



STATEMENT OF RESPONSIBLE INVESTING PRINCIPLES

Investment Division

Updated: December 17, 2010

Principles

Given the unique history, membership, sponsorship and governance structure of OPTrust, the Plan seeks to operate with the following principles, all of which are subject to and shall support our fiduciary duty to generate the long-term rate of return required to meet the pension promise:

1. We will be vigilant regarding the condition of workers employed and citizens affected by the companies in which we invest and encourage participation by labour unions, employers and other stakeholders in the development and management of these companies.
2. We support and encourage fair wages, benefits and working conditions for workers employed by our assets. In particular, we point to the ILO principles addressing the right to form and join trade unions and bargain collectively, and freedom for workers' representatives from discrimination and their right to access all workplaces necessary to enable them to carry out their representation functions.
3. We recognize the important role and contribution of public employees – and a public sector with sufficient capacity and resources – in ensuring the long-term prosperity of our society and economy.
4. We support and encourage the fundamental human rights enshrined in internationally-accepted norms and standards.
5. We recognize our duty to be aware of all risks, including those related to ESG factors that may affect our ability to meet the pension promise and the quality of life of our beneficiaries pre- and post-retirement.

As a professional institutional investor, we depend on and encourage an environment of trust between the Board of Trustees and our employees and agents. Just as all employees are accountable to the Board of Trustees for their adherence to the *Statement of Responsible Investing Principles* (“SRIP”) so too are the Board of Trustees accountable to the beneficiaries – and ultimate owners – of the assets with which we have been entrusted.

Application of Principles

The Principles above apply to all of OPTrust's assets, however the manner in which they will be communicated, monitored and protected will vary across asset classes and within asset classes based on, for example, the degree of control, contractual restrictions and the nature of the investment in question.

Where our assets are managed externally, we expect our partners to recognize and respect our Principles but also to enter into honest and open dialogue with us when there are disagreements of either principle or application. OPTrust encourages our investment managers to incorporate ESG factors into investment management processes where material and appropriate. Investment managers will be monitored against qualitative and quantitative ESG metrics as part of ongoing performance measurement processes undertaken by Staff.

Where our assets are managed internally, we trust our employees to act in accordance with our principles dependent on the level of control they exercise over the asset in question and while, as always, respecting our fiduciary responsibility and mandate. OPTrust will regularly review compliance with the SRIP across these investments and will monitor any material issues that arise.

For both internally- and externally-managed assets, our expectation is that the robust due diligence processes used when making an investment shall incorporate the consideration of these principles, among others.

OPTrust will continue to exercise our voting rights for public securities held within our portfolios. We prefer to invest in companies with strong governance and management structures and practices, as this contributes to the long-term performance of companies and shareholder value. OPTrust has internal staff resources dedicated to monitoring the proxy voting process.

OPTrust continues to explore opportunities for co-ordinating research and actions on responsible investing with other institutional investors. The Trust maintains memberships and participates in discussions with the:

- UN Principles for Responsible Investing
- Canadian Coalition for Good Governance
- International Corporate Governance Network
- Social Investment Organization
- Pension Investment Association of Canada
- Shareholder Association for Research and Education

Disclosure and Transparency

OPTrust Staff reports to the Board of Trustees on our responsible investment implementation activities on a semi-annual basis. Compliance with the SRIP, across asset classes, is part of regular compliance reporting to the Board of Trustees. Finally, OPTrust commits to reviewing our *Proxy Voting Guidelines* and SRIP on a regular basis to include new activities and to ensure they are in keeping with industry best practice. A summary of our proxy voting record appears in OPTrust's annual report.