

POLICY

Investment Exclusion Policy

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1. Purpose

The University Pension Plan Ontario ("UPP" or the "Plan") serves pension plan members and retirees of its sponsor universities. Informed by research and evidence, we believe that responsible investment ("RI") supports risk management, value creation, and a duty to be active owners and consider stakeholder interests and investment impacts. As stated in our Responsible Investment Policy, UPP seeks to embed responsible investment practices throughout our investment management activities.

In general, UPP favours active engagement over excluding or selling investments as a first course of action to influence investee behaviours and will use constructive dialogue and clear guidance as primary tools to effect change.

This Investment Exclusion Policy ("Policy") outlines UPP's approach towards ensuring UPP avoids financial and reputational risks related to environmental, social and governance ("ESG") issues, such as UPP's investments causing or contributing to adverse social or environmental impacts. It is intended to help UPP provide stable retirement benefits at a reasonable cost for members, now and in the future.

Application of this Policy and integration of responsible investment considerations must be consistent with all other policies and legal obligations, including UPP's fiduciary duty to beneficiaries.

2. Scope

This Policy applies to all UPP assets, with the exception of short selling.

Exclusion-related activity varies depending on the nature of the investment. Key considerations include whether the investment was made subsequent to the initial implementation of this Policy, whether investments are Direct Investments or Indirect Investments, whether they are held in comingled investment vehicles and if Synthetic Exposure is gained through the use of derivatives.

3. Definitions

Direct Investment: Investment managed by UPP rather than investments made by external investment managers that are engaged by UPP for investment services.

External Investment Manager ("Manager"): Third-party investment managers who are seeking to be or are retained by UPP to manage a portfolio of securities or other assets for a fee. Such portfolios may include passively or actively managed segregated accounts or comingled investment vehicles.

Indirect Investment: Investments managed by external investment managers engaged by UPP to provide investment services.

Management Investment Committee ("MIC"): The management committee reporting to the Investment Committee that has a delegated authority to manage the total fund and external investment manager portfolios.

Short Selling: The sale of borrowed securities with the belief that the price of the security will fall and be less expensive to repurchase to repay the loan of securities. Short selling is a common hedging technique.

Synthetic Exposure: using derivatives to gain exposure to a financial instrument, or group of financial instruments without owning them.

4. Policy Objectives and Philosophy

UPP believes that excluding or selling an investment is appropriate when we identify the potential for, adverse impact. Selling or excluding investments is appropriate when engagement, or other activity, has not, or is unlikely to, provide remedies. The impact assessment considers the Plan's sustainability and UPP's ability to generate

sufficiently high long-term risk-adjusted returns, and the impact on the capital markets and the financial, environmental, and social systems on which the capital markets rely.

This Policy is intended to provide the governing principles required to support the effective exclusion and selling of investments due to adverse impacts.

5. General Policy Statements

UPP conducts the following exclusion-related activity.

5.1 Establish and maintain an investment exclusion list

UPP establishes and maintains a list of what should be excluded from its investments (the "List"). The List specifies both 1) the general parameters of investments to be excluded (the "General Parameters") as well as 2) any specific entities that meet the specifications of the General Parameters (the "Specific Entities"). The List may include, but not be limited to, companies, types of companies, governments, or asset types.

The List has two parts, and each part is approved by a different body:

Part	Name	Description	Approver
1	General Parameters	Specifies the types of investments to be excluded (for example, companies in a specific industry)	Board of Trustees (on recommendation from the Investment Committee and the Management Investment Committee)
2	Specific Entities	Specifies the entities that can be identified as meeting the specifications of the General Parameters (for example, specific companies and specific securities)	Management Investment Committee

The List, in support of UPP's fiduciary duties including its ability to provide stable retirement benefits at a reasonable cost for members, now and in the future is informed by many considerations including, but not limited to:

- The potential for financial and reputational detriment related to ESG issues
- The potential for UPP's investments to cause or contribute to adverse social or environmental impacts
- The severity of adverse impacts (a function of scale, scope and irremediable character)
- Stakeholder concerns
- Remediation by the investee entity and efforts to prevent or mitigate further adverse impacts
- The potential for engagement activities by UPP or others to provide remedies
- International treaties or sanctions that are in force and Canada has consented to, or is required to, be bound by
- The Paris Agreement
- The International Labour Organization's fundamental Conventions
- OECD Guidelines for Multinational Companies
- UN Global Compact principles
- Canadian Coalition for Good Governance policies and recommendations
- International Corporate Governance Network's Global Governance Principles

Research is conducted at minimum on a yearly basis, and more often as required to validate the List and to identify any potential additions or deletions from the List.

5.2 Apply the List to Direct Investments

5.2.1 UPP does not knowingly have a Direct Investment in an entity specified by the List.

5.2.2 If a Direct Investment is, or becomes an entity specified by the List, UPP sells the investment in a reasonable amount of time, taking into account market conditions and legal restrictions.

5.2.3 When considering new Direct Investments using comingled investment vehicles (such as an exchange traded fund), UPP pursues, and where available, uses vehicles that exclude or are likely to exclude entities specified by the List.

5.2.4 When considering new Direct Investments using Synthetic Exposures (such as a total return swap), UPP pursues, and where available, uses instruments that exclude or are likely to exclude exposure to entities specified by the List.

5.3 Apply the List to Indirect Investments

5.3.1 When an Indirect Investment is not in a comingled investment vehicle, UPP does not knowingly have an Indirect Investment in an entity specified by the List.

5.3.2 When considering a new Indirect Investment not in a comingled investment vehicle (such as in a segregated account), UPP does not knowingly have an Indirect Investment in an entity specified by the List.

5.3.3 If an Indirect Investment not in a comingled investment vehicle is, or becomes an entity specified by the List, UPP will cause the sale of the investment in a reasonable amount of time, taking into account market conditions and legal restrictions.

5.3.4 When considering a new Indirect Investment using a comingled investment vehicle (such as a pooled fund or a limited partnership), UPP pursues, and where available, uses vehicles that exclude or are likely to exclude entities specified by the List.

5.3.5 When considering a new Indirect Investment using a comingled investment vehicle (such as a pooled fund or a limited partnership) that includes, or is likely to include, Synthetic Exposures (such as a total return swap), UPP pursues, and where available, uses vehicles that use instruments that exclude or are likely to exclude exposure to entities specified by the List.

5.3.6 UPP requires those responsible for new Indirect Investments (including Managers) to report on UPP's exposure to entities specified by the List, including through Synthetic Exposures.

5.4 Inform Managers of Indirect Investments of the List

5.4.1 UPP provides the List to Managers responsible for Indirect Investments.

5.4.2 UPP requests those responsible for Indirect Investments (including Managers) to report regularly on UPP's exposure to entities specified by the List, including through Synthetic Exposures.

5.5 Reporting

To ensure appropriate transparency and oversight, the Responsible Investment Team, in conjunction with the Compliance Team prepares regular reporting for the Management Investment Committee, the Investment Committee and the Board of Trustees. Reporting includes the List, exceptions to the List and non-compliance, UPP's exposure to entities specified by the List and the rationale for continued investment and analysis of the investment performance implications of this Policy.

6. Exceptions

The Investment Committee of the Board of Trustees may approve exceptions to the required use of vehicles or instruments that exclude or are likely to exclude exposure as specified in sections 5.2.3, 5.2.4, 5.3.4 and 5.3.5.

There are no other exceptions to this Policy.

7. Monitoring and Compliance

The CEO is accountable for the application of this Policy and the CIO, Investment Team, and Responsible Investment Team are responsible for adhering to it. The Responsible Investing Team ensures periodic reporting is submitted to the Management Investment Committee, the Investment Committee and the Board of Trustees as defined in section 5.5 Reporting.

Compliance independently monitors compliance with the Policy. Non-compliance will be assessed for materiality by the Management Investment Committee, and where material, will be presented to the Investment Committee and may be presented to the Board of Trustees.

In addition to acting in compliance with the Policy, staff must also report when they become aware of any violation or potential violation. Reports may be submitted to the CEO, Chief Financial Officer or through the confidential third-party ethics website www.clearviewconnects.com or hotline 1-866-781-5012 (toll free CA/US).

8. Related Policies and Other Documents

- Asset Mix and Investment Risk Policy
- External Manager Selection and Oversight Policy (Public Markets)
- Investment Authorities Policy
- New Product and Activity Checklist
- Portfolio Description and Authorities Framework
- Responsible Investing Policy
- Statement of Investment Policies and Procedures

9. Approval Record

This Policy is reviewed by the Board of Trustees at least annually, or as required.

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Appendix: Investment Exclusion List - General Parameters

The following entities will be excluded:

1. Tobacco

1.1. Producers: All entities that manufacture tobacco products (revenue greater than 0%).

1.2. Suppliers, Distributors, Licensors, and Retailers: All entities deriving revenues equal to or greater than 20% from the distribution, licensing or retailing of tobacco products or from supplying the tobacco industry with goods or services.

2. Producers of weapons covered by treaties Canada has consented to be bound by

All entities involved in producing any of the following whole weapon systems or custom components that were developed or are significantly modified for exclusive use in any of the following weapons:

2.1. Biological and chemical weapons (including weapons that use pathogens such as viruses, bacteria, and disease-causing biological agents, toxins or chemical substances that have toxic properties that kill, injure or incapacitate)

2.2. Blinding laser weapons (weapons using laser technology that causes permanent blindness to the target)

2.3. Cluster munitions

2.4. Depleted uranium weapons (including armor piercing, fin-stabilized, discarding sabot tracer rounds (APFSDS-T); Kinetic Energy Missiles made with depleted uranium penetrators; and depleted uranium enhanced armor, including composite tank armor)

2.5. Incendiary weapons (incendiary weapons using white phosphorus)

2.6. Landmines (anti-personnel and anti-vehicle)

2.7. Non-detectable fragments (weapons that use non-detectable fragments to inflict injury to targets)

3. Thermal coal

3.1. Thermal coal-based electrical power generation

All entities involved in thermal coal-based electrical power generation that satisfy at least one of the following four conditions:

3.1.1. Coal-based electrical power generation capacity equal to or greater than 10,000 MW.

3.1.2. Coal-based electrical power generation is equal to or greater than 15% of total electrical power generation.

3.1.3. Coal-based electrical power generation revenue is equal to or greater than 15% of total revenue.

3.1.4. Coal-based electrical power generation installed capacity is equal to or greater than 15% of total electrical power generation capacity.

3.2. Mining thermal coal:

All entities that satisfy at least one of the following conditions:

3.2.1. Revenue from mining and selling coal to external parties is equal to or greater than 15% of total revenue.

3.2.2. Thermal coal reserves are equal to or greater than 100 million metric tons.

4. Russia

All entities domiciled in Russia.