



NEW BRUNSWICK PUBLIC SERVICE PENSION PLAN

# RESPONSIBLE INVESTMENT REPORT

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2025



Prepared by:

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# RESPONSIBLE INVESTING

The primary goal of the New Brunswick Public Service Pension Plan (NBPSPP) is to provide secure pension benefits to members of the Plan with a risk-focused management approach delivering a high degree of certainty that full base benefits will be payable 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>

The NBPSPP Board of Trustees (the Board) delegates investment management and stewardship of the Plan’s assets to Vestcor Inc. (Vestcor), which invests them in accordance with NBPSPP’s policies. 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 NBPSPP and its other clients, Vestcor conducts its investment management activities under the direction of a set of [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 the blanket divestments 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 NBPSPP’s 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 NBPSPP, Vestcor conducts active proxy voting for the publicly listed shares directly held in the Plan's portfolio, thereby exercising shareholder voice on behalf of NBPSPP 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 NBPSPP's portfolio during 2024.



# PROXY VOTING OVERVIEW STATISTICS - NBPSPP

The following table provides a breakdown of proxy voting activities for the public-listed securities held in NBPSPP’s 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 tracked across the portfolio, 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	119	14%
Social	669	14%
Governance - General	2,336	9%
Governance - Board Independence	19,040	8%
Governance - Compensation (Director)	738	5%
Governance - Compensation (Executive)	2,369	15%
Governance - Corp. Capital Structure	3,068	6%
Other Business	94	46%
<b>Total</b>	<b>28,433</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 and together 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

NBPSPP has developed the following climate-related financial disclosures 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 NBPSPP Board of Trustees is responsible for the overall governance and administration of the NBPSPP. 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 NBPSPP and is responsible for the implementation of the Plan's Statement of Investment Policies. Vestcor also 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 a set of 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 NBPSPP is available at [npspp.ca](https://npspp.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 NBPSPP'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 NBPSPP in promoting longer-term value creation and sustainability.

## 03 RISK MANAGEMENT

The NBPSPP 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 NBPSPP's Risk Management Framework and Risk Register.

NBPSPP's 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 NBPSPP 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 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 \$9,406 million of assets under management (AUM) out of \$10,173 million of NBPSPP's total portfolio as of December 31, 2024, representing 92% of the total portfolio.

The asset classes covered include 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). Guided by PCAF’s standard, we disclose carbon emissions attributable to sovereign bonds (Table 2) and sub-sovereign bond investments (Table 3) separately.

**TABLE 1. 2024 CARBON FOOTPRINT METRICS**

	DEC. 31, 2024	DEC. 31, 2023	% CHANGE
Financed Emissions Intensity (tCO <sub>2</sub> e/\$M invested)	35.2	47.9	-26.5%
Total Financed Emissions (tCO <sub>2</sub> e)	278,512	332,818	-16.3%
Asset Classes Covered	Public Equities, Corporate Bonds, Private Assets	Public Equities, Corporate Bonds, Private Assets	--
% AUM Covered	77.7%	75.2%	+3.3%

Guided by PCAF’s standard, carbon emissions attributable to sovereign bond investments are reported below, separately from the other asset classes’ carbon metrics (Table 2), and emissions attributable to sub-sovereign bonds are reported 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)	199.1	225
Total Financed Emissions (tCO <sub>2</sub> e)	163,404	160,687
% AUM Covered	8.1%	7.7%

**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)	172.0	217
Total Financed Emissions (tCO <sub>2</sub> e)	117,063	145,320
% AUM Covered	6.7%	7.2%

<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	5,670
Private Assets	2,234
<u>Sovereign Bonds and Sub-Sovereign Bonds</u>	<u>1,501</u>
Total AUM Covered for Carbon Footprint Metrics	9,406
NBPSPP Total AUM	10,173

In total, investments included in the analysis of this report represented 92% of NBPSPP’s total AUM as at December 31, 2024.

**04** Numbers may not add up due to rounding.