

# HOOPP Sustainable Investing Policy

Effective May 24, 2023

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## Introduction

HOOPP's mission is to deliver on the pension promise for current and future members. Our Sustainable Investing strategy supports this mission by contributing to a more resilient portfolio.

The Sustainable Investing policy applies to the total portfolio and outlines the principles and beliefs underlying HOOPP's approach to sustainable investing, as well as the governance and accountability mechanisms.

## Principles and Beliefs

Sustainable Investing applies an environmental, social and governance (ESG) lens to the investment process. It is premised on the belief that ESG factors can be financially material and therefore, incorporating them into investment strategy, analysis and portfolio management is consistent with the prudent management of the Fund's investment assets.

Environmental factors relate to the natural and built environment, including rising sea levels due to climate change and environmental management practices. Social factors relate to stakeholder groups, such as employees, customers, suppliers, local communities, and include equity, diversity and inclusion, and health and safety. Governance factors relate to oversight and accountability structures and processes, including board of director composition, independence and executive compensation.

ESG factors may take the form of risks or opportunities and may be relevant at the investment strategy, portfolio or individual investment level across the investment life cycle. ESG factors may positively or negatively impact an asset and an asset may positively or negatively impact ESG factors.

The following belief statements underpin HOOPP's strategy and approach to sustainable investing:

- We believe the cornerstone of effective investing is assessing returns against risks, and these can be positively or negatively impacted by environmental, social and governance (ESG) factors.
- We have a fiduciary duty to deliver on our pension promise and have a responsibility to do so in a way that takes ESG factors, such as climate change, into account in developing investment policy and making investment decisions as they impact financial risk and opportunity.
- We believe, as a large global investor operating in an increasingly interconnected world, our sustainability is linked to the health of the societies and environments we invest in.
- We believe that helping to shape sustainable communities, ecosystems and capital markets is part of being a prudent long-term investor.

## Governance and Accountability

The HOOPP Board of Trustees reviews the Funding and Investment policies annually, including the Investment Risk Framework and Sustainable Investing policy. ESG risks and climate change risks are included in the Investment Risk Framework.

The Investment Risk Committee (IRC), chaired by the CEO, is responsible for reviewing and approving select investments. All investments presented to the IRC must include a review of ESG considerations. A sub-committee of the IRC, comprised of the CIO, CRO and senior leaders from the Investment Management division, is responsible for sponsoring new and/or updated Sustainable Investing policies, strategies and guidelines for review and approval at the IRC.



## Sustainable Investing Approach

HOOPP's approach to Sustainable Investing is guided by a three-pillar framework. The three pillars complement one another and may also overlap.



### **1. Integration of ESG factors in investment strategy and analysis**

ESG factors may materially affect the risk-return profile of an investment and therefore the integration of relevant factors is an important part of comprehensive investment analysis and due diligence. Implementation of ESG integration is tailored to the particular asset class or investment strategy.

Disclosure of relevant ESG information by companies and issuers enables HOOPP to evaluate and assess ESG risks and opportunities. The materiality of ESG factors may vary by sector, geography, company and type of investment. HOOPP supports disclosures aligned with the SASB Standards and the Taskforce on Climate-related Financial Disclosures (TCFD) framework.

For externally managed assets, HOOPP examines the investment fund manager's approach to ESG integration, including relevant policies, practices and resources.

### **2. Responsible stewardship of investments**

HOOPP is a responsible steward of the Fund's investment assets and continues to monitor and manage ESG factors post-investment. Stewardship activities include actively engaging with public and private companies and issuers, and external investment fund managers. This may include expressing views through voting proxies, actively participating in private company governance as board members or board observers, and evaluating how external investment managers are managing ESG factors on an ongoing basis.

HOOPP may engage with companies and issuers when disclosure related to key ESG factors is insufficient to properly assess the risk-return profile of the investment. HOOPP may engage where it sees opportunity for improvement in ESG practices to better manage risk or enhance return for long-term investors. HOOPP may undertake this engagement directly or it may collaborate with like-minded investors to jointly engage the company or issuer.



Engagement may be used in conjunction with proxy voting. Engagement outcomes may inform voting action and voting results may inform future engagement discussions. HOOPP views proxy voting as an important mechanism to influence companies to align with good governance practices and long-term shareholder value. The Statement of Guidelines and Procedures on Proxy Voting outlines the principles that guide HOOPP's voting activities (available on [hoopp.com](https://www.hoopp.com)).

Exclusions or negative screens are not the preferred approach or one of HOOPP's primary tools. However, there may be instances where engagement is ineffective and exclusions on specific companies, issuers or industries may be considered.

### **3. *Fostering sustainability of the communities, ecosystems and markets we work in***

As a long-term investor, HOOPP seeks current and future opportunities to invest and generate the investment returns required to deliver on the pension promise. The sustainability of the communities, ecosystems and capital markets we invest in is connected to HOOPP's access to future investment opportunities.

HOOPP may support or participate in external initiatives that contribute to strategic focus areas, such as equity, diversity and inclusion and climate change. Further information on external initiatives can be found on [hoopp.com](https://www.hoopp.com).

#### **Reporting**

Sustainable Investing activities are reported to the Board on a quarterly basis. Further information on HOOPP's Sustainable Investing program can be found on [hoopp.com](https://www.hoopp.com).

#### **Policy Review**

This policy will be reviewed annually, or as may otherwise be determined, by the Board.

