

Sent via electronic mail

September 29, 2023

Canadian Association of Pension Supervisory Authorities
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Subject: UPP Comments on CAPSA Guideline on Pension Plan Risk Management

To whom it may concern:

We have reviewed the draft CAPSA Guideline: Pension Plan Risk Management, with particular attention to the Section 6.3 Environmental, Social and Governance (the "Guideline"). UPP commends the Canadian Association of Pension Supervisory Authorities ("CAPSA") for undertaking this important work and putting forward the draft Guideline.

University Pension Plan Ontario ("UPP") is a jointly sponsored defined benefit pension plan created by and for Ontario's university sector. UPP manages \$10.8 billion in pension assets and proudly serves over 39,000 members across four universities and 12 sector organizations. Our commitment is to protect the security and sustainability of members' pensions while providing service excellence. As a sector plan, UPP is open to all employers and employees within Ontario's university community.

UPP welcomes the inclusion of ESG within a broader risk management guideline. This supports a prudential approach by pension administrators in which ESG issues are evaluated, managed, and monitored from the lens of risk management and fiduciary duty.

We are broadly supportive of the ESG section of the Guideline and were pleased to see certain enhancements that were suggested by UPP in response to the Draft Guideline: Environmental, Social and Governance Considerations in Pension Plan Management (the "Draft ESG Guideline") published for comment in 2022. These include replacement of the term "ESG fund" with the term "ESG-Related Fund" consistent with CSA Staff Notice 81-334 – ESG-Related Investment Fund Disclosure and broadening Principle 3 to include disclosure of ESG information in plan member statements and other sources of plan information in addition to the SIPP.

We also support the revision of Principle 1 to include that plan administrators should both consider ESG information and take appropriate action based on their determination. However, we would encourage CAPSA to reinstate the portion of this principle from the 2022 Draft ESG Guideline that plan administrators "should consider ESG characteristics that may have material relevance to the financial risk-return profile of the pension fund's investments". This statement is a stronger impetus for analysis of specific ESG issues than the principle in the current Guideline that plan administrators "should consider whether and how ESG information may be relevant".

We encourage CAPSA to review and update the Guideline at least every five years to ensure the overall approach and the Special Considerations on Specific Topics remain current and reflective of available tools and good practice.

Sincerely,

A handwritten signature in black ink that reads "Brian Minns". The signature is written in a cursive, flowing style.

Brian Minns
Senior Managing Director, Responsible Investing