices

6. We will report on our activities and progress towards implementing the Principles.

- Disclose how ESG issues are integrated within investment practices
- Communicate with stakeholders about the approach to address ESG issues

Certain investment strategies are held for specific reasons, such as government bonds held for liquidity and safety, index funds held to maintain market exposure, or hedge funds held to meet specific risk management objectives. In these cases the above stated University actions may not apply.

5. Responsibility and Authority

University management has the authority to implement the specific actions that are set out in section 4 above of the responsible investment guideline and the external investment management firms report to the University’s internal investment staff. Oversight is the responsibility of the Committee.

6. Periodic Review and Reporting

University management shall report to the Committee on the specific actions taken as outlined above under the six PRI Principles as well as on the capabilities of the external investment managers. Recommendations to further develop the University’s responsible investment approach will be made as part of the regular reporting, as appropriate. The internal investment staff may recommend revisions to this Guideline to the Committee at any time, if deemed desirable.

The University will participate in the annual PRI assessment reporting process that will provide information to benchmark its approach relative to other institutions.

An annual report and fact sheet on responsible investment will be tabled to the Board of Governors and published on the University’s website.

Disclosure of equity and fixed income securities held in the Portfolio will be published on the University’s website on an annual basis following approval by the Board of Governors of the annual audited financial statements. This is done in June, which is when financial information becomes public.

7. Exceptions to Guideline

Any exceptions to the responsible investment guideline must be made with the prior consent of the Committee.

---

² Pension Investment Association of Canada