

February 27, 2025

OMERS Climate Action Plan: Update

Presentation to the
City of Toronto
Infrastructure and
Environment Committee

OMERS

Introducing OMERS Leaders at IEC Today



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Sustainable Investing Approach

It has been our long-held belief that well-run organizations, with sound sustainability practices will perform better, particularly over the long-term.

Three overarching pillars guide our approach:

 **Integration**

Integrate ESG factors into our investment analysis and decision making

 **Collaboration**

Collaborate with like-minded institutions to amplify our voice at the systems level

 **Engagement**

Engage with portfolio companies to promote sustainable business practices

Strong governance underpins OMERS SI Framework and approach.

A Deeper Dive on Climate Action Plan

Climate change is one of the most pressing issues of our time. OMERS inaugural Climate Action Plan (CAP) sets out the steps on our pathway to Net Zero 2050¹. Launched in September 2023, the CAP details our efforts to manage climate risk and opportunities at a total fund and portfolio level.

Climate change is systemic: It impacts every economic activity, investment, and asset

It is a fiduciary imperative: As a long-term investor, we must understand how it does and will affect the way we invest

It impacts our communities: including our members, stakeholders, employees, and investee companies



¹ in both OMERS portfolio and operations; our approach to achieve net zero by 2050 is consistent with the global goal of limiting the Earth's temperature rise to 1.5°C above pre-industrial levels, in line with the Paris Climate Agreement and latest climate science.

Our Commitments

2050

Achieving net zero: portfolio and operations

Interim

Goals set every 5 years

\$3B

Transition sleeve

2030

Highest emitters have credible net zero transition plans

50%

Portfolio carbon intensity¹ reduction by 2030

\$30B

Green investments by 2030

Exclude

Companies with material revenues from thermal coal



¹ Defined by WACI (Weighted Average Carbon Intensity or tCO₂e/\$M Revenue)

Our Progress

58%

Portfolio carbon intensity¹ reduction

\$23B

In green investments

\$2B

Sustainable and green bonds

Align

Compensation to climate change performance measures

64%

Portfolio emissions¹ from the highest emitters are prioritized for transition plan engagement

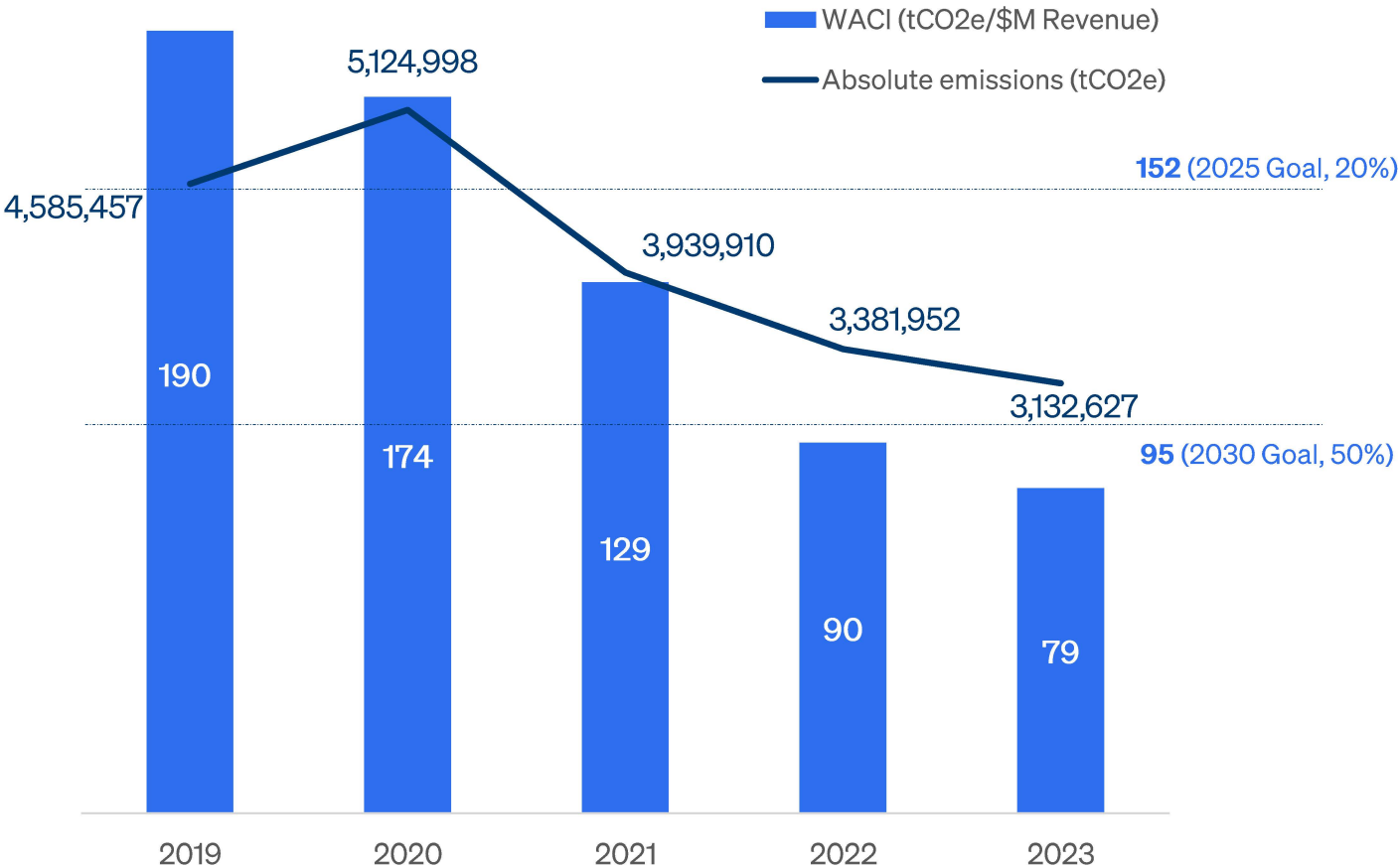


OMERS Portfolio Carbon Metrics Over Time

- **58% reduction** in portfolio carbon emissions intensity, since 2019
- We continue to emphasize that this is a point-in-time measure and will fluctuate (up or down) in any given year depending on many factors, including asset valuations and business revenues

Absolute emissions (tCO₂e) represent the share of a portfolio company’s emissions attributed to OMERS based on our ownership.

WACI or Weighted Average Carbon Intensity (tCO₂e/\$M Revenue) measures the portfolio’s carbon efficiency by considering each investment’s carbon intensity (GHG emissions relative to its revenue) and its weight in the OMERS portfolio.



Note: Portfolio carbon footprint metrics are reported on a one-year lag due to different reporting timelines for emissions data (companies typically provide this data on a 6-month lag relative to their financial data).

OMERS Carbon Metrics

Portfolio Breakdown by Asset Class

OMERS carbon footprinting metrics cover more than \$110 Billion of the portfolio, which is [approximately 95% of our in-scope assets](#).

[Real Assets](#) account for ~45% of OMERS WACI with a concentrated set of companies accounting for majority of the total.

We are actively engaging with our [top 20 emitters](#), which account for [64% of portfolio emissions](#), prioritizing them for transition plan discussions.

Carbon Metrics by Asset Class (as of Dec 31st, 2023)

Metric	Equities ¹	Fixed income ²	Real Asset ³	Total Portfolio
In-scope Market Value ⁴ (\$M)	47,058	13,763	49,644	110,465
WACI (tCO ₂ e/\$M Revenue)	72	85	83	79

Improvements in Data Quality:

- We were able to source more company reported data this year - up to [71%](#)
- Using company-reported emissions data leads to more accurate assessments

¹ Includes public and private equity holdings.

² Includes corporate bonds and credit holdings.

³ Includes infrastructure and real estate holdings.

⁴ This is the dollar value of the portfolio that is covered by the footprinting exercise, it is not equal to OMERS total net assets as not all financial instruments are in scope for portfolio carbon footprinting. In scope assets include long only economic exposure where carbon footprinting methodologies are well established and understood and position level transparency is available. This exposure includes the notional value of equity derivatives and does not include: cash, short-term notes, currency instruments, short positions, interest rate swaps, commodities, external funds and government securities.

OMERS Climate Taxonomy

Why it was developed:

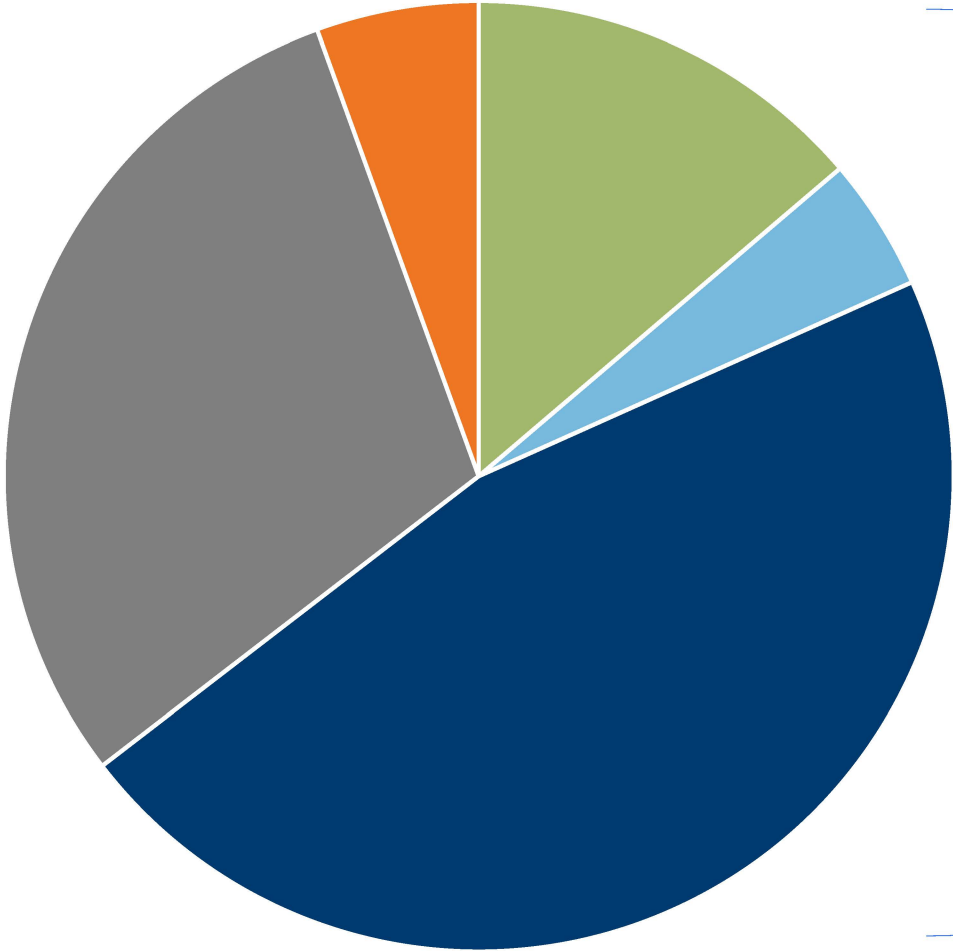
- A taxonomy provides a **unified view to apply consistency** across the whole OMERS portfolio, not just green investments
- In the absence of a global standard Taxonomy, this
 - Provides additional **clarity into the underlying business activities** of portfolio investments from a climate lens
 - Facilitates more **targeted company engagement** aimed at **real world decarbonization** progress

A well diversified portfolio should have exposure to a spectrum of assets across varying business activities

Green	Investments that derive at least 90% of revenues from business activities that are in alignment with green taxonomies such as the ICMA Green Bond Principles. <i>E.g., Renewables, Green Buildings</i>
Enabling	Investments whose business activities indirectly contribute to environmental objectives or can enable transition related activities. <i>E.g., Transmission & Distribution, Lithium and Copper Mining</i>
Low Climate Impact	Investments whose business activities do not have a direct material climate impact as well as other financial instruments. <i>E.g., IT Consulting, Healthcare Services</i>
Grey	Investments whose activities have a direct material climate impact and where transition options are increasingly feasible. <i>E.g., Fossil Fuel-based Electric Utilities, Auto Manufacturers</i>
Hard to Abate	Investments whose business activities have a direct material climate impact and where transition options are not currently feasible. <i>E.g., O&G Exploration and Production, Airlines</i>

OMERS Climate Taxonomy: Total Portfolio View

Green	14%
Enabling	5%
Low Climate Impact	46%
Grey	30%
Hard to Abate	6%

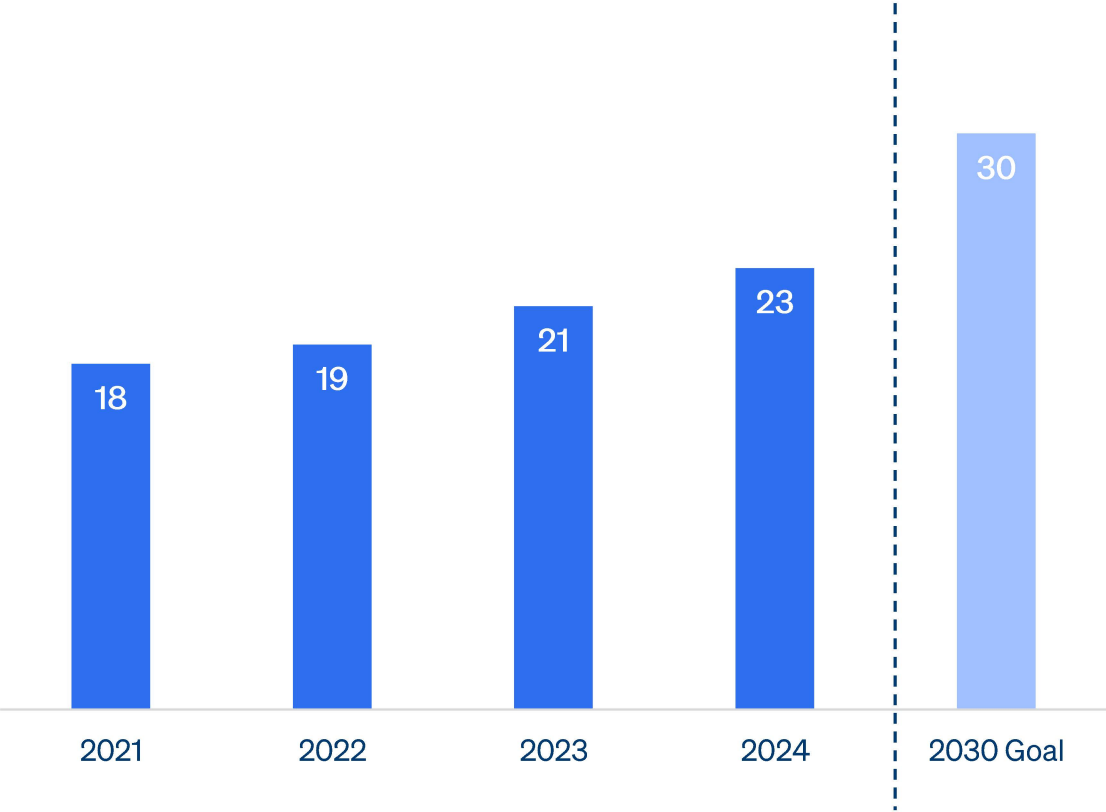


65% of the portfolio invested in green, enabling and low climate impact assets

Green Investments

As of December 31, 2024, green investments totaled **\$23 billion** and include green buildings, renewable and low-carbon energy, and energy efficiency assets.

OMERS goal is to increase our green investments to \$30 billion by 2030.



Physical Climate Risk

Our Climate Action Plan acknowledges physical impacts of climate change create risks and opportunities to investors, which we are assessing in accordance with our approach to Sustainable Investing

Physical Climate Risk Extreme weather events (e.g., wildfire) and shifts in climate patterns (e.g., heatwaves)

Sustainable Investing Approach Integration with existing processes and procedures
Collaborate with third-party vendors and consultants
Engage to assess vulnerabilities and adaptation measures

Physical Risk Heatmap Currently covers a subset of our infrastructure, real estate and private equity portfolio
6 Climate perils analyzed¹
3,000+ Locations mapped



Oncor, an electricity transmission and distribution company (an OMERS Infrastructure investment) established a System Resiliency Plan focused on withstanding and rapidly recovering from extreme weather and other events

¹ Wildfire, Flood, Hurricane, Heatwave, Water Stress and Sea Level Rise

Sustainability in Action



Enhanced Climate Governance

- OMERS AC Board and Committee mandates further enhanced to incorporate oversight of sustainability-related matters
- Broadened the scope of our Financial Disclosure policy to include sustainability-related disclosures
- Established the Sustainability Reporting Forum, a management-level group responsible for assessing new and emerging sustainability reporting standards



Capacity Building

- Developed an internal sustainable investing eLearn program, made accessible online to all OMERS employees and required learning for employees involved in the investment life cycle.
- Hosted 10 sessions with internal and external experts covering responsible carbon offsets, climate litigation, Net Zero projects within Oxford's portfolio, and solar PV rollout, attended by 246 unique employees.



IDI's Solar Program

- Installed 57,057 sqm of solar PV on rooftops, generating 1,145 MWh of electricity (as the end of 2024).
- Achieved an estimated \$110,000 (USD) in electricity cost savings in 2024.



Victoria House

- Transformed Victoria House, a historic London office building, into a sustainable life sciences complex, ensuring energy efficiency and inclusivity.
- Developed a tailored ESG framework to guide design, construction, procurement, and ongoing asset management, aligning sustainability priorities across the building's lifecycle.
- Focused on accessibility, sustainable sourcing, smart building certifications, and equitable employment for construction workers, suppliers, and occupiers.



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Questions & Comments

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