The *2023 Canadian Pension Climate Report Card* analyzes, assesses and ranks the progress made by eleven of Canada's largest pension managers and three 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, 2023. View the full report at shiftaction.ca/reportcard2023.

shift ACTION FOR PENSION WEALTH AND PLANET HEALTH

INVESTMENT MANAGEMENT CORPORATION OF ONTARIO (IMCO)

IMCO is the investment manager for the Ontario Pension Board (OPB), the administrator of Ontario's $31 billion Public Service Pension Plan (PSPP). The PSPP is the pension fund for over 93,000 active, retired and former members of the Ontario public service. IMCO's Ontario public sector clients also include the Provincial Judges' Pension Board, Wise Trust (the administrator of the Ontario's Workplace Safety and Insurance Board (WSIB) Employees' Pension Plan) and the insurance and benefit funds of Ontario's WSIB. It was announced in December 2023 that IMCO will add four new clients in 2024.[1]

Assets Under Management (AUM): $73.3 billion (December 31, 2022)

OVERALL SCORE	Paris-Aligned Target	Interim Targets	Climate Urgency	Climate Engagement	Climate Integration	Fossil Fuel Exclusions
B–	A-	B-	B+	B-	B-	C-

OVERALL CLIMATE SCORE	B–

Summary and 2023 Updates

IMCO set its climate ambition high with its Paris Aligned Asset Owner commitment. The investment manager has committed to reduce the emissions intensity of its portfolio by 50% below 2019 levels by 2030 and is the only Canadian fund examined in this report to have made a climate solutions commitment expressed in terms of proportion of AUM. IMCO's *Proxy Voting Guideline* sets strong expectations for companies to achieve net-zero alignment, and IMCO is beginning to enforce "climate guardrails," such as placing exclusions on investments in thermal coal mining and Arctic oil and gas production.

In 2023, IMCO:

- Generally voted in line with its guidelines on climate (based on a snapshot of votes).
- Disclosed some details of its collaborative engagements.
- Supported the 2023-2024 Carbon Disclosure Project's (CDP) Science-Based Targets Campaign.
- Updated and clarified exclusions on thermal coal and Arctic oil and gas.
- Disclosed 11% AUM invested in climate solutions, en route to 20% by 2030.
- Improved reporting of its climate metrics, including reporting scope 3 emissions and the emissions associated with sovereign bonds.
- Reduced clarity about its fossil fuel exposure by reporting a combined investment figure for "Energy and Utilities".
- Achieved a 40% reduction in the portfolio's emissions intensity (below 2019 levels).
- Reported testing the portfolio against four different climate scenarios, including a net-zero by 2050, 1.5°C-aligned scenario.
- No members of IMCO's Board of Directors simultaneously hold directorships at fossil fuel companies, compared to one Director in 2022.

What IMCO still needs to do

- ☐ Publicly acknowledge the consensus science, including from the Intergovernmental Panel on Climate Change (IPCC) 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.
- ☐ Pair its emissions intensity reduction targets with absolute emissions targets for 2030.
- ☐ Establish Scope 3 emissions reduction targets.
- ☐ Commit to all portfolio companies having credible net-zero plans in place by 2030.
- ☐ Engage owned companies using time-bound criteria and a process that escalates to divestment to ensure they rapidly develop profitable and credible net-zero pathways. Set targets to measure the success of climate engagements.
- ☐ 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.
- ☐ Specify in proxy voting guidelines that the fund will vote in favour of proposals requiring companies to demonstrate the Free, Prior and Informed Consent of Indigenous Peoples for projects that affect their traditional lands and waters.
- ☐ Commit to exclude any new investments in coal, oil, gas and pipelines.
- ☐ Commit to a time-bound and managed phase-out of existing fossil fuel assets.
- ☐ Require climate expertise on the Board of Directors.
- ☐ Avoid conflicts of interest and refrain from 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.
- ☐ Tie executive and staff compensation to the achievement of climate targets.
- ☐ Build on public advocacy for mandatory standardized climate risk disclosure to become a vocal proponent of stringent, ambitious, Paris-aligned climate and energy policies that provide certainty for companies and investments.

FULL ANALYSIS

Paris-Aligned Target	A–

2023 updates:

- Reported the portfolio's scope 3 emissions for the first time.

IMCO has committed to reach net-zero emissions by 2050 or sooner and has set interim targets for reducing its portfolio's emissions intensity and investing in climate solutions. In 2022, IMCO had not indicated how it would account for scope 3 emissions, but its *2022 ESG Report*, released in 2023, reported the scope 3 emissions of the portfolio.

IMCO's commitment as a Paris Aligned Asset Owner (PAAO) signals that additional elements of a Paris-aligned target are forthcoming, including limiting the role of carbon offsets and navigating the portfolio to net-zero emissions while bringing down emissions in the real economy. IMCO noted throughout its 2022 reports the ways in which its investments should lead to real-world decarbonization. For example, its investment in utility-scale batteries with Pulse Clean Energy should help support decarbonization of the U.K. power grid (*2022 Annual Report*, p.31).

Interim Targets	**B–**

2023 updates:

- 40% reduction in portfolio emissions intensity.
- Emissions intensity reduction targets being set by each asset class.
- 11% of AUM invested in climate solutions.

Emissions reduction

In November 2022, IMCO committed to reduce the emissions intensity of its portfolio by 50% below 2019 levels by 2030. In its *2022 ESG Report*, IMCO reported a 40% reduction in the portfolio's emissions intensity compared to the 2019 baseline. IMCO attributed this to "several factors, including a shift in our selection of securities toward assets with lower emissions intensity" (p.20), and noted that each asset class is setting its own emissions intensity reduction target (p.14).

IMCO should pair its intensity-based commitment with a 2030 commitment to achieve absolute emissions reductions.

Investment in climate solutions

IMCO has committed to invest 20% of AUM in climate solutions by 2030, and had 11% of AUM invested at the end of 2022 (*2022 ESG Report*, p.4). IMCO's *2022 ESG Report* defined climate solutions as investments in companies where at least 50% of the business is derived from climate solutions activities in line with International Capital Markets Association Green Bond Principles (p.35).

IMCO is the only investment manager examined in this report that has set a climate solutions target as a percentage of AUM.

AUM covered by a science-based decarbonization target

Some investment managers have made commitments such as the percentage of portfolio companies that will have credible decarbonization plans in place by 2025 or 2030, or the percentage of AUM that will be covered by a science-based decarbonization plan by a target date. IMCO could strengthen its climate strategy by adding similar commitments.

Communication of Climate Urgency	**B+**

2023 updates:

- IMCO's *2023 World View* included a section on ESG and Climate Change, discussing climate change's physical, geopolitical and economic impacts, potential climate policy responses, potential stranded assets, required capital assets for a successful energy transition, and unintended ESG risk exposure in passive index investing.

- IMCO client OPB states that it "believes that we have a responsibility to operate and invest in a way that minimizes the negative impact of ESG issues, consistent with fulfilling our pension obligation to our members" (*Environment, Social and Governance - OPB 2022 Year in Review*).

IMCO acknowledges that the climate crisis poses risks to the portfolio, that investors have a role in addressing the climate crisis, and that investors have agency to influence the trajectory of the climate crisis. While IMCO's statements could be stronger, IMCO does acknowledge the climate crisis as urgent and existential, and is beginning to articulate an ambition and determination to centre climate in its investment strategy.

Sample language from IMCO's *2022 ESG Report* (p.16):

"The climate crisis poses an urgent, systemic and unprecedented risk to the global economy. … Climate-related risks have the potential to diminish our assets and returns, while climate-related opportunities have the potential to help our assets and returns grow."

Sample language from *OPB and IMCO's commitment to ESG and Climate Risk* blog post (December 22, 2021):

"IMCO, on behalf of its clients, including OPB, is committed to using its influence, scale, and strengths to engage with managers and partners to advocate for net-zero aligned investments, policies, and regulations."

Climate Engagement	B–

2023 updates:

- A snapshot of IMCO's climate-related proxy votes indicates that the investment manager's voting record aligns with its published voting guidelines.
- 44% of IMCO's externally managed assets are managed by external managers and general partners with net zero commitments.
- Disclosed details of engagements through Climate Action 100+ and Climate Engagement Canada.
- Supporter of 2023-2024 CDP Science-Based Targets Campaign.

SUMMARY

IMCO has science-aligned climate expectations for its owned companies and states similar expectations for public companies through its *Proxy Voting Guideline*. The fund manager prioritizes investing with external managers with net-zero commitments. IMCO collaborates on climate with other investors through CDP's Science-Based Targets Campaign, Climate Action 100+ and Climate Engagement Canada (CEC).

IMCO's proxy voting record indicates it is voting in line with its climate guidelines and is willing to vote against directors. IMCO's largest client, the OPB, says that it expects IMCO "to consider divesting from investments where insufficient action, such as unsuccessful engagement, is taken to address those [ESG] issues" (OPB *2022 Annual Report*, p.22). According to IMCO's *2022 Climate Action Plan*, "When prior extensive engagement on climate has not proved successful and there is a clear risk to shareholder value, divestment may be carefully considered by the investment teams as a measure of last resort" (p.7).

As IMCO's engagement strategy matures it needs to be strengthened with:

- a time-bound and escalatory engagement process;
- a distinction between engagement with fossil fuel companies, which do not have a credible and profitable pathway to net-zero other than phase-out, and other high-carbon assets, such as cement or steel, which do have a credible and profitable net-zero pathway; and
- public advocacy to help ensure that governments in Canada and around the world are developing and implementing stringent and durable laws, policies and regulations that provide greater investment certainty and accelerate emissions reductions in line with the Paris Agreement.

DETAILS

Expectations for owned companies

IMCO sets clear climate-related expectations for companies. IMCO's *2021 Annual Report* states, "We expect companies to commit to net zero carbon emissions by 2050 or sooner, set science-based emission reduction targets, and disclose climate information in line with Task Force on Climate-Related Financial Disclosures (TCFD)" (p.51).

IMCO's *2022 Annual Report* says that the investment manager engages with portfolio companies "to establish Paris-aligned plans, report on and reduce emissions" (p.39). IMCO provides the example of engaging its portfolio company euNetworks, a bandwidth infrastructure provider, to commit to net-zero by 2040 with a science-based target across scopes 1, 2 and 3 (p.31).

Direction given to external managers

IMCO stands out among its peers in its statements about aligning on climate with external managers. IMCO states it will "prioritize partnerships with external managers that have made, or plan to make, net zero commitments and increase investment in companies with net zero commitments" (*2022 Annual Report*, p.39). It also expects external managers to provide TCFD-aligned disclosure (*2022 ESG Report*, p.51). IMCO reported in 2023 that 44% of its externally managed assets were managed by external managers and general partners with net zero commitments (*2022 ESG Report*, p.5).

IMCO's *2021 ESG Report* provided above-average detail on the process it uses to conduct due diligence and screening of external managers, and on its ongoing engagement of external managers (p.24). IMCO's due diligence questionnaire includes questions related to net-zero commitment, portfolio alignment with net-zero, climate risk and opportunities, carbon footprinting including scope 3 "if appropriate," and climate-related targets and metrics. Contractual agreements with external managers include language on IMCO's ESG expectations.

IMCO's requirements of external managers would be strengthened with a time-bound commitment to reach 100% of externally managed assets overseen by a net-zero aligned manager.

Proxy voting

IMCO's *Proxy Voting Guideline* (effective August 2021) sets expectations that management proposals on climate change include TCFD disclosure, a commitment to a net-zero target by 2050 or sooner, the setting of science-based interim reduction targets and a commitment to report progress on targets (p.10). IMCO will "generally" vote for shareholder proposals calling for climate-related disclosure, the adoption of greenhouse gas reduction targets, development of scenario analysis and disclosure of lobbying activities. If IMCO's expectations are not met, it "may" vote against or abstain from voting on management proposals, and "may" vote against or withhold votes from a company's Chair or the relevant committee, committee members or Board Chair.

IMCO should strengthen its *Proxy Voting Guideline* by expressing expectations that companies tie compensation to the achievement of climate targets, not lobby against climate policy, and not direct capital expenditure to fossil fuel expansion.

Snapshots of IMCO's climate-related proxy voting record indicate that the investment manager is voting in line with its own guidelines.[2] According to IMCO's *2022 ESG Report*, IMCO supported 78% of shareholder proposals calling for "say-on-climate" votes and improved climate-related disclosures. IMCO also reported that it voted against 59% of climate resolutions put forward by companies, as the resolutions did not meet IMCO's criteria (p.31).

The investment manager makes its voting intentions public ahead of annual meetings and provides rationale when voting against management proposals and for all shareholder proposals (*2022 ESG Report*, p.31).

According to IMCO's *Climate Action Plan*, the investment manager "may consider" co-filing of climate resolutions (p.7). IMCO should leverage its relatively strong guidelines and voting record to take a leadership role in filing such resolutions and publicly highlighting climate resolutions or climate-related votes against directors, for example through news releases and public letters to companies.

Collaborative engagement

IMCO is a supporter of CDP's Science-Based Targets Campaign, having participated in 2022-2023 and supporting the 2023-2024 campaign. The 2023-2024 campaign sends letters on behalf of its supporters (financial institutions and multinational corporations) to "over 2,100 high-impact companies asking them to commit to and set 1.5°C-aligned Science-Based Targets."[3]

IMCO is also a member of Climate Engagement Canada (CEC) and Climate Action 100+. In 2023, the investment manager reported back on collaborative engagements under both initiatives.

Through CEC, IMCO engaged with Waste Connections on climate disclosures and setting more ambitious interim emissions reduction targets. IMCO reported that Waste Connections has now issued its first TCFD-aligned report and "committed to seeking Science Based Targets initiative's approval on its emission reduction targets" (*2022 ESG Report*, p.19).

With other Climate Action 100+ investors, IMCO collaboratively engaged with Enbridge to set absolute emission reduction targets and strengthen its 2030 intensity target.[4] IMCO "encouraged" disclosure of how Enbridge's capital expenditure and lobbying align with the goals of the Paris Agreement (*2022 ESG Report*, p.19). While IMCO's clients should welcome IMCO's disclosure of this engagement, Enbridge's track record suggests that the company has no intention of aligning with the goals of the Paris Agreement — goals that IMCO is "proud to embrace" (*Climate Action* webpage).

In 2023, Enbridge used misleading information to try to justify a multi-billion-dollar expansion of its gas network in Ontario,[5] and the company went to court to prolong the operation of and replace its Line 5 oil pipeline against the wishes of impacted Indigenous nations.[6] Enbridge's targets to reduce the relatively insignificant emissions intensity of its own operations[7] stand in stark contrast to the company's ten different proposed projects to prolong and expand the use of gas.[8] Enbridge also advocates for government support for expanding oil and gas in Canada and the United States, opposes the phase-out of fossil gas, has funded astroturf groups in New York to oppose the state's decarbonization policies, and falsely claims that expanding Canadian oil and gas production would reduce global emissions.[9] Enbridge is now under investigation by the Competition Bureau of Canada for allegedly misleading its customers with false claims that fossil gas is "clean energy" and "low carbon" and that fossil gas is the most cost effective way for Ontarians to heat their homes, when heat pumps are in fact the least expensive option.[10]

IMCO should take note of Enbridge's actions to obstruct or delay the transition off of fossil fuels, and must keep in mind its own commitment that "When prior extensive engagement on climate has not proved successful and there is a clear risk to shareholder value, divestment may be carefully considered by the investment teams as a measure of last resort" (*Climate Action Plan*, p.7). Considering the litany of actions taken by Enbridge to undermine Paris-aligned climate action, including efforts to keep the Ontario Public Service Pension Plan's own members to continue using fossil gas, it is clear that investor engagement has not proved successful. While IMCO has not stated that it has divested, Enbridge does not appear as a holding in any of IMCO's 2023 13F-HR regulatory filings with the U.S. Securities and Exchange Commission.[11]

Policy engagement

IMCO provides comments on sustainability-related public and government consultations, such as to the U.S. Securities and Exchange Commission, International Sustainability Standards Board and other bodies setting standards and policies for climate risk reporting (*2022 ESG Report*, p.34). IMCO's engagement would be strengthened by being vocal and assertive in its advocacy to help ensure that governments in Canada and around the world are developing and implementing stringent and durable laws, policies and regulations that accelerate emissions reductions in line with the Paris Agreement.

Other: passive investments and ESG

IMCO has made plans to ensure ESG priorities are also implemented in its passive investments. The *Five Year Strategic Plan* for 2023-2027 states, "We will ensure that our passive investments, particularly in Emerging Markets, are managed in a way that is consistent with our ESG priorities" (p.5). This statement aligns with notes in IMCO's 2023 *World View* that "Index investing's growing popularity among retail and institutional investors masks the growing risks associated with these passive exposures," and lists "high greenhouse gas emitting industries" among its examples (p.21).

Climate Integration	B–

2023 updates:

- Took a step backward on disclosure by disclosing "Energy and Utilities" AUM as a combined investment figure.
- Provided increased but incomplete disclosure of recent green investments.
- Improved carbon footprinting by reporting the portfolio's scope 3 emissions and emissions associated with sovereign bonds.
- Disclosed testing the portfolio performance against four scenarios including a net-zero by 2050, 1.5°C-aligned scenario.
- Reduced concurrent fossil fuel entanglements on its Board: as of Shift's 2022 analysis, IMCO's Board Chair was simultaneously a director at a fossil fuel company; he was no longer listed as a director at this company as of this analysis.
- OPB reported that its Board and Investment Committee receive continuing education on climate risk.

Accountable Paris-aligned membership

IMCO is a member of the Paris Aligned Asset Owners (PAAO), formerly the Paris Aligned Investment Initiative.

Transparency and disclosure of holdings

IMCO does not provide a list of its investments or their valuations. Its *2022 Annual Report* highlighted a number of new green investments, although the investment manager took a step backward on disclosure by reporting Energy and Utilities (8% of AUM as of December 31, 2022) as one sector and thus obfuscating the fund's exposure to fossil fuel investments. In its *2021 Annual Report*, IMCO had reported 4% of AUM in Energy and 3% in Utilities (p.10).

Transparency and disclosure of climate risk

IMCO improved its climate risk disclosure in 2023 with its first formal TCFD response (*2022 ESG Report*, p.51), reporting the portfolio's scope 3 emissions and reporting emissions for sovereign bonds. IMCO's portfolio footprint covered 91% of AUM as of December 31, 2022. IMCO disclosed an emissions breakdown by sector, reported scope 3 separately, and provided a data quality breakdown. IMCO's disclosed metrics included its total financed emissions and financed emissions intensity.

IMCO's *2022 ESG Report* stated that, "We estimate the resilience of our portfolio to climate risks in time horizons of 2050 and 2100 under four different temperature and policy scenarios, which were those used in the Scenario Analysis Pilot conducted in 2022 by the Bank of Canada and Office of the Superintendent of Financial Institutions" (p.22). Scenarios included a net-zero by 2050, 1.5°C-aligned scenario. In its *2022 Climate Action Plan* (p.12), IMCO referenced four different 1.5°C outlooks to demonstrate the alignment of its interim targets with a net-zero by 2050 goal.

In 2021, IMCO and OPB provided more transparency than other funds when asked by beneficiaries to disclose their handling of climate-related risks. The OPB posted on its website a letter they had received from beneficiaries regarding climate-related financial risks, and OPB and IMCO's joint response in full.[12]

Board climate expertise and/or fossil fuel entanglement

IMCO does not identify any Board members as having climate expertise. IMCO's Board skills matrix (*2022 Annual Report*, p.62) identified three directors as having the "core skill" of "ESG management," but climate-related expertise is not specified. IMCO's *2022 ESG Report* noted guest speakers had presented to the Board on topics including "ESG and sustainability" (p.63). OPB's *2022 Annual Report* said that its Board and Investment Committee receive "continuing education and information on ESG and climate risk" (p.22).

None of IMCO's ten directors appear to have current fossil fuel entanglements. In 2022, Shift noted that IMCO Board Chair Brian Gibson was concurrently listed as a director at Precision Drilling. Mr. Gibson was no longer listed as a director at this company as of December 31, 2023. IMCO should continue to enhance the integrity of its board and avoid potential conflicts of interest by placing a minimum time that must elapse between holding a directorship at a fossil fuel company and serving as a director on IMCO's board.

Executive compensation and climate

According to IMCO's *2021 ESG Report*, "firm-wide ESG objectives are considered, among other factors, in determining senior executive compensation" (p.10), but no direct link between compensation and climate targets is established. IMCO's *2022 ESG Report* provided no new information on a climate-compensation link.

Notably, two committees, the Management Investment Committee and the Investment Department Committee, are specifically named as being charged with the responsibility to ensure IMCO is investing in line with achievement of its Paris-aligned target (*2021 ESG Report*, p.50).

Fossil Fuel Exclusions	C–

2023 updates:

- Attempted but failed to clarify its confusing fossil fuel phase-out commitment.
- Clarified exclusions on thermal coal mining and Arctic oil and gas production.

While IMCO placed some limits on investments in coal and Arctic drilling, the investment manager's climate guardrails are confusing and unclear.

IMCO's *2022 Climate Action Plan* includes a section on "climate guardrails" (p.9), which commit IMCO to:

1. "phase out new investment commitments in development of new unabated fossil fuel assets, in line with appropriate global, science-based scenarios, and
2. limit exposure to investments in thermal coal mining and Arctic drilling."

New unabated fossil fuel assets

In a footnote in its *2022 ESG Report*, IMCO added an explanatory footnote to a version of "1." (above), as follows: "Assets without interventions such as carbon capture and storage (CCS) or carbon capture, utilization and storage (CCUS) or equivalent technologies that substantially reduce the amount of emissions throughout the life cycle" (p.23).

However, this paragraph of the *2022 ESG Report* and the accompanying footnote do not specify that the phase-out commitment refers to fossil fuel investments at all, leaving the commitment unclear.

Shift's working assumption is that IMCO intends to phase out new investment commitments in fossil fuel assets, but has left itself leeway to invest in fossil fuel assets that use CCS or CCUS and midstream fossil fuels and infrastructure. This approach is inconsistent with investing in line with "appropriate global, science-based scenarios." The vast majority of the life cycle emissions of fossil fuels are released when the oil and gas are burned (for example in a car's gas tank or home's furnace), which CCS and CCUS do nothing to prevent. Existing carbon capture projects have put more greenhouse gas emissions into the atmosphere than they have removed, as 80% of captured carbon is being used for enhanced oil recovery, thereby increasing production.[13] According to the IPCC, CCS and CCUS are the most expensive and least effective of available carbon mitigation options.[14] An analysis of IMCO's fossil fuel holdings shows a number of oil and gas producers whose emissions are almost completely unabated by CCS or CCUS technologies.[15]

IMCO cites credible, global, science-based net-zero scenarios in its *Climate Plan* (p.12), all of which are unambiguous about ending fossil fuel expansion, as the basis for its climate guardrails. IMCO should place an immediate exclusion on *any* new investment in fossil fuel assets and make a clear and time-bound commitment to phase out existing investments.

Thermal coal mining and Arctic drilling

IMCO's *ESG Screening Guideline*, undated but updated since 2022, clarifies the screens on thermal coal mining and Arctic drilling. IMCO will exclude investments in companies where over 10% of revenue is derived from thermal coal mining or Arctic oil and gas production (p.2).[16]

The *Screening Guideline* explains that IMCO singles out these two categories because coal has been the single largest source of global temperature increase since pre-industrial levels, and Arctic oil and gas production risks more spills that are more challenging to clean up and produces black carbon pollution which accelerates the melting of snow and ice.

While these are valid reasons for limiting investments in thermal coal and Arctic drilling, IMCO fails to explain why it invests in *any* oil, gas and coal production. Credible net-zero emissions pathways, including those cited by IMCO itself, are clear and unambiguous that limiting global temperature increase to 1.5°C requires the rapid phase-out of almost all fossil fuel production.[17] It is inconsistent for IMCO to reference these net-zero pathways but exclude just two sub-sectors of fossil fuel investment.

ADDITIONAL INFORMATION

The information below provides relevant context but did not contribute to the assigned scores. Exception: membership in the Net Zero Asset Owner Alliance or the Paris Aligned Asset Owners (formerly Paris Aligned Investment Initiative) was considered when assigning scores.

United Nations Declaration on the Rights of Indigenous Peoples	IMCO does not appear to have a policy requiring owned companies to respect Indigenous Peoples' right to free, prior and informed consent for projects affecting them. However, IMCO's *2022 ESG Report* stated that the investment manager supported 94% of shareholder proposals "requesting that our portfolio companies conduct human rights risk assessments, improve human rights standards or policies, and conduct racial equity and/or civil rights audits" (p.31). IMCO's main client, the OPB, stated in its *2021 Annual Report*, "We also support a transition to a net-zero economy informed by Indigenous perspectives that supports Indigenous economic opportunities and encourages business practices that align with the principles of the United Nations Declaration on the Rights of Indigenous Peoples" (p.23).
Accountable Paris-aligned memberships	Paris Aligned Asset Owners (formerly Paris Aligned Investment Initiative)
Collaborations and memberships	• 2021 Global Investor Statement to Governments on the Climate Crisis • Canadian Coalition for Good Governance • Canadian Investor Statement on Climate Change • Carbon Disclosure Project (including Science-Based Targets Campaign) • Ceres Investor Network • Climate Action 100+ • Climate Engagement Canada • ESG Data Convergence Project • International Corporate Governance Network • Principles for Responsible Investment • Responsible Investment Association • Task Force on Climate-Related Financial Disclosures
Self-reported assets linked to climate solutions*	11% AUM, or $8 billion, as of December 31, 2022**
Estimated investments in fossil fuels	4% of AUM, or $3 billion, invested in "Energy" as of December 31, 2021. This number does not account for fossil-fuel linked utilities.***
Notable fossil fuel holdings (not a comprehensive list)	• 5% co-ownership interest in Compaña Logistica de Hidrocarburos (mentioned in OPB's *2018 Annual Report* but not reported on since then).[18] • Co-ownership of Calon Energy (mentioned in OPB's *2018* and *2019 Annual Reports* but not reported on since then).[19]

* Definitions vary. Number is not comparable between funds. Self-reported numbers do not necessarily indicate climate-aligned assets.

** IMCO has committed to invest 20% of AUM in climate solutions by 2030, with 11% AUM invested at the end of 2022 (*2022 ESG Report*, p.4). IMCO defines climate solutions as investments in companies where at least 50% of the business is derived from climate solutions activities in line with International Capital Markets Association Green Bond Principles (p.35).

*** IMCO did not report separate numbers for Energy and Utilities in 2022, so the most current disclosed figure for energy investments comes from IMCO's *2021 Annual Report* (p.10). Regulatory filings to September 30, 2023 show IMCO holding $58 million in shares of publicly traded fossil fuel companies.[20]

ENDNOTES

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- 2022 ESG Report (2023)
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