

Responsible Investing

BUILDING MEANINGFUL FUTURES

GUIDING PRINCIPLES & BELIEFS

KNOWLEDGE AND REASON, while keeping in mind the importance of returns, inform our decisions and activities

We recognize that **ENHANCING CORPORATE PRACTICES AND MEANINGFUL, LARGE-SCALE CHANGE TAKES TIME**

ENGAGING is a more effective means of enhancing governance practices than is divesting

As a significant investor, we have a **RESPONSIBILITY TO ADVANCE RESPONSIBLE INVESTING** within our industry

Protecting Long-Term Value

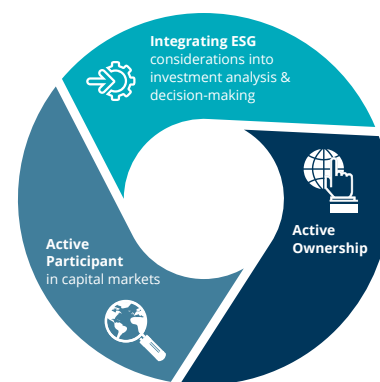
Responsible investing is an essential part of the investment beliefs shared by BCI and our clients. We believe companies that employ robust ESG practices are better positioned to generate long-term value for investors than similar companies with less favourable practices.

BCI invests patient capital for the long term, while acting in our clients' best financial interests. Our mandate is to deliver the returns that help our clients meet their long-term financial obligations. Assessing investment risk, including that related to ESG, is integral to fulfilling our fiduciary duty.

Our primary concern is for the long-term value of our investments; ESG matters are addressed to the extent that they influence risk and return.

BCI is a signatory to the Principles for Responsible Investment (PRI).

Our responsible investing approach is based on three core activities.



Putting our Beliefs into Action

BCI is an active owner. We focus on stewardship and long-term value creation, adapting our strategy for different assets, regions, and sectors.

As our priority is managing investment risk, we pursue activities that are expected to have the greatest impact on our portfolio.

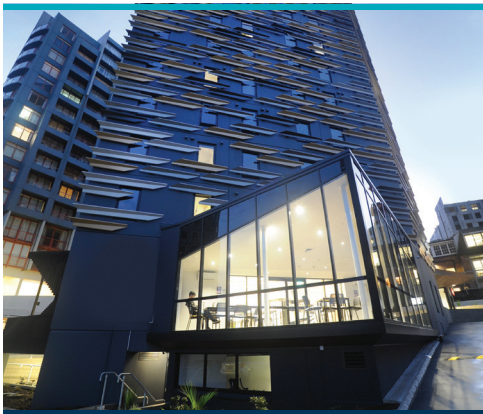
Public Markets:

Public Equities: As a large-scale investor, we see it as our responsibility to talk to and at times challenge companies and market participants about their policies and activities. We aim to provide positive influence, without placing unreasonable burdens on companies while adhering to guidelines that reflect our clients' input. Our engagement dialogues may span years and involve hundreds of companies every year.

We focus on three areas that can present long-term, persistent business challenges: climate change, human rights, and shareholder rights.

Our in-house proxy voting program represents clients' interests on hundreds of management and shareholder resolutions each year. Active, informed voting plays a crucial role in achieving good corporate governance and accountability for responsible environmental and social practices.

Fixed Income: Corporate bonds are a key component of our portfolio. We examine governance issues such as compensation and board effectiveness as an integral part of our credit-risk analysis.



UniLodge on Whitaker — a student accommodation development located in Auckland, New Zealand. The 300-unit building is close to numerous colleges, and minutes from The University of Auckland and Auckland University of Technology. It is also conveniently located within walking distance to shops and public transportation. BCI invested in this property in 2016.

Putting our Beliefs into Action (continued)

Real Estate: A philosophy of responsible property investing is integrated into our program. We pursue economic ways of ensuring the viability of the properties we buy, manage, and develop for the long term.

QuadReal Property Group is the independent privately held company that manages BCI's more than \$21 billion in real estate assets. As a direct investment for BCI clients, we share a strong alignment of interests and we expect QuadReal to continue our commitment to responsible property investing.

Private Equity; Infrastructure & Renewable Resources: As these investment programs have a long-term outlook, we aim to ensure sustainable returns over an extended time. Assessing ESG matters is integral before and after investing.

When we have a significant interest in private companies, we appoint individuals to serve on the boards of directors, ensuring our principles are represented. We also promote the integration of best governance practices in our portfolio companies.

Mortgages: As we believe properties that incorporate green initiatives gain higher tenant satisfaction, lower vacancies, and increased cash flows, BCI favours development projects with environmentally sound principles that match our clients' risk-return parameters.

Working with Others

As a global investor, BCI relies on well-functioning capital markets. Risk and return on the investments are largely determined by efficient markets, economies, sectors, and companies. Using various approaches, we seek to influence individual companies, sectors, and regulators. We submit comments, contribute to publications, provide input on regulatory policy, and speak at conferences.

We deploy our resources more effectively and strengthen our voice by joining forces with:

- 30% Club
- Accounting for Sustainability (A4S): CFO Leadership Network
- Asian Corporate Governance Association
- Building Owners and Managers Association of Canada
- Canadian Bond Investors' Association
- Canadian Fixed Income Forum
- CDP
- Chartered Professional Accountant Canada
- Climate Action 100+
- Extractive Industries Transparency Initiative
- Global Asset Owner Forum
- Institutional Limited Partners Association
- International Corporate Governance Network
- Pension Investment Association of Canada
- Principles for Responsible Investment (PRI)
- Responsible Investment Association
- Sustainability Accounting Standards Board

Reporting on our Activities

We communicate our responsible investing activities via quarterly newsletters, an annual report, and real-time disclosure of our proxy voting activity. BCI also publishes reports explaining our approach, beliefs, principles, and guidelines to responsible investing. As a signatory of the PRI, we benchmark our performance by participating in the Responsible Investing Transparency Reports.

For more information on our responsible investing activities, please read our reports and newsletters on our website (BCI.ca).



Lumin Forest Products LLC is a forestry business that owns and manages productive timberland and processing assets. With 130,000 gross hectares of pine and eucalyptus, Lumin is the fourth largest timberland owner in Uruguay. The company's integrated assets include the only large-scale plywood mill in the country, a seedling nursery, and a 11MW power facility that produces power for the mill. BCI participated in a consortium to acquire Lumin in September 2017.



BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION

750 Pandora Ave, Victoria BC V8W 0E4 CANADA / BCI.ca

BCI is the investment agent for many institutional clients; the views and opinions expressed in this fact sheet are those of BCI and do not necessarily represent the views of its clients. The information in this fact sheet is provided as of the date hereof. Neither the delivery of the fact sheet nor any further discussions in relation to BCI will under any circumstances create any implication that there has been no change in the affairs of BCI since the date of this fact sheet. All rights reserved. Contents copyright © BCI 2018.

Photos provided by: QuadReal Property Group, Lumin LLC, Shutterstock.