

RESPONSIBLE INVESTMENT: NOT JUST BUSINESS AS USUAL AT PRO-DEMNITY

At this year's COP 26 summit in Glasgow, global attention is poised on commitments and actions. Here in Ontario, for several years now, Pro-Demnity remains steadfast in its commitment to operate and invest in a responsible, sustainable manner. This commitment is reflected in our investment philosophy and, aligned with the architecture community of practice which we proudly serve.

Environmental, social and governance (ESG) considerations are foundational to our Investment Policy, meaning we actively incorporate ESG factors in our investment strategy and, when assessing new investment opportunities.

To this end, the proactive divestiture of investments from fossil fuels and pipelines began several years ago under the stewardship of our Board of Directors. Since September 2018, Pro-Demnity has not invested or reinvested in fossil fuels and pipelines^[i]. This divestiture heralded a new approach to business whereby sustainable thinking has become more broadly integrated in Pro-Demnity practices and planning.

Our ESG philosophy includes the selection of investment managers and sub-managers who draw on the expertise of financial management advisors to ensure portfolio investments continue to align with corporate, fiscal and social values, as well as upholding a fiduciary duty to act in the best interests of the Company (and by extension, our policyholder clients). Pro-Demnity's investment manager is a signatory to the United Nations Principles for Responsible Investment (RI). As an affiliate, it is committed to meeting the [UN's PRI](#) goals, grounded in the following six core Principles:

- Incorporate ESG factors into investment analysis and decision-making processes.
- Be active owners and incorporate ESG issues into ownership policies and practices.
- Seek appropriate disclosure on ESG issues from the entities in which we invest.
- Promote acceptance and implementation of the Principles across the industry.
- Work together to enhance our effectiveness in implementing the Principles.
- Report on activities and progress towards implementing the Principles.

Rigorous assessment, monitoring and evolution of our investment portfolios in accordance with our ESG philosophy, all factor significantly in our investment processes today and into the future.

We also acknowledge that sustainability efforts require ongoing meaningful action. As Pro-Demnity continues to expand its ESG practices as a key ally within the architecture community, we are committed to the collective movement that makes positive contributions towards a more

sustainable future.

[i] Our active investment strategy in this portfolio is to hold assets to maturity. There is only one investment in pipelines in this portfolio, a bond expiring in July 2023. It was decided to let this bond mature in 2023 and not reinvest in it.