AGM REMARKS 2022

Jo Taylor, President and Chief Executive Officer

[JO TAYLOR, PRESIDENT & CHIEF EXECUTIVE OFFICER, PHOTO]

President & CEO, Jo Taylor: Firstly, my thanks to all of you who have taken the time to view this video.

My remarks today will cover our performance, our active investment approach, and how we are shaping a better future through our investments.

Let me start with our performance.

[EXCEPTIONAL RESULTS.]

Jo Taylor: In 2021, we delivered exceptional results for you despite the challenges brought about by the second year of the global pandemic.
We delivered a one-year net return of 11.1%. We beat our benchmark by more than 2%, and we far exceeded the rate of return needed to keep your plan fully funded.

The plan has now been fully funded for nine years, and we have a healthy funding surplus. Our funding status is a critical measure of the plan's health and long-term sustainability. Having a surplus provides a buffer to deal with any unexpected ups and downs in our target markets. It also means stability in benefit and contribution rates for the next few years.

I am also pleased to report we delivered strong member service levels with a service score from all of you of 93 out of 100. Tracy Abel covers this in more detail in her video.

[AGILE INVESTING]

Jo Taylor: This performance reflects our bold push into private assets and our agile approach to asset allocation. It also reflects the strength of our global investment team.

2021 was one of the busiest years for our investment division. We made nearly 50 private investments across five continents. We grew net assets to $242 billion and made good progress toward our goal of reaching $300 billion by 2030.

We achieved these results by skillfully managing risk and return. Looking across the portfolio, we saw particularly strong returns from private equity, infrastructure and our innovation platform.

Private equity delivered an outstanding year. They generated a return of 29% with a focus on bigger, bolder investments. Our acquisition of a majority stake in Mitratech, a leading provider of legal and compliance software, is a good example of this where we invested over $1 billion Canadian.

We grew investments in core infrastructure. Our investments in Spark Infrastructure, which owns stakes in several electricity transmission businesses in Australia, and Enwave, a Canadian district energy business, are two good examples. In total, we invested or committed over $12 billion in high-quality infrastructure last year.

We also grew investments in fast growing, innovative companies. In its second year of operation, our innovation platform generated a strong return of 39%. We continued to grow this portfolio through investments in ApplyBoard, Beamery and CD Finance to name a few.

Over the course of the pandemic we generated over $40 billion in net investment income through this active, agile approach. This is an excellent outcome given the unprecedented volatility and uncertainty investors faced.

[BUILDING BETTER BUSINESSES]

Jo Taylor: This active management approach has been essential through the pandemic. For example, we worked closely with Cadillac Fairview, our real estate subsidiary, to help them to navigate government mandated mall closures and remote working – both of which severely impacted their business.

We also committed new capital to help them to expand internationally in the United States, the United Kingdom and Asia. Over the course of the pandemic they went from double digit losses to positive returns and they are now well-positioned to grow more globally.

Technology is another area where we actively work with our portfolio companies. If you look at agriculture for instance, it is a sector facing enormous pressure to become more sustainable.

Through Koru, our digital incubator, we created Vayda Farms. It is a regenerative farming platform that combines new technology and traditional farming practices to help farmers grow more nutrient-dense foods at a lower cost. We expect that business to be at the forefront of sweeping changes in the agriculture sector.

These are just two examples of our active management approach in action, there are many more. From financial services, to healthcare, to utilities, and technology, we are leveraging our in-depth experience to help our companies all around the world.

[BUILDING A BETTER FUTURE]

Jo Taylor: Active, engaged management also means using our experience and influence to help our portfolio companies have a positive impact on their stakeholders and the world.

Let's look at the environment.

Climate change is one of the defining issues of our generation. As investors, we have a responsibility to use our capital and influence to accelerate the transition to a low carbon economy.

Last year we committed to reach net zero greenhouse gases by 2050. And we committed to reduce our emissions intensity by almost half by 2025 and two thirds by 2030.

I am pleased to report we are making headway against those targets.

Since 2019, we have decreased our portfolio emissions intensity by over 30% and we have reduced our absolute emissions by 13%.

It will take more time to decrease our carbon footprint to where we want it to be, and it will get harder, but we are committed to meeting our short and long-term goals. I look forward to reporting annually on our progress.

At the same time, we are investing in green assets like renewable energy and electricity grids.

These are key investments as reliable electricity is essential to reduce demand for fossil fuels and lower emissions. Last year we added more than $5 billion in new green and transition assets, and our portfolio of green assets now stands at more than $34 billion.

NextEra Energy is a good example of this. They are one of the world's leading renewable energy companies and we invested more than $1 billion Canadian into a portfolio of renewable energy assets last year. We hope this investment marks the beginning of a long-term partnership with NextEra.

I know that many of you feel strongly that we should divest some of our investments with a high carbon footprint. Examples of this would be companies that extract or transport fossil fuels. We hear and understand your concerns. We believe that selling fossil fuel assets does not fix the problem, it just passes it onto a different owner. Equally, the world cannot support current demands for heat and power in the coming years without some transition fuels such as natural gas.

While we might wish it were not the case, fossil fuels remain deeply embedded in the fabric of many economies. Decarbonization will not happen overnight, it will take time, dedication and persistence. Our active ownership approach and long-time investment horizon is ideally suited to help businesses decarbonize.

We have made an explicit commitment to always first engage with businesses rather than divest them. We believe in working with our partners to solve problems and build better, more sustainable businesses long-term.

This may mean working with companies that have a higher emissions profile to support their journey. Our plan would be to work with them to measure emissions and set reduction targets, and then to develop transition plans and stay engaged to ensure they are delivering on them.

To be clear, this does not mean we will invest in any business, and it does not mean we plan to build a large portfolio of fossil fuel companies. Equally we have made a commitment to invest selectively in businesses that have a clear and credible path to decarbonize and where we are making a real impact.

Puget Sound Energy, which we acquired a stake in earlier this year, is an example. This is an electric and gas utility in Washington state. Today, they generate a small portion of their electricity by burning coal. Over the next three years they have a clear, defined path to decommission all their coal activities. As engaged, active owners, we can help them grow their portfolio of renewable energy projects to ensure that happens and to find replacement sources of power as those facilities go offline.

As owners, we also use our scale and influence to improve governance at all of our companies. We have more than 300 board seats across our portfolio. With this presence, we can influence the actions of our portfolio companies on a wide range of environmental, governance and social issues.

Five years ago, we began to tackle gender diversity in the boardrooms of our investee companies. We set a target to ensure women represented 30% of board seats across our private-company boards by the end of 2022. Through our active management, I am pleased to report we achieved this target one year early.

We achieved this by tackling all criteria that inadvertently penalized women candidates and worked closely with our portfolio companies to proactively select women for our boards. While there is more work to do, this approach has brought more diversity of thought and new skills and experience across our portfolio.

Looking ahead, we are pushing ahead with plans to further broaden diversity on our boards, and at Ontario Teachers' too.

So to keep our fully funded status, we have set a goal of reaching $300 billion in net assets by 2030.

Given the maturity of the plan, and the significant shortfall between contributions received and payments made to members, this is a bold and ambitious target.

[CONFIDENT. AMBITIOUS]

Jo Taylor: As I reflect on last year, I am proud of our team and what they accomplished for you.

We delivered excellent investment performance, maintained our fully funded status and delivered a high-level of service to members.

While 2022 has brought a fresh share of new challenges, your plan has the assets, liquidity and management team to navigate them.

I remain confident in our ability to deliver on our ambitious plan and to continue to pay pensions now and into the future.

Thank you.