

January 6, 2020

Dear Chair and Members of General Government and Licensing Committee,

Re: GL 11.1 Sustainable Investing at the Ontario Municipal Employees Retirement System

Regretfully, I cannot attend committee today due to an illness, but I wanted to write with some thoughts and proposed recommendations for GL 11.1, and want to thank the chair for bringing this item forward.

The climate crisis is creating unprecedented risks for our City and the people who live here. Business as usual won't work. New ideas, action and leadership are required to ensure Toronto residents are protected in the long-run. Investing in building retrofits and higher standards for new buildings, building public transit and promoting active transportation, and protecting and growing our tree canopy, to just name a few. It's why the City of Toronto has declared a climate emergency, with strong targets and climate actions to be implemented through TransformTO.

Another important way cities can fight climate change is ensuring our financial investments are not profiting from greenhouse gas emissions. The City has taken the first step to address our financial portfolio, by directing City staff to review the sustainable practices of our direct investments, but one large investment portfolio that the City has not addressed is the Ontario Municipal Employees Retirement System (OMERS).

We must also ensure that the retirement savings of Ontario municipal employees are similarly being responsibly managed and invested to avoid climate risks and to maximize profitable climate solutions.

We know that other municipalities with memberships in C40 have taken steps to factor in risk from investments in high greenhouse gas emitters in their pensions funds, and it's time the City of Toronto caught up on these world-leading practices.

I am uncomfortable with the thought that our municipal pension could be profiting from climate change. The financial well-being of our current, past and future employees is blatantly undercutting the future of our kids, and this is a wrong that we need to make right.

I would therefore like to recommend:

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1. The City of Toronto request that OMERS move to meet its fiduciary responsibility to protect the best long-term interests of municipal employees and their retirement savings in the face of an unprecedented climate crisis by taking the following steps:
 - a. Join the growing list of major institutional investors committing to fully align their investment practices with the Paris Agreement goals
 - b. Commit to fully understanding the climate risks within its portfolio and to disclose and regularly update its beneficiaries on progress to reduce these risks
 - c. Establish a clear timeline and targets for cutting high-carbon assets from its portfolio and shifting investment into profitable zero-carbon investments

Thank you,

Councillor Mike Layton