



Responsible Investment Policy

Board Policy



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The Plan is registered with the Pensions Division of the Financial and Consumer Affairs Authority of Saskatchewan and with the Canada Revenue Agency. The registration number is 0304667.

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Responsible Investment Policy

Introduction

The Responsible Investment Policy has been adopted by the Board of Trustees of the Saskatchewan Healthcare Employees' Pension Plan (Board) to outline how the Saskatchewan Healthcare Employees' Pension Plan (Plan) will incorporate its approach to Responsible Investment through its investment activities.

1 Statement of Principles and Purpose

The purpose of the Plan is to provide retirement income to eligible healthcare employees and the Board's fiduciary duty to act in the financial best interest of the Plan's beneficiaries is paramount when investing Plan assets.

In doing so, investment decisions are undertaken with a sole focus on financial considerations. Environmental, Social and Governance (ESG) factors can be relevant to performing an assessment of the Plan's risk-return profile by enabling an expanded view of factors that might affect the value of pension plan assets and liabilities. Risks related to ESG factors should be considered together with other types of risks that are incorporated into the Plan's risk profile.

Accordingly, the Board has adopted the following ESG-related belief in the Plan's Statement of Investment Policies and Procedures.

The Board believes that organizations that manage ESG factors effectively are more likely to endure, manage risk, and create sustainable value over the long-term, than those that do not, making material ESG factors de facto financial considerations that can and should be evaluated in the investment process. Therefore, ESG will be integrated into the investment process, as part of the Board's commitment to act in the financial best interest of Plan members.

The Plan applies this belief to investment activities by adopting the following practices.

1.1 Integration of ESG Factors in the Investment

The Board communicates the above ESG belief and requires that external investment managers consider ESG factors in their investment process when the factors could have a material impact on risk, sustainability, or performance. Illustrative examples of ESG factors considered may include but are not limited to:

Environmental considerations such as climate change and greenhouse gas emissions, energy management and water and wastewater management.

Social considerations such as labour practices, employee health and safety, human rights, and product quality and safety.

Governance considerations such as political risk, board composition and skills, executive compensation, audit and risk management.

The Board's ESG belief further requires all external asset managers to sign and implement the six Principles for Responsible Investment (PRI) unless an exemption is provided by the Board. The six Principles for Responsible Investment provide external managers with a menu of actions, including: incorporating ESG issues into investment analysis and decision-making processes (Principle 1), being active owners and incorporate ESG issues into ownership policies and practices (Principle 2), and seeking appropriate



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disclosure on ESG issues by entities in which they invest (Principle 3)¹. In support of the Board's oversight, external investment managers are required to report to Administration on ESG-related policies and procedures and provide periodic reporting on ESG investment activity including their PRI related reporting.

In addition to asking if they are a PRI signatory, during an investment manager selection process, candidates are asked to demonstrate an understanding of material ESG issues that may impact portfolio investments, how their organization is structured to research and act on ESG issues and explain how ESG factors influence their decision-making process.

The Board and Administration look to investment consultants to incorporate ESG-related questions into their investment manager due diligence and ongoing monitoring to support an assessment of the extent to which ESG factors are integrated into the managers' investment process and organization. The findings of the investment consultant are generally expressed by a mandate/ strategy level ESG rating. Consultant ESG ratings and internal quantitative and qualitative ESG research are considered as part of ongoing due diligence of investment managers and incorporated into the Board's investment manager monitoring framework.

1.2 Stewardship

Exercising ownership rights through stewardship and proxy voting provides an opportunity to preserve and enhance the long-term value of assets. The Board engages external investment managers and delegates day-to-day stewardship of Plan assets to managers as part of their fiduciary duties. On an annual basis, the Administration receives proxy voting policies from each investment manager and reviews these policies for alignment with industry best practices, the Board's fiduciary duty and ESG-related investment beliefs.

The investment managers are required to provide regular stewardship reporting to the Administration to demonstrate ownership rights are being exercised on the Plan's behalf in a financially prudent and responsible manner.

In addition, investment managers are expected to provide information around specific engagement policies, activities and outcomes to the extent that such activities are practical within a particular strategy.

While the Board entrusts day-to-day stewardship to external investment managers, in recognition of the material role these issues play in financial performance, they encourage investment managers to consider the following activities to preserve and enhance the long-term value of assets.

The Board is generally supportive of measures that:

- increase transparency, accountability and oversight of financially material ESG factors;
- reduce carbon footprint without creating undue burdens on profitability of organizations;
- improve inclusivity, empowerment and worker well-being;
- bolster resiliency and safety of assets, workforces and supply chains.

¹ For full details about the six Principles for Responsible Investment please see <https://www.unpri.org/about-us/what-are-the-principles-for-responsible-investment>



1.3 Industry Initiatives

The Board actively supports organizations that are focused on improving industry-wide corporate governance practices and the consideration of ESG issues in the investment process. The Plan is a member of the following organizations or initiatives:

- Pension Investment Association of Canada (PIAC) which promotes sound investment practices and good governance for the benefit of pension plan sponsors and beneficiaries.
- Institutional Limited Partners Association (ILPA) which promotes the alignment of interest, good governance and transparency between limited partners and general partners.
- The Plan is a signatory of the CDP which is an initiative that encourages companies to disclose data on environmental impacts.

The Administration looks for opportunities to join other organizations which support the Board's views and to collaborate with peers to further improvements in responsible investing practices.

2 Roles and Responsibilities

The following groups will be responsible for the implementation of the Board's Responsible Investment framework:

- 1) Responsible Investment Belief: The Administration, in consultation with the Board, will be responsible for creating, maintaining and updating the Plan's Responsible Investing Belief. See also "Policy Review and Amendment".
- 2) Investment Screening: The Administration will be responsible for screening investment managers for compliance with the Responsible Investment Policy.
- 3) ESG Integration: Investment managers with Plan assets will be responsible for incorporating ESG practices into the investment management process to the extent possible and practical.
- 4) Stewardship: Investment managers with Plan assets will be responsible for engagement and proxy voting activities, acting, when financially prudent within the Board's generally supportive measures outlined above.
- 5) Investment Monitoring: The Administration will be responsible for monitoring investment managers for compliance with the Responsible Investment Policy at least annually.
- 6) Reporting: At least annually, investment managers with Plan assets, shall provide reporting on the ESG activities and metrics, where applicable. Annually, the Administration, in consultation with the investment consultant, will provide a report to the Board summarizing how this Policy has been incorporated into its investment activities and practices, including relevant metrics and market updates.

3 Policy Review and Amendment

The Board is responsible for the establishment of this Policy and has sole authority to amend it.

Administration will review this Policy as required and make any recommended changes to the Board for its review and approval.

The Board will confirm or amend this Policy as required and as set out in Appendix A: Board Governance Review Schedule & Checklist of the Governance Review Policy.

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4 Policy Updates

- Policy approved: September 21, 2017
- Policy reviewed: December 6, 2018
- Policy reviewed: December 5, 2019
- Policy reviewed: December 3, 2020
- Policy reviewed: December 2, 2021
- Policy reviewed: December 7, 2023
- Policy reviewed: June 2025
- Policy updated: November 2025

Authorization

Authorized by the SHEPP Board of Trustees:

Date: November 19, 2025

Andrew Huculak
Chair

Jeff Stepan
Vice Chair