



CBE PENSION PLAN  
**RESPONSIBLE INVESTMENT  
REPORT**

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2025



Prepared by:

VESTCOR

Shared Risk Plan for Certain Bargaining Employees  
of New Brunswick Hospitals (CBE Pension Plan)

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# RESPONSIBLE INVESTING

The primary goal of the Shared Risk Plan for Certain Bargaining Employees of New Brunswick Public Hospitals (CBE Pension Plan, the “Plan”) is to provide secure benefits to members of the Plan with a risk-focused management approach delivering a high degree of certainty that base benefits can be met in the vast majority of potential future economic scenarios. A long-term investment approach integrated with responsible investing considerations is a key part of achieving this investment goal.

Responsible investing involves the incorporation of environmental, social, and governance (ESG) issues in the investment decision-making process. Using ESG information to provide financial insight is consistent with a pension plan administrator’s fiduciary duty.<sup>1</sup>

In implementing an approach to responsible investment, the CBE Pension Plan Board of Trustees (the Board) is committed to integrating material ESG factors into the investment process. To achieve this, the Board has adopted a Responsible Investment Policy that sets out its fiduciary consideration; responsible investment beliefs; ESG-integration guiding principles; implementing, monitoring, and reporting; specific ESG risk considerations; among other matters.

The Board delegates investment management and stewardship of the Plan’s assets to Vestcor Inc. (Vestcor), which invests the Plan’s assets in accordance with the CBE Pension Plan policies, including the Board’s Statement of Investment Policies and the Responsible Investment Policy. The Board acknowledges that Vestcor has developed a robust responsible investing program that consists of the following pillars:



To maximize the long-term value of investments on behalf of the CBE Pension Plan and its other clients, Vestcor conducts its investment management activities under the direction of a set of Vestcor [Responsible Investment Guidelines](#) (RIG). These guidelines provide a framework in which Vestcor considers ESG-related issues in the investment process, and they are reviewed and approved by the Vestcor Inc. Board of Directors.

Vestcor takes an active ownership investment approach, which is a more effective approach to address long-term ESG risks and identify attractive long-term opportunities when compared to blanket divestment or exclusionary screening approaches. That being said, Vestcor may conclude that investments in certain companies or specific sectors are not in the best interest of the CBE Pension Plan long-term investment goals and are therefore to be avoided.

<sup>1</sup> Canadian Association of Pension Supervisory Authorities (CAPSA), “Guideline for Risk Management for Plan Administrators” (2024)

On behalf of the CBE Pension Plan, Vestcor conducts active proxy voting for the publicly listed shares directly held in the Plan's portfolio, thereby exercising shareholder voice on behalf of the CBE Pension Plan in promoting longer-term value creation and sustainability. Proxy voting is one of the most effective tools an investor can use to express views with respect to a company's approach to corporate governance and long-term sustainability risks.



The Board is pleased to present the second annual  
**Responsible Investment Report.**

This report is primarily focused on the investment activities of the CBE Pension Plan portfolio during 2024.



## PROXY VOTING OVERVIEW STATISTICS - CBE PENSION PLAN

The following table provides a breakdown of proxy voting activities for the publicly listed securities held in the CBE Pension Plan portfolio in 2024. Proxies were voted according to the following “Proxy Voting Principles” expressed in the RIG:

- 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

Overall, support from shareholders for all matters brought to a vote remained at approximately 90%, similar to prior years. Shareholder support for proposals concerning board independence did appear to increase across the meetings we tracked (which could signal prudent policy regarding appointment of individuals who are not affiliated or inside directors). However, executive compensation proposals saw some dip in terms of shareholders’ support. *(Effective July 1, 2024, the SEC has made it mandatory for all institutional investment managers who are 13F filers to report say-on-pay votes on the new version of Form N-PX when voting on the approval of executive compensation).*

General governance proposals, which are mainly a collection of miscellaneous items, witnessed a decline of approximately 1%, with no specific indication.

Though the overall proposals decreased for the companies we tracked, the proposals raised by shareholders saw a small increase this year, indicating shareholder activism. The proportion of proposals related to ESG continued to see a reduced interest with increased interest towards capital structure and compensation.

CATEGORY	NO. OF PROPOSALS	AGAINST MANAGEMENT
Environment	114	14%
Social	636	14%
Governance - General	2,311	9%
Governance - Board Independence	18,397	8%
Governance - Compensation (Director)	737	5%
Governance - Compensation (Executive)	2,288	15%
Governance - Corp. Capital Structure	3,064	6%
Other Business	92	47%
<b>Total</b>	<b>27,639</b>	<b>9%</b>



As an active member in a number of national pension and investment industry associations, Vestcor collaborates with other institutional peer pension plan managers on responsible investment issues. Together, they leverage the collective influence and ownership interests to make long-term sustainability improvements in the investee companies. Vestcor is an active member of the Canadian Coalition for Good Governance (CCGG), the Pension Investment Association of Canada (PIAC), the Canadian Pension & Benefits Institute (CPBI), the Association of Canadian Pension Management (ACPM), and the Institutional Limited Partners Association (ILPA).

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 principles<sup>2</sup> in a framework for incorporating ESG factors into investment practices. In becoming a signatory, Vestcor made the commitment to adopt and implement the above principles, where consistent with its fiduciary responsibilities. As a signatory, Vestcor is committed to participate in PRI's annual assessment of signatories' responsible investment activities.

Vestcor published its inaugural Responsible Investment Report, including climate-related financial disclosures, in 2022 and has been publishing the report annually since then.



To learn more about Vestcor's responsible investing activities and read its Responsible Investment Report, visit [vestcor.org/investments](https://vestcor.org/investments).

<sup>2</sup> [www.unpri.org/about-us/what-are-the-principles-for-responsible-investment](https://www.unpri.org/about-us/what-are-the-principles-for-responsible-investment)

# CLIMATE-RELATED DISCLOSURES

The CBE Pension Plan has developed the following report aligned to the Task Force on Climate-related Financial Disclosures (TCFD) for the Plan assets as of year-end 2024. The carbon footprint methodology is informed by guidance from the Partnership for Carbon Accounting Financials (PCAF) in calculating the financed emissions metrics.

## 01 GOVERNANCE

The Board is responsible for the overall governance and administration of the CBE Pension Plan. The Plan is governed by a number of important documents that serve to guide the Board of Trustees in its oversight of the Plan, including the Agreement and Declaration of Trust, the Plan Text, the Funding Policy, and the Statement of Investment Policies.

The Board has an administration agreement with Vestcor to conduct the day-to-day administration of the Plan. Vestcor has also been appointed by the Board as the sole discretionary manager for the CBE Pension Plan, as outlined in an investment management agreement and is responsible for the implementation of the Plan's Statement of Investment Policies and Responsible Investment Policy. Furthermore, Vestcor provides investment advice to the Board and develops recommendations for the Plan's asset mix that are presented to the Board for review and approval. To maximize the long-term value of investments on behalf of its clients, Vestcor conducts its investment management activities under the direction of the CBE Pension Plan Responsible Investment Policy and Vestcor's Responsible Investment Guidelines (RIG), among other investment guidelines. The RIG provide a framework in which ESG-related issues are considered in the investment process, and the RIG are reviewed and approved by the Vestcor Inc. Board of Directors. Vestcor established a Responsible Investing Committee, which has a mandate to review all activities related to responsible investing.



Further information about the governance of the CBE Pension Plan is available at [cbe.ca](https://cbe.ca).

## 02 STRATEGY

The Board delegates the day-to-day investment management to Vestcor, which identifies climate-related risks and opportunities in the investment process. Climate-related risks include both physical risks and transition risks of the investment portfolio. Physical risks are risks resulting from climate-related events including acute physical risks and chronic physical risks. Transition risks are inherent in the investment portfolio that arise from the economy transitioning towards a lower-carbon economy.

Unique opportunities also arise when the investment process identifies investments that outperform in the climate transition process. There are also opportunities for active engagement and advocacy with investee companies.

In the process of investing and stewarding the Plan's assets, Vestcor identifies the above risks and opportunities and invests in assets that contribute to sustainable development through integrating climate and ESG considerations in the investment process. Vestcor also follows its proxy voting guidelines to vote on the directly-held shares, thereby exercising its shareholder voice on behalf of the CBE Pension Plan in promoting longer-term value creation and sustainability.

## 03 RISK MANAGEMENT

The CBE Pension Plan Board of Trustees is responsible for understanding the principal risks facing the Pension Plan and ensuring that processes have been put in place to mitigate and manage those risks. The Board has delegated risk management oversight in certain areas to its Audit Committee, Governance Committee, and Investment Committee.

The Board has developed a Risk Management Framework that provides the philosophy and approach to risk management by identifying the risks faced by the Plan and its Board of Trustees, and the accountability for monitoring each risk. The corresponding Risk Register was also developed to define key risks and appropriate mitigating risk controls. Climate risk, as part of the broader ESG risk, is defined and monitored through the CBE Pension Plan Risk Management Framework and Risk Register.

The CBE Pension Plan investment manager, Vestcor, adopts the “three lines of defense” risk governance model which is typically considered best practice for risk management practices at financial institutions. Climate risk is inherently embedded into Vestcor’s Enterprise Risk Management Framework within governance, reputational, and investment risks. Ongoing oversight of these risks ensures they are understood and identified with appropriate risk mitigation strategies in place.

## 04 CARBON FOOTPRINT METRICS

The Plan’s investment manager, Vestcor, calculates carbon footprint metrics on behalf of the CBE Pension Plan for the Plan’s investment portfolio.

The carbon footprint calculation methodology in this report is informed by the guidance from the PCAF. Industry guidance and best practices in the carbon footprint calculation methodology have been an evolving process, and we expect our methodology to continue to evolve over time alongside these developments.



For details on the calculation methodology, please see the **Carbon Footprint Calculation Methodology Notes**.

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).

The metrics shown in Tables 1-3 were calculated on \$3,162 million of assets under management (AUM) out of \$3,364 million of the CBE Pension Plan total portfolio as of December 31, 2024, representing 94% of the total portfolio.

The carbon footprint metrics in Table 1 cover the following asset classes: public equities (including holdings from equity and equity-like long-only portfolios), corporate bonds, and private assets (including real estate, infrastructure, and private equity).

**TABLE 1. 2024 CARBON FOOTPRINT METRICS**

	DEC. 31, 2024	DEC. 31, 2023	% CHANGE
Financed Emissions Intensity (tCO <sub>2</sub> e/\$M invested)	42.8	70.5	-39.3%
Total Financed Emissions (tCO <sub>2</sub> e)	120,052	171,512	-30.0%
Asset Classes Covered	Public Equities, Corporate Bonds, Private Assets	Public Equities, Corporate Bonds, Private Assets	--
% AUM Covered	83.4%	79.9%	+4.4%

Financed emissions intensity decreased from 70.5 (as reported for December 31, 2023) to 42.8 (as of December 31, 2024). The main drivers for this decrease include:

- Portfolio holding changes
- Lower investee companies' carbon emissions either provided by the data vendor or directly reported
- An adjustment to private real estate and private infrastructure's carbon calculation methodology to better align with PCAF standards
- The effect of a higher base of aggregated market value in the denominator

Guided by PCAF's standard, we report carbon emissions attributable to sovereign bonds separately from other asset classes (Table 2) and report sub-sovereign bond emissions separately from sovereign bonds (Table 3).

**TABLE 2. CARBON FOOTPRINT METRICS FOR SOVEREIGN BONDS (INCLUDING LULUCF<sup>3</sup>)**

	DEC. 31, 2024	DEC. 31, 2023
Financed Emissions Intensity (tCO <sub>2</sub> e/\$M invested)	198.0	223.0
Total Financed Emissions (tCO <sub>2</sub> e)	29,871	27,724
% AUM Covered	4.5%	4.1%

**TABLE 3. CARBON FOOTPRINT METRICS FOR SUB-SOVEREIGN BONDS (INCLUDING LULUCF)**

	DEC. 31, 2024	DEC. 31, 2023
Financed Emissions Intensity (tCO <sub>2</sub> e/\$M invested)	176.5	223.0
Total Financed Emissions (tCO <sub>2</sub> e)	36,307	45,826
% AUM Covered	6.1%	6.7%

<sup>3</sup> Land use, land use change, and forestry

# CARBON FOOTPRINT CALCULATION METHODOLOGY NOTES

## 01 CARBON FOOTPRINT DATA

The majority of the carbon footprint calculations use MSCI carbon footprint data. When emissions data are not available directly, estimates are calculated using proprietary estimation models.

02 All values reported are in Canadian dollars unless specified otherwise.

03 AUM covered as at December 31, 2024

AUM FOR CARBON FOOTPRINT METRICS, CAD MILLIONS	DECEMBER 31, 2024
Public Equities and Corporate Bonds	1,840
Private Assets	965
<u>Sovereign Bonds and Sub-Sovereign Bonds</u>	<u>356</u>
Total AUM Covered for Carbon Footprint Calculation	3,162
CBE SRP Total AUM	3,364

In total, investments included in the analysis of this report represented 94% of the CBE Pension Plan total AUM as at December 31, 2024.

04 Numbers may not add up due to rounding.