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

ONTARIO MUNICIPAL EMPLOYEES RETIREMENT SYSTEM (OMERS)

OMERS is the investment manager for the pension fund of Ontario's municipal workers, with 559,000 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): $127.4 billion (June 30, 2023)

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

Most improved: OMERS was one of two funds to improve its overall score by an entire letter grade between the *2022* and *2023 Report Cards*.

OVERALL CLIMATE SCORE	C+

Summary and 2023 Updates

OMERS made significant climate progress in 2023 with the release of its inaugural *Climate Action Plan*, although a close look at many of the fund's commitments — as detailed throughout this analysis — reveals that more work is required to strengthen ambition and close loopholes.

In 2023, OMERS made new commitments, including:

- A 2030 intensity-based emissions reduction target (having already surpassed its 2025 commitment).
- Creation of a $3 billion "transition sleeve" to support decarbonization of high-carbon assets.
- That it would require credible net-zero plans by 2030 from the 20 biggest contributors to the portfolio's carbon footprint.
- $30 billion in green investments by 2030.

Additionally, OMERS:

- Placed a limited exclusion on investments in thermal coal.
- Improved its portfolio footprinting metrics.
- Announced a climate-compensation link for certain team members.

OMERS' climate engagement processes need strengthening, although the fund made some positive moves by joining Climate Action 100+, commencing engagements with "several" Climate Engagement Canada focus companies, and hinting at forthcoming "formalized engagement strategies."

What OMERS still needs to do:

- 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.
- Join a credible and accountable Paris-aligned investor body such as the Net Zero Asset Owner Alliance or the Paris Aligned Asset Owners.
- 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.
- Enhance scenario analysis disclosure by explaining the implications for the portfolio and how insights are informing portfolio construction.
- 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.
- Strengthen proxy voting guidelines to require companies to have science-based decarbonization plans.
- Disclose proxy votes in real-time and with rationale.
- 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.
- Strengthen coal exclusion policy.
- Place an exclusion on any new investments in oil, gas and pipelines.
- Commit to a time-bound and managed phaseout of existing fossil fuel assets.
- Require climate expertise on the Board of Directors.
- 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.
- Become vocal proponents of stringent, ambitious, Paris-aligned climate and energy policies that provide certainty for companies and investments.

FULL ANALYSIS	
Paris-Aligned Target	**B+**

2023 updates:

- Defined net-zero.
- Acknowledged credibility challenges with offsets and committed that offsets would not contribute toward OMERS' interim emissions reduction targets.
- Began to track, but not report, scope 3 emissions.

OMERS committed in November 2021 to achieve net-zero emissions by 2050. OMERS has committed to setting interim five-year targets, with 2025 and 2030 targets already in place to reduce the portfolio's emissions intensity. In 2023, the total portfolio carbon footprint did not include scope 3 emissions, although OMERS began tracking scope 3 and said it will "continue to update our portfolio footprinting and reporting as methodologies evolve and scope 3 emissions data become more readily available" (*Climate Action Plan*, p.28).

OMERS' *Climate Action Plan* defined net-zero and 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 (p.24).

OMERS is not yet a member of an accountable Paris-aligned body such as the Net Zero Asset Owner Alliance or the Paris Aligned Asset Owners, nor has it committed to follow the recommendations of the United Nations Secretary-General's High Level Expert Group on Net-Zero Emissions Commitments of Non-State Entities.[1]

Interim Targets	**B-**

2023 updates:

- Exceeded 2025 commitment to reduce portfolio's emissions intensity.
- Committed to reduce portfolio emissions intensity 50% below 2019 levels by 2030.
- Announced $3 billion "transition sleeve."
- Committed to $30 billion in green investments by 2030.
- Committed that the 20 companies which contribute most to OMERS' financed emissions intensity will have credible net-zero transition plans in place by 2030.

Emissions reduction

OMERS reported that it had achieved a 32% reduction (from 2019 levels) in portfolio emissions intensity as of December 31, 2022. This was "attributed both to portfolio transition from higher to lower emitting assets and to intensity reductions across several significant assets" (*2022 Annual Report*, p.68). The fund subsequently committed to achieve by 2030 a 50% reduction from 2019 levels in emissions intensity. OMERS has committed to setting interim targets every five years.

In 2023, the fund had not yet set absolute emissions reduction targets and had not incorporated scope 3 emissions into its footprint. It is noteworthy that OMERS' real estate arm, Oxford Properties, reported that by the end of 2022 it had achieved a 19% emissions intensity (per square foot) reduction and a 20% *absolute* reduction from 2019 levels.

Investments in climate solutions

OMERS committed in its *Climate Action Plan* to reach $30 billion invested in green assets by 2030, and reported that these investments stood at $19 billion as of December 31, 2022. Given expected appreciation of assets, it is unclear if this commitment means increased allocation to climate solutions in the coming years. A commitment expressed in terms of increased percentage of AUM would demonstrate a new allocation.

It is also less than clear what threshold OMERS has used to define its green assets. OMERS *2022 Annual Report* says that $19 billion was identified using International Capital Market Association (ICMA) Green Bond Principles, including "green buildings, renewable and low-carbon energy, and energy efficiency assets." But according to the glossary in OMERS' *Climate Action Plan*, "Green Investments, assets or 'Climate solutions' refer to investments in companies where *some, or all*, economic activities are in alignment with green or low carbon taxonomies such as the ICMA (International Capital Market Association) Green Bond Principles and Climate Bond Initiative Taxonomy" (p.36, italics added). The *Climate Action Plan* states that "While the definition of green investments today does not capture the full spectrum of corporate activities that support climate solutions, we will continue to review the market's evolving sustainable finance taxonomies to support our assessment of assets invested within our portfolio" (p.16).

OMERS, as of 2023, 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.

Engagement targets / AUM covered by science-based targets

OMERS' *Climate Action Plan* committed that the 20 companies which contribute most to the portfolio's carbon emissions would have credible net-zero transition plans in place by 2030. While this target is necessary, it is far from sufficient: OMERS' own *Climate Action Plan* says that "To achieve [the goals of the Paris Agreement], human-caused greenhouse gas emissions must fall dramatically from 2010 levels; by about 45% by 2030" (p.4). OMERS must require *all* portfolio companies to align with a credible net-zero trajectory by 2030.

The *Climate Action Plan* notes that OMERS is exploring a new "portfolio alignment metric" that will enable the fund to "evaluate the percentage of our holdings with declared net zero and Paris-aligned targets" (p.22).

Transition sleeve

OMERS committed in its *2022 Annual Report* to a $3 billion transition sleeve "for assets playing a key role in the global transition toward a lower-carbon economy" (p.67). The emissions of these assets will be tracked separately and not included in OMERS' carbon footprint.

It is concerning that in a dedicated section on Fossil Fuel Investments (p.24), the *Climate Action Plan* does not rule out using the transition sleeve to fund fossil fuel exploration and production companies. Transition finance must not include activities that serve only to mitigate emissions (e.g. carbon capture to reduce scope 1 and 2 emissions of fossil fuel companies) while prolonging the fossil fuel industry. The energy transition is, by definition, a transition off fossil fuels, which must play a quickly diminishing role in any Paris-aligned emissions scenario. Net-zero by 2050 emissions pathways are clear that fossil fuel expansion must halt immediately, with significant known reserves of oil, gas and coal left in the ground.[2] Lowering the emissions intensity of fossil fuels is not "transition," and should not qualify for transition sleeve funding. There is no credible decarbonization pathway for fossil fuel producers other than phasing out production.

Investments made to mitigate emissions from existing fossil fuel production are at a high risk of stranding as the energy transition accelerates. OMERS states that transition sleeve investments must meet the criteria of being high-carbon, pursuing decarbonization, and aligned to a net-zero 2050 pathway (*Climate Action Plan*, p.16). Based on these criteria, fossil fuel companies must be excluded from receiving transition sleeve financing.

Communication of Climate Urgency	C+

2023 updates:

- Despite the release of a *Climate Action Plan* in 2023, OMERS has not strengthened its statements on climate urgency.

OMERS acknowledges that the climate crisis presents risks and opportunities to its portfolio, and states that investors have a role to play in addressing the climate crisis. However, OMERS stops short of saying that its ability to pay pensions depends on a stable climate, nor does the fund acknowledge that its investment decisions and approach to decarbonization can affect the trajectory of the climate crisis.

OMERS comes close to acknowledging these truths, though, in its *Climate Action Plan*.

Samples of language from OMERS' 2023 *Climate Action Plan*:

"Climate change poses risks ... [including] the impact of climate change on financial markets, and the valuation of OMERS own assets over time" (p.4).

"The long-term health and sustainability of financial, environmental and social systems can impact the delivery of the pension promise" (p.21).

"As a large institutional investor, we understand that we play an important role as the global economy decarbonizes in line with the Paris Agreement" (p.9).

Climate Engagement	C–

2023 updates:

- OMERS heightened expectations for its portfolio companies with a commitment that the top 20 contributors to portfolio emissions intensity must have net-zero transition plans in place by 2030.
- OMERS joined Climate Action 100+ as an investor supporter, and commenced engagements with "several" Climate Engagement Canada focus companies.
- The appalling track record of OMERS portfolio company Thames Water raised flags about OMERS' ESG oversight.

SUMMARY

OMERS raised expectations with its commitment that at least some portfolio companies will have credible net-zero transition plans in place by 2030, but its expectations are still not strong enough. OMERS' proxy voting guidelines and voting disclosure also need to be strengthened. While OMERS commenced engagements with Climate Engagement Canada focus companies and joined Climate Action 100+, the fund has yet to provide meaningful examples of successful climate engagement with public companies. OMERS' *2022 Annual Report* provided examples of what ESG integration looked like in different parts of the portfolio, although no credible climate examples were provided under "Achievements and Outcomes." One of the examples was that of a company buying carbon offsets to claim carbon neutrality rather than having a net-zero transition plan (p.63).

DETAILS

Expectations for owned companies

OMERS made a commitment in 2023 that the top 20 contributors to its portfolio's weighted average carbon intensity (WACI) will have credible net-zero transition plans in place by 2030. No detail is provided for interim milestones or escalation between now and 2030, nor does the commitment cover all companies in OMERS' portfolio.

OMERS states that climate factors are incorporated into its investment due diligence, ESG assessments and the setting and monitoring of ESG targets (*Climate Action Plan*, p.11). The fund's approach to engagement depends on its level of control and influence with the investee company (p.22). The *Climate Action Plan* provides some evidence that transition pathways are being mapped out across different business units. The Private Equity team has been searching for climate solutions investments under the themes of decarbonization, technology adoption, and cleantech and sustainability (p.15), and the Infrastructure team has invested across five themes, two of which are energy transition and natural systems (p.12). OMERS' real estate arm, Oxford Properties, states that it will "Defin[e] a path to net zero for our assets and businesses by performing carbon audits, preparing stranding analyses using Carbon Risk Real Estate Monitor (CRREM) and developing asset-level plans" (p.14).

However, OMERS' hope that due diligence, ESG assessments, and influence (e.g. through governance) are sufficient to ensure net-zero alignment ring hollow in a year when one of OMERS' privately-owned companies has been the poster child of an ESG debacle. Thames Water, in which OMERS is the biggest shareholder with a 32% stake, was saddled with debt in 2023, unable to pay for its operations and infrastructure upgrades, and under fire for environmental lapses. The U.K. utility was leaking water equivalent to 250 Olympic size pools daily and was fined millions for releasing raw sewage into rivers and beaches. In July 2023, shareholders including OMERS injected £750 million to keep the company afloat. Another £2.5 billion is expected to be required from shareholders between 2025 and 2030 to upgrade the utility's infrastructure and services. In September 2023, the UK's water regulator ordered Thames Water to rebate over £100 million to customers after failing to meet standards for fixing pipe leakages, sewage overflows and environmental protection. One UK news outlet asked if Thames Water is "the worst company in Britain."[3] At the end of 2023, Thames Water scrapped its net-zero by 2030 commitment, saying it must prioritize its sewage pollution performance.[4]

Given the example of Thames Water, OMERS' existing ESG processes appear inadequate. OMERS must explain to stakeholders how it will remedy its ESG oversight in the case of Thames Water, and strengthen its processes to ensure companies in its portfolio will align with OMERS' climate commitments.

Direction given to external managers

OMERS' *Sustainable Investing Policy* (effective January 1, 2023) notes that the majority of its investments are managed via an internal investment team rather than external managers (p.3). For those assets managed externally, OMERS performs ESG assessments with new investment and asset managers "with the objective of avoiding inconsistency with OMERS' approach to sustainable investing" (p.3). OMERS' *Climate Action Plan* says that such assessments are based on the external managers' "ability to meet our internal standards for climate integration" (p.11). However, it is unclear what if any direction OMERS gives to external managers regarding handling of climate-related risk.

Proxy voting

OMERS' *Proxy Voting Guidelines* (effective March 1, 2022) should be strengthened to express stronger expectations for net-zero alignment. Additionally, OMERS should begin transparently disclosing its proxy votes, along with rationale, in real-time.

OMERS' *Proxy Voting Guidelines* are comparatively weak on climate, setting an expectation for disclosure of climate-related risks but failing to specify an expectation that owned companies demonstrate credible net-zero, Paris-aligned pathways (p.30). OMERS will consider withholding votes from directors (e.g. committee chairs) if a company is not taking "appropriate steps" (not defined) to mitigate risks from climate change and to disclose relevant information, including greenhouse gas emissions.

OMERS should strengthen its guidelines on climate as other pension funds have done. For example, the British Columbia Investment Management Corporation has considered voting for more prescriptive climate proposals since 2021,[5] has escalated its votes against directors for climate-related reasons,[6] and now requires publicly traded companies to incorporate climate assumptions and risk assessments into their audited financial statements;[7] the Investment Management Corporation of Ontario's guidelines spell out specific net-zero-aligned requirements for management-sponsored proposals on climate change;[8] OPTrust's guidelines encourage companies to have "climate-competent boards";[9] the Ontario Teachers' Pension Plan's guidelines state it expects companies to provide short-, medium-, and long-term greenhouse gas emissions reduction targets and report their progress towards those targets;[10] and the University Pension Plan has committed to a year-over-year strengthening of its climate-related proxy voting guidelines.[11]

In 2022, of 14 votes flagged by Climate Action 100+ at companies in which OMERS had ownership, the fund voted in favour of just two proposals. In September 2023, an OMERS executive stated that the fund had voted in favour of 25% of climate-related proposals so far that year.[12] OMERS must improve its proxy voting disclosure so that stakeholders can evaluate the fund's rationale for votes against climate-related proposals.

Collaborative engagement

OMERS is a member of Climate Engagement Canada (CEC), and in 2023 joined Climate Action 100+ as an investor supporter. While no details are provided, OMERS' *2022 Annual Report* states that in 2022 "OMERS commenced engagements with several of the companies on the [CEC] Focus List" (p.59).

Policy engagement

OMERS' ability to achieve real-world emissions reductions would be strengthened by the fund becoming 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 enhance investment certainty and accelerate emissions reductions in line with the Paris Agreement.

Climate Integration	C+

2023 updates:

- Released inaugural *Climate Action Plan*.
- Improved carbon footprinting metrics.
- Began implementing risk analysis tools.
- Stated that climate training is part of board onboarding.
- One OMERS Board director simultaneously serves on the board of a fossil fuel company.
- Formalized climate-compensation link.

Accountable Paris-aligned membership

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

Transparency and disclosure of holdings

OMERS provides limited but incomplete disclosure of its investments, for example by announcing major investments or sales of assets via press releases.

Transparency and disclosure of climate risk

In 2022, OMERS enhanced disclosure of its portfolio footprint metrics, adding new metrics including absolute financed emissions, percentage of reported versus estimated emissions, and a breakdown of emissions by asset group (*2022 Annual Report*, p.68). OMERS has not yet incorporated scope 3 emissions into its carbon footprint, but in 2022 began tracking reported scope 3 emissions.

The fund's *Climate Action Plan* provided specific details of which scenarios were used in its climate scenario analysis, which included two 1.5°C-aligned scenarios. However, OMERS provided little disclosure of the results of the scenario analysis (p.31).

The *Climate Action Plan* provided further details as to how OMERS is attempting to understand physical climate risks, noting that the Risk team is building a physical risk heatmap to identify acute and chronic physical climate risk impacts by region and sector. Additionally, the Oxford and Infrastructure teams are "implementing a third-party physical risk analysis tool, which will take a location-specific approach to evaluate each individual asset exposure to seven categories of extreme weather events and five transition risks" (p.28).

The Risk team is also evolving its understanding of climate risk, stating it will recognize it "as both a standalone risk, and a factor with potential impacts on market, credit, liquidity, operational, legal, and reputational risks" (p.25).

Board climate expertise and/or fossil fuel entanglement

OMERS' *Board Competencies* (Administration Corporation) requires having at least one director who meets at least one ESG criterion, but climate expertise is not a specified requirement (*OMERS Administration Corporation Board and Director Competencies*, effective January 1, 2022, p.3.). OMERS does not identify any Board members as having climate expertise, although Board member Yung Wu is a former member of Canada's Net-Zero Advisory Body.[13] The 2023 *Canadian Pensions Dashboard for Responsible Investing* identified that 20% of OMERS' Board had "ESG competency," although climate competency was not specified (p.75).

OMERS' *2020* and *2021 Annual Reports* mention Board education sessions on climate, including presentations from external experts and topics including carbon accounting, the transition to net zero and climate-related investment opportunities (2020: pp.29, 52; 2021: pp.28, 53). OMERS' *2022 Annual Report* does not mention further Board education related to climate, but states that the Board "turned its attention in 2022 to working on a 2030 interim carbon reduction goal" (p.32). The *Climate Action Plan* states that climate training is part of board onboarding (p.8).

As of Shift's *2022 Canadian Pension Climate Report Card*, no members of OMERS' Board of Directors had fossil fuel entanglements. But since then, Board member Diane A. Kazarian was nominated to the board by the Ontario Association of Children's Aid Societies, effective January 1, 2023. Ms. Kazarian is simultaneously a director at fossil fuel company Gibson Energy.[14]

The short-term profit interests of expansionist fossil fuel companies are not aligned with the long-term interests of pension fund beneficiaries. OMERS should require climate expertise in its *Board Competencies* and establish a minimum amount of time that must elapse between serving as a fossil fuel director and joining the OMERS board.

Executive and staff compensation and climate

OMERS' *Climate Action Plan* states that "From 2023, ESG and climate change performance measures linked to incentive compensation have been formalized and mandated for relevant Executive Leadership Team members and all Investment Team Leads" (p.7).

Discussions in both the *2021* and *2022 Annual Reports* regarding the achievements that contributed to OMERS CEO Blake Hutcheson's variable compensation include climate-related achievements (in 2021: OMERS setting its net-zero by 2050 commitment (pp.91-92); in 2022: decreasing OMERS' portfolio carbon intensity by 30% since 2019, issuing OMERS' first Sustainable Bond and Green Bond, and conducting a comprehensive review of OMERS' Sustainable Investing Policy (p.133)).

Fossil Fuel Exclusions	D

2023 updates:

- OMERS placed an exclusion on direct investments in companies generating more than 25% of their revenue from thermal coal.

OMERS instituted a weak thermal coal exclusion in 2023. The fund will exclude direct investments in companies generating more than 25% of their revenue from thermal coal (*Climate Action Plan*, p.24). It is unclear if these companies could receive investment under OMERS' transition sleeve, which does not explicitly exclude fossil fuel investments (see *Interim Targets*, above). To strengthen its coal policy, OMERS could look to the *Coal Policy Tracker*, which tracks financial institutions' coal exclusion policies, to highlight best practices and shed light on loopholes.[15]

OMERS' *Sustainable Bond Framework* explicitly excludes "investments related to the exploration, production and transportation of fossil fuels ... even where such investments are intended to support the sector's transition" (p.9).

OMERS has opened the door to divestment as an option "when there exists a material misalignment with OMERS' approach to sustainability and engagement has proven unsuccessful following an appropriate escalation process" (*Sustainable Investing Policy*, effective January 1, 2023, p.4). Divestment of high carbon assets in 2022 seems to have been a significant contributor to OMERS' surpassing its 2025 carbon intensity reduction target. OMERS' *2022 Annual Report* noted that the Infrastructure team "made significant progress in optimizing its portfolio, reducing exposure to hydrocarbons, and reducing the portfolio Weighted Average Carbon Intensity" (p.64).

OMERS beneficiaries had noted at the end of 2021 and during 2022 a series of divestitures of OMERS' stakes in fossil gas assets, leading some to speculate that OMERS was quietly reducing its exposure to risky fossil fuels, absent a formal fossil fuel exclusion policy.[16]

While OMERS rightly recognizes the "necessity to move away from fossil fuel dependency" in its *Climate Action Plan* (p.24), the fund makes a questionable claim that it must acknowledge a "balance between reducing fossil fuel supply and addressing society's demand for affordable, sustainable, and secure energy." It is not in OMERS' mandate to falsely imply that ensuring energy security and affordability requires slowing the energy transition. Rather, prudent investment in the energy transition helps reduce costs and improve energy security for society, while accelerating the phase-out of climate-damaging fossil fuels.

Climate scientists and energy modellers are clear that limiting global temperature increase to 1.5°C and avoiding catastrophic impacts to our ecosystems, economy and financial system requires fossil fuels to be rapidly phased out.[17] The international community agreed in December 2023 at COP28 to transition off fossil fuels.[18] OMERS must place an immediate exclusion on any investment in new fossil fuel development, and either divest of or provide profitable phase-out plans for its existing fossil fuel assets.

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 was considered when assigning scores.

United Nations Declaration on the Rights of Indigenous Peoples	OMERS has no policy requiring owned companies to respect Indigenous Peoples' right to free, prior and informed consent for projects affecting them. OMERS' *Proxy Voting Guidelines* (effective March 1, 2022) encourage "development of policies and practices on... the impact of the corporation's strategies and decisions on the communities, including indigenous peoples and other constituencies, directly affected by its products and operations."
Accountable Paris-aligned memberships	None
Collaborations and memberships	• Accounting for Sustainability - CFO Leadership Network • Canadian Coalition for Good Governance • Carbon Disclosure Project • Climate Action 100+ (investor supporter) • Climate Engagement Canada • ESG Data Convergence Project • IFRS Sustainability Alliance • International Corporate Governance Network • Institutional Investors Group on Climate Change • Investor Leadership Network • Sustainable Finance Action Council • Task Force on Climate-Related Financial Disclosures • Urban Land Institute
Self-reported assets linked to climate solutions*	$19 billion or 15% of AUM (December 31, 2022)**
Estimated investments in fossil fuels	Minimum $3.8 billion or 3% AUM (December 31, 2022)***
Notable fossil fuel holdings (not a comprehensive list)	• A 50% stake in BridgeTex, a Texas-based pipeline company that transports 440,000 barrels per day of crude oil.[19] • A 25% stake in Exolum, a Spanish oil pipeline and storage operator.[20]

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

** As reported in OMERS' *2022 Annual Report* (p.69). Assets identified by OMERS using the International Capital Market Association's (ICMA) Green Bond Principles, including "green buildings, renewable and low-carbon energy, and energy efficiency assets." OMERS' *Climate Action Plan* has a slightly different definition, stating that "Green Investments, assets or 'Climate solutions' refer to investments in companies where *some, or all*, economic activities are in alignment with green or low carbon taxonomies such as the ICMA (International Capital Market Association) Green Bond Principles and Climate Bond Initiative Taxonomy" (italics added) (p.36).

*** OMERS reported in its *2022 Annual Report* that, as of December 31, 2022, 3% of its AUM was in "Energy." This amount does not take into account fossil fuel-linked utilities (utilities account for 11% of AUM).

ENDNOTES

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See:

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

OMERS Reports and Climate Plans

- Climate Action Plan (September 2023)
- 2022 Annual Report (2023)
- 2021 Annual Report (2022)
- Oxford 2023 Global Sustainability Report (2023)

OMERS Documents

- Mid-Year Investment Update 2023 (Aug 16 2023)
- Statement of Investment Policies and Procedures (SIP&P) - Primary Plan (effective January 1, 2023)
- Sustainable Investing Policy (effective January 1, 2023)
- Board and Director Competencies. Governance Manual (effective January 1, 2023)
- Statement of Investment Beliefs (effective January 1, 2023)
- Proxy Voting Guidelines (effective March 1, 2022)
- Sustainable Bond Framework (March 2022)
- Oxford - Green Financing Framework (2022)

OMERS Webpages and Press Releases

- Proxy Voting Record (webpage) (accessed November 1, 2023)

Other

- Investor Leadership Network -- Transition and the Enabling Role of Taxonomies and Frameworks (October 2023)
- Investor Leadership Network -- Investing for the Low Carbon Transition - Turning Portfolio Targets into Action (August 2023)
- OMERS' Presentation to City of Toronto Infrastructure and Environment Committee (September 20, 2023).
- Shift's 2022 Canadian Pension Climate Report Card (January 2023)
- Shift's 2022 Canadian Pension Climate Report Card - Analysis of OMERS (January 2023)