VESTCOR

2024

RESPONSIBLE INVESTMENT REPORT

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INTRODUCTION

Vestcor's investment clients primarily consist of pension and endowment funds which require a source of stable, sustainable, long-term investment returns. It is therefore imperative that we continue to be proactive in investing in sustainable businesses in a responsible manner on behalf of our clients.

We advocate that the companies in which we invest provide detailed reporting and disclosure on their Environmental, Social, and Governance (ESG) risk exposures and the strategic initiatives and risk management governance process being utilized to mitigate related risks and meet global best practices and regulatory targets.

To ensure we also continue to maximize the long-term value for our funds under management, Vestcor conducts its investment management activities under the direction of a set of Responsible Investment Guidelines (vestcor.org/guidelines). These guidelines provide a framework in which we consider ESG-related issues in our investment process, and they are reviewed and approved by the Vestcor Inc. Board of Directors.

We are pleased to present our third Responsible Investment Report.

It has been prepared to fulfill the core principle of "Transparency" that is outlined in the Responsible Investment Guidelines and is formatted in-line with our other Responsible Investment Guidelines core principals of "Active Ownership and Engagement", and "Incorporation of ESG Information" in our Investment Process. It also allows us to compare our annual progress against any goals, objectives, or targets that may be set by our clients, regulators or other stakeholders.

This report is primarily focused on our activities during 2023. Our intention is to continue to update and publish this report on an annual basis.

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RESPONSIBLE INVESTING COMMITTEE ACTIVITY

The Vestcor Responsible Investing Committee operates under the direction of the Chief Investment Officer and has a mandate to review all activities pertaining to responsible investment-related issues. Committee members include the President and CEO, the Vice President of each Investment Team, and the Director of Risk. A Senior Research Analyst acts as the Committee Recording Secretary.

Committee activities include (but are not limited to) the development and management of Vestcor's responsible investment program and proxy voting oversight. The Committee is also responsible for ensuring that Vestcor remains current with evolving industry trends, guidelines and regulations and regularly reviews reports from each investment team summarizing how ESG considerations were considered within the management of respective team portfolio. The committee also reviews various ESG analytical tools and data sources for applicability in Vestcor's investment process.

COMMITTEE MEMBERS INCLUDE:

- Chief Investment Officer
- President and CEO
- Vice President of each Investment Team
- Director of Risk
- Senior Research Analyst

The Committee met four times during the year to oversee Vestcor's proxy voting activity, review trends in active ownership and responsible investing across various asset classes, and monitor carbon exposure risk within various portfolios.

ACTIVE OWNERSHIP PLAN

Vestcor takes an active investment management approach at both the portfolio development and individual investment level. Our internal investment and risk management teams consider responsible investment issues when conducting initial investment due diligence and through their ongoing investment monitoring activities. Similar diligence is required in situations where external managers are utilized or partnered with in investment opportunities.

Our responsible investing guidelines are utilized as part of our active investment approach and are expected to provide better risk-adjusted investment returns than through a more passive management approach. It also ensures that the companies we invest in have the proper robust governance policies, diverse management teams and risk management procedures in place to identify and manage the risks inherent in their businesses.

We strongly believe that active analysis and engagement will lead to better long-term investment outcomes for our clients. As mentioned in our Responsible Investment Guidelines, our active ownership approach provides a more effective alternative than blanket divestments or exclusionary screen processes. That being said, management may conclude that investments in certain companies or specific sectors are not in the best interest of our client's long-term investment goals and are therefore to be avoided.

This active approach is also an important component in assisting us identify attractive long-term investment opportunities such as carbon reduction transition opportunities.

ENGAGEMENT AND COLLABORATION

Vestcor is an active member in the following national pension and investment industry associations:

These relationships allow us to collaborate with other institutional peer pension plan managers on responsible investment issues and together leverage our respective influence and ownership interests to make long-term sustainability improvements in the companies in which we invest.

An example of the benefits from this type of collaboration can be seen in the recent **Canadian Coalition for Good Governance (CCGG)** Annual Engagement Report publication (ccgg.ca/engagement-program). Their 2023 engagement impact assessment determined that approximately 82% of the corporate boards that the CCGG engaged with in 2021 on behalf of their members subsequently adopted at least one material positive change with respect to governance policies, practices or disclosure made during their engagement discussions.

Vestcor recently became a signatory to the United Nations-supported Principles for Responsible Investment (PRI). The PRI is a United Nations supported international network of financial institutions working together to implement its six aspirational principles[1] in a framework for incorporating ESG factors into investment practices. In becoming a signatory, we have made the following commitment:

Signatories' commitment

"As institutional investors, we have a duty to act in the best long-term interests of our beneficiaries. In this fiduciary role, we believe that environmental, social, and corporate governance (ESG) issues can affect the performance of investment portfolios (to varying degrees across companies, sectors, regions, asset classes and through time).

We also recognise that applying these Principles may better align investors with broader objectives of society. Therefore, where consistent with our fiduciary responsibilities, we commit to the following:

- **PRINCIPLE 1:** We will incorporate ESG issues into investment analysis and decision-making processes.
- **PRINCIPLE 2:** We will be active owners and incorporate ESG issues into our ownership policies and practices.
- **PRINCIPLE 3:** We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- **PRINCIPLE 4:** We will promote acceptance and implementation of the Principles within the investment industry.
- **PRINCIPLE 5:** We will work together to enhance our effectiveness in implementing the Principles.
- **PRINCIPLE 6:** We will each report on our activities and progress towards implementing the Principles.

The Principles for Responsible Investment were developed by an international group of institutional investors reflecting the increasing relevance of environmental, social and corporate governance issues to investment practices. The process was convened by the United Nations Secretary-General.

In signing the Principles, we as investors publicly commit to adopt and implement them, where consistent with our fiduciary responsibilities. We also commit to evaluate the effectiveness and improve the content of the Principles over time. We believe this will improve our ability to meet commitments to beneficiaries as well as better align our investment activities with the broader interests of society.

We encourage other investors to adopt the Principles."

[1] https://www.unpri.org/about-us/what-are-the-principles-for-responsible-investment

PROXY VOTING ACTIVITIES

One of the most effective tools that an investor can use to express our views with respect to a company's approach to their corporate governance and long-term sustainability risks is through active proxy voting. Vestcor has set out a series of "Proxy Voting Guidelines" in our Responsible Investment Guidelines and have retained the services of the advisory firm Glass Lewis to assist with our analysis in Vestcor's ultimate independent proxy vote decisions.

Vestcor also shares our guidelines with our external management relationships and partnerships. We actively review and discuss our proxy voting process with these relationships during the initial due diligence process and where appropriate, Vestcor also requires external managers to submit their proxy voting history to us on an annual basis which is subsequently reviewed by Vestcor management to ensure general conformity to the general principles included in our Guidelines.

2023 PROXY VOTING OVERVIEW STATISTICS

The following table provides a breakdown of Vestcor's proxy voting activities for the public company securities held in 2023. Proxies were voted to be consistent with the "Principles" expressed in our Responsible Investment Guidelines:

01 | Equal treatment (e.g., voting rights, attributes, and information disclosures) for all shareholders.

02 | Effective independent best practice governance and disclosure practices.

03 | A long-term value creation and sustainability focus.

CATEGORY	NO. OF PROPOSALS	AGAINST MANAGEMENT
Environment	184	20%
Social	1,070	17%
Governance - General	3,508	11%
Governance - Board Independence	25,936	8%
Governance - Compensation (Director)	887	7%
Governance - Compensation (Executive)	4,023	17%
Governance - Corp Capital Structure	4,007	9%
Other Business	99	59%
Total	**39,714**	**10%**

Overall, support from shareholders for all matters brought to a vote remained at approximately 90%, similar to prior years, although shareholder support for proposals concerning board composition and independent board chairpersonship did appear to increase across the meetings tracked by Vestcor. 2023 marks the second year since implementation of the SEC's Universal Proxy Rule.

Overall, ESG related sentiment appears to be waning somewhat, particularly in certain global markets, and in 2023, ESG (General) proposals accounted for a significantly reduced share of overall proposals.

INVESTMENT PROCESS INTEGRATION

Vestcor incorporates ESG information as part of our portfolio development and investment selection due diligence and monitoring processes. ESG information is typically gained though our investment management teams directly engaging with the management team of investment companies and/or through resources which include general industry publications, regulatory guidelines, proprietary industry specific research and analysis, and specialized databases.

Vestcor management is also an active participant in many industry associations and has developed working relationships with many national peer organizations. These connections provide an effective reference to share operating procedures, evaluations, and best practices with respect to responsible investment issues.

INTEGRATION OF ESG INFORMATION

Vestcor's internal investment staff are responsible for conducting the necessary due diligence, including the consideration of ESG-related issues with respect to their specific investment decision making process. This due diligence typically involves reviewing and analyzing public disclosure documentation, third party research reports, and direct interaction with corporate management teams.

CASE STUDY:

DESIGNING AND DEVELOPING HOUSING FOR THE FUTURE

Canada has an acute shortage of housing across the country. Vestcor is proud to partner with developers in several cities to construct quality housing that targets zero-carbon emissions while being economically viable. One such project is our multi-family rental development at 77 East in Oakville, ON.

Vestcor is partnering with Podium Developments to construct 244 high-quality residential units that will be designed for a lower carbon world and avoid needing costly retrofits in the future.

Construction will be commencing during Summer of 2024 with occupancy planned for 2027.

CARBON REDUCTION
- Reduced carbon design and operation over the building's lifespan

HIGH EFFICIENCY HVAC UNITS
- Reduces Energy Demand
- Reduces Carbon Footprint
- Enhances Occupant Comfort

GREEN ROOFS
- Rainwater Management
- Cooler Roof
- Improved Occupant Views

PERFORMANCE BUILDING ENCLOSURE
- Reduced Energy Demand
- Reduces Carbon Footprint
- Enhances Occupant's Comfort

GEOEXCHANGE HEATING AND COOLING
- Reduces Carbon Footprint
- Renewable Energy Source
- Sustainable Energy Source

Concept Drawing

In addition to the information received from collaborative partners mentioned earlier, we also have access to a variety of specific ESG data sources from multiple providers to supplement their own due diligence in the management and monitoring of portfolios and during the investment decision making process.

CASE STUDY:

INVESTING IN RENEWABLE ENERGY

Vestcor invested in Central European Renewable Investments ("CERI") in 2020 alongside our partner abrdn Core Infrastructure. CERI is a portfolio of 385 MW of solar photovoltaic farms operating in Poland. The CERI portfolio is spread throughout Poland, with a concentration in the west and north-east of the country. CERI is recognized in the market as one of the largest single portfolio operational solar PV assets in Poland.

The power supply of Poland has traditionally been highly carbon intensive. CERI is an important contributor to the decarbonization of Poland's electricity supply mix. The renewable electricity generation from CERI in 2023 avoided 276k tonnes of CO_2e compared to the average grid intensity in Poland. Since 2020, this figure is over 900k tonnes of cumulative avoided CO_2e. The savings is the equivalent to the impact of taking 200,000 gas cars off the road each year.

Vestcor has three public markets-focused internal investment teams that focus respectively on Fixed Income, Fundamental Equity, and Quantitative Investment portfolios.

When investing in a third-party fund structure, we delegate specific investment decisions to a fund manager. As such, Vestcor does not have direct input into the investment decision making, but rather, selects the underlying manager. As part of our manager selection process, we gather specific information from managers to ensure they are employing a thoughtful and systematic approach to integrating environmental, social and governance (ESG) considerations into their investment decision-making and asset management processes. An increasing number of fund managers are now adopting respective ESG policies that reflect growing global concerns about climate change and the value of diversity, equity, and inclusion (DEI) initiatives. These are some of the elements that we will consider, amongst others, during our diligence of fund managers prior to making a commitment to a limited partnership.

In contrast, for direct and co-investments, we maintain investment decision making authority and use this ability to target assets that not just provide superior risk adjusted returns but also are aligned with our long-term views on climate and other ESG risks.

For direct investments, our internal team uses their greater influence over the management of portfolio companies to make improvements in areas such as energy and water consumption. A significant component of our direct Real Estate portfolio in particular features best in class certifications on energy efficiency including both BOMA and LEED certifications.

CLIMATE-RELATED FINANCIAL DISCLOSURES IN ACCORDANCE WITH TCFD RECOMMENDATIONS

To keep global warming to no more than 1.5°C, country signatories to the 2015 Paris Climate Accords (including Canada) are expected to significantly reduce carbon emission levels by 45% from 2010 levels before 2030 and be in a net-zero position by 2050. Getting to net-zero requires the support of all stakeholders in the global economy.

Vestcor published its inaugural 2021 TCFD-aligned report in September 2022 and its second TCFD-alighted report in October 2023 to assist management and our clients in monitoring and managing the related environmental carbon exposure and climate risk within their investment portfolios. Our investment management process and guidelines require access to consistent timely disclosure on these risks and exposures to ensure our investment portfolio managers are investing in opportunities that will provide our clients with sustainable value well into the future. For the third consecutive year, Vestcor has developed the following TCFD-aligned report for our portfolio as of year-end 2023.

Guidelines and standards on carbon footprint reporting continue to evolve at a rapid pace, and more standardized methodologies and higher quality data become available over time through this process. Our climate metrics are calculated to the best of our ability using the best quality of data available to us at the time of this publication. Our disclosures will continue to adapt along with developments in carbon footprint reporting standards.

In 2023, the International Sustainability Standards Board (ISSB) released its first two sets of sustainability reporting standards – IFRS[2] S1 and IFRS S2. These new standards aim to consolidate existing reporting standards including the TCFD framework. In Canada, the Canadian Sustainability Standards Board (CSSB), working with the ISSB to advance the adoption of sustainability disclosure standards in Canada, aims to finalize its proposed standards by the end of 2024.

For this year's report, Vestcor continues to provide TCFD-aligned disclosures with respect to our investment activities. In addition, we were able to expand the scope of our disclosures by including more assets under management in this year's calculation. Our carbon footprint calculation methodology is informed by guidance from Partnership for Carbon Accounting Financials (PCAF) in calculating the financed emissions metrics.

[2] International Financial Reporting Standards

CORE ELEMENTS OF RECOMMENDED CLIMATE-RELATED FINANCIAL DISCLOSURES

Source: Recommendations of the Task Force on Climate-related Financial Disclosures, June 2017

01 GOVERNANCE

The organization's governance around climate-related risks and opportunities

02 STRATEGY

The actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning

03 RISK MANAGEMENT

The processes used by the organization to identify, assess, and manage climate-related risks

04 METRICS AND TARGETS

The metrics and targets used to assess and manage relevant climate-related risks and opportunities

GOVERNANCE

The Vestcor Inc. Board, management and our internal Responsible Investing Committee all have active governance roles in our climate-related approach.

- The Vestcor Inc. Board of Directors is responsible for setting the overall corporate risk appetite and understanding both the principal risks facing our business and the systems that have been put in place to mitigate and manage those risks including climate change. The Board approves Vestcor's **Responsible Investment Guidelines** (available at vestcor.org/guidelines). The Board is also briefed on Vestcor's responsible investing activities and approves Vestcor's Responsible Investment Report. The Audit Committee of the Board is specifically assigned the task of assisting the Board in its risk management oversight, including the oversight of climate risk.

- Management in conjunction with our Director Risk Management assists the Board in coordinating its risk management activities through the guidelines of a Board-approved **Enterprise Risk Management Framework** (available at vestcor.org/corporate). Climate related risk is monitored regularly primarily under the Governance, Reputation, and Investment risk categories of this Framework.

- Vestcor's investment clients set out their statement of investment policies and goals, and Vestcor is responsible for the management of their funds. The Responsible Investment Guidelines are used by management in executing its fiduciary responsibilities on behalf of our clients' investment portfolios.

- Vestcor's Responsible Investing Committee, an internal cross functional working group, is responsible for regularly reviewing the firm's activities related to the umbrella of Responsible Investing.

ENTERPRISE RISK MANAGEMENT FRAMEWORK:
vestcor.org/corporate

STRATEGY

CLIMATE-RELATED RISKS AND OPPORTUNITIES:

Climate change continues to present opportunities and risks over the short, medium and long term for our clients' investment portfolios.

Climate-related risks include both (acute and chronic) physical risks and transition risks across the investment portfolio. Unique opportunities also arise in the process of developing climate risk reduction strategies, including attractive investment opportunities identified in the climate transition process, as well as active engagement and advocacy. Vestcor has a long history of identifying these types of opportunities as part of the climate strategy in accordance with our Responsible Investing Guidelines.

Case studies and further information on this can be found in the *"Investment Process Integration"* and *"Engagement and Collaboration"* sections of this report.

SCENARIO ANALYSIS:

To assess an organization's future resiliency to a range of potential future climate-related scenarios, the TCFD recommends using scenario analysis when developing the organization's climate strategy.

In prior years, Vestcor analyzed our in-scope investments through climate scenarios to assess how our portfolio could be impacted by physical risks and transition risks, and benefitted from investing in the opportunities brought by a low-carbon technology transition. We are currently in the process of developing a robust scenario analysis through three climate scenarios including a 2°C or lower scenario and assessing how well the portfolio is aligned with the Paris Agreement temperature rise target. The results from this analysis will be used to help further incorporate climate considerations in Vestcor's long-term approach and further inform our clients' climate strategies.

RISK MANAGEMENT

Vestcor adopts the "three lines of defense" risk governance model which is typically considered best practice for risk management practices at financial institutions.

01

At the first line of defense, Vestcor's investment teams and business management are the primary risk owners where each team identifies, assesses, and manages their respective risks including climate risks while conducting their day-to-day investment functions in accordance with established risk policies.

02

At the second line of defense, an independent Vestcor Risk Team provides independent oversight of established risk policies and practices, including climate risk related practices via monitoring of the activities within the Enterprise Risk Management Framework, in addition to the Director Risk Management directly participating in the Responsible Investing Committee. Climate risk is inherently embedded into the Enterprise Risk Management Framework within governance, reputational and investment risks. Oversight and reviews of activities within these risk areas are conducted regularly to ensure these risks are understood and identified while appropriate risk mitigation strategies are put into place where needed.

03

At the third line of defense, Vestcor Internal Audit team objectively assesses the adequacy and effectiveness of Vestcor's internal control environment, including providing independent assurance on the above-mentioned risk management policies and practices.

The Responsible Investing Committee meets at least semi-annually under the direction of the Chief Investment Officer and has a mandate to review all activities related to responsible investment, including (but not limited to) receiving a report from each investment team summarizing how ESG issues were considered within the management of portfolios during the period under review. The Committee will also review ESG data sources for applicability to Vestcor's investment process and make recommendations to management when new systems or data are required for the implementation and management of the Responsible Investing Guidelines.

Vestcor's management team ensures that the various risk management guidelines approved by our Board of Directors are implemented and managed, and that all required systems and procedures necessary to implement the guidelines are available to staff. Vestcor Investment Teams actively use ESG information to more effectively manage risk within investment decisions and the portfolio management process. Internal investment teams (Equity, Fixed Income, Private Markets and Quantitative Investment and Applied Research) will report to the Responsible Investing Committee on at least an annual basis the use of ESG related information within the management of the team's portfolios during the year. More details on investment process integration can be found in the *"Integration of ESG Information"* section of this report.

More details on investment process integration can be found in the *"Integration of ESG Information"* section of this report.

With external relationships and partnerships, our external manager selection due diligence process includes considerations based on the manager's approach to ESG/climate risk. Proxy voting process discussion is an important part of the due diligence process as well as in the ongoing partnership with these managers.

More details on our external manager proxy voting engagement can be found in the *"Proxy Voting Activities"* section of this report. This is our third year to assess our carbon footprint at the consolidated total fund level. We used a bottom-up approach in this project with the aim of tracking our carbon footprint aggregated over our total portfolio over time. For portfolio coverage methodology please see *"Notes on Carbon Footprint Metrics".*

This analysis further informs our decision-making processes in effectively managing our climate risk exposure going forward.

More details on our external manager proxy voting engagement can be found in the *"Proxy Voting Activities"* section of this report.

For portfolio coverage methodology please see *"Notes on Carbon Footprint Metrics".*

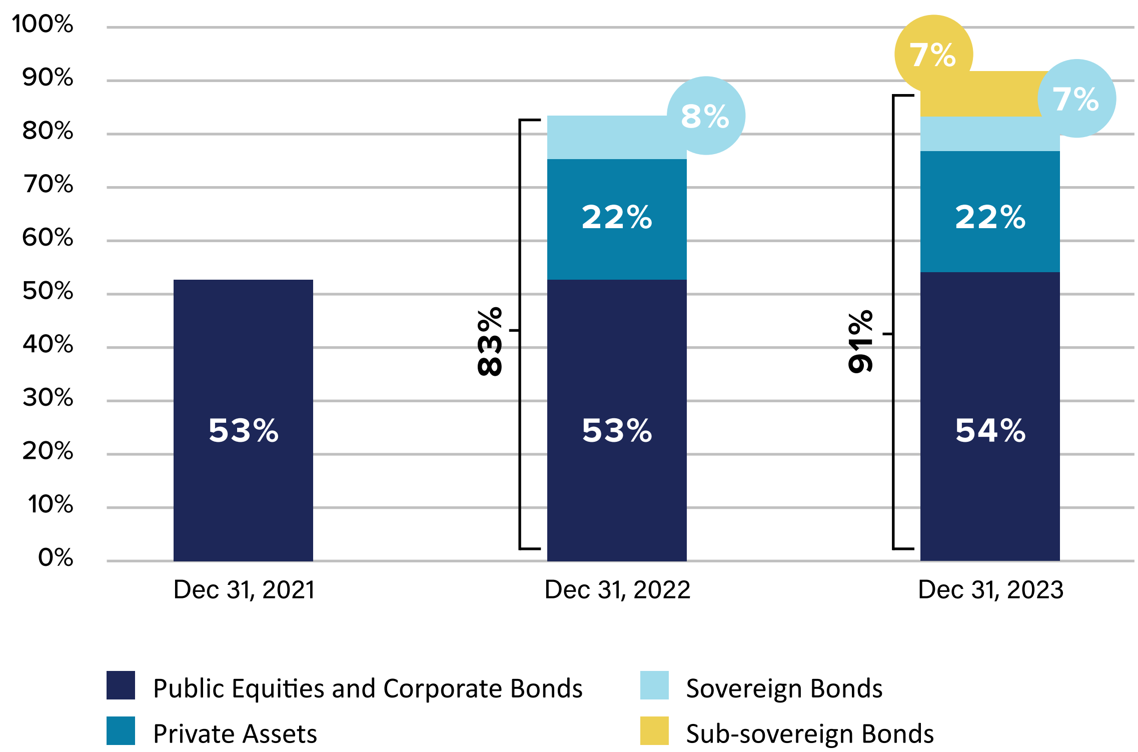
2023 CARBON FOOTPRINT METRICS AND TARGETS

CARBON FOOTPRINT METHODOLOGY

Our Carbon Footprint methodology continues to be aligned with TCFD recommendations. In addition, our methodology is also informed by the guidance from Partnership for Carbon Accounting Financials (PCAF) in calculating financed emissions metrics. Industry guidance and best practices in carbon footprint calculation methodology have been a rapidly developing process, and we expect our methodology to continue to evolve over time alongside these developments.

Further details of our carbon footprint calculation methodology are discussed in the Appendix *"Notes on Carbon Footprint Metrics".*

CARBON FOOTPRINT COVERAGE - VESTCOR TOTAL AUM%



** Numbers may not add up due to rounding*

This year we continue to publish Total Financed Emissions (tCO_2e) and Financed Carbon Emissions (tCO_2e/\$M invested) metrics for public equities (including all holdings from equity and equity-like long-only portfolios), corporate bonds, and private assets including real estate, infrastructure and private equity (Table 1). Guided by PCAF's standard, we continue to disclose carbon emissions attributable to sovereign bond investments separately (Table 2). Additionally, the scope of disclosure expanded to include carbon metrics for sub-sovereign bond investments (Table 3). **This brings our overall carbon footprint coverage to 91%.**

For the portfolios covered in scope, the calculation also includes emissions from composite assets such as ETFs, and derivatives such as equity futures. Not included in the overall carbon footprint coverage are municipal and government agency bonds due to limited data availability, as well as equity long/short portfolios due to a lack of broadly accepted reporting guidelines for this asset class. Additionally, cash, short- term notes, FX contracts and warrants are also not included in the calculation, among other items.

Our overall carbon footprint coverage is 91%

2023 CARBON FOOTPRINT METRICS

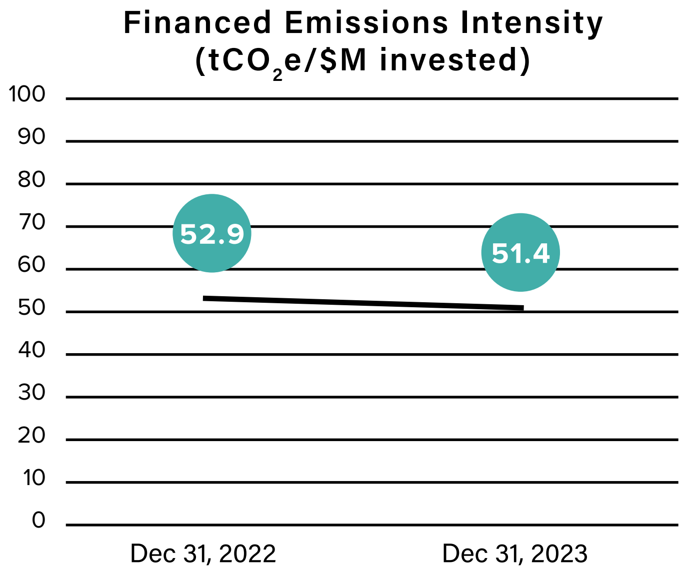
Our total financed emission intensity is 51.4 tCO_2e/$M invested as at December 31, 2023. This calculation covers 76% of our total investments and includes public equities, corporate bonds, and private assets.

TABLE 1. 2023 CARBON FOOTPRINT METRICS

	DEC. 31, 2022	DEC. 31, 2023	% CHANGE
Financed Emissions Intensity (tCO_2e/$M invested)	52.9	51.4	-2.8%
Total Financed Emissions (tCO_2e)	789,242	821,826	+4.1%
Asset Classes Covered	Public Equities, Corporate Bonds, Private Assets	Public Equities, Corporate Bonds, Private Assets	----

Financed emissions intensity decreased from 52.9 as reported for December 31, 2022 to 51.4 as at December 31, 2023. The main drivers for this decrease include lower investee companies' carbon emissions provided either by the data vendor or directly reported, as well as the effect of a higher base of aggregated market value in the denominator.

CHART 2. FINANCED EMISSIONS INTENSITY (PUBLIC EQUITIES, CORPORATE BONDS AND PRIVATE ASSETS)



Guided by PCAF's standard, we are reporting carbon emissions attributable to sovereign bond investments separately from our total investment carbon metrics, and emissions attributable to sub-sovereign bonds separately from sovereign bonds.

TABLE 2. CARBON FOOTPRINT METRICS FOR SOVEREIGN BONDS (INCLUDING LULUCF[3])

	DECEMBER 31, 2022[4]	DECEMBER 31, 2023
Financed Emissions Intensity (tCO_2e/$M invested)	266	225
Total Financed Emissions (tCO_2e)	410,226	330,999
% AUM Covered	8%	7%

TABLE 3. CARBON FOOTPRINT METRICS FOR SUB-SOVEREIGN BONDS (INCLUDING LULUCF[5])

	DECEMBER 31, 2023
Financed Emissions Intensity (tCO_2e/$M invested)	219
Total Financed Emissions (tCO_2e)	336,160
% AUM Covered	7%

TARGETS

This is our third year of disclosing our climate-related metrics based on TCFD recommendations. This analysis provides us and our clients with measurable metrics for monitoring the climate transition reduction progress of the portfolio over time. Through discussions and consultations with our clients, we continue to incorporate clients' specific needs for climate-related disclosure and risk management strategies in our processes.

While guidelines and standards on carbon footprint reporting continue to evolve at a rapid pace, Vestcor is committed to adhering to the best practices and guidelines available. Vestcor is also committed to being transparent about our climate journey and using our influence to support the global goal of transitioning to net-zero greenhouse gas emissions by 2050. Our investment and risk management processes and guidelines ensure that we continue to invest in opportunities that will provide our clients with sustainable value well into the future.

[3,5] Land Use, Land Use Change and Forestry

[4] See "*Notes on Carbon Footprint Metrics*" for 2022 year-end calculation methodology

NOTES ON CARBON FOOTPRINT METRICS

01 CARBON FOOTPRINT DATA

The majority of our carbon footprint calculation uses MSCI carbon footprint data, where emission data is collected by MSCI from companies' publicly available reports and filings. When emission data is not publicly disclosed, estimates are provided by MSCI using their proprietary estimation models. When data is not available from MSCI, an estimation approach is applied based primarily on GICS sub-industry average emissions. For private real estate and private infrastructure investments, emission data is primarily sourced directly from company self-disclosures. For private equity, emissions are estimated using public proxies which are established based primarily on GICS sub-industry average emissions. Among all the investments included in this year's carbon footprint calculation, 73% of the emission data is sourced from direct company/government reports, with 27% estimated by either MSCI or Vestcor. Emissions data used in the calculation is based on the most recently available data at the time of the analysis.

73% **Emission data sourced from direct company/ government reports.**

27% **Estimated by either MSCI or Vestcor.**

Please note that changes in carbon metrics are not only attributable to the changes in investee company emissions, but are also sensitive to changes in other parameters such as changes in market value of the portfolio and changes in FX rate used in converting foreign currency based investments to Canadian dollar based metrics.

02 All values reported are in Canadian dollars unless specified otherwise. Exchange rate applied is as of December 31, 2023.

03 Our climate metrics reported include Scope 1 and 2 greenhouse gas emissions (GHG) for public equities, corporate bonds and private assets. Scope 1 emissions are direct emissions that occur from sources owned or controlled by a company and Scope 2 emissions are indirect GHG emissions associated with the purchase of electricity, consumed by the company.

04 The carbon footprint metrics disclosed for sovereign and sub-sovereign bonds in Table 2 and Table 3 are for scope 1 emissions using PCAF recommended production method including Land Use, Land Use Change and Forestry (LULUCF). According to PCAF recommendations, here we present additional metrics for sovereign and sub-sovereign bonds excluding LULUCF:

DECEMBER 31, 2023	SOVEREIGN BONDS	SUB-SOVEREIGN BONDS
Financed Emissions Intensity (tCO_2e /$M invested) Excluding LULUCF	230	213
Total Financed Emissions (tCO_2e) Excluding LULUCF	339,310	326,213

05 AUM in Scope for December 31, 2023

AUM FOR CARBON FOOTPRINT METRICS, CAD $ MILLIONS	DECEMBER 31, 2023
Public Equities and Corporate Bonds	11,276
Private Assets	4,707
Sovereign Bonds and Sub-sovereign bonds	**3,017**
Total AUM in scope for Carbon Footprint Metrics	19,001
Vestcor Total AUM	20,939

In total, investments included in the analysis of this report represented 91% of Vestcor's AUM as at December 31, 2023. Numbers may not add up due to rounding.

06 In previous years, we reported the Weighted Average Carbon Intensity (WACI) metric for the public equities and corporate bonds portion of our portfolio. The WACI metric cannot be applied to sovereign bonds and sub-sovereign bonds due to its revenue-based attribution. WACI is not available for private assets due to limited access to company data. While we will continue to measure WACI, for this year and going forward we plan to report Total Financed Carbon Emissions (tCO_2e) and Financed Carbon Emissions Intensity (tCO_2e /$M invested). These metrics align better with the PCAF standards while allowing us to report consistent metrics for more asset classes that cover more % AUM.

07 CLIMATE METRICS CALCULATIONS

Total Financed Carbon Emissions (tCO_2e):

Measures the portfolio's climate impact in terms of carbon emissions, for which the portfolio is responsible with its total financing for investee companies (by holding company shares and bonds). Each individual issuer's total emission includes the issuer's Scope 1 and Scope 2 GHG emissions. Total portfolio level financed emissions is calculated as the sum of emissions from each issuer, weighted by the portfolio's holdings of the issuer's shares and bonds as a percentage of the issuer's Enterprise Value (including cash).

$$\sum_{n}^{i} \left(\frac{\textit{current value of investment}_i}{\textit{issuer's Enterprise Value including cash}_i} \times \textit{issuer's Scope 1 and Scope 2 GHG emissions}_i \right)$$

Financed Carbon Emissions (tCO2e /$M invested):

Measures the portfolio's normalized climate impact in terms of carbon emissions for which an investor is responsible with its total financing, per million dollars invested.

$$\frac{\sum_{n}^{i} \left(\frac{\textit{current value of investment}}{\textit{issuer's Enterprise Value including cash}_i} \times \textit{issuer's Scope 1 and Scope 2 GHG emissions}_i \right)}{\textit{current portfolio value } (\$M)}$$

Sovereign Bonds Financed Carbon Emissions Intensity – 2023 Year-End Calculation

2023 Year-end calculation is revised to use sovereign issuer's PPP-adjusted GDP (*instead of GDP as was used in 2022 calculation*) in the denominator to better align with PCAF recommendations.

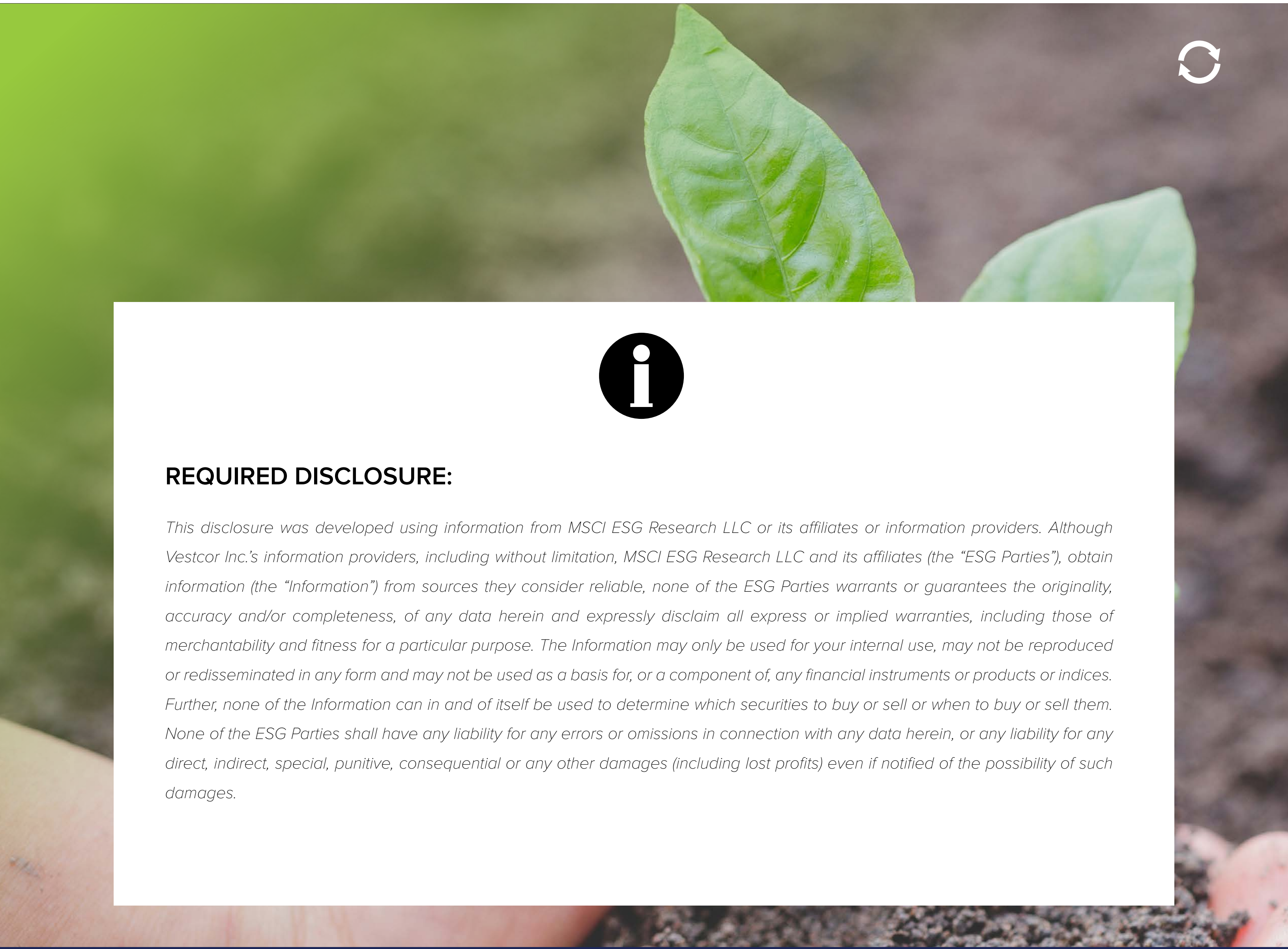
The share of a country's total sovereign emissions attributable to an investor is proportionate to the investor's sovereign bond exposure as a percentage of the country's Purchase Power Parity (PPP)-adjusted GDP.

$$\sum_{n}^{i} \left(\textit{current value of investment}_i \times \frac{\textit{sovereign issuer's GHG emissions}_i}{\textit{sovereign issuer's PPP-adjusted } \$M \textit{ GDP}_i} \right)$$

Sovereign Bonds Financed Carbon Emissions Intensity – 2022 Year-End Calculation

The share of a country's total sovereign emissions attributable to an investor is proportionate to the investor's sovereign bond exposure as a percentage of the country's GDP.

$$\sum_{n}^{i} \left(\textit{current value of investment}_i \times \frac{\textit{sovereign issuer's GHG emissions}_i}{\textit{sovereign issuer's } \$M \textit{ GDP}_i} \right)$$



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