VESTCOR

Responsible Investment Report

September 2022

TABLE OF CONTENTS

Introduction 3
Responsible Investing Committee Activity 3
Active Ownership Plan 4
Engagement and Collaboration 4
Proxy Voting Activities 5
2021 Proxy Voting Overview Statistics 5
Investment Process Integration 6
Integration of ESG Information 6
Case Study: Increasing our Commitment to Renewable Energy 7
Casey Study: Investing in Sustainable Real Estate Assets 8
Climate-Related Disclosures– TCFD Report 10
Governance 11
Strategy 12
Climate-related Risks and Opportunities 12
Scenario Analysis 13
Risk Management 13
2021 Carbon Footprint Metrics and Targets 14
Methodology 14
Climate Metrics 15
Targets 15
Notes on Carbon Footprint Metrics 16

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 require 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 (RIG) (vestcor.org/investments). 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.

Vestcor is pleased to present this inaugural Responsible Investment Report. It has been prepared to fulfill the core principle of "Transparency" that is outlined in the RIG and is formatted in-line with our other RIC core principals of "Active Ownership and Engagement", and "Incorporation of ESG Information" in our Investment Process.

This report is primarily focused on our activities during 2021. Our intention is to update and publicly publish this report on an annual basis.

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 related to responsible investment related issues. Committee members include the President and CEO, the Vice President of each Investment Team, and the Risk Manager. 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.

The Committee met two times during the year to review Vestcor's proxy voting activity, approve the selection of a new proxy voting advisor, and develop an implementation plan for the increased integration of ESG information into the firm's investment process. The Chief Investment Officer regularly reports on Committee activities to the Vestcor Board of Directors.

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 RIG, 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:

CCGG Canadian Coalition for Good Governance

ilpa INSTITUTIONAL LIMITED PARTNERS ASSOCIATION

PIAC Pension Investment Association of Canada / Association canadienne des gestionnaires de caisses de retraite

Canadian Pension & Benefits Institute • Institut canadien de la retraite et des avantages sociaux

ACPM | ACARR

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 2021 engagement impact assessment determined that approximately 80% of the corporate boards that the CCGG have engaged with on behalf of their members have adopted at least one material positive change with respect to governance policies, practices or disclosure made during their engagement discussion. Through their governance focus, the CCGG has also recently developed "The Director's E&S Guidebook" which has developed practical insights and recommendations for effective board oversight and company disclosure of environmental and social matters.

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 RIG 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.

2021 Proxy Voting Overview Statistics

The following table provides a breakdown of Vestcor's proxy voting activities for the public company securities held in 2021. Proxies were voted to be consistent with the "Principles" expressed in our RIG:

1. Equal treatment (e.g., voting rights, attributes, and information disclosures) for all shareholders.
2. Effective independent best practice governance and disclosure practices.
3. A long-term value creation and sustainability focus.

Category	No. of Meetings	No. of Proposals	% Voted Against Management
Environment	27	98	79%
Social	222	1,097	55%
Governance – General	2,877	33,622	13%
Governance – Independence	2,077	38,416	10%
Governance – Director Compensation	34	80	1%
Governance – Executive Compensation	1,415	4,919	14%
Governance - Capital Structure	933	2,772	4%
Other	44	54	88%
Totals	**7,629**	**80,158**	**12%**

Key themes that we voted on during the year included the following:

- Proposals on Diversity, Equity, and Inclusion (DEI) increased significantly in 2021 when compared to the prior year. In 2021, Vestcor noted 130 proposals related to DEI in the U.S. coverage universe, which received average support of 42% (31% of which received majority support). Overall, within the S&P 500, Vestcor's data shows that approximately 75% of companies have racial or ethnic diversity on the Board of Directors. 2021 featured a significant escalation in shareholder engagement on climate related issues, including requests for greater disclosure of risks. Consistent with prior years, Vestcor continued to vote "FOR" greater independence in Board construction.
- In 2021, Vestcor voted against the management recommendation most frequently on areas of Environmental and Social disclosure issues, with up to 50% of votes in these categories going against the default recommendation, compared to just 10% of cases in the category of Governance.

Investment Process Integration

As mentioned earlier, Vestcor includes the consideration of ESG factors 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.

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.

In 2021, the Responsible Investing Committee decided that each internal investment team will provide a report to the Committee on at least an annual basis as to the use of such ESG information in the management of all the team's internally managed strategies during the year. During 2021, each team reviewed available data and made determinations of the appropriate level of integration for each strategy/team.

For public market investment teams, Vestcor uses a predominantly internally managed approach, with limited engagement with external managers.

In Private Markets, Vestcor's teams invest client assets using a combination of 3rd party managers, co-investments alongside like-minded partners, and direct investments. Each of these investment methods produce unique opportunities to consider and deploy best practices from an ESG perspective.

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. Over the past three years, renewables as a category have increased from 12% of our private infrastructure portfolio to 18% at the end of 2021.

Case Study: Increasing our Commitment to Renewable Energy

Vestcor has a long history of investing in infrastructure assets that contribute to the transition away from fossil fuel combustion and towards sustainable renewable energy sources. We have invested alongside partners in run-of-river hydro assets, wind energy assets and solar energy assets in geographies spanning from Canada and the United States, Australia and Continental Europe.

During 2021, we continued our approach to seeking high quality opportunities in these areas and we were successful in co-investing alongside Igneo Infrastructure Partners to acquire a 50% ownership stake in Terra-Gen.

Based in California and New York, Terra-Gen develops, constructs, owns and operates utility-scale wind, solar and battery storage projects throughout the United States. Terra-Gen's portfolio spans more than 30 generating and storage facilities located primarily in California, with additional locations in Colorado, Minnesota, New York, Texas and Wyoming.

The company currently operates more than 1,800 megawatts of facilities and has over 3,000 megawatts in its development portfolio. The underlying nature of Terra-Gen's assets strongly supports ESG goals and in particular the push towards decarbonizing energy sources.

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.

Case Study: Investing in Sustainable Real Estate Assets

Office buildings are ubiquitous to our modern economy, and they contribute large amounts of greenhouse gas emissions, either through their construction or operations. It is important that efforts be made to improve energy consumption as well as other resources.

Vestcor is proud to invest in assets that focus on improving energy and water usage as well as waste diversion. In 2021, we acquired a 50% ownership stake in Place de Ville, a 1.2 million square foot office and retail complex in downtown Ottawa.

Place de Ville is a well-positioned, transit-oriented office complex and is amongst the highest caliber of Class A buildings in Ottawa. It benefits from a strategic location in the nation’s capital and is a preferred choice for the Federal Government. Sitting on top of the Lyon LRT station, occupants utilizing public transit have easy access to the site while contributing to the removal of vehicle from our roads.

Place de Ville has numerous green amenities, including:

- Annually participating in Earth Hour
- Annually reporting to the Carbon Disclosure Project
- Annually reporting to the Global Real Estate Sustainability Benchmark (GRESB) Survey
- BOMA 360 Certified
- WELL Health-Safety Rating Certified

More work remains to be done and Vestcor and its co-owner are committed to investing in capital improvements that will improve the sustainability of the asset while at the same time provide the expected financial returns.

Climate-Related Disclosures– TCFD[1] Report

Country signatories to the 2015 Paris Climate Accords (including Canada) are expected to significantly reduce carbon emission levels by roughly 50% before 2030 and be in a net-zero position by 2050. Considering that approximately two hundred other global parties have made similar commitments, it will require the support of all stakeholders in the global economy to realize upon these goals.

Vestcor has therefore developed the following reporting framework to assist management and our clients monitor and manage the related environmental carbon exposure transition 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.

We are encouraged that the International Financial Reporting Standards (IFRS) is in the process of consolidating a number of existing reporting frameworks into one integrated set of reporting standards under the direction of a new International Sustainability Standards Board (ISSB). We will also continue to closely monitor the work, guidelines, and regulations of other international, national, and provincial regulatory bodies who may provide additional guidance in this area.

In the interim, as the ISSB develops its ultimate framework, Vestcor is pleased to provide the following inaugural report utilizing the guidelines of the Task Force for Climate Related Financial Disclosure (TCFD).

Through this report, Vestcor provides TCFD type reporting and disclosure with respect to our investment activities to assist our clients better understand their own climate related risk and exposures, and in turn assist them in developing and monitoring strategies to reduce risk and exploit potential investment opportunities.

It is important to point out that this is Vestcor's inaugural TCFD report, it will be the first time we have reported on the climate risk exposure metrics discussed herein. The analysis in this report is conducted on a consolidated basis of all Vestcor's investment management clients, and is based on 2021 year-end securities holdings. We expect that this material may lead to the development of separate client-based reports and the determination of specific exposure reduction targets in the near future through discussions and consultations with our clients.

[1] TCFD - Task Force on Climate related Financial Disclosures

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

Governance

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 Audit Committee of the Board is specifically assigned the task of assisting the Board in its risk management oversight.

Management under the direction of our Risk Manager 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 primarily monitored on a quarterly basis under the Governance, Reputation, and Investment risk categories of this Framework.

The Board of Directors also approves Vestcor's **Responsible Investment Guidelines** which are used by management in executing its fiduciary ownership responsibilities on behalf of our clients' investment portfolios. They have been prepared based on best practices in the institutional investment management industry and are the responsibility of Management's Responsible Investing Committee. These guidelines include information concerning: Vestcor's Principles for Responsible Investing, Vestcor's Approach to Responsible Investing in practice, the related roles and responsibilities of Vestcor management and staff, and reporting and communication with stakeholders.

Strategy

Climate-Related Risks and Opportunities

We recognize that climate change continues to present opportunities and risks over the short, medium and long term for our clients' investment portfolios. As a long-term institutional investor, we also recognize our important role in doing our part to contribute to the global shift to a more resilient, lower-carbon economy. To fulfill our fiduciary duty to our clients and stakeholders, it is crucial we identify climate-related opportunities, and assess and mitigate climate-related risks.

The multi-dimensional impacts of climate change present both physical risks and transition risks across our investment portfolio. Physical risks (acute and chronic) are risks resulted from climate related events – acute risks arise from extreme weather events such as wildfires and floods, while chronic risks arise from longer-term weather pattern changes such as rising temperatures and rising sea level. While the impact of physical risks is broad-based, any business located in climate sensitive regions could be particularly affected. Transition risks are inherent in our investment portfolios that arise from the economy transitioning towards a lower-carbon economy, which cover a spectrum of risks from policy and legal, to technology, market and reputation risks.

Developing climate exposure reduction strategies provides unique investment opportunities as well as engagement and advocating opportunities.

Related opportunities include investing in companies that will potentially outperform in the global transition towards a low-carbon economy, such as companies that offer products and services that facilitate the transition to a lower carbon based economy, companies which have a demonstrated strategy of reducing their carbon exposure in line with public targets, and companies that are relatively more resilient to transition risks (companies with low carbon revenue streams, and/or in less carbon-intense sectors). Vestcor has a long history of identifying these opportunities and investing in assets that contribute to sustainable development and renewable energy sources. Case studies of these investments can be found in the "*Investment Process Integration*" section of this report.

We are committed to active engagement and advocacy as part of the climate strategy in accordance with our Responsible Investing Guidelines. For directly held shares, the proxy voting process follows our proxy voting guidelines to exercise shareholder voice in promoting longer-term value creation and sustainability. In the limited cases where a mandate is managed by an external manager, the manager's proxy voting processes are actively reviewed and discussed during the initial due diligence process, and their proxy voting history is submitted to and reviewed by Vestcor annually if their service is retained. Vestcor also takes an active role in collaborating with other institutional peer pension plan managers on climate risks and responsible investment issues as an active member of Canada's pension and investment industry associations (for information on our collaborative efforts please see the "*Engagement and Collaboration*" section of the 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.

This year we reviewed a portion of our investment portfolio through the lens of climate risk scenarios for the first time (for portfolio coverage methodology please see "*Notes on Carbon Footprint Metrics*"). We worked with our external service provider MSCI in this initial review to assess how our portfolio could be impacted by physical risks (acute and chronic) and transition risks (driven by regulatory and policy changes), and benefitted from investing in the opportunities brought by a low-carbon technology transition, under three different warming scenarios (1.5°C, 2°C and 3°C warming scenarios). This review attempts to aggregate costs and benefits from these risks and opportunities over the next 15 years and evaluate the potential financial performance into the foreseeable future. This analysis also estimated how well the portfolio is aligned with the temperature rise target under the Paris Agreement which is to limit global warming to below the 2°C level.

Both the methodologies for conducting scenario analysis and data available for the analysis are still evolving. As a result, this analysis is subject to limitations inherent in currently available methodologies and data. This analysis serves as a baseline point to ignite and inform further discussions and consultations with our investment teams, clients and stakeholders in designing an effective long-term climate strategy and ultimately a portfolio that is resilient to various transition and physical scenarios.

Risk Management

Vestcor adopts the "three lines of defence" risk governance model which is typically considered best practice for risk management practices at financial institutions. 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. 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 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. At the third line of defence, 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.

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 year we worked with MSCI with the goal of assessing our climate risk at the consolidated total fund level. We used a bottom-up approach in this project with the aim of establishing a baseline of our carbon footprint aggregated over our total portfolio (for portfolio coverage methodology please see "*Notes on Carbon Footprint Metrics"*). The project analyzes climate risks across several dimensions, including carbon intensity, carbon footprint attribution, specific exposure to carbon intensive sectors and issuers, and climate scenario analysis. This quantitative carbon footprint analysis is another important step towards properly identifying and assessing climate risk embedded in our portfolio, which will further inform our decision-making processes in effectively managing our climate risk exposure going forward.

2021 Carbon Footprint Metrics and Targets

This year we completed the assessment of our total portfolio carbon footprint for the first time (for portfolio coverage methodology please see "*Notes on Carbon Footprint Metrics")*. Our carbon footprint calculation methodology is aligned with the guidelines recommended by the TCFD. Industry guidance and best practices in carbon footprint calculation methodology have been a developing process, and we expect our methodology to continue to evolve over time alongside these developments.

Methodology

In our carbon footprint analysis, the primary commonly used metrics are Financed Carbon Emissions (tonnes of CO_2 equivalent per million dollars invested) and Weighted Average Carbon Intensity (WACI). We also reviewed metrics such as specific carbon-intensity based exposures to sectors, exposure to companies with carbon risk management efforts, among other metrics.

The scope of the metrics disclosed in this report are based on all Vestcor publicly listed equity holdings from equity and equity-like long-only portfolios and bonds in all corporate fixed income portfolios (for portfolio coverage methodology, please see "*Notes on Carbon Footprint Metrics - AUM in Scope"*). The calculation of these metrics is based on assets held as of December 31, 2021. Emissions data used in the calculation is based on the most recently available data at the time of the analysis.

Consistent with the TCFD's recommendations, below we report metrics on greenhouse gas (GHG) emissions including Scope 1 (direct emissions that occur from sources owned or controlled by a company) and Scope 2 emissions (indirect GHG emissions associated with the purchase of electricity, consumed by the company).

Climate Metrics

The following metrics were calculated on $11,111 million of assets under management out of $21,018 million of Vestcor's total portfolio as of December 31, 2021.

	December 31, 2021
Financed Emissions (tons CO_2e/$M invested)	56.6
Total Financed Emissions (tons CO2e)	628,374
Weighted Average Carbon Intensity (tons CO2e/$M revenue)	204.5
AUM in scope for Carbon Footprint Calculation ($M)	11,111

Targets

We recognize that the TCFD recommends organizations to describe their key climate-related targets and their performance against these targets. Since this is our inaugural Responsible Investment Report, the purpose of the report is to form a baseline for further discussions and engagement with our clients and stakeholders on related issues including target setting specific to their own portfolios, as our climate risk related processes continue to evolve. The analysis in this report also provides us with a baseline to monitor the climate transition reduction progress of the portfolio over time as investee companies work towards meeting public carbon reduction targets.

Notes on Carbon Footprint Metrics

1. Carbon footprint data
   All carbon footprint metrics are based on MSCI data, where publicly available emissions data is collected from companies' publicly available reports and filings. When emissions data is not publicly disclosed, estimates are provided by MSCI using their proprietary estimation models.

2. All values reported are in Canadian dollars unless specified otherwise. Exchange rate applied is as of December 31, 2021 when converting any USD-based metrics to CAD-based.

3. AUM in Scope

	December 31, 2021
AUM in scope for Carbon Footprint Calculation ($M)	11,111
Vestcor Total AUM ($M)	21,018

   The scope of the metrics disclosed in this report are based on all Vestcor publicly listed equity holdings from equity and equity-like long-only portfolios and bonds in all corporate fixed income portfolios. Not included are cash, short-term notes, FX contracts, sovereign bonds, absolute return hedge funds portfolios, private assets, among other items.

   In total, Vestcor investments included in this analysis represented approximately 53% of Vestcor's AUM as of December 31, 2021.

4. Emission Trend and Target Setting
   Due to COVID-19 impacts on economic activities, there was evidence showing company carbon emissions decreased on average in 2020 and possibly in 2021 when compared to pre-pandemic levels. Therefore it will be important for us to consider this issue closely when setting climate-related targets going forward to ensure proper alignment with TCFD recommendations and industry best practices.

5. Climate Metrics Calculations
   Total Financed Carbon Emissions
   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).

$$\sum_{n}^{i}\left(\frac{current\ value\ of\ investment_i}{issuer's\ Enterprise\ Value\ including\ cash_i} \times issuer's\ Scope\ 1\ and\ Scope\ 2\ GHG\ emissions_i\right)$$

Financed Carbon Emissions

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.

$$\frac{\sum_n^i \left(\frac{current\ value\ of\ investment_i}{issuer's\ Enterprise\ Value\ including\ cash_i} \times issuer's\ Scope\ 1\ and\ Scope\ 2\ GHG\ emissions_i\right)}{current\ portfolio\ value\ (\$M)}$$

Weighted Average Carbon Intensity

Measures the portfolio's weighted average exposure to the carbon intensity of companies it invests in. Each individual company's carbon intensity is calculated as the company's Scope 1 and Scope 2 GHG emissions, per million dollars of its total revenue.

$$\sum_n^i \left(\frac{current\ value\ of\ investment_i}{current\ portfolio\ value} \times \frac{issuer's\ Scope\ 1\ and\ Scope\ 2\ GHG\ emissions_i}{issuer's\ \$M\ revenue_i}\right)$$