February 2026

Climate Transition Aligned Framework

2026-2030 Climate Strategy

ONTARIO TEACHERS' PENSION PLAN

Endorsed by the Climate Bonds Initiative

Climate Bonds INITIATIVE

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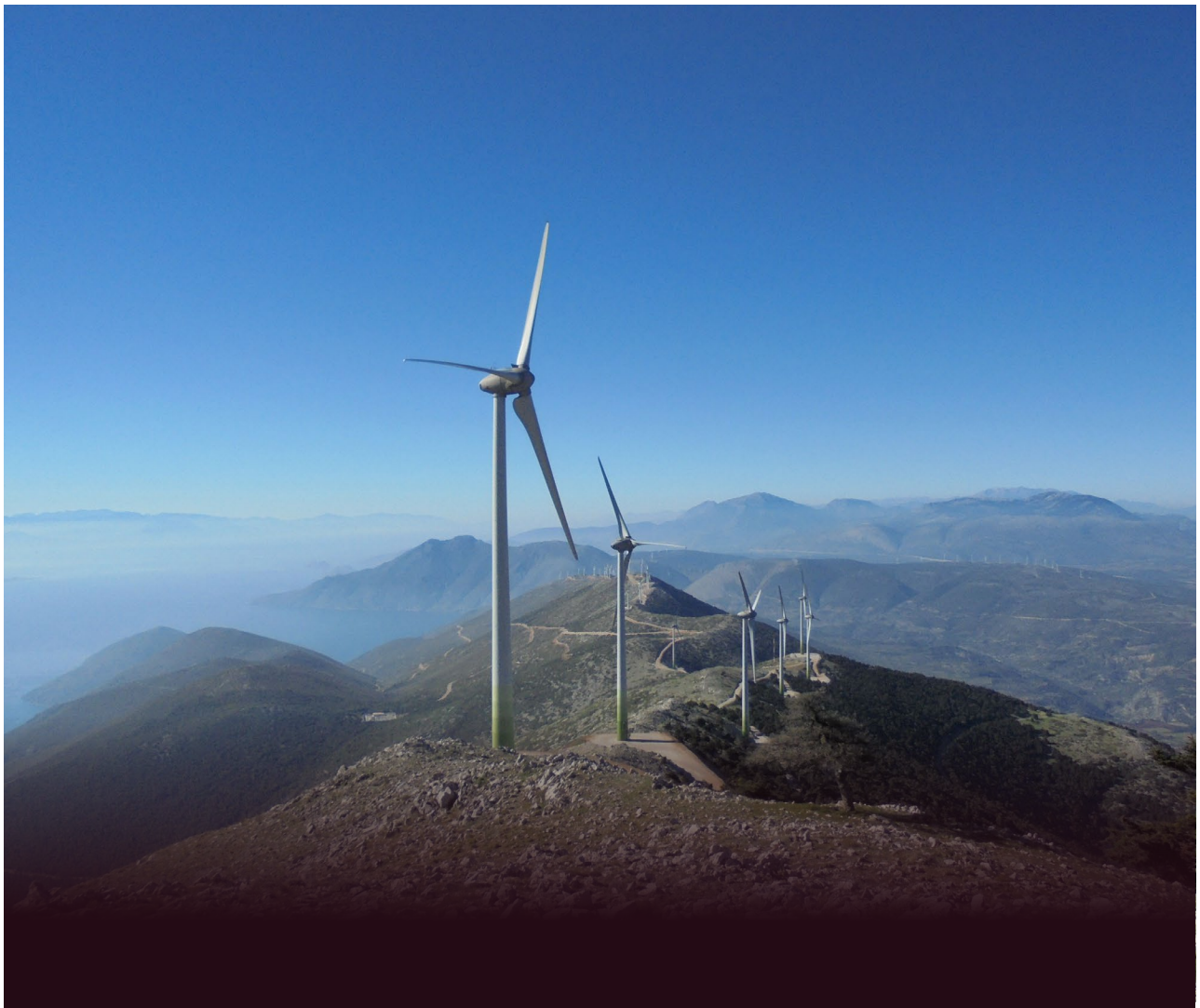


Climate Bonds Initiative (“Climate Bonds”) confirms that the Transition Financing Framework developed by Ontario Teachers’ was guided by the core principles of Climate Bonds to ensure credibility of transition finance and endorses them on that basis.

1.0 Introduction

Ontario Teachers' Pension Plan (Ontario Teachers') has a long history of embedding sustainability considerations into its investment approach. We believe that managing sustainability considerations supports long-term business performance and is important to managing material risks.

Climate change and energy transition are two major sustainability-related themes relevant to our portfolio. Addressing and managing material risks and opportunities these themes present will be a meaningful component of the fund's long-term performance.

In 2021, Ontario Teachers' set an ambition to achieve net-zero greenhouse gas emissions by 2050. To support this, we established interim portfolio carbon emissions intensity targets: a 45% reduction by 2025 and 67% reduction by 2030, relative to our 2019 baseline.

To complement these targets, we developed a strategy for working with our direct investments to help them set and achieve decarbonization targets of their own.

As of December 31, 2024, we exceeded our 2025 emissions intensity target, reducing emissions intensity by 49% compared to 2019[1]. This milestone presented an opportune moment to reassess our strategy and evolve our climate approach to better manage the risks and opportunities presented by climate change and the energy transition.

While a focus on decarbonization in the portfolio is critical, a portfolio-wide metric of emissions intensity is imperfect particularly for a business like ours where the assets being measured change over time and reflect companies in sectors and geographies in different stages of transition. As well, many higher-emitting activities are essential to accelerating the energy transition such as clean technology manufacturing, critical minerals mining, and supporting infrastructure development. Furthermore, the highest emitting companies and sectors will need responsible capital to support their decarbonization journeys. As such, a focus on investing in companies that contribute to climate solutions and/or that have a climate transition plan, rather than a focus on emissions intensity, can help incentivize investment in the drivers of the energy transition[2].

As a pension plan, our duty is to deliver long-term returns for members, which requires the flexibility to invest across sectors, including higher-emitting ones, where we see attractive investment opportunities and the potential to contribute real-world impact as a responsible owner.

This document introduces Ontario Teachers' Climate Transition Alignment ("CTA") Framework. Going forward, CTA will replace our climate goals and targets set in 2021. The CTA Framework will be our primary tool to measure and incentivize investments: (a) that contribute to Climate Solutions[3]; and (b) in companies that have a Transition Plan[4].

1 2025 year-end emissions data will be published in Ontario Teachers' Annual Report in March 2026.

2 Taskforce for Climate-related Financial Disclosures (TCFD) – Portfolio Alignment Team, *Measuring Portfolio Alignment: Technical Report* (Oct 2021). Final report no longer publicly hosted following closure of the TCFD Knowledge Hub (Dec 2025). See related consultation draft: *Measuring Portfolio Alignment: Technical Supplement* (Jun 2021), https://ccli.ubc.ca/wp-content/uploads/2021/09/2021-TCFD-Portfolio_Alignment_Technical_Supplement.pdf.

3 Glasgow Financial Alliance for Net Zero (GFANZ), *Recommendations and Guidance on Financial Institution Net-zero Transition Plans* (2022), https://assets.bbhub.io/company/sites/63/2022/10/Financial-Institutions-Net-zero-Transition-Plan-Executive-Summary.pdf. The eligible sectors and activity examples encompassed by our Climate Solutions definition are shown in section 3.2. We broadly utilize the Glasgow Financial Alliance for Net Zero (GFANZ) definition: Technologies, services, tools, or social and behavioral changes that directly contribute to the elimination, removal, or reduction of real-economy GHG emissions or that directly support the expansion of these solutions. These solutions include scaling up zero-carbon alternatives to high-emitting activities – a prerequisite to phasing out high-emitting assets – as well as nature-based solutions and carbon removal technologies. GFANZ acknowledges that a broader use of the term may include solutions that are aimed at developing adaptation.

4 The details of our Transition Plan definition are provided in section 3.3.

Our target is to have $70 billion of private asset AUM[5] in these categories by year-end 2030.

This target focuses on our private asset classes (both direct and externally managed) as a reflection of the significant role private markets play in our portfolio and the opportunities they provide to drive meaningful influence and impact through direct ownership. The CTA Framework builds on our extensive experience engaging with portfolio companies and managing climate risks and opportunities.

A CTA-based AUM target recognizes that sectors and regions are progressing through the energy transition at different rates and face varying opportunities and constraints. By incorporating this nuance, our approach supports long-term fund sustainability and helps create a more prosperous future for Canada and beyond.

Critically, we remain committed to taking an active role in supporting the global goal to achieve net-zero emissions by 2050, alongside the efforts of governments, businesses, financial institutions, and civil society. In support of this goal, by 2050 we plan for our portfolio to be primarily invested in assets aligned with our CTA Framework and/or low emissions assets[6]. We will regularly report on our progress.

2.0 Climate Change and the Energy Transition Context

While progress has been made, global greenhouse gas (GHG) emission reductions remain far short of what is required to limit further global warming to "well-below 2°C", the goal of the 2015 Paris Agreement. Under current trajectories, GHG concentrations in the atmosphere will continue to grow, breaching the 2°C threshold before mid-century and driving a predicted increase in physical climate impacts[7]. We therefore need to prepare for the future of both continued climate change and increasing efforts to address it, which present substantive investment opportunities and risks.

2.1 Climate Change Opportunities

Climate change opportunities refer to profitable investments that arise from addressing climate change through the development and growth of products or services that enable mitigation (e.g. elimination, removal, or reduction of real-economy GHG emissions) and/or adaptation and resilience (e.g. reduction of climate vulnerability) for others. These opportunities can manifest in various sectors, including new markets, technological innovation, and improved resource management.

2.1.1 Energy Transition Opportunities

The energy transition refers to a multi-decadal, global shift from fossil fuel–based energy systems toward more efficient and lower-carbon energy sources. The pace of this change will vary across geographies and sectors, but the long-term trajectory is clear. This transition creates a diverse and growing set of opportunities across geographies, industries and asset classes, which constitute an important subset of the full range of climate solutions opportunities.

5 We will report progress annually. The value will be based on the year-end valuation of our share of all private investments that are eligible under the CTA definition. The target is set for year-end 2030.

6 Low-emissions is defined as a combined Scope 1 and 2 emissions intensity <10 tCO2e/$million enterprise value including cash (EVIC).

7 UN Environment Programme (UNEP), *Emissions Gap Report 2024* (2024), https://www.unep.org/resources/emissions-gap-report-2024.

2.2 Climate Change Risks

2.2.1 Physical Risks

As climate change accelerates, the threat of physical risks to business operations is increasingly pronounced. These risks manifest in two primary forms: (a) acute events including heatwaves, hurricanes, and extreme precipitation, and (b) chronic changes including sea-level rise, prolonged drought, and water scarcity. Both categories pose significant challenges to asset integrity, operational continuity, and long-term planning for businesses[8].

When material, the implications of these risks are multifaceted. Physical damage to infrastructure can lead to costly repairs and downtime, while disruptions to supply chains may affect service delivery and revenue stability. Moreover, failure to adequately prepare for or respond to these risks can result in regulatory scrutiny, financial losses, and reputational harm, ultimately eroding stakeholder trust.

To safeguard resilience and ensure sustainable economic growth, it is imperative that organizations exposed to material physical climate risks embed these considerations into their strategic frameworks. This can include integrating physical risk assessments into enterprise risk management, capital planning, and operational protocols. Proactive adaptation not only protects asset value but also positions organizations to respond effectively to evolving climate realities.

2.2.2 Transition Risks

The transition to a low-carbon economy can cause a spectrum of financial and operational challenges for companies and economies. According to the Task Force on Climate-related Financial Disclosures (TCFD), these risks stem from changes in policy, technological advancements, evolving market dynamics, and shifting societal expectations[9].

At a company level, the degree of exposure to transition risk is largely dictated by its business model and alignment with climate policy. These pressures can translate into higher operating costs, stranded assets, or diminished competitiveness, especially for firms in carbon-intensive sectors that do not have transition plans. Even businesses with low direct emissions may be affected through upstream and downstream dependencies.

To proactively manage these risks, companies should assess how costs and revenue drivers could be impacted by the energy transition. Companies are increasingly integrating transition risks into future financial planning to build resilience amid these challenges.

8 The University of Cambridge Institute for Sustainability Leadership, *Physical Risk Framework: Understanding the Impacts of Climate Change on Real Estate Lending and Investment Portfolios* (2019), https://www.cisl.cam.ac.uk/system/files/documents/cisl-climatewise-physical-risk-framework-report.pdf.

9 The University of Cambridge Institute for Sustainability Leadership, *Transition Risk Framework: Managing the Impacts of the Low Carbon Transition on Infrastructure Investments* (2019), https://www.cisl.cam.ac.uk/system/files/documents/cisl-climate-wise-transition-risk-framework-report.pdf.

2.3 The Need for a new Climate Approach

Over the past five years, a key focus of Ontario Teachers' climate strategy, alongside building climate resilience in the portfolio, has been the measurement and reduction of portfolio-level emissions intensity. Portfolio-level emissions intensity had certain advantages as a metric: it is simple to calculate, it can be applied in a standardized way across almost all asset classes, and it is easy to understand and communicate to both internal and external stakeholders.

However, we have also gained significant insights into the relative limitations of portfolio emissions intensity as a tool. Tracking emissions intensity does not reflect which assets are positioned to benefit from expanding and accelerating efforts to address climate change. It is therefore important to interpret a company's emissions through its sector and geographic context to facilitate investing in the enablers of the energy transition, not just those that benefit from transition outcomes. Additionally, annual emissions intensity data are imperfect and backward-looking guides to how a company is managing its emissions and addressing transition risk.

With these learnings, and consideration of current realities with respect to the pace of the energy transition, we are updating our approach to focus on a target metric that better captures asset-specific contexts and better enables us to drive Impact in the real economy. Informed by the guidance established by the TCFD's Portfolio Alignment Team[2] and the Glasgow Financial Alliance for Net-zero (GFANZ)[10] we are moving to a framework that assesses climate progress on an asset-by-asset level, not a portfolio level. In particular, we will focus on tracking investments based on whether they have a transition plan and/or whether they contribute to climate solutions.

10 GFANZ, *Enhancement, Convergence and Adoption: Measuring Portfolio Alignment* (2022), https://assets.bbhub.io/company/sites/63/2022/07/ GFANZ-Portfolio-Alignment-Measurement-August2022.pdf.

3.0 Our 2026-2030 Climate Approach

3.1 The Climate-Transition Aligned (CTA) Framework

Climate change and the energy transition are important long-term trends that represent direct opportunities and risks across our portfolio. To address this, we are taking a pragmatic two-pronged approach that leverages our strength as an active investor in private markets. We will track our investments **that contribute to climate solutions** and portfolio companies that **plan for the transition** in their own operations. Our goal is to have $70 billion of private asset[11] AUM in these two pillars by 2030, doubling our baseline of ~$35 billion on June 30, 2025:

Ontario Teachers' has shaped our CTA Framework around the following two pillars:

1. Climate Solutions

In connection with our CTA Framework, we will track our investments that contribute to climate solutions.

Our focus areas include[12]:

a) Climate mitigation

Technologies, products, services that directly contribute to the elimination, removal, or reduction of real-economy GHG emissions or that directly support the expansion of these solutions

b) Climate adaptation and resilience

Technologies, products, services that provide a specific and substantial contribution to reducing the climate vulnerability of the party that adopts or uses the solution, and/or of other parties who may benefit from its use or adoption

c) Enablers

Assets and entities that indirectly contribute to, but are necessary for, climate mitigation or resilience by facilitating the deployment and scaling of climate solutions or supporting the decarbonization and resilience of other actors' operations.

2. Transition Planning

Building on the success of our PART program and our strength as an active investor, we will continue to support our portfolio companies to prepare for climate change and the energy transition by helping portfolio companies identify and pursue cost-effective decarbonization opportunities. In connection with our CTA Framework, we will track our investments in companies that have established transition plans. A transition plan is a comprehensive strategic roadmap that guides a company in systematically decarbonizing its operation.

As a globally diversified investor, no single framework is suitable to target and monitor the climate impacts of our portfolio. Accordingly, the definitions supporting this climate strategy are informed by a variety of internationally recognized frameworks, guidelines, and taxonomies, detailed below and in section 2.3. Within Climate Solutions and Transition Planning categories, we will omit any assets that have activities related to the expansion of exploration, extraction, or refining of fossil fuels since 2023.

We will report on progress annually alongside our portfolio carbon footprint.

11 Includes both direct and externally managed funds.

12 The eligible sectors and activity examples encompassed by our Climate Solutions definition are shown in section 3.2.

3.2 Investing in Climate Solutions

Climate Solutions are integral to an orderly energy transition of the whole economic system. They represent and/or provide the necessary technology, products, infrastructure, and services that directly contribute to the elimination, removal, or reduction of real-economy GHG emissions or that directly support the expansion of these solutions. These also include nature-based solutions, carbon removal technologies, and solutions that are aimed at developing adaptation and resilience. In some cases, Climate Solutions may be inherently low carbon themselves, but in other cases they are not, and clarity on their identification and assessment is important[13].

Our identification of Climate Solutions aligned investments is centered around a principle-based approach that:

1. Their main business activities enable or profit from addressing climate change and the energy transition

2. Climate solutions aligned business activities do not lead to locking in high GHG emitting activities[14] relative to other technologically feasible and/or commercially viable solutions

For principle one above, we apply a 50% revenue[15] threshold to determine when an asset or entity can be categorized as Climate Solution aligned[16]. In this way it includes both 'pure-play' and mixed-activity investments.

For Climate Solutions assets or entities where the balance of activities operate in sectors with material emissions or value chain emissions, it is a condition for inclusion towards our 2030 target that these assets are transitioning those emissions as evidenced by demonstrating declining emissions, shrinking revenue share and negligible capex towards the expansion of emissions intensive activities[17]. Given our focus on private assets, we will be able to get sufficient granularity of information to have confidence that these activities are being effectively managed.

Climate solutions with material operational emissions or operating in industries that materially influence value chain emissions should be reasonably expected to progress toward net-zero over time.

Our categorization of Climate Solutions is broadly defined by two main environmental objectives: a) climate mitigation and b) climate resilience and adaptation. Within each environmental objective we have used sector categories informed by the Climate Bond Initiatives (CBI)[18], and developed a list of eligible activities informed by CBI, EU Sustainable Finance Taxonomy[19,20], and other regional taxonomies such as Australian Sustainable Finance Taxonomy[21].

13 *Adapted from: GFANZ, Scaling Transition Finance and Real-economy Decarbonization (2023)*, https://assets.bbhub.io/company/sites/63/2023/11/Transition-Finance-and-Real-Economy-Decarbonization-December-2023.pdf.

14 *Carbon lock-in definition is informed by the relevant sections of:* The European Bank for Reconstruction and Development (EBRD), *Methodology to determine the Paris Agreement alignment of EBRD investments* (2024), https://www.ebrd.com/content/dam/ebrd_dxp/assets/pdfs/green/Methodology%20to%20determne%20the%20Paris%20Agreement%20alignment%20of%20EBRD%20investments.pdf

15 The 50% or more threshold used for the Climate Solutions aligned investments are informed by index providers such as London Stock Exchange *(Green Economy Mark July 2023)*, https://docs.londonstockexchange.com/sites/default/files/documents/LSE_GEM_factsheet_Jul_2023.pdf), FTSE (FTSE Environmental Markets Index Series), MSCI (MSCI ACWI S*ustainable Impact Index Methodology* (2022), https://www.msci.com/eqb/methodology/meth_docs/MSCI_ACWI_Sustainable_Impact_Index_Feb2022.pdf) and voluntary frameworks such as PMDR (Bain & Company (with Initiative Climat International and the Sustainable Markets Initiative's Private Equity Task Force, Private Markets *Decarbonization Roadmap 2.0 (2024)*, https://www.bain.com/contentassets/6df8cbe0d2a34117bf9751b150a6372e/decarbonisation-in-private-markets-2024-v26.pdf) and SDI AOP (SDI Asset Owner Platform, *Sustainable Development Investments Taxonomy & Guidance* (2025), https://www.sdi-aop.org/files/sdi-aop-taxonomy-and-guidance-march-2025.pdf).

16 Revenue data will be collected from portfolio companies as part of the annual valuation process. In the case where no historical revenue is available or the business is going through a transformation, forecasted revenue and/or capital expenditure and research and development spending can be considered.

17 When relevant, there must be a credible methane abatement target given its significant contribution to global warming. If coal-based heat or power is relevant, there is a phase out plan.

3.2.1 Climate Mitigation

Climate change mitigation solutions refer to technologies, products, services that directly contribute to the elimination, removal, or reduction of real-economy GHG emissions or that directly support the expansion of these solutions[3].

Our classification of climate mitigation is informed by Climate Bond Taxonomy (CBT)[18], EU Sustainable Finance Taxonomy[19,20] and other regional taxonomies such as Australian Sustainable Finance Taxonomy[21]. While this category identifies assets and entities whose business activities are aligned with the environmental objectives of climate mitigation, these activities may also have other environmental and/or social benefits such as climate adaptation and resilience, circular economy, and pollution prevention.

Listed below are the sectors of activity eligible under Ontario Teachers' climate mitigation category, along with a non-exhaustive list of examples in each sector.

Sectors	Examples
Energy	• Electricity and heat production from low-carbon sources (solar, wind, low-carbon hydrogen, nuclear, geothermal, bioenergy, etc.) • Low-carbon electricity component manufacturers and service providers (such as original equipment manufacturers (OEMs), and operations and management (O&M) companies for low-carbon sources) • Transmission and distribution (T&D) systems infrastructure • Low-carbon fuel production facilities (such as manufacturer of biogas and biofuels with sustainable feedstocks)
Power Equipment and Services	• Power engineering services (T&D services companies) • Power equipment (transformers and other critical inputs to power and T&D infrastructure)
Energy Management	• Demand response firms (curtail or sell back power to grid depending on market conditions) • Energy management and monitoring systems (e.g., sub-metering, load control systems, sensors)
Energy Storage	• Large scale energy storage facilities • Manufacture of batteries and energy storage equipment • Battery recycling

18 Climate Bonds Initiative, *Climate Bonds Taxonomy* (2021), https://www.climatebonds.net/files/documents/Climate-Bonds_Taxonomy_Sep-2021.pdf.

19 European Commission, *EU Taxonomy Navigator,* https://ec.europa.eu/sustainable-finance-taxonomy.

20 European Commission, E*U Taxonomy Compass*, https://ec.europa.eu/sustainable-finance-taxonomy/taxonomy-compass.

21 Australian Sustainable Finance Institute, *Australian Sustainable Finance Taxonomy Version 1 – 2025* (2025), https://static1.squarespace.com/static/6182172c8c1fdb1d7425fd0d/t/685c72f27c8606647a6fec2c/1757643786515/Australian-Sustainable-Finance-Taxonomy.pdf.

Information and Communications Technology (ICT)	• Technologies, products or systems that improve energy efficiency (e.g., efficient district heating and cooling technologies) • Data centers that have achieved or are actively pursuing power usage effectiveness (PUE) better than industry average (e.g., PUE <1.5)
Industry	• Production of basic chemicals from facilities meeting specific emission or energy intensity threshold or other criteria per CBI[22]
Water	• Water monitoring, collection, treatment, and supply systems that improve the efficiency of resources
Waste and Pollution Control	• Waste-to-energy facilities (waste incineration or gasification and energy recovery, decommissioned landfill with gas capture and energy production) • Pollution prevention services • Carbon sequestration technologies or products, direct air capture and removal of carbon
Transport	• Low-carbon transport assets (e.g., electric or other clean energy vehicles) and manufacture of automotive and mobility component of the eligible transport assets • Infrastructure enabling low-carbon transport (e.g., electric vehicle charging stations, mass public transportation, electrified rail infrastructure, personal mobility, cycle logistics)
Land Use and Marine Resources	• Certified sustainable timberland (e.g., Forest Stewardship Council, Responsible Wood, Sustainable Forestry Initiative, Programme for the Endorsement of Forest Certification) • Sustainable agriculture production that reduces GHG emissions from farms, and/or sequesters carbon in agricultural lands including third-party certified farming practices (e.g., Leading Harvest, California Certified Organic Farmers) • Sustainable fisheries and aquaculture
Buildings	• Acquisition, construction and renovation of buildings that have achieved or are expected to achieve (upon completion) certain eligible building certifications
Critical Minerals	• The extraction, refinement, and/or recycling of critical minerals with a demonstrable and critical role in enabling energy transition technologies, e.g., battery materials, magnetic components in renewable generation, silicon, etc.

22 Climate Bonds Initiative, Basic Chemicals Criteria: *The Basic Chemicals Eligibility Criteria of the Climate Bonds Standard & Certification Scheme* (2023), https://www.climatebonds.net/files/documents/Climate-Bonds_Sector-Criteria-Basic-Chemicals_Criteria-document_April-2023.pdf.

3.2.2 Climate Adaptation and Resilience

Our classification of climate adaptation and resilience investments are informed by Climate Bond Resilience Taxonomy (CBRT)'s detailed list of eligible investments (v1) and EU Sustainable Finance Taxonomy. A climate resilience solution is a technology, product, service, information set, or practice that, by design, has the dedicated purpose of providing a specific and substantial contribution to reducing the climate vulnerability of the party that adopts or uses the solution, and/or of other parties who may benefit from its use or adoption.[19,20,23] This document uses the terms climate resilience and adaptation interchangeably, and for reasons of consistency uses the term climate resilience preferentially except when explicitly referencing external sources that use the term adaptation (e.g., the EU Sustainable Finance Taxonomy).

Listed below are the sectors of activity eligible under Ontario Teachers' climate resilience category, along with a non-exhaustive list of examples in each sector.

Sectors	Examples
Energy	• Grid-related software and equipment to increase the controllability and observability of the electricity system • Power engineering services for climate resilience and adaptation
ICT	• Information support systems (e.g., climate observation, early warning systems)
Manufacturing	• Manufacturing of extreme weather resistant building materials and components, communication hardware, equipment and extreme weather resistant generators • Development of environmentally specialized remote sensing technology for extreme weather events (e.g., flood, heat stress) • Development of precision agroforestry and management technologies, crop simulation and soil erosion models and tools
Transport	• Manufacturing of amphibious vehicles for emergency response and evacuation (resilience to flood damage)
Agriculture and Land	• Sustainable agricultural production that adapts to climate impacts in agricultural lands including third-party certified organic farming • Conservation of terrestrial and aquatic biodiversity
Healthcare	• Manufacturing and/or installation of HVAC and cooling systems for heatwave conditions • Deployment of pop-up health facilities in alternative locations and distribution of relief kits and emergency first aid supplies
Water	• Early warning systems for storms, droughts, floods, or dam failure • Flood defences • Water storage from aquatic ecosystems, aquifer storage, snowpack runoff, groundwater recharge systems • Water desalination

Buildings	• Construction and renovation of buildings upgraded with adaptive measures that reduce the vulnerability to extreme weather events (heat stress, wildfire, and water stress) • Property and Casualty reinsurance of risks stemming from climate-related perils

3.2.3 Enablers

Enablers are assets and entities that indirectly contribute to, but are necessary for, climate mitigation or resilience by facilitating the deployment and scaling of climate solutions or supporting the decarbonization and resilience of other actors' operations[13]. They are a critical and integral part of climate solutions.

Informed by the International Capital Market Association (ICMA)[24,25], the eligible enablers will be screened with the following attributes and criteria, subject to changes in internationally recognized frameworks from time to time:

Attributes	Criteria
Necessary for a climate solutions' value chain	• An enabler is necessary for an enabled climate solution's value chain to be developed or implemented • Its positioning in an enabled climate solution should be clearly identified and/or contextualized • It shall remain a necessary component of an enabled climate solution in net-zero scenarios and medium- to long-term transition plans
No carbon lock-in	• An enabler should not lead to locking in high-GHG emitting activities relative to other technologically feasible and/or commercially viable solutions
Clear, quantifiable and attributable environmental benefit	• An enabler must provide a clear, quantifiable, and attributable environmental benefit either based on actual impacts or estimates of potential outcomes of enabled climate solutions
Mitigate adverse social or environmental impact	• An enabler should not lead to material adverse social impacts nor be significantly detrimental to other environmental objectives
Transparency on end-use	• Demonstrate the environmental benefits of enablers regardless of the level of traceability to an intended specific end-user

23 Climate Bonds Initiative, *Climate Bonds Resilience Taxonomy Methodology* (2024), https://www.climatebonds.net/files/documents/Climate-Bonds_Resilience-Methodology_2024.pdf.

24 International Capital Market Association (ICMA), *Green Bond Principles: Voluntary Process Guidelines for Issuing Green Bonds* (2025), https://www.icmagroup.org/assets/documents/Sustainable-finance/2025-updates/Green-Bond-Principles-GBP-June-2025.pdf.

25 ICMA, *Green Enabling Projects Guidance document* (2024 (including June 2025 Annex on FAQ), https://www.icmagroup.org/assets/documents/Sustainable-finance/2025-updates/Green-Enabling-Projects-Guidance-document-June-2024-including-June-2025-Annex-on-FAQ.pdf.

The table below presents an indicative and non-exhaustive list of examples of activities that may qualify as enablers for climate mitigation and resilience solutions.

Attributes	Examples
Climate mitigation	• Mining and metals for end use in electric vehicles • Manufacturing of power cables for end use in the development of power grids • Construction of renewable energy components, such as photovoltaic panels and epoxy resins used to manufacture blades of wind turbines
Climate resilience	• Special chemicals for end use in insultation for the construction and/or refurbishment of buildings • Sustainable agriculture technologies such as soil conditioner and, biostimulants to reduce environmental impact and support soil health

3.3 Transition Planning

Our objective is to increase the number of portfolio companies with credible, near-term reduction targets and robust decarbonization plans. We support them on this journey through hands on engagement, providing practical resources and tools, and mapping the long-term value created by decarbonization actions.

Our methodology for evaluating Transition Plans is informed by leading frameworks including the Science Based Targets initiative (SBTi), Glasgow Financial Alliance for Net-Zero (GFANZ), Transition Pathway Initiative (TPI) and guidance from the Task-Force on Climate-Related Financial Disclosures (TCFD).

A Transition Plan is a comprehensive strategic roadmap that guides a company in decarbonizing its operation. We will count companies towards our AUM target if they have a Transition Plan that meets any of the three tiers below. This tiered framework integrates appropriate considerations for companies operating in sectors or geographies where current technology, market or policy conditions may not yet create an economic environment that supports full alignment with a well below 2°C pathway [26].

While companies do not need to progress through the tiers to stay counted towards the CTA target, those that are in the Advancing Tier are required to revisit their targets at least every five years to ensure they are still taking meaningful cost-effective decarbonization measures.

26 A science-based pathway consistent with limiting global temperature increases well below 2°C by 2050.

The tiers are defined as follows:

ADVANCING	ALIGNING	ALIGNED
Company has a GHG emissions reduction commitment that implements meaningful cost-effective decarbonization measures, however, commitment is not fully well below 2°C aligned	Company has set an interim GHG emissions reduction target that is aligned with a well below 2°C pathway	Company has publicly disclosed a GHG emissions reduction target that is SBTi validated (or equivalent)

3.3.1 Advancing Tier

The Advancing Tier is reserved for assets that have assessed their abatement potential, and established an emissions reduction plan or target that implements meaningful cost-effective decarbonization measures, however the commitment is not well below 2°C aligned. When relevant, this plan must cover a credible methane abatement target given its significant contribution to global warming[27]. Companies are also expected to demonstrate transparency and rigor through reliable emissions measurement of Scope 1, 2 and 3 (where material) following the GHG Protocol. This tier acknowledges companies for their meaningful commitment to climate action, despite facing economic constraints to be consistent with a well below 2°C aligned pathway. We believe it is a good first step for a company to take concrete and measurable climate action, and in the spirit of continuous improvement, we will encourage them to strive for a well below 2°C alignment. We will require all companies in this tier to review targets at a minimum every five years to determine if additional decarbonization measures have become cost-effective.

The Advancing Tier recognizes companies that are committed to reducing emissions but are not yet aligned to a well below 2°C pathway, for transparency we will disclose the share of CTA eligible AUM in this Tier.

3.3.2 Aligning Tier

This tier recognizes assets that have established a short-term (typically ≤5 years)[28] Scope 1 and 2 emissions reduction plan or target aligned to a well below 2°C pathway. Where Scope 3 emissions are material, companies need a Scope 3 Action Plan covering at least 67%, and increasing to 90% over time, of total Scope 3 emissions with approaches that may include absolute emissions reduction, intensity emissions reduction, or engagement. This plan needs to address the most emission intensive activities. Over time we expect companies establishing engagement targets to move towards quantitative targets with a clear linkage to emissions reductions, and all Scope 3 targets to move towards a well below 2°C pathway. This must also address methane emissions when relevant as articulated in the Advancing Tier.

3.3.3 Aligned Tier

Assets in the Aligned Tier are those whose emissions reduction targets across Scope 1, 2 and 3 are consistent with a well below 2°C pathway and have been independently validated by a credible third party (e.g., SBTi or an external consultant). This designation highlights sector leaders that exemplify transparency, scientific rigor, and commitment to climate alignment.

27 As an alternative to setting a target, a company can demonstrate methane abatement through joining the Oil & Gas Methane Partnership 2.0 (OGMP 2.0).

28 A differentiated regional approach for emerging markets is acceptable, focusing on credible near-term reduction goals which may exceed the 5-year planning horizon.

3.4 Other Considerations

3.4.1 Monitoring Progress

We will collect and analyze data from portfolio companies annually to ensure they remain eligible under the CTA framework. This also includes monitoring the eligible CTA assets with our holistic approach (discussed in section 4.0 below). We will actively engage with companies that are not meeting their commitments to support alignment and progress. To maintain accountability, if an asset fails to meet the climate solutions aligned revenue threshold, or repeatedly misses interim decarbonization targets or milestones, without credible explanation or corrective action over a three-year period, they will lose CTA eligibility and we will stop counting them in the total CTA AUM.

3.4.2 Carbon Offsetting

Ontario Teachers' acknowledges the potential role of high-quality carbon offsets in supporting the global shift toward a low-carbon economy. In alignment with SBTi, and in recognition of persistent concerns around additionality, we emphasize direct emissions reductions within a company's operations and value chains first.

Carbon offsets will not be counted towards achieving interim emissions reduction targets and are not included in our portfolio carbon footprint (PCF) calculation. In some cases, we may consider counting carbon offsets towards companies' long-term net-zero targets, in accordance with SBTi guidance. We acknowledge that SBTi is currently reviewing its guidance on carbon offsetting, and we may update our position as new information becomes available.

4.0 A Holistic Approach

As a global investor, we recognize the diverse contexts and regulatory environments in which our companies operate. The nature of our investments may vary significantly across asset classes and geographies. We seek to tailor the tools and processes we use to suit the investment objectives and approach of asset classes and investment strategies, and we may also consider other factors such as governance structure, our ability to influence or data availability.

All assets proposed as eligible CTA assets will be subject to review for consistency with our CTA framework and existing Sustainable Investing Guidelines[29]. Sustainability expectations are integrated alongside other factors in our investment process to manage risk and add value during the investment lifecycle. We integrate the principles of "minimum safeguards" and "do no significant harm" into our investment due diligence and stewardship. In practice, this means we consider international treaties, conventions, and standards on human rights, labour rights, and governance. We also seek to ensure that eligible CTA assets are not engaged in deforestation or conversion of other natural ecosystems[30], and that environmentally positive activities do not cause unmitigated significant unintended harm to other environmental objectives such as biodiversity, water, or pollution prevention. We recognize the importance of addressing methane and other short-term climate pollutants, when material. We strive to support investment strategies that encourage inclusive growth, resilience, and equitable outcomes that respect Indigenous rights and support economic sustainability across communities working toward a just transition.

At the investment level, the approach outlined in our Sustainable Investing Guidelines is rooted in the belief that a company's long-term success and profitability depends in part on its effectiveness in managing material sustainability-linked risks and opportunities. Companies' exposures to Environmental, Social, and Governance factors vary, and our approach is informed by the materiality of these factors.

4.1.1 Management of Physical Risks

At Ontario Teachers', physical climate risk analysis is embedded across the investment lifecycle, from pre-investment due diligence to post-investment value creation. During the pre-investment phase, we apply internal materiality frameworks to identify assets with high exposure to physical climate and biodiversity loss risks. These assets undergo deeper analysis to assess potential long-term operational and financial impacts. Where risks are deemed material, we develop mitigation strategies and post-investment action plans to manage them effectively.

Post-investment, we take a portfolio-wide, proactive approach to managing physical climate risks. This begins with identifying high-risk portfolio companies through geographic and sectoral screening, followed by climate risk modeling and asset-level vulnerability assessments.

As part of our post-investment engagement, we also focus on helping portfolio companies advance the maturity of their internal climate risk management capabilities. This includes helping them strengthen governance, strategy alignment, risk identification, and adaptation planning. This capability-building approach is more enduring than one-off assessments and ensures climate risk management becomes a sustained part of the business' strategy.

29 Ontario Teachers' Pension Plan, *Sustainable Investing Guidelines* (2024), https://www.otpp.com/content/dam/otpp/documents/reports/OTPP_Sustainable_Investing_Guidelines_2024.pdf

30 The Accountability Framework, *Accountability Framework Core Principles and Operational Guidance – Terms and Definitions* (Revised 2020), https://accountability-framework.org/fileadmin/uploads/afi/Documents/Definitions_doc/Definitions-2020-5.pdf.

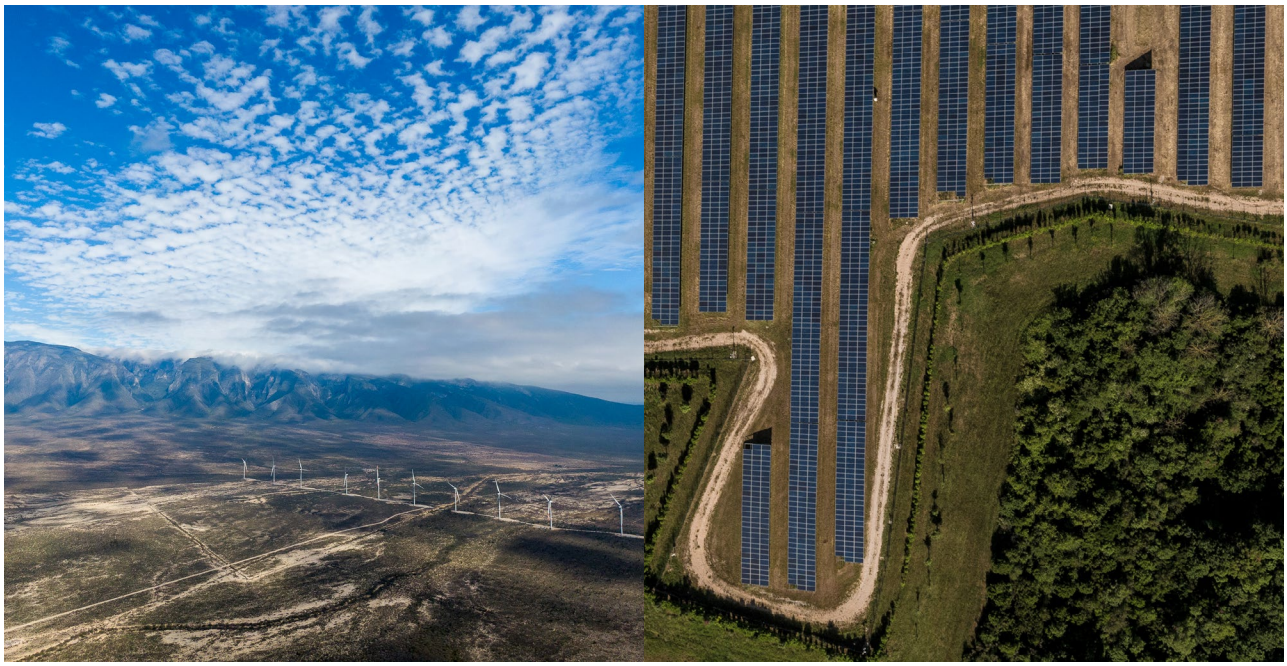
4.1.2 Management of transition risks

Ontario Teachers' identifies companies at highest transition risk during due diligence and through portfolio monitoring to prioritize engagements. We engage with portfolio companies to help develop or strengthen their climate strategies. This includes the integration of transition plans into core business operations, setting credible emissions reduction targets, and implementing initiatives that build long-term resilience. Through this collaborative approach, we aim to mitigate climate-related risks in our portfolio while unlocking value in the transition to a low-carbon economy.

4.2 Additional metrics

In its 2026-2030 climate strategy Ontario Teachers' will continue to publish its PCF. The PCF calculation is informed by the Partnership for Carbon Accounting Financials (PCAF), one of the only standards currently available for PCF accounting. Additionally, our PCF calculation is subject to an external assurance review. Our PCF includes public and private equity and corporate fixed income holdings, incorporating portfolio companies' Scopes 1 and 2 emissions. This coverage is broader than that of our CTA target. The PCF does not account for portfolio companies' Scope 3 emissions as data integrity continues to evolve. We will, however, engage with companies on certain strategic and actionable Scope 3 elements through our Transition Planning efforts.

We acknowledge that by changing our climate program to focus on investments that contribute to climate solutions and portfolio companies that have transition plans, rather than portfolio emissions intensity, our emissions intensity may increase in the short- to medium-term. There is a need for capital to help decarbonize hard to abate sectors, and higher emitting sectors can offer the biggest opportunities for positive impact. In the longer term, we believe our updated approach will support fund sustainability and the energy transition.



4.3 Governance

Ontario Teachers' has a robust risk culture and sound governance practices. Accountability and governance of our Sustainable Investing approach is articulated in our Sustainable Investing Guidelines[29].

To govern our new CTA targets Ontario Teachers' will maintain a cross-department council to support the evaluation and approval of eligibility under both Climate Solutions and Transition Planning definitions. The council will be responsible for:

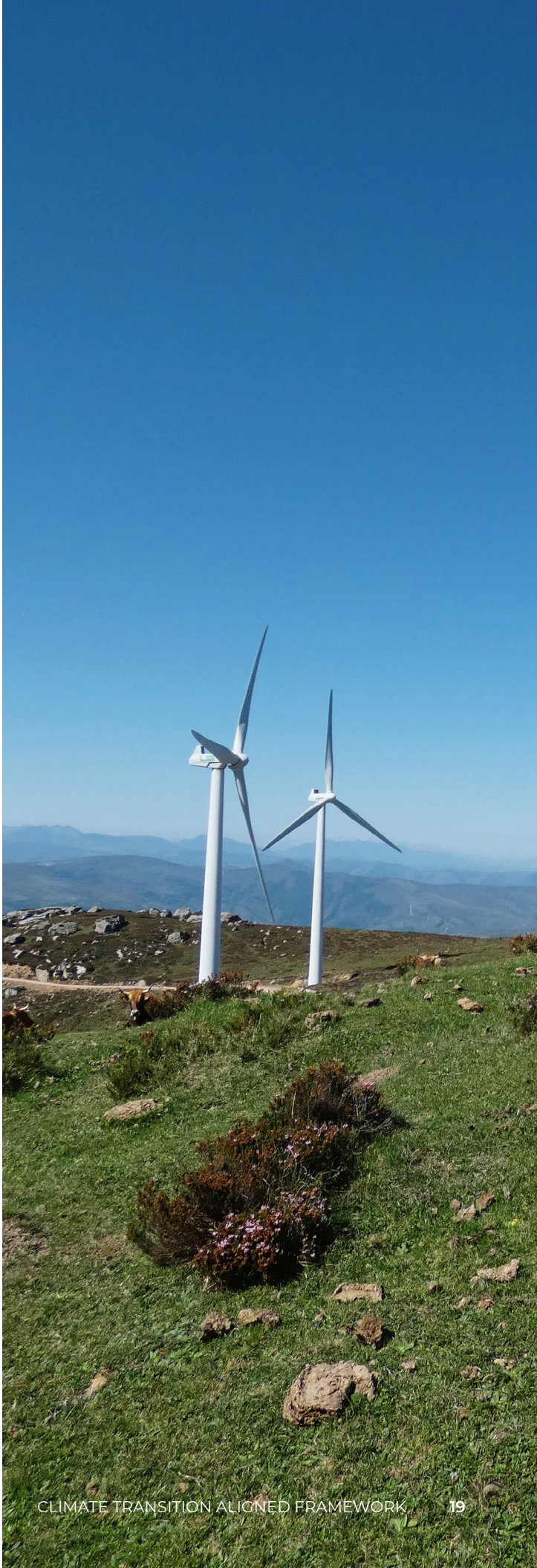
- Confirming the alignment of eligible CTA assets with the criteria outlined in the CTA framework and reviewing the assessment annually,

- Monitoring developments in climate-oriented internationally recognized methodologies, guidelines and frameworks as well as Ontario Teachers' wider sustainable investing strategy and updating the CTA framework and the eligibility criteria accordingly.

Ontario Teachers' will obtain a limited assurance audit on published progress towards its CTA target on an annual basis.

4.4 Target Adjustment Protocol

Our 2030 CTA target has been established based on certain key assumptions about Ontario Teachers' future portfolio construction and private asset class exposure. In the event of a significant change in our asset class weightings we may need to adjust our forecast and therefore our 2030 CTA target. As the climate measurement space continues to evolve, we will monitor emerging best practices and consider updating or replacing this CTA Framework in the future.



5.0 Conclusion

Through our climate strategy, we have made meaningful progress to date in decarbonizing the emissions intensity of our portfolio while delivering long-term value for our members. We leverage appropriate methodologies, scenario analysis, and governance structures to manage material climate related risks and opportunities in our portfolio, consistent with our mandate to secure retirement income for our members.

Looking ahead, Ontario Teachers' will continue to invest in innovative companies contributing to climate solutions and support portfolio companies in their energy transition journeys. The strategy deployed in 2026 will help position the portfolio to capture opportunities and manage risks associated with climate change and the energy transition. We will continue to consider emerging best practices, and remain committed to incorporating climate change and energy transition considerations to build a climate resilient portfolio.

6.0 Cautionary Statement

Addressing climate change will require a global effort involving governments, business and civil society. We strive to contribute to this effort through our multi-faceted climate strategy. In connection with this strategy, we have made certain commitments and set certain goals and targets, including those set out in this CTA Framework ("Targets"). In establishing our Targets, we relied on various laws, guidelines, taxonomies, methodologies, frameworks, market practices and other standards (collectively, "Standards"). Given the complex and evolving nature of the global response to climate change, these Standards may change over time. If any Standards change significantly, we may need to update our Targets or our progress toward these Targets. We also made assumptions and estimates in good faith in establishing our Targets. Although we believe these assumptions and estimates are reasonable, they may prove incorrect or inaccurate for reasons we cannot foresee or predict. These assumptions and estimates relate to, among other things, the growth, outlook and strategy of our business, the ability of our portfolio companies to make changes, the feasibility of third-party decarbonization and energy transition scenarios, the development and availability of low-carbon technologies, economic and political trends, stakeholder participation and the evolution of legal regimes and climate-related policies. If any of these assumptions prove incorrect or inaccurate, we may be unable to achieve our Targets and we may need to revisit them.

To monitor and report on our progress toward our Targets (including to assess the eligibility of investments under the CTA Framework and to track these investments over time), we rely on data obtained from our portfolio companies and other third-party sources. Although we believe these sources are reliable, we have not independently verified this data, or assessed the assumptions underlying such data and cannot guarantee its accuracy or completeness. We also seek to enhance the accuracy of this data through independent limited assurance engagements. The data may be of varying quality or usefulness and may change over time as Standards evolve. These factors could impact our Targets and our ability to achieve them.

This report was published in February 2026, and is only current as of that date. It continues to be made available only for historical information and reference purposes.