



**5-year annualized rate of return** – A quantitative measure of a fund’s annual rate of return (net-nominal) performance averaged over a five-year period, expressed as a percentage. Sourced from the most recent published annual report. If the measure is not disclosed, marked as ND.

**Sustainable solutions definition** – A qualitative measure of a fund’s approach to measuring sustainable investments. Current pension fund practice in Canada for defining “sustainable solutions” ranges from referencing an external taxonomy to specific themes such as sustainable infrastructure, renewable energy, green buildings and certified sustainable forestry. Examples of external taxonomies for “sustainable solutions” include Climate Bonds Initiative (CBI) Taxonomy and EU Taxonomy (both focused specifically on sustainable environmental solutions), as well as the Corporate Knights Sustainable Economy Taxonomy, which integrates the CBI and EU Taxonomy alongside sustainable social solutions (such as affordable medicine). Definitions of solutions were retrieved from annual reports, sustainability reports, responsible investing reports and fund websites. If no definition or reference to solutions is provided, marked as ND.

**Total assets under management (AUM)** – A quantitative measure of the total market value of the investments that a fund is managing, sourced from the most recent published annual report. Measured in CDN\$.

**AUM by asset class** – A quantitative measure of the total market value of the investments within each fund’s reported asset class, sourced from the most recent published annual report. Measured in CDN\$.

**AUM in solutions** – A quantitative measure of the total market value of the investments in solutions, including breakdowns within each fund’s reported asset class (if reported), sourced from the most recent published annual/sustainability report. Measured in CDN\$. If the measure is not disclosed, marked as ND.

**% AUM in solutions** – A quantitative measure of the total market value of AUM in solutions divided by the total market value of all AUM, expressed as a percentage. If the measure is not disclosed, marked as ND.

**Green flag exposure** – A quantitative measure of the percentage of total public equity AUM holdings that have a sustainable revenue ratio of 20%+ under the Corporate Knights Sustainable Economy Taxonomy.

**Red flag exposure** – A quantitative measure of the percentage of total public equity AUM holdings in the Corporate Knights Universe that have been screened out of ranking eligibility for involvement in certain products or services and behaviours counterproductive to sustainable development. See the list of exclusionary screens in the Appendix.



**Carbon footprint metric definition** – A qualitative measure of the disclosed definition for measuring the carbon footprint of a fund's portfolio, sourced from annual reports, sustainability reports and fund websites for the most recent fiscal year. If the measure is not disclosed, marked as ND.

**Fund carbon footprint** – A quantitative measure of the carbon footprint of the fund's total portfolio, also listed by asset class if disclosed by the fund. Calculated based on the carbon footprint metric definition provided by the fund. Expressed in tonnes of carbon dioxide equivalent per million dollars (CDN\$) invested (tCO<sub>2</sub>e/\$M). Sourced from annual reports, sustainability reports and fund websites for the most recent fiscal year. If the measure is not disclosed, marked as ND.

**% of assets covered by the carbon footprint metric** – A quantitative measure of the percentage of total AUM that is covered by the reported carbon footprint of the fund, expressed as a percentage. Sourced from annual reports, sustainability reports and fund websites for the most recent fiscal year. If the measure is not disclosed, marked as ND.

**% of E&S shareholder resolutions supported** – A quantitative measure of the number of environmental and social shareholder resolutions that were supported by the fund in the most recent fiscal year. Calculated as the total number of E&S resolutions supported divided by the total number of E&S resolutions voted on. Both the numerator and denominator need to be reported, otherwise marked as ND. Sourced from annual reports, sustainability reports and proxy voting documents.

**Sustainability pay link** – A qualitative measure, the sustainability pay link is a mechanism to link the remuneration of any member of a company's top-tier executive team with the achievement of environmental or social sustainability performance targets.

**Value of disclosed holdings** – A quantitative measure of the market value of the disclosed public equity holdings. Must include the name and total market value of the investment in the portfolio. Sourced from the most recent public filings on the fund's website or from S&P's Capital IQ database.

**Executive management gender diversity** – A quantitative measure of gender diversity on the executive management team for the fund. The total number of senior executives who are not male (defined as the top-tier executives as indicated on the company website). Based on assessment of bios, names and photos located on the current company website. Calculated as the number of non-male executives divided by the total number of executives, expressed as a percentage.

**Executive management racial diversity** – A quantitative measure of racial diversity on the executive management team for the fund. The total number of senior executives who are Indigenous or visible minorities according to the definition of the Canadian Employment Equity Act. Based on assessment of bios, names and photos located on the current company website. Calculated as the number of racially diverse executives divided by the total number of executives, expressed as a percentage.

**E&S board competency** – A board member is determined to be E&S competent if they meet one of the following criteria:

- Bio/LinkedIn pages explicitly state they have experience in environmental or social sustainability
- Have had executive management/board experience at/with clean-economy-focused enterprises/non-profits
- Authored books or highly cited papers/journals relating to the central topics of sustainability

Competency was determined through assessment of board member bios on the current fund website and a review of LinkedIn profiles.

**Supports Task Force on Climate-related Financial Disclosures (TCFD)** – A qualitative measure of whether a fund has publicly disclosed alignment with the TCFD. Determined through a search of the TCFD supporter database.

**Investor signatory to Climate Action 100+** – A qualitative measure of whether a fund is a signatory to Climate Action 100+. Determined through a search of the Climate Action 100+ signatory database.

**United Nations Principles for Responsible Investment (PRI) signatory** – A qualitative measure of whether a fund is a signatory to the United Nations PRI. Determined through a search of the UN PRI signatory database.

**ESG mandate** – A qualitative measure of whether a fund has a publicly stated policy for the integration of environmental, social and governance (ESG) considerations into the investment decision-making process by the fund managers.

**Asset allocation targets for net-zero GHG emissions and/or sustainable solutions** – A measure of whether a fund has set a net-zero emissions target, including any short-, medium- and long-term targets related to emissions or investments in sustainable solutions. Sourced from annual reports, sustainability reports and fund websites. If the measure is not disclosed, marked as ND.

**Policy to ensure that fund lobbying activities and industry association memberships are aligned with a just transition and the ambition of achieving global net-zero emissions by 2050 or sooner** – A qualitative measure of whether a fund has published a formal policy related to the alignment of lobbying activities with a just transition to the low-carbon economy. Sourced from annual reports, sustainability reports and fund websites. If the measure is not disclosed, marked as ND.

**Require investees to ensure that any climate-related policy advocacy undertaken supports a just transition and the ambition of achieving global net-zero emissions by 2050 or sooner** – A qualitative measure of whether a fund has published a formal policy related to climate policy advocacy undertaken by investees that supports a just transition to the low-carbon economy. Sourced from annual reports, sustainability reports and fund websites. If the measure is not disclosed, marked as ND.

**Policy to restrict the expansion of fossil fuel infrastructure** – A qualitative measure of whether the fund has policies in place (i.e. voting against directors or denial of debt) to restrict the expansion of fossil fuel infrastructure.

## KPI COLOUR-CODING DEFINITIONS

Green=Fit for purpose, Yellow=On the way to being fit for purpose, Red=Not fit for purpose

### % AUM IN SUSTAINABLE SOLUTIONS

<b>Green</b>	>20% of AUM invested in credibly defined solutions with exposure breakdown by asset class and entity level [1]
<b>Yellow</b>	1–20% of AUM invested in solutions
<b>Red</b>	Not disclosed or <1% invested in solutions

### ANNUAL CARBON FOOTPRINT

<b>Green</b>	Full fund footprint disclosed, including breakdown by major asset classes and reduction in emissions intensity by 7% per year as per EU Standard to be in alignment with the Paris Agreement
<b>Yellow</b>	Footprint partially/fully disclosed and/or does not meet 7% per annum emissions reduction
<b>Red</b>	Not disclosed

### NET-ZERO TARGET

<b>Green</b>	Formal public commitment that includes science-based interim targets and transparent reporting on an annual basis [2]
<b>Yellow</b>	Formal public commitment, but does not include science-based interim targets and/or transparent reporting on an annual basis
<b>Red</b>	No commitment

## ESG PAY LINK

<b>Green</b>	Yes, a published pay link with detail on the target and the % of variable compensation linked to the target [3]
<b>Yellow</b>	Yes, a published pay link with no detail on the target
<b>Red</b>	No pay link

## CEO/AVERAGE EMPLOYEE PAY

<b>Green</b>	Pay ratio <8:1 [4]
<b>Yellow</b>	Pay ratio between 8:1 and 12:1
<b>Red</b>	Pay ratio >12:1 or not disclosed

## COMPOSITE LEADERSHIP DIVERSITY

<b>Green</b>	Composite diversity of executives and directors >43.5% [5]
<b>Yellow</b>	Composite diversity of executives and directors 21.75–43.5%
<b>Red</b>	Composite diversity of executives and directors <21.75%

## LEADERSHIP GENDER DIVERSITY

<b>Green</b>	Gender diversity of executives and directors >50%
<b>Yellow</b>	Gender diversity of executives and directors 25–50%
<b>Red</b>	Gender diversity of executives and directors <25%

## LEADERSHIP RACIAL DIVERSITY

<b>Green</b>	Racial diversity of executives and directors >27%
<b>Yellow</b>	Racial diversity of executives and directors 13.5–27%
<b>Red</b>	Racial diversity of executives and directors <13.5%

## % E&S RESOLUTIONS SUPPORTED

<b>Green</b>	Supports all E&S resolutions or provides credible rationale for why support was withheld in each case [6]
<b>Yellow</b>	Discloses composite number of all E&S resolutions voted on and supported, but the % is less than 100% and rationale for why support was withheld is not provided for each case
<b>Red</b>	Does not disclose composite number of all E&S resolutions voted on and supported

## BOARD E&S COMPETENCY

<b>Green</b>	>30% board members with E&S competency [7]
<b>Yellow</b>	15–30% board members with E&S competency
<b>Red</b>	<15% board members with E&S competency

## GREEN FLAG EXPOSURE

<b>Green</b>	100% of public equity AUM are CK green flag companies
<b>Yellow</b>	20–99% of public equity AUM are CK green flag companies
<b>Red</b>	<20% of public equity AUM are green flag companies

## RED FLAG EXPOSURE

<b>Green</b>	0% of public equity AUM are CK red flag companies
<b>Yellow</b>	1–5% of public equity AUM are CK red flag companies
<b>Red</b>	>5% of public equity AUM are CK red flag companies

METRIC	DESCRIPTION
<b>Access to medicine laggards</b>	Lagging pharmaceutical companies in the bottom quartile of the access to medicine ranking.
<b>Access to nutrition laggards</b>	Lagging food companies in the bottom quartile of the <a href="#">Access to Nutrition index</a> .
<b>Adult entertainment</b>	Companies operating in the adult entertainment industry based on <a href="#">Motley Fool</a> , <a href="#">Wespath</a> , <a href="#">Sin Stocks</a> , and <a href="#">RedLightNetwork</a> report listings.
<b>Blocking climate policy</b>	Companies that have been red-flagged by InfluenceMap for engaging in a manner largely opposing Paris-aligned climate policy in an active and often strategic manner.
<b>Blocking climate resolutions</b>	Asset managers that are voting negatively on climate policy resolutions according to InfluenceMap's <a href="#">voting record</a> (bottom quartile).
<b>Cement carbon laggards</b>	Companies in the cement industry that were divested by Norges Bank Investment Management ( <a href="#">NBIM</a> ) for climate change reasons (internal Corporate Knights analysis).
<b>Civilian firearms</b>	Companies that manufacture civilian automatic and semi-automatic firearms, magazines or parts prohibited under New Zealand law that the <a href="#">NZ SuperFund</a> divested from.
<b>Controversial weapons</b>	Companies involved with cluster-munition, anti-personnel-mine, and nuclear-weapons manufacturing that <a href="#">NBIM</a> and <a href="#">NZ SuperFund</a> divested from.
<b>Conventional weapons</b>	The top 25 weapons producers as tracked by <a href="#">Stockholm International Peace Research Institute</a> (SIPRI) for companies that earn more than 50% of revenue from weapons.
<b>Deforestation &amp; palm-oil laggards</b>	Companies engaging in deforestation as deemed by <a href="#">Chain Reaction Research</a> or <a href="#">NBIM</a> . List of companies obtained from <a href="#">Deforestation Free Funds</a> that NBIM has divested from.
<b>Energy</b>	Companies that operate in the fossil fuel industry based on Global Industry Classification System (GICS) with less than 50% of new investments (most recently available) in themes consistent with decarbonization.

METRIC	METRIC DESCRIPTION
<b>Farm-animal-welfare laggards</b>	Laggard companies in farm-animal-welfare practices according to CK red flag list (made in consultation with animal welfare experts).
<b>For-profit prisons</b>	Companies that are recommended for divestment by the <a href="#">Project of the American Friends Service Committee</a> and that demonstrate involvement in the various aspects of the prison industry.
<b>Gambling</b>	Companies that operate in the gambling industry based on Global Industry Classification System (GICS).
<b>Gross corruption violations</b>	Companies that <a href="#">NBIM</a> has divested from due to gross corruption violations.
<b>Financial sanctions</b>	Companies whose ratio of fines, penalties or settlements/revenue for the last 12 months exceeds 1%.
<b>Oil sands laggards</b>	Oil sands companies that <a href="#">NBIM</a> has divested from.
<b>Severe environmental damage</b>	Companies that have caused several environmental damage and have been excluded by <a href="#">NBIM</a> .
<b>Severe human rights violations</b>	Companies that have committed several human rights violations or have violated individuals' rights in situations of war or conflict and have been excluded by <a href="#">NBIM</a> .
<b>Thermal coal</b>	Identifies companies that generate more than 10% of revenue from thermal coal. Exception: If the company generates less than 20% of revenue from thermal coal <b>AND</b> – has no plans for expansion of coal <b>AND</b> – at least 50% of its investments are sustainable (according to the CK Sustainable Taxonomy), then the company is not excluded. Source: Global Coal Exit List (GCEL)
<b>Tobacco</b>	Identifies companies that earn revenue from tobacco (GICS = Tobacco) and those excluded by NBIM and NZ SuperFund.





[1] EU Technical Expert Group on Sustainable Finance (2019) Financing a Sustainable European Economy [https://ec.europa.eu/info/sites/default/files/business\\_economy\\_euro/banking\\_and\\_finance/documents/190618-sustainable-finance-teg-report-climate-benchmarks-and-disclosures\\_en.pdf](https://ec.europa.eu/info/sites/default/files/business_economy_euro/banking_and_finance/documents/190618-sustainable-finance-teg-report-climate-benchmarks-and-disclosures_en.pdf)

[2] In alignment with the U.N.-Convened Net-Zero Asset Owner Alliance <https://www.unepfi.org/net-zero-alliance/>

[3] In alignment with the U.N. Principles for Responsible Investing (2021) ESG

[4] Based on the Wagemark approach <https://www.masslbp.com/wagemark>

[5] Inclusive ratio reflecting gender (50% of population) and visible minority/indigenous (27% of population) demographics of Canada. Statistics Canada (2016) Census Profile <https://www12.statcan.gc.ca/census-recensement/2016/dp-pd/prof/details/page.cfm?Lang=E&Geo1=PR&Code1=01&Geo2=PR&Code2=01&Data=Count&SearchText=Canada&SearchType=Begins&SearchPR=01&B1=Visible%20minority&TABID=1>

[6] In cases where the fund withholds support for E&S resolution supported by at least two major proxy advisory services, then ineligible for green.

[7] Based off the approach of the 30% Club <https://30percentclub.org/about/chapters/canada>