My name is Cara Bourdeau and I work at Western providing support to various employee programs, including the pension plans. I'll be moderating today's session and I'm very pleased to be joined by our panelists.

You received a link to their full bios as part of the confirmation for this session, so just give brief introductions. Tom Keenleyside is our Associate Director of Investments here at Western. Tom and his team are part of the in-house investment expertise, which among other activities, supports the Western pension boards. Eric Mooney is an investment solutions executive from Sun Life. Sun Life is our record keeper and the custodian of the assets for the pension plans. Our team works closely with Sun Life and the administration of the plans, and as members of the plan, I hope everyone joining us is familiar with their personal accounts. We're also joined by Ryan Pollice, principle in the investment consulting practice at Mercer Canada. Mercer is the external investment consultant to the Academic and Administrative Pension Boards. Ryan and his colleagues play an active role providing research and support to the Western pension boards.

Just for some background I'd like to note that Western has 2 pension plans, an academic plan and an administrative plan, and participating members are the members of faculty and staff of Western, Huron and Brescia. Each of the pension plans has a pension board that governs the plan, and the 2 boards generally work together as a joint board. The boards each have 4 elected members, as well as 3 members appointed by the University, who are common to both boards. The boards make the decisions about what investment options to offer under the plan, and they decide on which investment managers to hire to do the investing for us. Each of us, as a member of the plan needs to choose how to invest our account from among the options that are made available.

Today's session will focus on the investment landscape and be a mix of sharing by our panel, and hearing from the audience. Once you've gone to menti.com and added the code, you will find an option to engage in Q&A, which will remain available throughout the session. Please feel free to add your questions as they occur to you, and we'll do our best to get to them at the end of the session.

Let's start with a test poll to make sure that folks are getting connected. So I'm one of those people who's always talking about the weather. So as we straddle seasons, I'm wondering what your favorite season is. I know we're in the showers and flowers season, right now, and nice to see things starting to green up. And, I'm seeing the votes rolling in. So this is wonderful. Again, if you're just joining us go to menti.com, and use the code on the top of the screen to engage. We're just over half of our participants having voted, so I'm going to give you just another second here. Make sure we've got good connection ... and that looks good. Thanks for participating.

Great. So we have a lot of staff representation today. So whether our faculty members are being quiet on Menti, or we've got mostly staff with us. This is great. Thanks for your votes and our next question: How interested are you in the way their Western pension plan is invested?

Very interested, somewhat interested, or not interested? I'm gonna guess that by virtue of you joining us today, you have at least a little bit of interest, but your interest overall, may be very different in your interest in engaging with those investment options on the plan. So give you a chance to consider. Good, so we've got lots of very interested and some somewhat interested. So again, not a big surprise.

As we head into the next polling question, we do a couple of new people who have joined us. If you are just joining, if you can log into Menti.com and use the code on the top of your screen to join us, we'd love to have your votes and Q&A.

This next question invites you to share what comes to mind for you when you hear the phrase responsible investing. Your answers are going to build a word doud, and you can submit up to 3 responses. One or 2 words per response is usually best. So, I'll give you a little extra time on this one. Whatever pops to mind. The larger the words appear, it means, the greater the number of participants who have identified that same connection.

Note, it takes a little longer to type in your answers and give this one some thought. I'll give you a few more seconds here. Great! Lots coming up. Give another 10 seconds here for votes. I'm glancing away as I've got the poll results over here on my side. Seeing that "ethical" large in the middle, I think that was the very first word to pop up for us. And probably no surprise because I really think, for most of us, our experience with this topic has probably rooted historically in this concept of ethical investing or around ethics. Seeing lots of sustainable, sustainability, environmental. Evidence-based, I like that. Renewable, engaged, governance, not too risky. So we've got some great language coming up there. Appreciate your participation in that.

That's excellent! Eric, I'm wanting to turn over to you. Seeing these responses, I imagine many of these really resonate with you. I'm wondering if you can describe responsible investing through the Sun Life lens for us.

Yeah and thanks for having me here, Cara, today. You know we always say that if you were to ask 10 people what responsible investing meant to you, you would get 10 different answers. And we do see a wide range and a wide degree of responses here on the screen. For us, the way we look at things at Sun Life, responsible investing can be a process, or it can be a product. And generally, you know, they have different approaches, different motivations, but generally the process we refer to is ESG integration.

So the Estands for environmental, Sstands for social, and the Gstands for governance. So when we talk

ownership policies and practices, and that could include proxy voting if you're an equity investor, or for all investors it could include engaging with boards or senior management on more strategic matters.

Great. Thanks, Ryan. Eric, Ryan has mentioned a couple of times now around proxy voting as a way to influence company behavior. Since Western doesn't hold the assets that we invest in directly, we don't engage in the proxy voting ourselves, but Sun Life may do this directly, or influence the investment managers and their voting. So wondering if you can just describe Sun Life's approach to this. Of course, so ultimately in proxy voting, the discretion is up to the fund manager to decide how to vote the proxies.

So Western wouldn't have that discretion. At Sun Life, part of our governance work is understanding all the fund managers on our platform. What are their proxy voting policies? And we review them and compare them and look for industry best practices. And then we do have tools available to us through ISS to provide us proxy voting results where we can look at how the managers have been voting on specific issues inline with management, against managemen

what we're seeing so far. Great, we got a couple more coming in. So it's really quite close, actually. I was voting that environmental would win by a landslide.

But, Eric, I'm wondering if you can comment on how these responses line up against what you're seeing in your research at Sun Life in terms of plan member awareness and interest.

Yeah, and typically I would expect to see environmental as the number one issue as well. We did a similar survey, and a similar questionnaire, with about 400 of our plan members in April of 2021, and the top issue raised by them was human rights followed by a tie for second with strength of management, which is more of a Gissue, and then protecting the environment which was tied for second, was third, and that's an Eissue. So what we do see sometimes is that as headline in the news change, plan members awareness, or the areas in which they want to focus more or care more about, does change as well. You know, you think about April 2021 it was a bit earlier in the pandemic, there was a lot of focus on how are companies taking care of their employees and treating their stakeholders in the environment. So we do think that having a broader approach in thinking about the E, the Sand the G, rather than a siloed approach via a product, makes a lot of sense. As the responses to this may change in

I just wanted to acknowledge that I am seeing questions come into the Q&A. When you're using Menti and you add the question to the Q&A it will disappear from your view. But that means it has been submitted, and it's been logged on my end, so please keep those questions coming. Thanks to those of you who are interacting that way. Appreciate it.

So I know we're hearing more in our community about divestment, and that this is just one of the 3 broad approaches that define contribution pension plans are taking to responsible investing. I'd like to hear a bit more about your experiences with the 3 key approaches of integration, divestment, and sustainability focused funds that Eric mentioned at the start. Where are you seeing the attention these days? And Ryan, maybe we'll start with you this time.

Thanks Cara. So I think from the perspective of a plan sponsor, you know the key concern is about providing a prudent set of investment options that can appeal to a broad range of members in the plan, and we see many plan sponsors formulating a belief that ESG issues can be, but may not always be material to investment, risk and return. And so, in recognition of this belief, plan sponsors are wanting to take steps to ensure that the fund managers that have oversight and care for the assets are accurately evaluating and trying to capture these into their process. Now, it is a complex undertaking. We've talked earlier about how ESG is a rapidly evolving concept and reporting standards and frameworks are still very much in their early stages. But I think plan sponsors have primarily focused on ESG integration. You know again, for the reasons that I previously cited. Taking the view that ESG issues are one of many investment risks that should be properly evaluated. So they're exploring things like

with better diversity or better diversity of opinion. So this could be cultural, linguistic, racial, etc. And these kind of different metrics of how we look at (kind of) diversity overall seem to correlate with performance. So what we're focusing a little bit more on is how fund managers are actively managing (kind of) this part of their business. And in turn, fund managers are looking at this more in terms of the companies in which they invest. Again, if diversity of a opinion and diversity of backgrounds leads to (kind of) a more inclusive environment overall, it may lead to better, long-term strategic decisions and thinking about (kind of) the customer and the products and the services that they bring. So it's an emerging space in our manager research,

also an active ownership component whereby the manager engages with the companies to improve their ESG impact. Eric touched on take	

fund, for example. So, we have to be careful that we don't provide too much information to bias them. But then also give them the information that they want to make an informed investment decision.

Thanks, Eric. Yeah i

mainly those that are less liquid or long horizon type investments, a view on how a manager captures and manages ESG issues is integral to our overall view, and level of conviction in the manager. We're really focused on kind of determining the consistency and the repeatability of a manager s process, and that culminates in a rating as well as a due diligence note that we provide to our dients to help support their own internal processes. So we focus on a mix of qualitative and quantitative data to understand kind of how managers are capturing and reflecting ESG in their process. Now there are some third party ratings that are available, but there's quite a bit of divergence in terms of the rating methodologies that some of these firms employ. And so, while we may look at that type of information to support engagement and discussions with managers, it's not the be all end all and it's not kind of a core component of our overall view of a fund manager.

Thanks, Ryan. And Eric, I know your team is also evaluating against ESG criteria. So I'm wondering if you can speak to

operational level, in particular, in the area of investments. The University's Operating and Endowment investments and the Western pension plans use the same investment team, the same external investment consultants, and in some cases have the same investments. So the manager selection and due diligence process are aligned and so is the belief that ESG is an elevated risk factor that needs to be managed.

Thanks, Tom. So we've heard about where the Western pension plans are currently with respect to responsible investing and part of the purpose of the panel discussion today is to learn more from our plan members about their interest in this area when it comes to investing their Western pension savings. So, I'm going to go back to another polling question here. So for this one the question is o me, responsible investing within the Western pension plans is , and to rate very important, important, or not important, or unsure how I feel. And we're seeing those coming in. So some degree of importance, so far, for most of the folks on the line with us, and we've got a few people who aren't quite sure yet, and we've got someone who's indicated not important at all for them. So this is helpful. Good to see some engagement. And again, I think maybe not surprising that this session would attract folks who maybe have a keener interest in seeing this.

So going to our next question. The next few questions actually are going focus our attention on a number of statements about whether or how to approach ESG in the Western pension plans. So you can indicate whether you strongly disagree up to strongly agree, or somewhere in the middle. If you're completely neutral and have no preference, you can choose number 3. This first one is, I prefer ESG to be integrated across all investment options in the Western pension plans. Again, this would take it out of the control or hands of a member to make a decision for a particular fund, and it would apply a process across all the investment options. Just give us a few more seconds here for the last votes. So we're seeing just on the agree side of neutral for integration, which would be a across the board, and we'll move on to our next statement. I prefer an option to choose a fund that avoids certain sectors. As a reminder, this would align with a divestment approach where you avoid whatever it is that's been identified as undesirable. This would be similar to the approach taken with our Socially Responsible Global Equity Fund; that has some divestment of assets. And seeing a little bit more favorable here for people to have an option rather than it be fully integrated, and apply across the board. And just give another second here for any last votes and we'll go to our next question. So this one is, I prefer an option to choose a fund that invests in companies making a positive contribution towards sustainable development goal()9(so)5(m)-4(e)7(c)10(ases)7(h)3(av)-3(e)7(t)9(h)3(e)7(sa)-20(m)-4(e)JETQq0.000009120612790 Yeah, I think we've seen similar thoughts and comments from plan members as well. If I think about that first question that you asked, we asked a very similar one in our survey that we did, and 78% of plan members said they were interested or somewhat interested in responsible investing. The one wrinkle that, I wonder if it would change any of these results, is if you added a question around performance on this because in our survey 80% of plan members said they would want to invest more sustainably as long as it didn't come into an impact to their performance and we have seen some deviations here. If you look at divestment style funds, because you are excluding things, especially in Canada, where oil and gas does represent a large portion of our index, you can go through periods, of time in which divestment style of funds have dramatically underperformed or out-performed; sustainability-focused funds we don't really know yet because there's not a lot of history on the long-term performance of that. But with ESG integration, you know Ryan's mentioned a little bit already, we have seen there's a lot of evidence and research to suggest that ESG integration and following that investment approach, will lead to better, long-term results. Whether that's less risk or higher returns if you think about evaluating more information taking more in, and then better able to manage that downside risk. This is the information we're bringing to plan sponsors and a lot of them do agree with that, then saying performance is important to our plan members. Ultimately, that is the job of our retirement savings plan is to provide for people and set them up to have a retirement income. So we have to make sure that we are investing responsibly, but not at the sacrifice of performance. So integration is, is still for us, dearly the most common approach, that once we layer on the conversation around what does this mean for performance of the funds that are available to plan members it does really free focus back on to ESG integration for plan sponsors.

Thanks, Eric; and Ryan I'm wondering If there are other countries who are ahead of us in this area. Are there folks that we're learning from?

Yeah, I think the history of ESG and responsible investing is longest in Europe, the United Kingdom, as well as Australia. They've generally had about kind of a 10-year head start over us in terms of what we've seen in terms of market adoption and the formalization of ESG by plan sponsors. So in some of those markets, you see plan sponsors kind of moving the needle forward and thinking about kind of not only ESG as it relates to kind of manager reporting requirements, and how they go about selecting managers but ESG is starting to factor into decisions around asset allocation, for example, and the design of default funds, or diversified funds. So, trying to take that view one step forward on topics such ele,

forward for Canada. Looking at what disclosure and regulations will come out, what information we get as Sun Life, what information we can pass on to plan sponsors and plan members. There's going to be a lot coming in that's going to be quite exciting over the next 5 to 10 years.

Thanks, Eric. And Ryan.

Yeah it's a it's a complex issue, as I think we've learned today. From the plan sponsor perspective, it's really about you know how to best manage the plan to account for ESG risks and opportunities while at the same time staying, focused on optimizing outcomes for the participant. And so there's a lot to focus on when it comes to ESG: but it's one factor among many others that need to be considered when kind of delivering and overseeing the plan.

Thanks Ryan. And Tom. I know we'll be taking all of the information gathered today and working to support our pension boards with their next steps. So our journey will continue to evolve that work.

My great thanks to Ryan and Eric and Tom for their knowledge sharing today, and to our entire audience for your engagement and participation.

I do see great questions that have come up and feedback, which will really help to frame the work that the Pension Boards have ahead of them. So I thank you for that.

In terms of a couple of items on next steps: We have mentioned, Eric mentioned a couple of times, that we've released a new page through your plan member site on Sun Life, so you can log in and select in the Resources menu Sustainable investing. And we'll continue to evolve this it really is a 101 at the moment, but an important start. And then in the fall we're expecting to add commentary on responsible investing to the Morningstar Fund Sheets that you're also able to access from your Sun Life account.