

Socially Responsible Investing Today

The Principles for Responsible Investment are an initiative of Mr. Kofi A. Annan, former Secretary General of the United Nations. In 2005, he invited major global investors to develop a set of general principles for good conduct with a specific focus on responsible investment. As of February 2016, the PRI has 1,481 signatories from over 50 countries, including 77 in Canada.

The PRI can be summed up in 6 principles

P RINCIPLES for
R ESPONSIBLE
I NVESTMENT

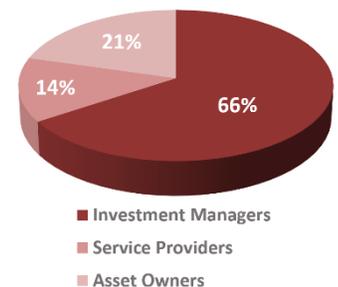
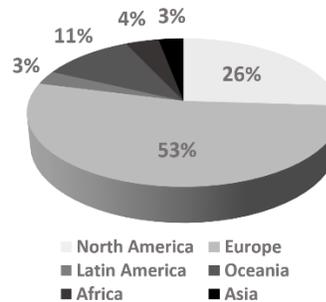
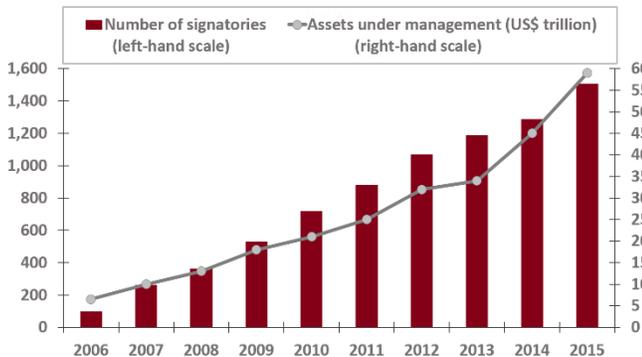
- I. We will incorporate **ESG issues** into investment analysis and decision-making processes.
- II. We will be active owners and incorporate **ESG issues** into our ownership policies and practices.
- III. We will seek appropriate **disclosure on ESG issues** by the entities in which we invest.
- IV. We will promote **acceptance and implementation** of the Principles within the investment industry.
- V. We will work together to **enhance our effectiveness** in implementing the Principles.
- VI. We will each **report on our activities and progress** towards implementing the Principles.

E NVIRONMENTAL
S OCIAL and
C ORPORATE
G OVERNANCE

“The Principles for Responsible Investment aim to help integrate consideration of environmental, social and governance (ESG) issues by institutional investors into investment decision-making and ownership practices, and thereby improve long-term returns to beneficiaries.” (Excerpted from Principles for Responsible Investment, UN).

HIGHLIGHTS FROM THE 2015 PRI REPORT

PRI’s signatory base represents \$59 trillion of assets under management as of April 2015.



In 2012, a group of 14 investors representing U.S. \$1.5 trillion engaged with 51 companies that did not have an emissions reduction target in place. By 2014, 18 of these **companies set emissions reduction targets** and 5 demonstrated progress towards setting a target.

33 institutional investors have spent two years engaging with 33 companies across sectors and regions to **encourage more transparent anti-corruption strategies**, policies and systems and better disclosure.



Source: 2015 PRI Annual Report. For more information, visit www.unpri.org

KEY TAKEAWAYS FROM THE 2015 PRI SEMINAR IN MONTREAL

Pascal Canfin, Senior Advisor for International Climate Affairs at the World Resources Institute, highlighted the importance of directing investments towards a reduction of the ecological footprint of developing countries.

Divesting from companies with high carbon footprints might not necessarily be the solution. Rather, shareholders can support these companies in taking steps to reduce their greenhouse gas emissions.



Two degrees: one of the main themes of the conference was the importance of achieving the goal of limiting the increase in global mean temperature to two degrees Celsius by 2100 in order to prevent dangerous interference with the climate system.

“Best in class” socially responsible investment strategy: A French public sector pension fund (the ERAFP) has established the goal of continuing to invest in all industries, without any a-priori exclusion, but only in companies with the highest ESG ratings in each sector (“best in class”).

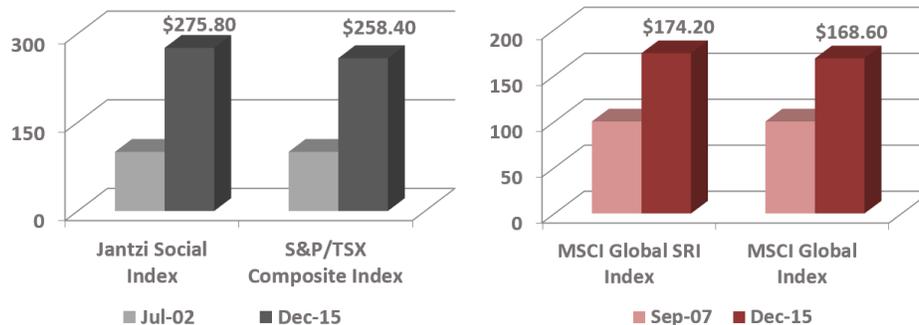


INVESTMENT RETURNS AND RESPONSIBLE INVESTING

Index providers have developed indicators to measure the performance of socially responsible companies.

Jantzi Social Index (JSI): Measures the performance of Canadian companies that pass a set of broadly based environmental, social, and governance rating criteria.

MSCI Global SRI Index: Measures the performance of companies with very high ESG ratings.



PBI, A PRI SIGNATORY

As a signatory of the Principles for Responsible Investment (PRI), PBI Actuarial Consultants provides annual financial support to the PRI Initiative. As pension and investment consultants, we also actively promote the PRI. PBI’s commitment is intended to be a tool for pension committee members and trustees who have a fiduciary responsibility in the administration of their plan’s assets. We believe that as institutional investors, pension funds have long-term investment goals which are complementary with the primary objective of the PRI.

