

OMERS Update to the City of Toronto

Joe Pennachetti, Director
OMERS Sponsors Corporation

David Beatty, Director
OMERS Administration Corporation

June 29, 2021

OMERS

Agenda

for General Government
& Licensing
Committee Meeting

June 29, 2021

① **OMERS Membership Demographics**
City of Toronto membership data

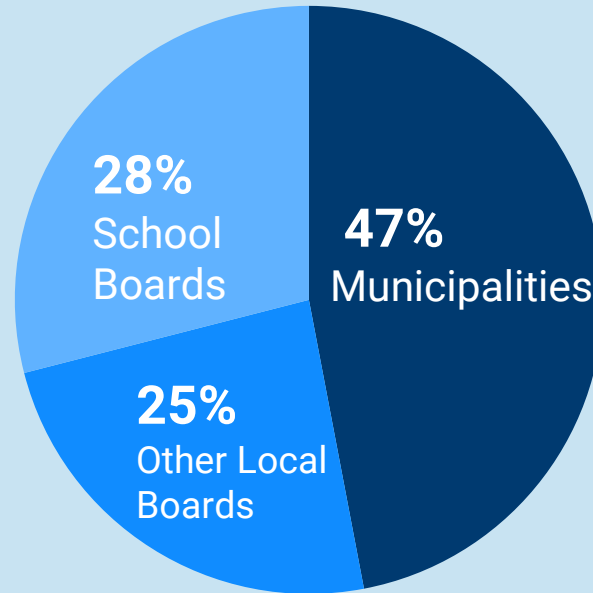
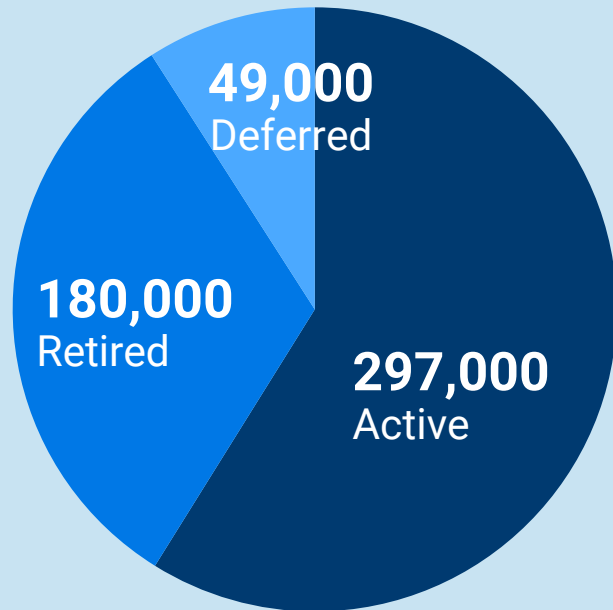
② **Role of AC and SC Directors**

③ **Administration Update**
2020 Results
Sustainable Investing

Sponsors Corporation Update
④ Role of Sponsors Corporation
Sponsors Corporation Priorities
2021 Plan Change Proposals

OMERS Demographics

The City of Toronto (25,000) plus its Agencies and Corporations (14,700) represent ~13.7% of OMERS membership totaling 39,700 active members



*Data as of 2020



526,000
MEMBERS

1,000+
EMPLOYERS

50+
UNION ASSOCIATIONS

Role of AC and SC Directors

OMERS Administration Corporation (AC)

- 15 Board Members
- 7 each from Employee / Employer Sponsors
- An Independent Board Chair

The AC Board is responsible for:

- Pension administration
- Investments
- Plan valuation

OMERS Sponsors Corporation (SC)

- 14 Board Members
- 7 each from Employee / Employer Sponsors
- Board Chair and Vice-Chair, appointed from the 14 Board Members (effective January 1, 2021)

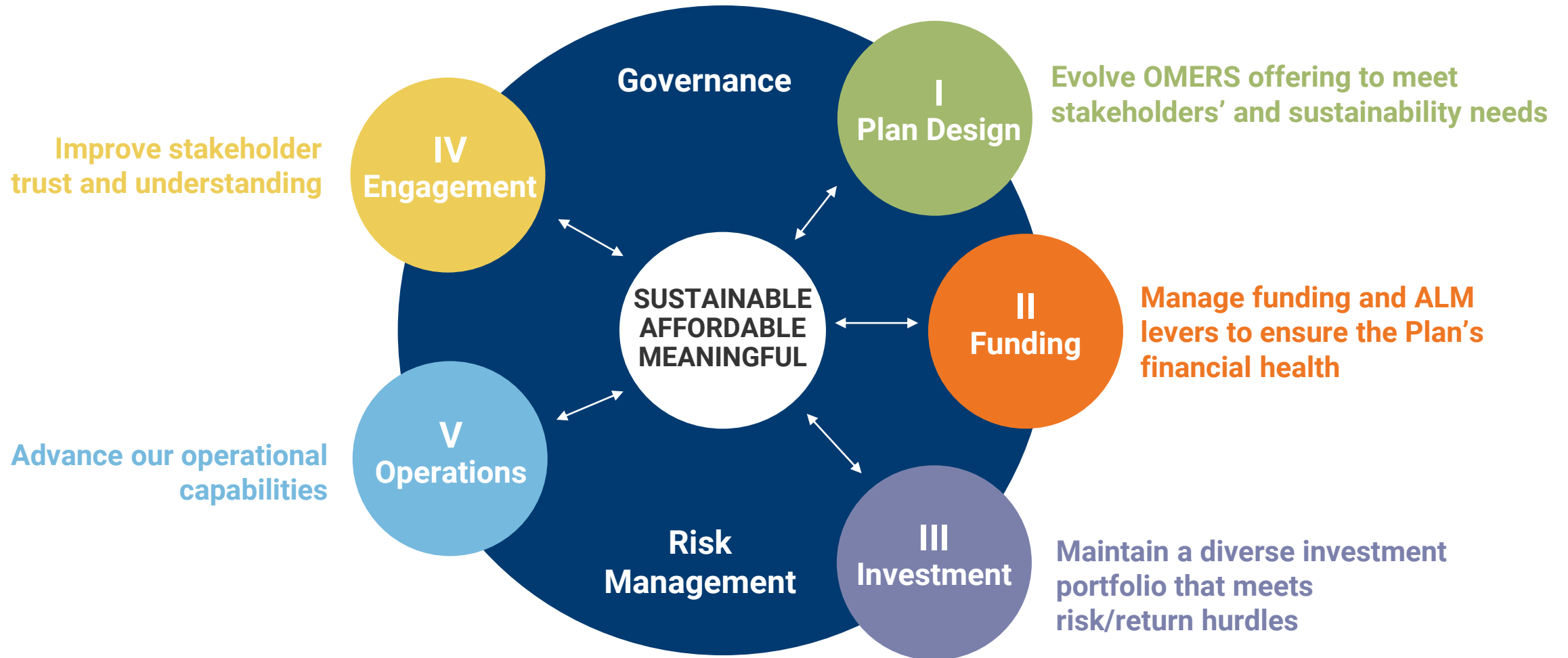
The SC Board is responsible for:

- Appointments
- Benefits
- Contributions

OMERS Mission

to deliver sustainable, affordable and meaningful defined benefit pensions to our members.

2025 Five-Year Strategic Priorities

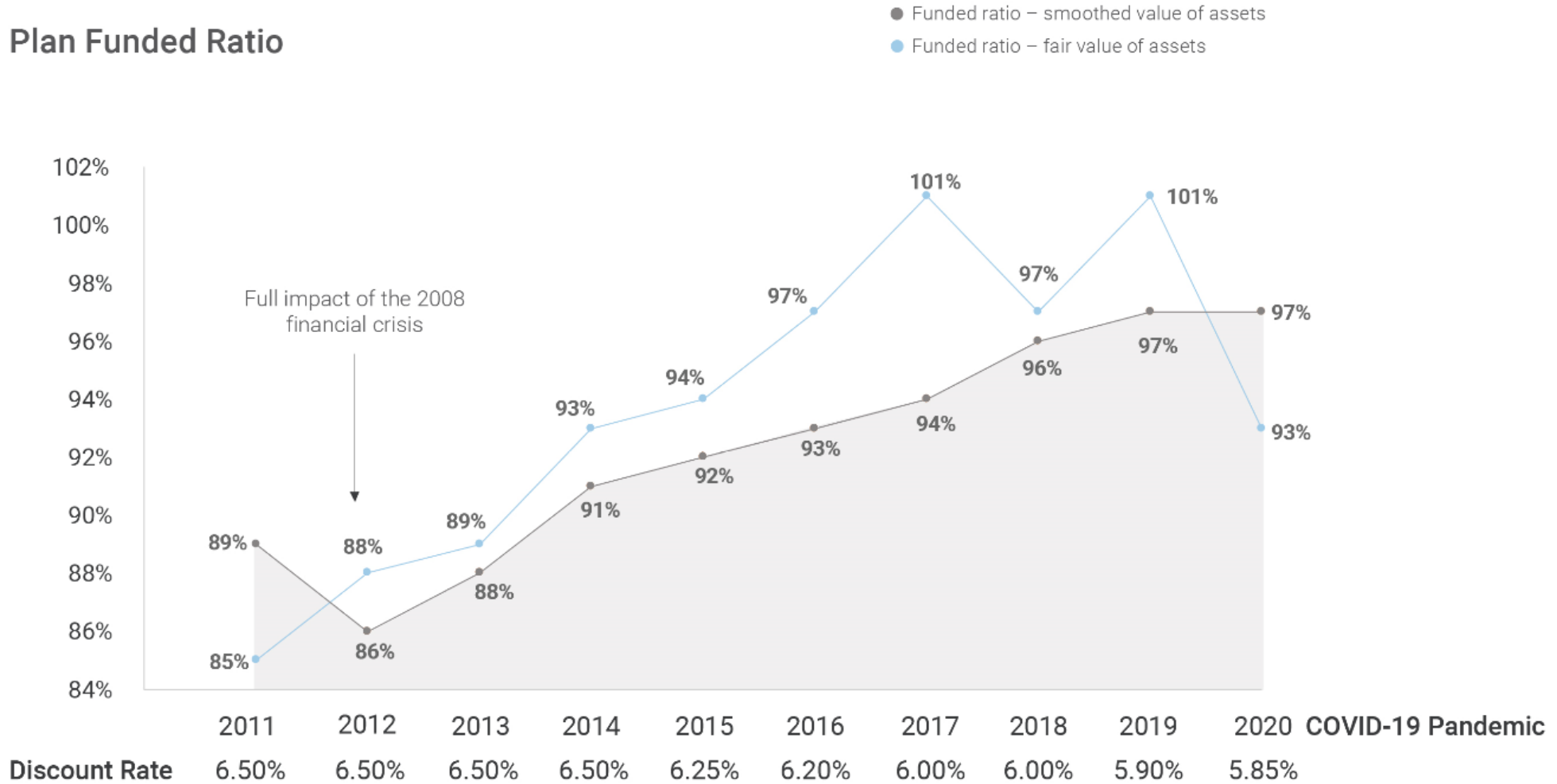




2020 Financial Results

Funded Ratio

Plan Funded Ratio



2020 Investment Results

Primary Plan
Net Return

(2.7)%




2020 Benchmark	6.9%
2019 Net Return	11.9%
2019 Benchmark	7.5%

Primary Plan
Net Investment Income

\$(3.0) billion

2019	\$11.4 billion
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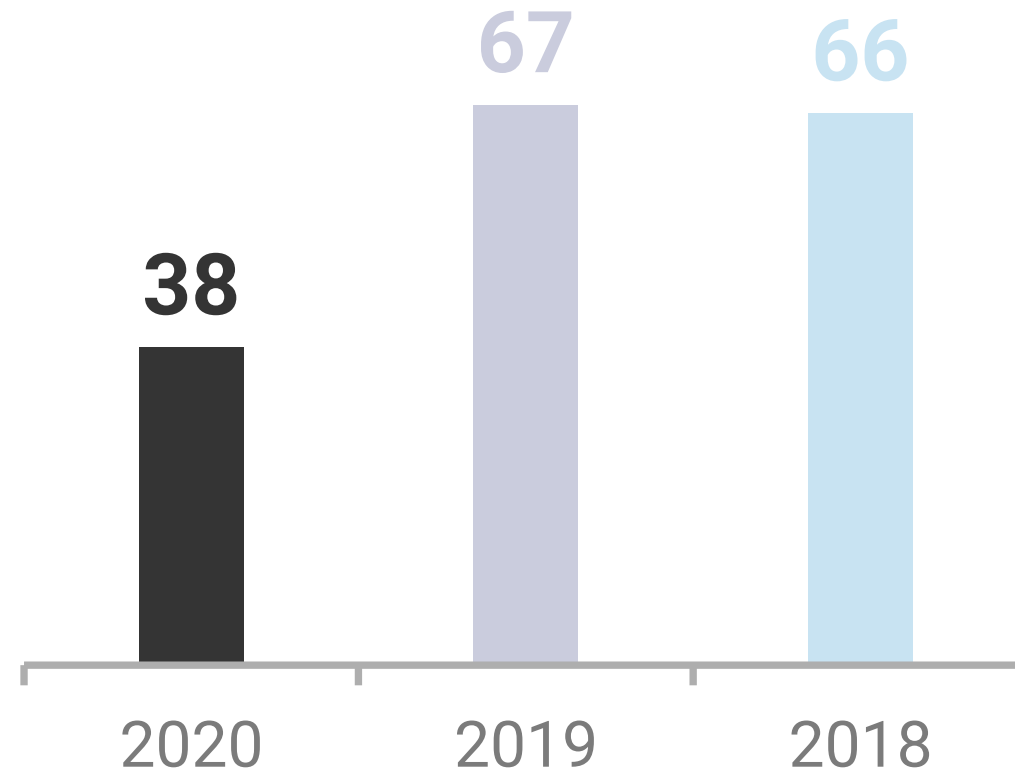
2020 Plan Results vs. Operating Plan

	% of Delta	Commentary
 Consumer & Business Facing Private Investments	~50%	Real Estate Private Equity
 Public Equity Sector Allocation	~20%	Traditional blue chip, dividend stocks
 Currency	~20%	Canadian dollar appreciation after hedge unwind

MER Lower Based on Investment Performance and Cost Control

Management Expense Ratio

bps



Composition of OMERS Management and Boards – 2021

	Percentage of Women	
	2019	2021
OMERS Management*	33%	36%
OMERS Executive Team**	14%	40%
OMERS Administration Corporation Board	27%	33%
OMERS Sponsors Corporation Board	29%	29%

*Management as defined in the information above includes employees at the Director level and above, who work for OMERS Administration Corporation, as well as our investment entities, Oxford Properties, OMERS Infrastructure, OMERS Private Equity and OMERS Capital Markets.

**Comparison between OMERS senior executive team in 2019 and OMERS executive leadership team in 2021

Sustainable Investing at



Approach

Done right, this is a win-win

- Sustainability is **engrained** in our culture. It is an **integral** part of how we invest for the long term
- All investments run through an **ESG lens**
- We integrate **ESG factors** to more **holistically** assess value and risk

Principles

- 1** **Integration** of ESG factors into investment decision-making
- 2** **Engagement** with portfolio companies to promote sustainable business practices
- 3** **Collaboration** with like-minded institutions to amplify our voice
- 4** **Adaptation** to a rapidly evolving landscape

Commitments

To be a leader in Sustainable Investing

To measure our investments on ESG criteria

To reduce our carbon intensity 20% by 2025

Partnerships

We partner with like-minded investors and organizations to promote shared goals and lead by example.

TCFD - Taskforce for Climate-related Financial Disclosures

SASB - Sustainability Accounting Standards Board

ILN - Investor Leadership Network

A4S - Accounting for Sustainability

Our Role in Sustainable Finance

Capital Allocation: channeling capital to the most efficient uses

Focusing on the Long Term: we have a long-term investing horizon

Meeting the Pension Promise: we are fiduciaries & stewards of our members capital

What does E, S and G mean for OMERS?



Environmental

- Climate Change
- Resource Efficiency
- Waste & Hazardous Materials



Social

- Labour Practices
- Health & Safety
- Inclusion & Diversity



Governance

- Board Structure
- Business Conduct
- Data Protection & Privacy

Portfolio Facts

Oxford Properties

- 35% reduction in carbon emissions since 2015
- Fast Company World's Most Innovative Companies 2020 & 2021 (energy/climate)
- Constructing Canada's first purpose-built zero carbon office tower

Our Private Investments

- **Leeward Renewable Energy:** Wind and solar platform located in key markets across the USA
- **Bruce Power:** Committed to achieving Net Zero greenhouse gas emissions by 2027
- **Aledade:** Has gone carbon neutral by offsetting emissions that can't be reduced
- **Arctern Ventures:** Investing in clean-tech companies

Our Public Investments

- Established proxy voting guidelines
- Use our influence to encourage TCFD disclosure and increased gender diversity on Boards



Sponsors Corporation

Role of the Sponsors Corporation



Appointments



Benefits



Contributions

SUSTAINABLE. AFFORDABLE. MEANINGFUL.

SC Board Position Changes Effective 2021

Frank Ramagnano
(OPFFA)
SC Board Chair

Barry Brown
(AMO)
Vice-Chair

Pete Derochie
(OCSTA & OPSBA)
Chair of Plan Design
Committee

Dan Axford
(PAO)
Chair of Corporate
Governance Committee

Mary McConville
(OACAS)
Chair of Human Resources
and Compensation
Committee

Joe Pennachetti
(City of Toronto)
Chair of the
Audit Committee

Sponsors Corporation Priorities



**Enhanced
Engagement
with Sponsors
& Stakeholders**



**Board
Composition
Review**



**Board
Effectiveness
Review**



**Plan Change
Process**



**Plan Risk
Assessment**

2021 Plan Change Proposals

SC Board decided to refer these five proposals to the CEO for further analysis.



NRA Conversion
Employer Credit



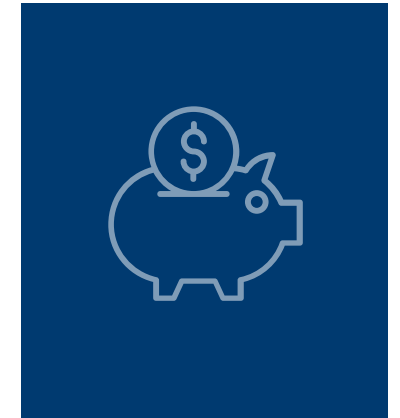
NRA Conversion
Conversion Offset



NRA Conversion
Individual
Conversion Option



Contribution Rate
Pooling Basis
Experience Pooling



Contribution Rate
Pooling Basis
Salary Pooling

2020 Actuarial Valuation



Sponsors Corporation

OMERS Sponsors Corporation (SC) made the decision to file the December 31, 2020 actuarial valuation for the OMERS Primary Pension Plan (“Primary Plan”) with the Financial Services Regulatory Authority of Ontario and with the Canada Revenue Agency



Actuarial Valuation

The December 31, 2020 actuarial valuation shows that the current contribution rates are sufficient to cover the *minimum* funding requirements for the next 3 years.



Filing

By filing the valuation this year, we will establish a new 3-year window before the regulatory minimum funding requirements must be reassessed.

Thank you

OMERS

