SUSTAINABLE INVESTMENT POLICY

February 10, 2023

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1. Who We Are and What We Do

The Public Sector Pension Investment Board ("PSP Investments")[1] is a Canadian Crown corporation and one of Canada's largest pension investment managers. Our mandate is to: (1) manage amounts transferred to us by the Government of Canada for the funding of benefits earned from April 1, 2000 by members of the pension plans of the federal Public Service, the Canadian Forces, the Royal Canadian Mounted Police and since March 1, 2007, the Reserve Force (the "Pension Plans") in the best interests of contributors and beneficiaries, and (2) to invest our assets with a view to achieving a maximum rate of return without undue risk of loss, having regard to the funding, policies and requirements of the Pension Plans and the ability of those Pension Plans to meet their financial obligations.

The Funding Policy for the Pension Plans states an expectation that PSP Investments will describe in its Statement of Investment Policy Standards and Procedures, and other publicly available documents, how material environmental, social and governance ("ESG") factors are integrated into the PSP Investments' investment practices.

Our Sustainable Investment Policy (the "Policy")[2] guides our sustainable investment strategy and has been reviewed and approved by our Board of Directors. By adopting this Policy, PSP Investments communicates how it aspires to invest in alignment with its investment beliefs, with the aim to minimize negative societal outcomes (as outlined in our ESG Factors Lens in figure 1 below), and reduce financial risks related to relevant externalities, ultimately to improve the long-term risk/return profile of its investments.

This Policy articulates our investment beliefs with respect to sustainable investment, our approach with respect to how we seek to integrate material ESG factors into our investment process, to work as active stewards of the assets we own, to collaborate to drive change, and our climate change approach.

2. Our Investment Beliefs With Respect to Sustainable Investment

At PSP Investments, our sustainable investment approach is aligned with our investment mandate and our total fund perspective. As a long-term investor, we believe that proactively integrating material ESG factors, including systemic climate change risk, in our investment process, contributes to a better total fund long-term risk/return profile. It is also institutionalized through our investment beliefs. There is no one definition of sustainability, so we draw on international standards to inform our approach. The International Sustainability Standards Board's (ISSB) General Sustainability-related Disclosures Standard (S1) proposes to describe sustainability as *the ability for a company to sustainably maintain resources and relationships with and manage its dependencies and impacts within its whole business ecosystem over the short, medium and long-term,* and that sustainability is *a condition for a company to access over time the resources and relationships needed (such as financial, human, and natural), ensuring their proper preservation, development and regeneration, to achieve its goals.*[3] We aim to incorporate that description, as applicable, in our approach. It is central to guiding our sustainable investment strategy through our investment beliefs, our sustainable investment approach, and our total fund perspective. We seek to consider the financial and societal outcomes stemming from material ESG risks and opportunities, not only during the lifecycle of our investments, but also across asset classes.

We are of the view that resilient and adaptive companies who effectively anticipate, manage and integrate material ESG factors into their culture, business-model, strategy, and operations are better positioned to create and preserve value over the long-term than those that do not and that a high performing board of directors and good governance are the foundation to sustainable business practices. We believe that a well-sized and diverse board with the proper balance of skills, expertise and independence contributes to a company's long-term success. The board of directors is ultimately responsible for overseeing corporate strategy and this oversight requires a full understanding of the impact

[1] In this document, *we, us* and *our* refer to PSP Investments.
[2] Previously known as Responsible Investment Policy.
[3] ISSB, Press release. (2022, December 14).

that material ESG factors may have on a company's competitiveness, risk profile, resilience and, ultimately, long-term viability.

As a long-term investor, we consider that, where appropriate, active engagement is usually preferable to exclusion or divestment, a process by which certain companies or entire industries can be precluded from consideration for investment based on ESG factors. However, there are instances where PSP Investments may refrain from investing or decide not to maintain investment, including where there are material reputational and/or financial risks relating to:

- material ESG factors that do not align with our investment beliefs and the meeting of our mandate;
- the potential for investments to cause or contribute significantly to negative societal outcomes, for example environmental harm or human rights abuses;
- material concern about a company's long-term social licence to operate;
- the lack of engagement or strategy by the board of directors or management to prevent or mitigate material ESG issues;
- structurally unsuccessful engagement activities (by PSP Investments or collective efforts).

PSP Investments may also be restricted from investing in certain sectors presenting heightened ESG risks. This includes companies offering products or services that are prohibited by international treaties, or regulators and investments in entities and countries financially sanctioned or restricted for investment by Canadian authorities.

Climate change is considered one of the most critical social, environmental and economic challenges of our time, and will have significant physical and socio-economic impact on industries, biodiversity, communities and human activity, hence impacting investment returns. The broad society-led focus on decarbonization is likely here to stay and will become amplified in the coming years, in part due to the Paris Agreement.[4] As an institutional investor, we subscribe to the adoption of a long-term science-based world view and the potential to use our capital and influence to support the transition to global net-zero emissions by 2050. We prioritize setting clear expectations with investee companies to support their transition to net-zero emissions, and we aim to promote active engagement, where appropriate, over exclusion or divestment. However, we may choose to exclude or divest from investments where long-term financial risks do not align with our investment beliefs and the meeting of our mandate, or where the board or management of portfolio companies are unwilling to adopt appropriate mitigation plans to reduce their climate impacts, and ultimately impacting their business. For more information, please refer to our Climate Strategy Roadmap and our Corporate View on Climate Change.

3. Our Approach

Our sustainable investment approach is anchored by our vision to be an insightful global investor. We aim to do so by remaining focused on maximizing long-term, risk-adjusted, sustainable value, and keeping abreast of societal norms and values through active ownership to fulfil our mandate, which includes managing the amounts transferred to us in the best interest of the Pension Plans contributors and beneficiaries. PSP Investments has an enduring dedication to sustainable investment and active ownership principles and became a signatory of the UN-supported Principles for Responsible Investment (PRI) in August 2014. Our sustainable investment approach is based on the UN PRI, and we seek to take into consideration emerging standards, regulations, and frameworks for sustainability.

It is important for us as a long-term investor to strive to integrate analysis of material ESG risks and opportunities during our investment process from our initial investment analysis to post-investment monitoring through exit since it might support generating better returns, and lower possible risks across our total fund. We aim to foster appropriate knowledge of material ESG factors amongst our investment professionals so that such employees contribute to and

[4] See the Paris Agreement on the UNFCC's website for more information.

support the implementation of our sustainable investment approach. We work to ensure that our investment professionals are appropriately equipped to identify, measure and manage material ESG related risks and opportunities through applications, data and analytics. Relevant disclosure in respect to material ESG risks, strategies, practices and performance are necessary for us to make informed investment decisions. To that end, we encourage standardized disclosures of material ESG factors within consistent global reporting frameworks.

We recognize that the financial materiality of ESG factors can be dynamic, varies across companies, industries, geography and time. We also consider that the materiality of ESG factors is linked to a companies' social and environmental outcomes (e.g., greenhouse gas (GHG) emissions). Accordingly, we aim to take a pragmatic view when applying our approach to sustainable investing, taking into account the asset class and type of investment. This approach is intended to be tailored to local context, and to the commercial imperatives of the companies in which we invest. As an active and engaged investor, we expect these companies to not only comply with the applicable legal and regulatory regimes but to also adhere, where applicable, to best practices while implementing ESG policies that contribute to long-term overall corporate performance.

The diagram below illustrates some of the key ESG risks and opportunities we aim to consider, as outlined in the frameworks from the Sustainability Accounting Standards Board (SASB) and other standard setters, when evaluating investments across asset classes.

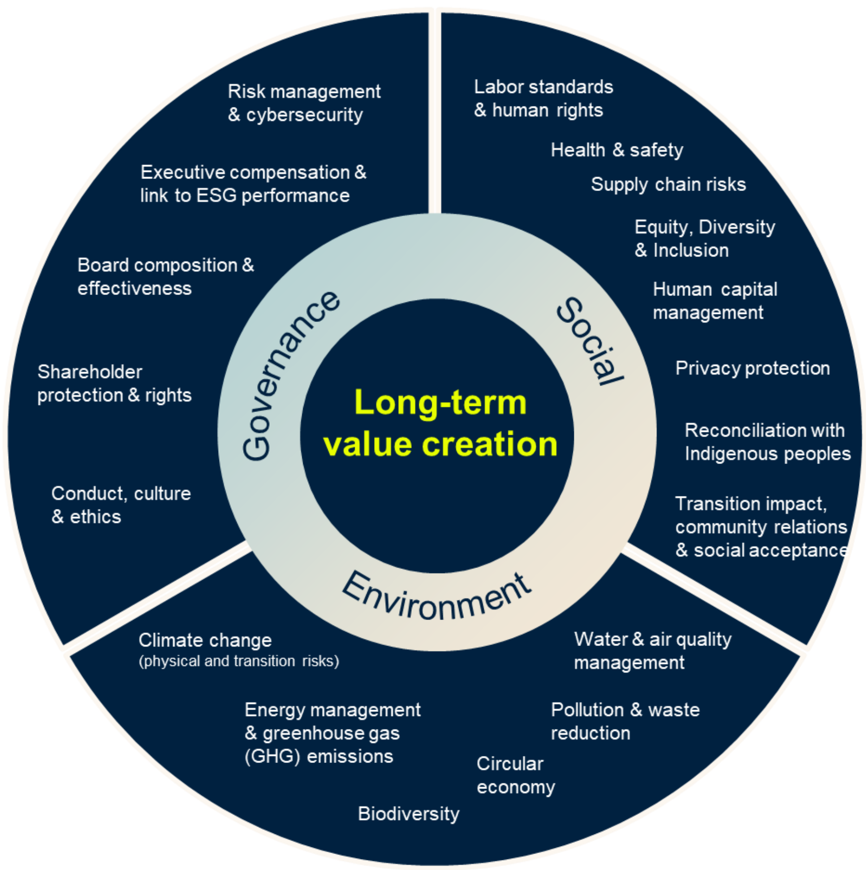

Figure 1: PSP Investments ESG Factors Lens

4. Integrating Material ESG Factors Into Our Investment Activities

As a global investor, PSP Investments is investing in public and private markets, through internally and externally managed investments. As part of the investment analysis and decision-making processes for internally managed investments, we look to identify and assess material ESG risks and opportunities, including climate change. Our focus on materiality is aimed at accounting for the most salient ESG factors that could have a significant impact on a company's financial or operating performance. Beyond simply managing risks, we look to capitalize on investment opportunities provided by these factors. Our engagement process is described in further detail in Section 5 "Being an Active Owner". For the portion of its capital allocated to mandates and funds managed by external managers and general partners, PSP Investments expects that the ESG integration approach for each externally managed mandate or fund to be consistent with our Policy and requirements. We aim to systematically review the ESG practices of our external managers and general partners both at the onset of an investment and during the investment lifecycle. In reviewing the ESG integration practices of our externally managed investments and engaging in an ongoing dialogue with our partners, we seek to share best practices and encourage the adoption of more robust ESG procedures and processes.

5. Being an Active Owner

As an asset owner, we aim to conduct ourselves as an engaged, thoughtful and principle-based investor. We are of the view that where appropriate, engagement with companies, either directly or in collaboration with like-minded investors, is an effective means through which we can influence positive changes, reduce investment risks, realize opportunities and drive long-term value creation. Our engagement activities aim to achieve greater alignment between financial returns and sustainable corporate behaviours supported by transparency and maintaining companies' social license to operate in the long-term.

Our engagement approach is tailored to the investment type, exposure, investment time horizon, the objectives sought, likelihood of success, and varies between public and private markets. However, our goal for both public and private markets is the same; we seek to encourage, through collaboration and open, constructive dialogue, the adoption of sustainable business practices to protect and enhance long-term financial value. We may also determine when and where to engage by leveraging our ESG key performance indicator monitoring tools, which allow us to benchmark our investments and generate progress toward ESG improvements and value creation.

For private market investments, we seek to leverage our direct access to portfolio companies to seize opportunities to improve ESG performance over time with the goal to protect and enhance long-term financial value, and reduce negative societal outcomes such as GHG emissions. We regularly monitor assets and will engage directly with boards and management on material ESG risks or opportunities, including climate change. For our direct investments, where we have board representation, we have an opportunity to influence a company's management of ESG factors and climate disclosure, including transition plans. For investments where we do not hold a board seat, we seek to work closely with co-shareholders and constructively communicate and collaborate with the company and the manager to encourage the adoption of sustainable best practices.

For public companies, where appropriate, we may choose to directly engage with companies, through service providers, or collaboratively with other investors. For individual engagements, our preference is to do so privately. We may also engage with publicly-listed companies through our proxy voting rights. We exercise our voting rights in accordance with our Corporate Governance and Proxy Voting Principles which outline our expectations with respect to corporate governance practices and sustainability of companies in which we invest. The election of directors is an important channel for expressing our dissatisfaction when we consider that a company has not taken steps to understand, assess and mitigate sustainability risks, including climate risks. Our Corporate Governance and Proxy Voting Principles are based on our belief that best-in-class corporate governance practices, relevant disclosure and responsible corporate behaviours contribute to the long-term performance of the listed companies in which we invest.

6. Collaborating to Drive Change

Collaboration, where appropriate, among institutional investors, investment partners, industry associations, regulators, academia and other non-governmental organizations can help to promote local or global ESG standards, and establish disclosure and measurement best practices. PSP Investments works with a number of organizations to support initiatives that support these goals, in Canada and around the globe. For PSP Investments, sustainable investing means also collaborating with others where appropriate to support more sustainable financial markets and regulation.

In our view, collaborative engagements with other institutional investors can be an effective way to advance good governance and improvement of ESG practices among portfolio companies. To exchange views on sustainable investing, climate change, and corporate governance, and to improve the quality of ESG practices and disclosure, we are involved in several investor organizations, networks and initiatives.

7. Reporting and Transparency

In line with our expectations of relevant reporting and transparency from portfolio companies in which we invest and from our investment partners, we also work towards improving and enhancing our disclosures on our sustainable investment activities and performance, and climate change-related financial risks and opportunities. We report internally on a regular basis to our Board of Directors and Governance Committee on our sustainable investment activities. In addition, we publish on our website, an annual Sustainable Investment Report (formally known as our Responsible Investment Report) and other updates, including our climate change-related disclosures based on recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD). Our Corporate Governance and Proxy Voting Principles and proxy voting records are also available on our website. Finally, as a signatory of the PRI, we also report through its annual reporting and assessment process.

8. Our Climate Change Approach

In order to guide our activities throughout the investment lifecycle in the context of emerging risks and trends, we develop from time-to-time corporate views on key themes and adjust our investment processes accordingly. As climate change is a long-term structural trend that will likely have a material impact on investment risks and returns, across different sectors, geographies and asset classes, we developed a Corporate View on Climate Change which seeks to proactively address climate change as part of our sustainable investment strategy.

In their Special Report on 1.5˚C, the Intergovernmental Panel on Climate Change (IPCC) – the world's pre-eminent scientific body on the science of climate change – concluded that limiting warming to 1.5˚C would require global net human-caused emissions to fall by about 45 percent from 2010 levels by 2030 and would need to reach 'net zero' around 2050. This foundational scientific reality is what is guiding the acute present-day societal focus on reducing emissions. We are convinced that investors should consider both physical and transition climate-related risks. Physical risks manifest as acute or natural weather events or longer-term shifts in climate patterns that can disrupt businesses and negatively affect the economy, thereby impacting investments. Transition risks refer to the impact on organizations of policy, legal, technology, and market changes resulting from climate change mitigation and adaptation measures. At the same time, we witness that the transition to a low-carbon economy is driving innovation and growth in many sectors, creating significant opportunities for green investments and for companies to adopt new business models.

As a long-term investor, we seek to proactively address climate change risks and opportunities, when material, as part of our investment strategy. We strive to actively consider climate resilience at the portfolio construction level and through deal underwriting, seek investment opportunities that contribute to the transition to a low-carbon economy through investment and active ownership, and encourage enhanced disclosure on climate change risks by companies in which we invest through engagement with peers, regulators, and investee companies. Our climate change governance model assigns accountability for our climate change approach across asset classes, corporate functions, executives, and the Board.

Our climate change approach is structured around the following key elements:

Strategic Objectives

At PSP Investments, we aim to position our portfolio to benefit from investments in climate change mitigation and adaptation solutions. We aim to seize investment opportunities from the transition to a low-carbon economy, which include investment in green and transition assets, in alignment with our bespoke Green Asset Taxonomy. For additional information, please refer to PSP Investment's inaugural climate strategy. We continue to advance PSP Investments' approach to climate change thought leadership through our ongoing research and development.

Integration and Deal Underwriting

We strive to foster appropriate knowledge of material ESG factors amongst investment professionals so that such employees share responsibility for the implementation of our climate change approach. We aim to ensure that our investment professionals are appropriately equipped to identify, measure and manage climate change related risks and opportunities through applications, data and analytics. We support PSP's portfolio construction and sustainable debt programs by conducting regular assessments of our investment portfolio's exposure to material climate change physical and transition risks as well as climate change opportunities.

Active Ownership and Engagement

As climate change is a multifaceted risk, we expect and where appropriate, encourage companies in which we invest to assess transition and physical risks faced at the asset-level, to report on the overall results of this assessment, and to develop mitigation plans when such risk is material. When relevant, we expect the boards of directors of our portfolio companies to ensure material climate change risks and opportunities are considered and integrated into their company's strategy and will continue to promote disclosures aligned with TCFD as a best practice. In public markets, depending on PSP Investments' market position and the materiality of a company's carbon footprint, we may also engage, including through collaborative initiatives, to articulate our views on climate-related issues and encourage TCFD-aligned disclosure practices.

Reporting and Disclosure

We work to encourage portfolio companies and other partners to disclose against the framework of TCFD or at such time as it is completed, with the climate-related disclosure standard set by ISSB where it complements or supersedes the TCFD's recommendations. In line with our expectation of relevant reporting and transparency from portfolio companies and from our partners, we published on our website our climate change-related disclosures, which are based on the recommendations of TCFD. For more information, see section 7 "Reporting and Transparency".

Leadership and Collaboration

Continued collaboration where appropriate among institutional investors, investment partners, industry associations, regulators, civil society and academia will help to raise awareness and understanding on climate change mitigation and adaptation best practices. We will continue to seek out these collaborative opportunities where appropriate with a view to scaling our collective efforts and to pioneering new research and thought leadership. We will continue to keep stakeholders informed of the salient elements of PSP Investments' climate change strategy and implementation process through proactive, transparent, and market-leading communications and reporting.

For additional information, please see PSP Investment's inaugural climate strategy and our Corporate View on Climate Change. Our climate strategy will be regularly updated to reflect ongoing market evolutions, insights, standards, regulations and the latest scientific understanding related to climate change.

9. We Are listening

This Policy will be reviewed at least every two years or more frequently if needed in order to reflect the evolution of our sustainable investment standards and practices. We welcome feedback, questions and comments about our Sustainable Investment Policy. Please feel free to contact us at sustainableinvestment@investpsp.ca.