

Investment beliefs

- 1 UPP invests with a purpose: to fulfil the pension promise to members, now and in the future.**
 - a. With a total fund mindset, our focus must be to optimize the risk and return of the assets relative to the Plan's liabilities, to achieve a strong and stable funded status.
 - b. Members should receive stable retirement benefits at a reasonable cost.

- 2 As a long-term investor, UPP has a responsibility to promote the health of the capital markets and the financial, social, and environmental systems on which capital markets rely.**
 - a. Value and risk are created in the real world. They are priced and harvested in the capital markets.
 - b. Long-term, financial value creation can be sustainable only if it is a subset of societal value creation.

- 3 Creating value and managing risk involve exercising UPP's voice to influence outcomes related to material issues through active ownership, policy advocacy, and collaboration with other investors and stakeholders – all of which must be approached with the same intention and rigour as selecting investments.**
 - a. UPP believes that divesting from or excluding an investment is appropriate where we see the potential for material negative financial impact and where engagement or other activities have not influenced positive change. That impact assessment includes the capital markets and the financial, social, and environmental systems on which the capital markets rely.

- 4 All aspects of investing should be forward-looking and intentional. Successful investing requires rigorous research and analysis, alignment with UPP's capabilities, and focused innovation.**
 - a. Taking risk is necessary for earning returns, but not uncompensated or poorly understood risk. The best performance is achieved when risk is taken intentionally and openly, with appropriate diversification, knowledge of the source, potential impact, duration, and velocity.
 - b. Some markets can exhibit mispricing that offers opportunities to generate excess returns through specialized strategies. UPP will pursue such active management selectively and only where there is clear opportunity for improved risk-adjusted returns.
 - c. Internal management brings certain advantages to the Plan, including cost savings and the development of intellectual capital. However, the decision on whether to invest internally or externally depends on cost-efficient access to the right skills and resources.
 - d. Investment benchmarks need to be intentionally selected to reflect the purpose of the investment across various dimensions, including risk, and UPP's Investment Beliefs.
 - e. Continual improvement is a cornerstone to long-term investing success, in which we build knowledge through reflection, academic research, and thought partnership.
 - f. Used prudently, leverage is a powerful tool for optimizing risk-adjusted returns relative to the Plan's pension liabilities.

- 5 Culture is an essential investment input. How we invest should reflect UPP's culture of collaboration and forward vision.**
 - a. The hallmarks of a collaborative culture include integrity, respect, inclusion, valuing diverse backgrounds and opinions, transparency, intellectual rigour, constructive challenge, humility, and continual learning.
 - b. Incentives matter and should be structured to contribute to the desired culture, including an emphasis on collaboration and a total fund focus.

 - 6 UPP embraces partnership as a foundation for enhanced performance and impact.**
 - a. Partnerships should be cultivated with traditional investment partners such as investment managers and general partners, with other asset owners, with civil society organizations, and with other stakeholders.
 - b. The hallmarks of a good partnership are alignment, mutuality, and synergy.

 - 7 Costs are an asset that should be treated as judiciously as any other plan asset. The goal is neither to reduce costs to the lowest possible level, nor squander a plan asset. Rather, the goal is to employ costs wisely in delivering a secure pension promise.**
 - a. Costs must be measured against the benefits and value they bring to the Plan.
 - b. Economic incentives can support the alignment of interests with the Plan's interest.

 - 8 Transparency engenders trust. Our investment of members' pension earnings has bearing on their retirement security; they have a right to know how we approach and perform that responsibility.**
 - a. UPP is privileged to be entrusted with our members' pension investments and will honour our fiduciary responsibilities through our actions.
 - b. UPP should communicate our operations and investments clearly and accessibly to stakeholders, to the extent possible within legal and commercial constraints.
 - c. Diversity of thought drives stronger performance. Ongoing member engagement and exchange helps embed their voices in the Plan and continually broadens UPP's perspective.
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