

The 2024 Canadian Pension Climate Report Card analyzes, assesses and ranks the progress made by eleven of Canada's largest pension managers and two international pension managers in their approach to climate risk and investment decisions as they relate to the climate crisis. Information is current to December 31, 2024. View the full report at [shifaction.ca/reportcard2024](https://shifaction.ca/reportcard2024).

**Overall Score**  
**C+**

Paris-Aligned Target **B+**

Interim Targets **B-**

Climate Urgency **B**  
*Score increased*

Climate Engagement **C**  
*Score increased*

Estimated Investments in Fossil Fuels  
**\$2.6 billion**



OMERS is the investment manager for the pension fund of Ontario's municipal workers, with over 600,000 active, deferred and retired members and over 1,000 participating employers (ranging from large cities to local agencies). Members include union and non-union employees of municipalities, school boards, transit systems, electrical utilities, emergency services and children's aid societies.

**Assets Under Management (AUM):** \$133.6 billion (June 30, 2024)<sup>1</sup>

## Summary and 2024 Updates

OMERS has laid the groundwork for implementing its climate strategy but has not yet taken the steps to propel itself into the leading band. The fund could join Canadian leaders if it continues to build on progress in a few areas, including portfolio company alignment, climate engagement, policy advocacy and fossil fuel exclusions.

While OMERS' overall score held steady at C+, the fund increased its score on two indicators. OMERS' Communication of Climate Urgency score increased from C+ to B, although leading pension funds express greater urgency. The pension manager's Climate Engagement score increased from C- to C largely due to OMERS' efforts to align its real estate portfolio to net-zero.

# What OMERS Still Needs to Do

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## Overall

- Publicly acknowledge the consensus science, including from the Intergovernmental Panel on Climate Change and the International Energy Agency, that limiting global temperature increase to 1.5°C requires an immediate end to expansion as well as the rapid phase-out of oil, gas, coal and related infrastructure.
- Become a vocal proponent of stringent, ambitious, Paris-aligned climate and energy policies that provide certainty for companies and investments.
- Join a credible and accountable Paris-aligned investor body, such as the Net-Zero Asset Owner Alliance or the Paris Aligned Asset Owners.

## Paris-aligned target

- Report scope 3 emissions and include scope 3 in net-zero commitment.

## Interim targets

- Set a new and more ambitious 2030 target.
- Pair emissions intensity reduction targets with absolute emission targets.
- Make a commitment that all portfolio companies will have credible net-zero plans in place by 2030.

## Communication of climate urgency

- Convey climate urgency by describing and communicating the accelerating impacts of climate change on the fund's investments and on OMERS' own members and their communities.
- Put OMERS' determination and responsibility in the face of the climate crisis front and centre in its communications. Embrace its climate approach as core to OMERS' identity.

## Climate engagement

- Publicly state expectation that owned companies have credible science-based net-zero pathways, with escalation up to and including divestment for those that do not meet timebound engagement milestones.
- Set an expectation that owned companies:
  - tie executive compensation to the achievement of climate targets;
  - refrain from lobbying against climate action, directly or through industry associations; and
  - refrain from directing capital toward fossil fuel expansion.
- Begin disclosing proxy voting record in real-time, with rationale for votes.
- Strengthen proxy voting guidelines to align with leading peers and the Climate Engagement Canada (CEC) net-zero benchmark.<sup>2</sup>
- For non-"direct-drive" assets:
  - Establish timebound, results-based targets for engaging with external fund managers on Paris-alignment.
  - Require that all new or renewed external fund manager contracts adhere to a Paris-aligned investment strategy.

## Climate integration

- Enhance scenario analysis disclosure by explaining the implications for the portfolio and how insights are informing portfolio construction.
- Require climate expertise on the board of directors. Ensure board members have ongoing and current training on climate.
- Avoid conflicts of interest and refrain from (re-)appointing directors with simultaneous corporate directorships with fossil fuel companies to the board.
- Establish minimum time that must elapse in between holding a fossil fuel directorship and joining the board.
- Disclose the weighting of climate targets in compensation.

## Fossil fuel exclusions

- Place an exclusion on any new investments in coal, oil, gas and pipelines.
- Divest from fossil fuel producers.
- Commit to a timebound and managed phaseout of existing fossil fuel assets.

# ANALYSIS

## Paris-Aligned Target

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**B+**

No year-over-year  
change in score

### 2024 Updates

Increased the percentage of portfolio companies that are disclosing scope 3 emissions.

### Overview

OMERS has most elements of a comprehensive Paris-aligned target, but has not yet accounted for scope 3 emissions or joined an accountable Paris-aligned investor body.

## Discussion

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OMERS has committed to reach net-zero financed emissions by 2050.<sup>3</sup> The fund has defined net-zero and has acknowledged that carbon offsets present challenges of credibility and permanence. OMERS stated that carbon offsets and credits would not count toward achieving interim portfolio reduction targets, and that the fund would prioritize direct decarbonization efforts.<sup>4</sup>

OMERS could strengthen its claim to be achieving real world decarbonization by reporting what proportion of its emissions reductions have resulted from changes in holdings versus what emissions reductions have resulted from changes in companies' actual emissions. Swedish fund AP2, profiled in Shift's 2022 *Canadian Pension Climate Report Card*, has been reporting such information since 2019.<sup>5</sup> OMERS could also report expected emissions reductions resulting from transition sleeve investments, as Quebec pension manager CDPQ does.<sup>6</sup>

The pension manager falls short of an A in this category because it has not yet accounted for scope 3 emissions and is not accountable to an external climate-aligned investor body (e.g. Paris Aligned Asset Owners, Net-Zero Asset Owner Alliance).

OMERS reported in 2024 that it has increased the percentage of portfolio companies that are disclosing scope 3 emissions. But OMERS has not disclosed any plans or targets for ensuring it can comprehensively measure and report scope 3 emissions, which are a primary indicator of the fund's transition risk exposure.<sup>7</sup>

## Interim Targets

# B-

No year-over-year  
change in score

### 2024 Updates

- Surpassed target to reduce portfolio emissions intensity by 50% by 2030.
- Reached \$21 billion in green investments.
- 65% of top 20 WACI contributors have a net-zero commitment, although OMERS has not reported what percentage have a credible transition plan.

### Overview

OMERS' grade in this category is unchanged since 2023, as the fund has neither set new targets nor strengthened existing ones in 2024. OMERS has demonstrated it is capable of reducing emissions intensity and should build on its progress with more comprehensive and ambitious targets.

For a list of interim climate-related targets set by other Canadian pension managers, see this report's [Table 1: Emissions Reduction Targets \(total portfolio\)](#) and [Table 2: Additional Climate-Related Targets](#).

## Discussion

### Emissions reduction

OMERS committed in September 2023 to reduce the emissions intensity of the portfolio by 50% by 2030 below 2019 levels.<sup>8</sup> This commitment was in fact surpassed before it was made, although OMERS did not yet have the data. OMERS reports emissions data with a one year lag, so data to December 31, 2022 was reported in 2024, and showed a 52% reduction from baseline, an indication that the target could have been more ambitious.<sup>9</sup>

The pension manager stated that the reductions achieved “can be attributed both to rotating capital from higher to lower emitting assets and to emissions intensity reductions in several carbon-intensive assets.”<sup>10</sup> OMERS should separate out these two sources for emissions reduction so that beneficiaries have a clearer understanding of whether OMERS' investment decisions are leading to real-world decarbonization (see above in *Paris-aligned Target* for the example of Swedish fund AP2).

OMERS is ahead of its 2030 commitment, and can raise its ambition by setting a new reduction target, setting absolute reduction targets and including material scope 3 emissions in its targets. The Netherlands' ABP, for example, has made absolute reduction commitments for scope 1, 2 and 3 emissions.<sup>11</sup>

### Green investments

OMERS has committed to reach \$30 billion in green investments by 2030, and reported \$21 billion in green investments “including green buildings, renewable and low-carbon energy, and energy efficiency assets” as of December 31, 2023.<sup>12</sup> It is likely that a significant portion of the reported \$21 billion is OMERS' pre-existing stake in Ontario nuclear power generator Bruce Power.<sup>13</sup>

Assuming OMERS achieves modest growth targets across its portfolio, it would appear that the investment manager could achieve this goal without any additional green asset allocation by 2030, signalling that this target too could be more ambitious.

More positively, OMERS seems to have mostly avoided investments in distractions such as “hydrogen-ready” gas infrastructure and carbon capture and storage, opting instead for investment in wind, solar, energy storage and energy efficiency. And while OMERS has no related target, the fund reported in May 2024 having issued a cumulative \$2 billion in sustainable bonds.<sup>14</sup>

## Credible transition plans

OMERS committed in 2023 that its top 20 greenhouse gas polluting contributors (calculated by Weighted Average Carbon Intensity (WACI)) will have credible net-zero transition plans in place by 2030.<sup>15</sup>

In 2024, OMERS reported that these top 20 WACI contributors accounted for 59% of OMERS’ total WACI, 65% of these companies have a net-zero commitment, and OMERS is “in the process of assessing the alignment for each of these top 20 firms and designing engagement strategies to support their advancement.”<sup>16</sup>

In an October 2024 presentation to a City of Toronto committee, OMERS Administration Corporation board chair George Cooke suggested that OMERS is working with “40 or 50” companies in order to ensure that 20 will have transition plans by 2030.<sup>17</sup>

Transition plans that will cover only 59% of the WACI footprint leave over 40% of OMERS’ portfolio greenhouse gas emissions without a plan. OMERS has not disclosed to its members the list of top WACI contributors, making it difficult to track either progress or backsliding.<sup>18</sup>

## Transition sleeve

In 2024, OMERS did not provide any updates on allocations of the fund’s \$3 billion transition sleeve, which was announced in its *2022 Annual Report* as intended “for assets playing a key role in the global transition toward a lower-carbon economy.”<sup>19</sup> No transition sleeve investments have been announced to date.

In late 2024, OMERS released its *Climate Taxonomy*, a classification system for the “climate attributes” of its investments. The taxonomy identifies five classification categories including Grey (“Investments whose activities have a direct material climate impact and where transition options are increasingly feasible”) and Hard-to-Abate (“Investments whose business activities have a direct material climate impact and where transition options are not currently feasible”). However, the taxonomy does not preclude any category or sector from receiving transition sleeve funding.<sup>20</sup>

The transition sleeve should be used to decarbonize hard-to-abate industries that have credible, profitable pathways to decarbonization; fossil fuel producers must therefore be excluded from transition sleeve investments.

## Communication of Climate Urgency

# B

Score increased

### 2024 Updates

- Continued to acknowledge climate change as a systemic risk.
- Linked its approach to climate-related risks to its fiduciary duty.
- Acknowledged climate change is impacting its members and investments.

### Overview

OMERS has reached minimum requirements for a B, but falls short of leading funds that clearly communicate that they are embracing their role and responsibility as major asset owners in achieving a safe climate.

## Discussion

OMERS' *Climate Action Plan* demonstrates an understanding of climate science and an effort to align the fund's investment and stewardship strategy with a Paris-aligned commitment. However, the fund's dry, lawyered communications on climate fail to adequately convey the dangers this crisis poses to OMERS' returns and for its members.

Example from an October 2024 OMERS' presentation to the City of Toronto:

*"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."*<sup>21</sup>

How the fund communicates about climate is important, as it helps set the direction and priority for its staff, while helping its sponsors and beneficiaries better understand the need for required changes to investment strategy.

OMERS' language can be contrasted with other funds which have scored higher on this indicator. For example:

- The United Kingdom's National Employment Savings Trust (Nest): "If we do not change course now, humanity risks missing the point where we can avoid runaway climate change, with disastrous consequences for the world's people and economies as well as all the natural systems that sustain us."<sup>22</sup>
- Caisse de dépôt et placement du Québec (CDPQ): "Today, we believe it is essential to go further and faster. The climate crisis demands that we do so. We must act concretely, on multiple fronts, and move to the next stage in climate investing."<sup>23</sup>
- University Pension Plan (UPP): "Climate change stands out among the significant material risks to our portfolio, demanding immediate action in line with our fiduciary responsibility."<sup>24</sup>

# Climate Engagement



Score increased

## 2024 Updates

- Provided real estate properties with tools including a Carbon Emissions Forecast Model and Asset Decarbonization Toolkit to assist net-zero transition planning.
- Led or supported engagements for five CEC focus list companies, but no details were reported.
- The track record of portfolio companies including Thames Water, Northvolt and Azure Power continues to raise questions about OMERS' due diligence and stewardship.

## Overview

OMERS' score increased from C- to C, largely due to OMERS' climate engagement of its own real estate properties.

OMERS still needs to set climate-aligned expectations for all portfolio companies, strengthen its proxy voting guidelines to align with the CEC Net-Zero benchmark and the guidelines of leading peers, provide Paris-aligned expectations to external managers, and demonstrate evidence of engagement escalation with companies that either cannot or will not respond to climate engagement.

## Discussion

### Expectations and escalation

#### *Portfolio companies*

OMERS committed in 2023 that its top 20 greenhouse gas polluting contributors will have credible net-zero transition plans in place by 2030.<sup>25</sup> This expectation should be strengthened to include all portfolio companies. Portfolio companies should also be expected to align their capital expenditure to their transition plan, link compensation to climate targets, and not lobby against climate-aligned policy.

The fund has previously stated that climate factors are “incorporated” into its investment due diligence, ESG assessments and the setting and monitoring of ESG targets.<sup>26</sup> OMERS' stakeholders would be justified in questioning whether this “incorporation” is sufficient given the financial and environmental debacle at Thames Water that led OMERS to write down its 31% stake in the United Kingdom's largest water utility.<sup>27</sup> Further red flags for this system were seen with the financial troubles of Swedish battery maker Northvolt<sup>28</sup>, which has faced challenges from environmental groups and Indigenous communities in Quebec;<sup>29</sup> and solar company Azure Power, which has been caught up in a bribery scandal (the allegations pre-date OMERS' investment).<sup>30</sup>

OMERS provides few and limited examples of its engagement with portfolio companies. For example, its *2023 Annual Report* noted visiting six portfolio companies to “discuss and share our ESG assessment and engagement approach.”<sup>31</sup>

The pension manager has acknowledged that it is willing to escalate to divestment. OMERS' *Sustainable Investing Policy* (effective January 1, 2025) states that “While we prefer engagement to divesting, divestment may be an option when there exists a material misalignment with OMERS approach to sustainability and engagement has proven unsuccessful following an appropriate escalation process.”<sup>32</sup> A reasonable observer would conclude that OMERS

portfolio company BridgeTex, a pipeline with capacity to ship 400,000 barrels a day of crude oil and no climate transition plan, is “materially misaligned” with OMERS’ net-zero commitment.

### *Oxford Properties*

OMERS provides stronger examples of engagement in its real estate portfolio, Oxford Properties, which makes up 15% of OMERS’ portfolio.<sup>33</sup> The fund reported in 2024 that Oxford has created a pathway to net-zero, including sectoral and regional targets. Properties are being supported to decarbonize through new tools including a Carbon Emissions Forecast Model and an Asset Decarbonization Toolkit. A “Platform Playbook” lays out expectations including those set out in OMERS’ *Climate Action Plan*.<sup>34</sup> These updates are a positive sign that OMERS is serious about putting parts of its portfolio on a net-zero aligned trajectory.

### **Proxy voting guidelines**

OMERS’ *Proxy Voting Guidelines* (effective April 1, 2024) should be strengthened to express stronger expectations for net-zero alignment for the 20% of the portfolio in public equities.<sup>35</sup> Additionally, OMERS should begin transparently disclosing its proxy votes, along with rationale, in real-time.

The fund will “generally support proposals that take into consideration or improve policies or practices relating to climate change” and expects companies to disclose “the governance structure around the management of climate risk and opportunity, the impact it will have on their business as well as the policies and procedures in place to mitigate risks.” OMERS “may withhold votes for the chair of the relevant board committee if the board has failed to appropriately oversee the management of sustainability risks.”<sup>36</sup> Expectations are marginally stronger for any public companies that fall into OMERS’ top 20 WACI contributors, with OMERS saying that for these companies it will “consider withholding our vote for the chair of the board committee responsible for climate issues if there is a lack of progress or unresponsiveness to engagement efforts.”<sup>37</sup>

OMERS holds investments in Canadian oil and gas companies that suddenly removed their sustainability reporting in 2024 in a knee-jerk reaction to Canada’s Bill C-59 anti-greenwashing legislation. This panicked response implies that these companies were unable to stand behind their sustainability claims.<sup>38</sup> A credible response to this obfuscation would be for OMERS to follow its own guidelines, which require the investment manager to consider withholding director votes for failures including a lack of disclosure of investor-relevant information, including greenhouse gas emissions.<sup>39</sup>

A number of OMERS’ peers have set out clearer and more rigorous climate-alignment guidelines for public companies. The British Columbia Investment Management Corporation (BCI) has considered voting for more prescriptive climate proposals since 2021,<sup>40</sup> has escalated its votes against directors for climate-related reasons,<sup>41</sup> and now requires publicly-traded companies to incorporate climate assumptions and risk assessments into their audited financial statements.<sup>42</sup> OPTrust’s proxy voting guidelines encourage companies to have “climate-competent boards”;<sup>43</sup> Ontario Teachers’ Pension Plan’s state it expects companies to provide short-, medium-, and long-term greenhouse gas emissions reduction targets and report their progress towards those targets;<sup>44</sup> UPP has committed to a year-over-year strengthening of its climate-related proxy voting guidelines;<sup>45</sup> and IMCO’s guideline spells out specific net-zero-aligned requirements for management-sponsored climate plans.<sup>46</sup>

OMERS members should expect their pension manager’s voting record to align with its membership in CEC and Climate Action 100+ (CA100+). According to a February 2024 Investors for Paris Compliance analysis of a selection of shareholder resolutions aligned with CEC and CA100+ principles, OMERS supported seven and voted against six.<sup>47</sup>

## External managers

While most OMERS' investments are managed internally, for externally managed assets OMERS reviews the managers' applicable sustainable investing policies, reports and procedures to assess alignment with OMERS' approach.<sup>48</sup>

OMERS' *Climate Action Plan* stated that such assessments are based on the external managers' "ability to meet our internal standards for climate integration."<sup>49</sup> However, it is unclear what if any direction OMERS gives to external managers regarding handling of climate-related risks.

## Collaborative engagement

OMERS is a CEC member and joined CA100+ in 2023 as an investor supporter. OMERS additionally participates in investor groups including the Institutional Investors Group on Climate Change (IIGCC).<sup>50</sup>

In 2023, the fund reported being a lead or supporting investor for five CEC focus list company engagements and chaired CEC's Industry Leaders Advisory Panel.<sup>51</sup> The pension manager also supported a CEC initiative to host conversations with CDP (Carbon Disclosure Project) and corporate issuers on target setting and transition planning.<sup>52</sup>

## Policy engagement

OMERS discloses its submissions and comments to some policy and regulatory processes on its website, which provides welcome transparency.<sup>53</sup> But the fund's submissions to date lack ambition, advocating only for disclosure of climate-related data. While such disclosure is essential for investors such as OMERS, the pension manager should also advocate for strong Paris-aligned government policy, which is essential for achieving OMERS' own portfolio climate objectives, and long-term stability. Avoiding the worst outcomes of climate change while ensuring its members have a safe climate future to retire into requires stringent, ambitious, Paris-aligned policies and regulations.

# Climate Integration

C+

No year-over-year  
change in score

## 2024 Updates

- Disclosed historical absolute emissions data for 2019 and 2020 and increased percentage of portfolio companies reporting scope 3 emissions.
- Introduced new tools and guidance including the *Climate Taxonomy* and a *Climate Metrics Manual*.
- Undertook physical risk climate screening at Oxford.
- Continues to have one fossil-fuel-entangled director on the board of the Administration Corporation.

## Overview

OMERS demonstrated improvement on elements of Climate Integration, but these were not sufficient to increase its score.

The fund's GHG emissions data is improving. OMERS has made productive use of scenario analysis and risk assessment in the real estate portfolio, but has disclosed little about the implications drawn from scenario analysis in other asset classes or for the overall portfolio.

The OMERS Administration Corporation board has a fossil fuel entangled director and the board competencies do not yet specify climate as a required stand-alone competency, although climate is mentioned as a criteria that can fulfill the "Environmental, Social, Governance" competency.

The pension manager has a climate-compensation link although few details are provided.

## Discussion

### Accountable Paris-aligned membership

OMERS is not a member of any accountable and credible Paris-aligned investor body.

### Transparency and disclosure of holdings

OMERS discloses its portfolio makeup by Global Industry Classification Standard (GICS) and reported that as of December 31, 2023, "Energy" (oil and gas) has dropped to 2% of AUM. (As of December 31, 2021, it was 4% according to OMERS' *2021 Annual Report*.) Utilities, which include fossil fuels (e.g. power generation or gas transmission and distribution), comprise 12% of the portfolio (*2023 Annual Report*, p.47).

OMERS also discloses, without valuation, its significant investments (those exceeding one per cent of total net investment assets) (p.98). The list includes a number of companies with heightened transition or physical risk exposure due to the climate crisis, including Associated British Ports (physical risk), BridgeTex (transition risk, illustrated by high scope 3 emissions), London City Airport (both transition risk and physical risk exposure),<sup>54</sup> and Kenan Advantage Group, a transport and logistics company with a reliance on transporting fossil fuels, among other products (transition risk exposure).

OMERS' significant investments also include companies well-positioned as the transition from fossil fuels accelerates, including Leeward Renewable Energy (wind and solar) and investments in electricity distribution and transmission.

## Climate disclosures and climate risk

### **Greenhouse gas emissions data**

OMERS reports emissions data with a one year lag, so data to December 31, 2022 was reported in 2024. In 2024, OMERS' reported absolute emissions for 2019-2022. As with its metrics for 2021, the 2022 emissions data covered 95% of in-scope assets (with \$118 billion in scope). The pension manager saw a year-over-year increase in the percentage of portfolio companies that are disclosing scope 3 emissions, from 25% of the in-scope portfolio to 45%, while the overall percentage of company-reported emissions dropped slightly.<sup>55</sup>

### **Climate scenario analysis**

OMERS seems to have undertaken productive climate risk analysis of its real estate portfolio, but the results of scenario analysis on the total portfolio are less clear.

At Oxford, OMERS undertook a location-based physical climate risk screening that assessed seven hazards across three climate scenarios and time horizons, and the investment manager subsequently plans to create standard physical risk assessment protocols and guidance.<sup>56</sup>

At the total portfolio level, OMERS detailed which scenarios it is using to assess climate risks to the portfolio, ranging from a Net Zero 1.5°C scenario (orderly transition and locked-in physical risk) to a High Warming 4.2°C scenario (physical risk and severe climate change impacts).<sup>57</sup> OMERS reported next to no information about its conclusions from the scenario analysis. The pension fund should take note that severe climate change impacts are already being experienced as the world approaches the 1.5°C global heating threshold. A 4.2°C scenario would have catastrophic impacts. A pension fund that is mandated to provide its members with a secure retirement in a safe climate future should be doing everything within its power to avoid such disastrous climate outcomes.

### **New tools for assessing and managing climate-related risks**

In addition to the tools being used by Oxford Properties (mentioned in *Climate Engagement* above), OMERS developed an internal *Climate Metrics Manual*<sup>58</sup> and in December 2024 released its *Climate Taxonomy* (described in *Interim Targets -> Transition sleeve* above) to classify assets on climate attributes.

## Board climate expertise and/or fossil fuel entanglement

The OMERS Administration Corporation governance manual discloses a list of "Board Competencies". While this list does not yet specify climate as a required stand-alone competency, climate is mentioned as a criteria that can fulfill ESG competency.<sup>59</sup>

### **Board education and climate oversight**

OMERS reported that in 2024 the board continued oversight of OMERS' approach to sustainable investing,<sup>60</sup> and the Climate Action Plan states that climate training is part of board onboarding.<sup>61</sup> OMERS has not mentioned board-wide education sessions on climate since its *2021 Annual Report*, which is concerning given the pace and evolution of both the climate crisis and the energy transition, and the board's duty of oversight.<sup>62</sup>

### ***Board fossil fuel entanglement***

Board member Diane A. Kazarian, who joined the OMERS Administration Corporation board January 1, 2023, is concurrently a director at fossil fuel company Gibson Energy and sits on the Sustainability and ESG Committee.<sup>63</sup> Gibson Energy's business model (oil pipelines, storage facilities and refining) is based on continued growth in fossil fuel combustion, which is not in line with climate science or the energy transition. The company's claim to a Paris-aligned net-zero emissions commitment is not credible, as it covers only scope 1 and 2 emissions. The best long-term interests of OMERS' beneficiaries, including OMERS' youngest member, a 14-year-old<sup>64</sup> who could inherit a world of climate breakdown, do not align with the best interests of Gibson's shareholders.

### **Executive compensation and climate**

OMERS has linked climate change performance measures to incentive compensation "for relevant C-suite members and senior investment professionals."<sup>65</sup> Further details are not provided. Since reporting for 2021, the discussion of compensation for OMERS CEO Blake Hutcheson in each annual report has included climate-related achievements.

## Fossil Fuel Exclusions

# D

No year-over-year change in score

### 2024 Updates

- Acknowledged the fund had not made any new investments in privately held oil and gas assets “in some years.”
- Despite such companies failing on any credible benchmark of net-zero alignment, OMERS’ CEO defended Canadian oil and gas companies’ sustainability plans.

### Overview

In 2023, OMERS placed an exclusion on “direct investments” in companies generating more than 25% of their revenue from thermal coal.<sup>66</sup> This revenue threshold should be lowered. Additionally, the exclusion should be strengthened by adding a development or production threshold.

OMERS must also expand its exclusions to cover new investments in oil, gas and related infrastructure and spell out a phaseout plan for its existing fossil fuel assets.

## Discussion

For a comparison of OMERS’ fossil fuel exclusions with respect to other Canadian pension managers, see this report’s [Table 3: Fossil Fuel Exclusions](#).

There are positive signs that OMERS is aware of the increasing risk of stranded fossil fuel assets and beginning to understand that coal, oil and gas do not have credible transition pathways other than managed phaseout. In addition to its limited coal exclusion, OMERS has lowered its exposure to fossil fuels, reporting 2% of the portfolio in energy as of December 31, 2023<sup>67</sup> (down from 4% as of December 31, 2021).<sup>68</sup> OMERS’ staff pointed out in 2024 that the pension manager has not invested in new privately-held oil and gas assets “in some years.”<sup>69</sup>

However, OMERS’ CEO seems to have missed the memo, defending the fund’s investments in publicly-traded oil and gas companies at OMERS’ 2024 Annual Meeting. He called these companies “among the best, most sustainable, most thoughtful Canadian-based enterprises” and referred to their sustainability plans as “well articulated and well regarded by the investment community.”<sup>70</sup> Net-zero benchmarks from CA100+ and CEC, investor groups of which OMERS is a member, contradict these claims, showing that these companies are failing across the board to meet indicators of net-zero alignment while simultaneously engaging in “misaligned” lobbying on climate policy.<sup>71</sup>

As the Canadian financial sector begins to build its climate literacy and by necessity discovers the long-standing obstructionist role that oil and gas companies have played on climate, OMERS must logically extend its investment exclusion as per the guidelines in its updated investment exclusion framework. In 2023, the fund updated this framework “to include factors that may pose undue reputational risk to OMERS and where the costs of investment in a sector or company outweigh the benefit of continued ownership.”<sup>72</sup>

## Fossil Fuel Investments

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Estimated Investments  
in Fossil Fuels

**\$2.6 billion**

OMERS disclosed that 2% of its portfolio is in “Energy” as of December 31, 2023.<sup>73</sup> Note that this number may be an underestimate of OMERS fossil fuel holdings, as OMERS’ utilities investments also include fossil fuels (e.g. power generation or gas transmission and distribution). Utilities comprise 12% of the portfolio.<sup>74</sup>

OMERS’ private investments in fossil fuels include:

- A 50% stake in BridgeTex, a crude oil pipeline with capacity to carry 440,000 barrels per day to Gulf Coast refining and export markets.<sup>75</sup>
- A 25% stake in Exolum, an international refined oil products transporter and storage operator.<sup>76</sup>

Regulatory filings to September 30, 2024 show the pension fund holding publicly traded shares in oil and gas companies in Canada and beyond including Enbridge, Canadian Natural Resources, Cenovus, Chevron, Imperial Oil and Suncor.<sup>77</sup>

## References

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The following publicly available information was reviewed in the preparation of this analysis.

### OMERS Reports

[2024 Oxford Global Sustainability Report](#) (2024)

[2023 Sustainable Bond Report](#) (May 27, 2024)

[2023 Annual Report](#) (February 23, 2024)

[2022 Annual Report](#) (2023)

[2021 Annual Report](#) (2022)

### OMERS Documents

[Climate Taxonomy](#) (December 17, 2024)

[Proxy Voting Guidelines](#) (effective April 1, 2024)

[Sustainable Investing Policy](#) (effective January 1, 2025)

[Sustainable Investing Policy](#) (effective January 1, 2024)

[Statement of Investment Policies and Procedures – Primary Plan](#) (effective January 1, 2025)

[Board and Director Competencies](#). Administration Corporation - Governance Manual (effective January 1, 2025)

[Climate Action Plan](#) (September 2023)

### OMERS Webpages

[2024 Annual Meeting transcript](#) (meeting date April 3, 2024). Webpage. Accessed December 4, 2024.

[2024 Annual Meeting](#). Webpage. Accessed December 4, 2024.

[Sustainable Investing Approach](#). Webpage. Accessed January 15, 2025.

### Other

[Shift's 2023 Canadian Pension Climate Report Card](#) (February 2024)

[Shift's 2023 Canadian Pension Climate Report Card - Analysis for OMERS](#) (February 2024)

[Shift's 2022 Canadian Pension Climate Report Card](#) (January 2023)

[Shift's 2022 Canadian Pension Climate Report Card - Analysis for OMERS](#) (January 2023)

## Endnotes

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- <sup>1</sup> OMERS: [OMERS earns \\$5.6 billion in the first half of 2024](#). (August 15, 2024). Press release.
- <sup>2</sup> Climate Engagement Canada: [CEC Net-Zero Benchmark](#). Webpage. Accessed January 16, 2025.
- <sup>3</sup> OMERS: [OMERS commits to Net Zero 2050 emissions goal, building on its Sustainable Investing program](#). (November 24, 2021). Press release.
- <sup>4</sup> OMERS: [Climate Action Plan](#). (September 2023). P.24.
- <sup>5</sup> Shift: Action for Pension Wealth and Planet Health: [2022 Canadian Pension Climate Report Card - Analysis of AP2](#). (January 2023). P.2.
- <sup>6</sup> CDPQ: [2023 Sustainable Investing Report](#). (April 2024). P.55; [2022 Sustainable Investing Report](#) (March 2023), p.33.
- <sup>7</sup> OMERS: [2023 Annual Report](#). (February 23, 2024). P.72.
- <sup>8</sup> OMERS: [Climate Action Plan](#) (September 2023). P.2.
- <sup>9</sup> OMERS: [2023 Annual Report](#). (February 23, 2024). P.67, 71.
- <sup>10</sup> OMERS: [2023 Annual Report](#). (February 23, 2024). P.67.
- <sup>11</sup> Shift: Action for Pension Wealth and Planet Health: [2023 Canadian Pension Climate Report Card - Analysis of ABP](#). (February 2024). P.2.
- <sup>12</sup> OMERS: [2023 Annual Report](#). (February 23, 2024). P.73.
- <sup>13</sup> Bruce Power: [About Us](#). Webpage. Accessed January 13, 2025.
- <sup>14</sup> OMERS: [2023 Sustainable Bond Report](#). (2024, May 27). Pp.5, 10.
- <sup>15</sup> OMERS: [Climate Action Plan](#) (September 2023). P.2.
- <sup>16</sup> OMERS: [2023 Annual Report](#). (February 23, 2024). P.73.
- <sup>17</sup> [City of Toronto Infrastructure and Environment Committee presentation](#). (October 22, 2024). Remarks from OMERS Administration Corporation board chair George Cooke at 45:18.
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- <sup>20</sup> OMERS: [Climate Taxonomy](#) (December 17, 2024). Pp. 4-5.
- <sup>21</sup> OMERS: [City of Toronto Infrastructure and Environment Committee presentation slides](#). (October 22, 2024). Slide 4.
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- <sup>23</sup> CDPQ: [Climate Strategy. Message from the President and CEO](#). (2021). P.3.
- <sup>24</sup> UPP: [2023 Annual Report](#). (2024). P.16.
- <sup>25</sup> OMERS: [Climate Action Plan](#) (September 2023). P.2.
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- <sup>27</sup> Barlow, M. and Cartwright, J.: [Water treatment privatization must never happen in Canada](#). (August 12, 2024). Opinion. *Toronto Star*.
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- <sup>31</sup> OMERS: [2023 Annual Report](#). (February 23, 2024). P.63.
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- <sup>33</sup> OMERS: [2023 Annual Report](#). (February 23, 2024). P.26.

- <sup>34</sup> OMERS: [2024 Oxford Global Sustainability Report](#). (2024). Pp.16-18, 39.
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- <sup>36</sup> OMERS: [Sustainable Investing Policy](#). Effective January 1, 2025. P.4.
- <sup>37</sup> OMERS: [Proxy Voting Guidelines](#). (Effective April 1, 2024). P.30.
- <sup>38</sup> Alcoba, N.: [Canada's new greenwashing ban rattles fossil fuel industry](#). (June 28, 2024). *Corporate Knights*. See also: Anderson, M.: [Canada's Oil Patch Blames Anti-Greenwashing Law for Delayed Sustainability Reports](#). (September 18, 2024). *DeSmog*.
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- <sup>40</sup> Shift: Action for Pension Wealth and Planet Health: [2022 Canadian Pension Climate Report Card - BCI Analysis](#). (2023). P.3.
- <sup>41</sup> BCI: [BCI ESG Report 2022. P.28](#). (2023).
- <sup>42</sup> BCI: [BCI Further Raises Expectations on Climate, Diversity, and Governance in 2023 Proxy Voting Guidelines](#). (March 7, 2023).
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- <sup>44</sup> OTPP: [Good Governance is Good Business - 2024 Proxy Voting Guidelines](#). (2024). P.12.
- <sup>45</sup> University Pension Plan: [Climate Stewardship Plan](#). (November 23, 2023). P.5.
- <sup>46</sup> IMCO: [Proxy Voting Guideline](#). Effective February 1, 2023. (2023). P.11.
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- <sup>48</sup> OMERS: [Sustainable Investing Policy](#). Effective January 1, 2025. P.3.
- <sup>49</sup> OMERS: [Climate Action Plan](#) (September 2023). P.11.
- <sup>50</sup> Institutional Investors Group on Climate Change: [Our members](#). Webpage. Accessed January 15, 2025.
- <sup>51</sup> OMERS: [2023 Annual Report](#). (February 23, 2024). P.63.
- <sup>52</sup> Responsible Investment Association (RiA): [2023 Annual Report](#). (2024). P.21.
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- <sup>54</sup> It was reported in 2024 that OTPP was in talks to sell its stake in UK airports in London, Bristol and Birmingham. OMERS, a minority shareholder, would be wise to avoid increasing its stake due to the transition risks associated with holding investments dependent on the growth of fossil fueled aviation. See: Makortoff, K.: [London City, Bristol and Birmingham airports reportedly for sale](#). (November 24, 2024). *The Guardian*.
- <sup>55</sup> OMERS: [2023 Annual Report](#). (February 23, 2024). Pp.70-72.  
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- <sup>59</sup> OMERS: [Board and Director Competencies](#). Administration Corporation - Governance Manual. Effective January 1, 2025. Pp.2-3.
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- <sup>61</sup> OMERS. (2023). [Climate Action Plan](#). P.8.
- <sup>62</sup> OMERS: [2021 Annual Report](#). (2022). Pp.28,53.
- <sup>63</sup> Gibson Energy: [Leadership](#). Webpage. Accessed January 15, 2025.
- <sup>64</sup> OMERS: [2023 Annual Report](#). (February 23, 2024). P.14.
- <sup>65</sup> OMERS: [2023 Annual Report](#). (February 23, 2024). P.59. See also OMERS: [Climate Action Plan](#). (2023). P.7.
- <sup>66</sup> OMERS. (2023). [Climate Action Plan](#). P.24.
- <sup>67</sup> OMERS. (2024). [2023 Annual Report](#). P.47.
- <sup>68</sup> OMERS. (2022). [2021 Annual Report](#). P. 45.
- <sup>69</sup> Aysha Gilmore. (2024, September 5). [Katharine Preston: 'climate is an integrated part of OMERS' portfolio, not a trade-off'](#). *Net Zero Investor*.

<sup>70</sup> OMERS [2024 Annual Meeting transcript](#) (transcript of meeting date April 3, 2024) (webpage) accessed December 4, 2024. See 1:24:00.

<sup>71</sup> OMERS regulatory filings with the U.S. Securities and Exchange Commission to September 30, 2024 show the pension fund holding shares in oil and gas companies including Enbridge, Canadian Natural Resources, Cenovus, Chevron, Imperial Oil and Suncor.

- Enbridge's net-zero by 2050 ambition fails to account for its material scope 3 emissions. The company has no short-term GHG reduction target. It scored a D, or "Misaligned" for its Real World Climate Policy Engagement.  
See: Climate Engagement Canada. (2024). [Enbridge](#). Webpage. Accessed December 4, 2024.
- Cenovus does not fully meet criteria on any of ten benchmark indicators. The company scores a D- for misaligned policy engagement.  
See: Climate Engagement Canada. (2024). [Cenovus Energy](#). Webpage. Accessed December 4, 2024.
- Suncor does not meet full criteria for any of 11 benchmark indicators. The company scores a D for misaligned policy engagement.  
See: Climate Action 100+. (2024). [Suncor Energy Inc.](#) Webpage. Accessed December 4, 2024.
- Chevron does not meet full criteria for 10 of 11 benchmark indicators. The company scores a D- for misaligned policy engagement.  
See: Climate Action 100+. (2024). [Chevron Corp.](#) Webpage. Accessed December 4, 2024.
- Imperial Oil does not meet full criteria for 10 of 11 benchmark indicators. The company scores a D for misaligned policy engagement.  
See: Climate Action 100+. (2024). [Imperial Oil](#). Webpage. Accessed December 4, 2024.
- Canadian Natural Resources Ltd. does not meet full criteria for 10 of 11 benchmark indicators. The company scores a D- for misaligned policy engagement.  
See: Climate Action 100+. (2024). [Canadian Natural Resources Ltd.](#) Webpage. Accessed December 4, 2024.

For OMERS regulatory filings:

See: OMERS: [SEC filing. 13F-HR \(Institutional investment manager holdings report\) INFORMATION TABLE](#). U.S. Securities and Exchange Commission. To September 30, 2024. (2024, November 13).

<sup>72</sup> OMERS. [2023 Annual Report](#). (2024). P.66.

<sup>73</sup> OMERS: [2023 Annual Report](#). (2024). P.47.

<sup>74</sup> OMERS: [2021 Annual Report](#). (2022). P.45.

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OMERS: [2023 Annual Report](#). (2024). P.47.

<sup>75</sup> OMERS: [OMERS Infrastructure Announces Investment in BridgeTex](#). (August 21, 2018). Press release.

See also OMERS Infrastructure: [BridgeTex](#). Webpage. Accessed November 22, 2024.

<sup>76</sup> OMERS is listed as a 25% shareholder in Exolum. Exolum has made a net-zero by 2040 commitment, although in December 2022 *Reuters* reported that OMERS reversed its decision to sell its stake after potential buyers' concerns about Exolum's ability to navigate the zero-carbon transition led to low bids. Exolum has undertaken small hydrogen pilots as part of its transition planning. However, a January 2025 report from Shift highlighted the financial and technical barriers that hydrogen switching would entail for infrastructure investments such as Exolum (included in the report as a case study).

See:

- [Exolum | Shareholders and Investors](#). Webpage. Accessed November 25, 2024.

- Exolum: [Consolidated Financial Statements for the year ended 31 December 2022 and Consolidated Directors' Report, together with Independent Auditor's Report](#) (2023). Pdf.

- Gonzalez, A. and Binnie, I.: [Canada's OMERS ditches Exolum stake sale amid lacklustre oil interest - sources](#). (December 1, 2022). *Reuters*.

- Shift: Action for Pension Wealth and Planet Health. [Gaslighting the Energy Transition: Hydrogen cannot prevent investments in gas from putting planets and profit at risk](#). (January 15, 2025). P.23.

<sup>77</sup> OMERS: [SEC filing. 13F-HR \(Institutional investment manager holdings report\) INFORMATION TABLE](#). U.S. Securities and Exchange Commission. To September 30, 2024. (2024, November 13).