

ONTARIO TEACHERS' PENSION PLAN

ANNUAL GENERAL MEETING

APRIL 14, 2022

LIVE Q&A

STEVE MCGIRR

Good afternoon, everyone, and welcome.

Thank you for joining us today for a live Q&A. This is part of our annual general meeting at Ontario Teachers' Pension Plan. I'm Steve McGirr. I am chair of the board for Ontario Teachers'. It is a pleasure to be with you today and have the opportunity to connect with our members and answer your questions. Joining me today virtually are Jo Taylor, who is the president and CEO of the plan, Ziad Hindo, who is the Chief Investment Officer, and Tracy Abel, who's Chief Operations and Pension Officer. For French-speaking members watching today, we have a simultaneous translation available. If you would like to listen in French please click on the interpretation button. This is the little globe icon at the bottom of your screen. From there, you can select English or French.

Before we begin taking questions I thought I would spend just a few minutes to talk about the Plan's performance in 2021. Despite a volatile market, and the challenges posed by the second year of the global pandemic, Plan posted exceptional results. The one-year net return was 11.1%. That return exceeded the benchmark by more than 2%, and this was an excess of the rate of return needed to keep our 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. A surplus provides a buffer to deal with the volatility of markets, and we're most certainly experiencing that volatility and uncertainty to start this year. The surplus also allows for stability in benefit and contribution rates for the next few years. I'm also pleased to report that you gave a strong feedback in relation to our service levels to you, giving us a score of 93 out of 100. 2021 was one of our busiest years for our investment division. We made nearly 50 private investments across five continents. This level of activity supported growth in net assets to \$242 billion. This is good progress toward our goal, which is to reach \$300 billion by 2030. These results were achieved through our continued focus on effectively managing risk and return. Diversification across asset classes, across industries and geographies was key to this. Looking across the portfolio, we saw particularly strong returns from private equity, from infrastructure, and our innovation platform. We are very pleased with our results, and I'm happy to report that the plan is on solid footing. Happy to say also that your pension is secure. Now let's get to your questions.

Before we get started, I want to briefly run through how this session will be conducted. The Question and Answer component of our annual meeting has been very popular in previous years. This will be the first year that we've run the session virtually. We have designed this session to try to replicate a similar experience to an in-person meeting to the extent possible. We've adjusted where needed to support an efficient and an effective experience for you, with the aim of providing as much information as we possibly can. Our hope next year is that we can see everyone under one roof again. So naturally this

format will be a little bit different from the previous years, but again, the goal is to answer as many questions as possible, and that stays the same. Now we have received a great level of engagement from you prior to today. We have received hundreds of questions in advance. And we thank you for those. We will be addressing as many of your pre-submitted questions as we possibly can, along with those that you ask us during this meeting.

To submit your question please enter it in the Q&A box you see on your screen. Your questions will be visible to all attending members. Attendees can upvote questions of interest by clicking on the thumbs-up button. And that is next to the questions. We will prioritize answering the most upvoted questions, unless a similar question has already been asked and addressed. We ask that you refrain from asking repetitive questions in order to ensure that we can cover a wide breadth of topics of interest to members in this session. Now I'd like to continue our tradition, and invite OTF president Chris Cowley to start us off, by asking the first question.

CHRIS COWLEY

- Thanks, Steve. Before I get to my question, I wanted to take this opportunity on behalf of OTF to thank you, Jo Taylor, and the entire investment team and board on another very successful year. Despite a very tricky financial climate, with inflation pressure driving uncertainty, OTPP's 2021 performance shows why our global reputation remains very strong. So, on behalf of the 182,000 working members, like myself, and the 151,000 pensioners, like my parents, thank you. To my question, to get us started, and I look forward to questions from the membership as well as we move forward, but to get us started, my question is as follows : OTPP has previously indicated that it may reduce the number of countries the portfolio is exposed to. I was wondering if you could comment on that : Would this approach be to maximize potential returns or minimize geopolitical risk? Thanks.

STEVE MCGIRR

- Well, thanks, Chris, for that question. And we do appreciate the kind words of thank you. And I should say that I, personally, and the board generally and management appreciate the...very candid relationship that we have with you and your OTF colleagues. So to the question, the global strategy is front and centre to Teachers' ambition. So, you certainly have opened with an important question. I am going to ask both Jo and Ziad to comment because they have an important perspective. But before I do that, maybe I can reflect on the... the issue of why we need to be global. So diversification reduces risk. And global diversification enables us to have exposure to more industry sectors, to more economies, and to more innovations. That said, we only have so much capacity and bandwidth, so we have to make choices wisely, and we have to make sure that we know where we can focus. And we have to use the resources wisely as well. We also have to play to our strengths and our expertise, and we need to be laser-focused on where we can add the most value to the plan. Jo, with that preamble, do you want to talk about our...ambition in terms of narrowing the number of countries that we are really focusing on?

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JO TAYLOR

Yes, thank you, Steve, and good afternoon, everybody. Chris, thanks again for the question.

We are an international investor, and we've been investing in many countries around the world for a long time now and investing outside Canada proactively. I think we sort of hit a peak of around 50 to 60 countries we were involved with, and we really set back into the view how do we narrow it down to a sort of slightly better honed list? So in the end, what we did in a very robust strategy with the investment team followed last year was to actually pick out nine countries. Three each essentially in the Americas, Europe, and Asia. Now to some extent, these countries were self-selecting because when we looked at them, they represented around 80% of our current activity. And what we wanted to do for each of those countries was actually have a slightly more scientific and strategic approach to our investing activities. And what we may end up having is an office in those countries, or we might even choose to do a continuation of partnering or some sort of connected activity similar to what we currently have in Brazil, Chile, and with our airport portfolio. But just to be clear, the nine countries we've selected are Canada, the U.S., and Brazil for the Americas; the U.K., Germany, and France for Europe; and China, India, and Australia New Zealand for Asia. Now, that's not to say we won't invest in a great opportunity outside those countries. If I look back to what we were doing in 2021, if I gave Europe as an example, there were great investments we made. For example, one in Finland in its largest electricity transmission business, Caruna. We also invested in Portugal, in Logoplaste, a bespoke packaging business there, that also has a lot of international activities. So, we will invest outside those countries, but only if we get a really strong opportunity that makes sense to us to add to the portfolio.

And if I just summarize, before handing over to Ziad, I mean, really the point of doing all of this is...partly some of the reasons that Chris posed in his question, but more than anything, is to actually make sure that Teacher's remains advantaged and differentiated in those nine countries through the market strategies research that we want to adopt. But maybe Ziad can give a little bit more detail.

ZIAD HINDO

- Thank you, Jo, and good afternoon, everyone. Usually, when I speak about our investment activities, I love to give examples about the portfolio companies that we invested in because it really brings to life the breadth and depth of our capabilities and shows how we have a thoughtful approach about building a portfolio that is diversified across different asset classes and different geographies. So if I go with the nine-country list, with some examples here. If I start in Asia, in India, last year, we did a transaction in a platform, third-world platform called NHID, which is National Highway and Infrastructure. It is actually in partnership with the Indian government. And India is a fast-growing emerging market country. It has huge potential. It actually requires foreign capital and is looking for organizations like ourselves, that are willing to come in, roll our sleeves up, invest over the long term in the country. So this is a good example of an infrastructure asset in India that we clearly have high hopes for, and hopefully if we do well, the country itself will do well, which will lead to rising income, standards and so forth. Staying in Asia, in Australia, we did a number of really interesting transactions last year. One of my favourite is a portfolio company called GreenCollar. Essentially, it is an environmental platform that helps preserve water, biodiversity, and other important environmental features. By doing so, we help the communities, farmers and businesses generate carbon credits that other companies can use to offset their own carbon, as they set their decarbonization...path or journey. So this is what we call a nature-based climate solution platform. Also in Asia, we invested in China in a company called City Finance. And it's really... it's a company that provides microfinance solutions to farmers in rural India. It has already had

interactions with more than 7 million people in China, just to give you a breadth about its access and its impact in that part of the world. In the Americas, one closer to home that many of you or most of you have heard of is called Home Equity Bank, which provides mortgage solutions. It's the leading player in reverse mortgages, which are pretty important to senior folks, as they want to stay in their home longer in their retirement, so we're pretty excited about it. This was actually quite a big check for us. And it's a great Canadian story. In the U.S., we invested in a company called Acorn Health, which really provides applied behavioural therapy to children... that suffer from autism. It has clinics in 55 countries, and, again, it's in the health services, and we really like the positive impact it has from a health perspective. And in Brazil, we invested in an electricity company called Evoltz. It is a transmission company, and it is really... Electrification is the future as we move away from fossil fuel. And Brazil has a huge part of its transmission electricity that comes from renewable, particularly hydro, so, again, we're very excited about it. And finally, in Europe, three countries, but I'll pick only one, U.K. And one that is certainly dear to heart, and we're all very passionate and excited about is a project called The Oxford North. This is in partnership with St. John's College, which is part of the University of Oxford.

Cadillac Fairview, a real estate arm is helping them build a world-class, essentially an innovation campus that focuses on... labs and life sciences, and will hopefully drive a lot of scientific innovation going forward. This is actually quite a large commitment from us. It is almost a billion dollars, Canadian. And what we love about it is it really ties back nicely into education. And, you know, all of you have seen what the likes of Moderna, Pfizer and others have done in this field and there's a lot of demand for scientific lab going forward, and is becoming an important real estate play. So, I hope these examples give you a perspective on the breadth and, the breadth of our activities, and it's done not only to enhance return, but by being really specialist in all these countries, it is really important from a risk mitigation perspective. Thank you.

STEVE MCGIRR

- Thanks Ziad, and Chris again, thanks for that question. So now let's turn to the questions from you, the members. As I mentioned earlier, a number of members submitted their questions in advance, and we really do appreciate getting your questions in advance. It gives us a flavour for the most important things that you want to hear from us, and what's on your minds. And not surprisingly, when we reviewed all of your questions, it was clear that many of you had similar topics and concerns that you want to hear about. Those are : climate, impact of the war in Ukraine, not surprisingly, and of course, the impact of inflation on your pension. All of those are high on the list, so we'll be speaking to some of those issues upfront. But we also want to make sure that there's the opportunity to cover other topics of interest to all members. So, we are going to start off today's session with a few of the pre-submitted questions, and then we'll answer a mix of the pre-submitted questions and live questions that we receive. So, you may now submit the questions in the chat, and upload on the ones that you'd like to see answered. The first question is from a pensioner, and I believe the questions are going to be up on the screen, but I'm going to, to read these first ones anyway. The question is this : "As economic conditions tend to undergo changes often deleterious to planned inflation targets, why does the Pension Board ignore present CPI stats and base inflation adjustments on ancient history?". I think that question is in Tracy's wheelhouse, so maybe I'll turn it over to Tracy to answer that.

TRACYABEL

- Thanks Steve, and thank you for the question. Your annual cost of living increase is calculated in accordance with the plan terms, so this calculation is done by comparing the average consumer price index for a 12-month period, ending in September to the previous 12-month average. This approach smooths out short-term volatility, and is similar to approaches used by other large pension plans. Now the current high levels of inflation, will be factored in as early as this coming January, to future increases to pensions, as these months flow into the averaging period. The plan is jointly sponsored by the Ontario Government and the Ontario Teachers Federation, and it's a two-plan sponsors that set out the contribution rates, benefits levels, including defining the plan terms on how inflation adjustments are determined. Our role is to administer those plan terms, and provide information and advice to the sponsors, but we don't make the decisions about plan design.

STEVE MCGIRR

- Thanks Tracy.

And, again, thanks for the question. So, another question is related to inflation, and it's very representative of a number of questions that we received. And this one is from Elizabeth Lacasse, who is a working teacher, and the question is : "How will the steep increase in the inflation rate affect both the pension fund and future pensions?". Again, Elizabeth, thank you for the question. Inflation is obviously an unwelcomed development for both the pension plan and for pensioners. This valid and understandable concern was expressed by many of you in the pre-submitted questions. Inflation increases the liabilities of the plan, which are basically the future pension obligations, and inflation may also impact our ability to earn the real rate of return that we need in order to sustain the plan. So, in response to inflation, the plan has taken action in several areas. First, we've substantially reduced our first income exposure. Our first income has historically provided stability and balance in the portfolio, but recently with... low-interest rates, we needed to shift to assets that might perform well in an inflationary environment, or maybe offer some hedge against the inflation, and commodities and real assets would be good examples of those. Now we particularly like infrastructure because these investments typically feature stable and predictable returns, they typically have high barriers to entry, and they typically offer some degree of inflation protection. We signed or closed on 12 billion dollars of infrastructure deals in 2021. This is a very, very significant number, in a very competitive market. But that said, inflation is a huge challenge and will occupy a lot of board and management attention, over the next few years. But I also want to point out that we are in an enviable position in many respects, as a plan. The plan is fully funded. There is a surplus. We have strong liquidity, which enables us to take advantage of opportunities as they present themselves. And we have a very experienced management team and investment team, all of whom are survivors of many market challenges. And I like to always remind people of some facts when we wring our hands, a little bit about the uncertainty ahead. Of the 242 billion dollars in the plan, about 10% was contributed by members, and about 10% was contributed by the employer, the province. And some 80% of your pension plan was contributed by investment returns. So, you know I believe we should be optimistic about our agility and our resilience, and the ability of our investment professionals to stir the plan at challenging times. Inflation will be a huge issue for us, but we will adapt, and we will do as much as we can to give ourselves an opportunity to prosper in inflationary times. Now, the next question is from Miriam Zachariah. And Miriam asks : "Are we divesting from fossil fuels and investing in green energy?". I think this is a good question for Jo.

JO TAYLOR

- Thanks Steve, and Miriam, thank you for the question. Maybe I should take the second part of the question first. And that's really to say we are significant investors in sustainable green assets. So to give you an idea, at the end of last year, we have built a mini portfolio of about 34 billion dollars of green assets, and we plan to build on that as we look forward into the future. Let's try to give you an example of a green asset we invested in last year. about a billion Canadian dollars in a company that's very well known for investing in renewable assets. It's called NextEra. And we were investing in some of the US-based portfolio of renewable assets. We hope that actually through that initial investment in that asset base, we'll be able to do more co-investment, joint projects with NextEra, as we look forward at other interesting green assets. So, maybe I could move on to the question about fossil fuels and just make a couple of comments to be brief. Firstly, the thing I'd like to stress here is we made the decision that we would prefer to work with companies to lower their emissions and help them to progress rather than divest. And we do that because, in my mind, selling fossil fuel companies doesn't really solve the challenges that those businesses face, it merely passes it on to a different owner. And secondly, I do not believe that at the moment the world can bridge the expected transition to a net 0 position, without support for some of the current demands of heat and power. Where you are really looking for transition fossil fuels of the likes of natural gas, to be able to get you there. So, our thesis is, we are going to need some of those fossil fuels for some time to be able to make that transition as we are making ourselves, to a net 0 emissions position. Back to you, Steve.

STEVE MCGIRR

- Okay, thank you, and again thanks for the question from Miriam. Now the next question is from Catherine Viscount, one of our pensioners. And the question is about Russia and Ukraine, and I'll read it : "Do we currently have any direct or indirect investments in Russia or Russian companies? If so, are there plans to withdraw from those investments? And if not, then it is my belief that we are ethically bound to consider withdrawing all investments benefiting Russia". Ziad, do you want to take that question, please?

ZIAD HINDO

- Sure, thank you, Steve. We have no direct exposure to Russia, and in fact, we have no intention of investing in Russia for the foreseeable future. Prior to the invasion of Ukraine, we had a fairly small exposure to Russia, through externally managed funds. But over the last few weeks, we've engaged quite proactively those external managers and engaged them to divest and restrict any future activities in Russia. And I'm happy to share with you that the market value of whatever is left, is really small, is very close to 0. So, we've been quite successful in our effort to convince our partners to sell down the exposure. Thank you.

STEVE MCGIRR

- Thanks, Ziad, and, Catherine, thanks for the question. So let's now turn to some of the questions that are being submitted live in this meeting. I'm going to ask Claire Holland who was a managing director at Ontario Teachers' to read a question submitted during this meeting. Thank you, Claire, for doing the most difficult job in a virtual question and answer Zoom call. Claire will continue to bring questions forward for discussion. So, Claire, I'll turn it over to you to read the questions, thank you.

CLAIRE HOLLAND

- (Claire) Okay, thank you. So we will take a live question that's come in during today's discussion. his comes from Gord Detrough. And his question is : "Last week at the Royal Bank of Canada's AGM, the OTPP voted against a shareholder resolution asking RBC to stop greenwashing its definition of sustainable finance, and preclude fossil fuel expansion and projects facing significant opposition from indigenous peoples. OTPP keeps telling us that you are engaging companies to address climate risks, and transition to net 0 emissions. So, why did OTPP vote against this RBC shareholder resolution?"

STEVE MCGIRR

- Great, thank you for the question. Jo or Ziad, would you like to pick that one?

ZIAD HINDO

- Happy to take it, Steve. So, when we do a proxy voting we share the results transparently and with irrational as well. It's on our website. In this instance, we did review the proposal and believe the issues raised by the proponent are important for the company, and clearly also for the environment. Having said that, we did not believe that the proposed solutions were actually effective and as such, we did not support the proposal at that time. Thank you.

STEVE MCGIRR

- Thanks for the question, and Ziad, thanks for the answer. Claire.

CLAIRE HOLLAND

- (Claire) Okay, this is a pre-submitted question received before the event. This comes from Darroll Salmon, who is a pensioner : "Considering the enviable position of our fund and the huge increase in living costs, is there any thought being given to additional pension payments for seniors?"

STEVE MCGIRR

- Great, thanks for the question. Tracy, would you like to answer that one?

TRACY ABEL

- Thanks, Darroll. You know, it's the two plan sponsors, the OTF and the government of Ontario, who must jointly agree on matters of plan design, and how to address how to use the surplus or deficit. There is something called the funding management policy that's an important document that provides the sponsors with a guidance framework for decision-making, on how to use surplus funds or resolve any short fall. So, specifically, it's used to answer the question when is it possible or necessary to increase or decrease benefits, lower or raise contributions, or simply conserve the assets for an uncertain time. You know, as plan design and addressing surpluses or deficits are the plan sponsors' decisions, we can't speculate on any future amendments that the sponsors might be considering.

STEVE MCGIRR

- Great, thanks, Tracy, and thanks for the question. Next question Claire.

CLAIRE HOLLAND

- (Claire) Okay this is a live question, this one comes from Mike O'Brien : "It's great to hear that we've met our target of 30% female board members for our portfolio companies. When do we anticipate the diversity beyond gender initiative will hit 30%?"

STEVE MCGIRR

- Excellent question, thank you for that question. Why don't we... Why don't we talk a little bit about what we're doing at various levels on diversity? And I'm going to start with our own OTPP board of directors. First of all, I would say that diversity in all respects is a good thing on the board of directors because the more perspectives that can be brought to bear on any particular issue, the better the decision is made. And so, we're strongly supportive of diversity. Our board has made substantial progress, and I'm tremendously proud of the diversity in terms of gender. But we have some work to do in terms of diversity beyond gender, and that's obvious. Now, I'm very respectful of the fact that our board doesn't actually nominate its own directors. Five directors are nominated by the province, five directors are nominated by the OTF, and it is their exclusive purview. So, I don't want to, in any way, step on their ambit. Having said that, we believe diversity is a good thing and we're actively, in our board recruitment, attempting to look at the widest possible group of diverse candidates. And I know from conversations with Chris and the Executive at the OTF, that upcoming directors, that diversity will be a key issue in terms of our own board of directors. So, having spoken about our board of directors, maybe Jo or Ziad, you could take the question in terms of our portfolio companies, but maybe also more broadly in terms of our own makeup as a plan in terms of our own staff.

JO TAYLOR

- I'll have a go first, and sure Ziad can add a few comments. If we look at OTP itself, you know, we have good gender diversity throughout the business, which is very much driven by our view of equality and making sure that there's equal and fair representation across the business. And that goes beyond gender, it goes into a whole range of other groups, where we want to make sure that it's a safe environment, and there's equal career opportunities for all. When it comes to different points of view, as well as different ethnic groups, we have a lot of diversity at Teachers'. One of our key challenges at the moment is actually to be able to get full representation from all of our staff about how they want to be disclosing their activities, but we're working on that in terms of data capture. But we have a very strong push to make sure that diversity, equity and inclusion features very strongly in all of our activities, and we also measure things like remuneration, progression, and other things, to make sure there is a, you know, genuinely a fair and equal balance. I probably won't say too much about the portfolio, I'm sure Ziad would like to make a couple of comments, but if I could, a couple of thoughts around that. So, I'm really delighted about the 30% and that we got there early in terms of meeting that target for female representation on boards, and with that, and with other things, we already have a lot of great diversity on those boards as it stands, but we'll look to push on that further, as we look at other groups which, we think, should have stronger representation. The other thing I would capture is, for our portfolios, that we also want to make sure that the senior executive teams of those businesses also have a good balance as well. So, as well as the boards of those companies, we look at the executive teams and say : Are they essentially representing the same values we have at Teachers' in terms of their approach to diversity? Maybe, Ziad, you might want to add a couple of comments.

ZIAD HINDO

- Yes, Jo, I mean, we're absolutely focused on the diversity issue, diversity beyond gender. I would say we hold stakes in more than a hundred portfolio companies. They are in different jurisdictions and they're subject to different rules and regulations around disclosure and the collection of data. So we are working with the boards and management of those companies to get a better perspective on the degree of diversity at gender and beyond gender, and rest assured, just like we've made tremendous progress on gender diversity, we are fully committed to do the same with, and make good progress, not just at the board level, but as Jo stated, at the executive and senior leadership team of those portfolio companies. Thanks.

STEVE MCGIRR

- Thanks for the question, and thanks, Ziad. I'm going to make one last comment on that question, and that is, we are acutely conscious of our responsibilities for leadership in this area, and especially as it regards governance and corporate governance. We've been vocal in the community about the need for diversity on boards, and so we're very acutely conscious of the fact that we need to take a leadership role, and we will take a leadership role. Thanks for the question. Claire, next question.

CLAIRE HOLLAND

- (Claire) Okay, this is a pre-submitted question. "OTPP has invested or committed over 5 billion into green or transition assets in 2021. What definition qualifies it as a transition asset, and can you list what the transition assets are in the portfolio?".

STEVE MCGIRR

- It's an excellent question, and Ziad, maybe you could take that in detail.

ZIAD HINDO

- Sure. Thank you, Steve. For the world to have any chance of getting to net zero by 2050, there are a number of critically important sectors that need to be decarbonized. Those sectors include power generation, particularly in certain jurisdictions or countries where coal power generation is still used today. Other sectors include cement and steel industry. These are heavy industries that today largely depend on fossil fuel to make it work operationally. But they all need to be decarbonized. And we believe, as long-term investors with patient capital, we have an active role to play to help the world decarbonize and rely more on renewables, and hence, help bring emissions down. A good example, last year we invested in a company called Puget Sound Energy. It's a utility company in Washington State, in the Pacific Northwest. A small portion of its power generation comes from coal, and we are absolutely committed over the next three years to work with the partners and with the board and management of the company to essentially completely decommission coal, and replace it with other sources of energy, particularly renewables. So, this gives you a good example of how we think about capital allocation to transition assets, that not only help us generate required rate of return, but also go a long way in helping the world to actually, effectively, reduce emission, and get the world to net zero by 2050. Thank you.

STEVE MCGIRR

- Thanks, Ziad. And maybe I can just amplify this and connect it back to a point that Jo made earlier. And that, you know, we do have an asset in Puget Sound, and it does have coal burning electrical generation. The question that we ask ourselves is who is a better owner for that? Is it Ontario Teachers', or is it somebody who's only interested in the economics of the business? And I would argue strongly it's Ontario Teachers' because we can assist in that transition. But thank you very much for the question, it's a great question, and Ziad, thanks for that answer. Claire, next question, please.

CLAIRE HOLLAND

- (Claire) Okay, this is a live question, somewhat related. This one comes from Lisa Jeffrey, and the question is: "What are OTPP's measurable and transparent expectations for portfolio companies with respect to climate change? What does engagement look like, and what happens if a company doesn't meet OTPP's expectations?".

STEVE MCGIRR

- Excellent question. Ziad, I think the floor is over to you again for that question. Thank you.

ZIAD HINDO

- Thank you, Steve. So, as everyone is aware, last year we made a commitment to achieve net zero, by 2050. And we followed that commitment with fairly solid, aggressive and industry-leading interim targets to reduce carbon emission of our portfolio by 2025 and 2030 45% by 2025, and 67% by 2030. And that includes... both sides of portfolio, public and private. So, on the private side, where we typically have more control, more governance rights, we're clearly in charge of our own destiny because we could exert a fair amount of influence on the direction of those companies and I think internally we're setting ourselves a target of the emissions from our, what we call our largest stakes, to be, if 90% covered by a credible net zero plan by 2030. And that's a big commitment. That's an aggressive commitment. And we feel actually pretty good about it because if we can get there, it shows and demonstrates that our active investment approach is leading to great results in helping the companies we invest in to significantly reduce carbon emissions, and be part of a solution. On the public market side, you know, clearly we have some influence through proxy voting, but typically, we're not in a controlled position, hence, we rely on other channels, like engagement and so forth, but clearly we have less control on that direction. Thank you.

STEVE MCGIRR

- Thanks, Ziad. Claire, next question. Please.

CLAIRE HOLLAND

- (Claire) Okay, this is a pre-submitted question from a working teacher who asks : "How has our pension plan fared through covid? I know our investors are top notch, but have we purchased stocks at bargain basement prices or lost on our investments due to businesses closing?".

STEVE MCGIRR

- It's a great question, thank you very much for that. So, gratifyingly, 2021 was a strong year for the Plan, as we said earlier, and this followed a strong year in 2020. But underneath those numbers, clearly we were not immune from the far-reaching impacts of the pandemic, and we had businesses that thrived and prospered, but we also had businesses that needed a fair amount of help and patience, as we went through the pandemic. So, I would single out airports and shopping malls that we own as key examples of businesses that were severely impacted by the pandemic, and arguably disproportionately impacted by government mandated shutdowns. What I would say, though, is that the portfolio benefited from diversity, and I hate to bring that theme up again, but diversification reduces risk, and so the diversification in our portfolio helped us with the results in 2021, and we had some excellent businesses that performed very, very well, like infrastructure, and our innovation platform. And our innovation platform is comprised of assets which would not traditionally be pension plan assets. They would involve much more risk up front than a pension plan would normally take, but they had fantastic results in 2021. And, so you had some great winners, and you had some businesses which struggled, and in fact are still struggling, and might struggle for the next short while. But ultimately, they are very good businesses. The other thing I'd like to say about the Plan and Covid, is, and I know teachers were disproportionately impacted by the pandemic, and had disproportionate sacrifices, but that said, I'm extremely proud of how our people at the Plan fared during Covid. It is incredibly difficult to do 50 private transactions when you can't do the basic due diligence, you can't go and see the companies, you can't meet face to face. And so, despite all of the obstacles and all of the workarounds we actually did a very, very good job of investing in 2021. So there were mixed issues, we had some successes, we have some businesses that are struggling, but I think our staff rose to the occasion, and I think all things said and done, we are in a much better shape than I ever frankly would have thought we were at the beginning of the pandemic given all of the challenges. So, I think we did reasonably well, but we still have some challenges ahead. But thank you very much for that question. It's an excellent question. Now you, in the question, you said : "Did we purchase stocks at bargain-basement prices or lost on our investments due to businesses closing?". I dealt with the second part in terms of our private portfolio. In capital markets, you know, there were not that many opportunities to... time the market in terms of bargain-basement prices. I think we are a long-term investor, and so our decisions are long-term, and we're not going to be making a lot of returns by... by timing the market in any given year. Thank you. Thank you for the question.

STEVE MCGIRR

Claire, next question, please.

CLAIRE HOLLAND

- (Claire) Okay, this is a pre-submitted question from a working teacher. "Does the OTPP believe that investing in bitcoin is a sound investment that will act as a hedge against inflation?"

STEVE MCGIRR

- A very topical question. Thank you very much for that. Ziad? Prospective or not?

ZIAD HINDO

- Sure. Thanks, Steve. Well, we currently do not invest directly in cryptocurrencies, or other digital assets. The jury is probably still out whether they are a really good inflation hedge or not, and certainly as part of our inflation system asset class, we invest in more traditional assets, like gold for instance because it has had a really good track record that extends not just in years, but in decades and centuries when it comes to inflation protection. Having said all that, Steve spoke about the Teachers' Innovation Platform, and that team actually invested in a crypto, a digital asset exchange, called FTX, some of you that follow sport may have seen the advertising with the Miami Heat in the NBA or all the baseball umpires in MLB, they have it on their jerseys. And what we like about it, is that we're not really speculating on whether prices of crypto assets, bitcoin or otherwise, are going up or down, what we're saying is that the opportunity set in the crypto and blockchain space is going to increase there will be a lot more transactions, and clearly, exchanges benefit from it. What it also does, it gives us a front seat view into what's happening in that ecosystem, so, we could learn about the space a bit better, we get to be introduced to very, you know, successful entrepreneurs that clearly know the space well, and hopefully that can bring us future opportunities. So, yes, fintech is here, it's happening, but it's probably, so far, it's too early for us to invest directly in bitcoin. Thank you.

STEVE MCGIRR

- Okay, thanks for the question, and thanks, Ziad, for that answer. Next question, Claire, please.

CLAIRE HOLLAND

- (Claire) Okay, this is a live question, this comes from Leticia Charbonneau : "With OTPP making investments in carbon credits like Greencollar, what role will carbon offsets play in OTPP's net-zero plan and the net-zero plans in its portfolio?".

STEVE MCGIRR

- Leticia, thank you very much for that question. Ziad, I think, I'm going to have to put you back on the hot seat on that question as well, please.

ZIAD HINDO

- Yeah, I mean, we've done, in coming up with our interim targets for 2025 and 2030, we've done a fair amount of robust modelling, to figure out the path for our asset mix, and the impact is on our emissions. And, this is not easy because not many other organizations have done the same level of robust modelling and analytics that we've undertaken, there is simply no off-the-shelf product that we could buy. But to the sort of best ever ability today in trying to forecast how our portfolio performs, and what type of assets we own, we're not really relying on carbon offsets, yet, to help to bring us down. I think there is, to be quite frank, a lot of lows, still low-hanging fruits, by investing better, by posing the portfolio better, before we ever need to rely on carbon offsets. At the moment, they're not in our plans. Thank you.

STEVE MCGIRR

- Okay, thanks very much. Next question, Claire, please.

CLAIRE HOLLAND

- (Claire) Okay, this is a pre-submitted question, coming from Warren McMillan, pensioner : "How is the cost-of-living percentage calculated and when?"

STEVE MCGIRR

- Thanks for the question, I think that's a good one for Tracy to have to take.

TRACY ABEL

- Thanks, Warren. I'm going to get all the inflation questions. So, let me start by saying, as a plan, we look to figure out what your inflation adjustment is in the fall, in around the end of October. And we look to the Consumer's Price Index, calculated by Stats Canada, and the most widely used measure of inflation in Canada. It measures the percentage change over time of a weighted basket of goods and services purchased by a typical consumer. And we look at the year prior, ending in September, so we take a 12-month average, and we look at that compared to the previous 12-month period, to determine what your increase is going to be. I hope that... makes clear how we calculate inflation protection.

STEVE MCGIRR

- Thanks for the answer, Tracy. Claire, next question, please.

CLAIRE HOLLAND

- (Claire) Okay, this is a pre-submitted question, from Victoria Little, pensioner : "Do our investment managers consider the ethical practices of companies before they invest?"

STEVE MCGIRR

- Great question. Maybe I can make a bit of a preamble to that, and then I'll turn it over to.. to Ziad, and if Jo wants to comment, happy to take a comment from him as well. I'm going to comment on the process for larger transactions that the board sees, where all of the ESG considerations are outlined in a very specific way in the presentations. And there are robust questions and challenges on... on the part of the board for all of those types of issues, and increasingly we are... we have a very robust system for the E in ESG, and a lot of information. We have an extremely robust process for the G, the Governance. Increasingly we are focusing on the Social in ESG, and making sure that we are understanding the consequences, and if possible, some other possible unintended consequences of some of the investments that we're making. So, it's an evolving science, but it's something that we take... We pay a lot of attention to, and take a lot of care with. Ziad, would you like to talk specifically about how we look at that issue from an investment point of view?

ZIAD HINDO

- I'm happy to make one or two comments here, Steve, and I'm sure Jo would love to chime in here as well. I would say, Steve, while we do fairly intensive and robust ESG analysis prior to ownership of any asset, particularly private assets with large size, doing due diligence up front, frankly, if I could say it, is... I can't say it's easy, but at least most of the issues are known. What is also critically important, that post ownership of those assets, when we have representation on the board, we are always vigilant and actively involved in guiding the board and management to deal with fairly complex issues related to ESG.

And, personally, I would say we've always been industry leaders when it comes to ESG practices, and that's why we're always a valued investor and partner for many other organizations that we typically partner with when we take on private assets. And we're fairly consistent with that approach. Jo, is there anything you'd like to add there?

JO TAYLOR

- Thanks, Ziad. Probably a couple of quick ones. You know, the question is sort of framed in terms of not only what we do but what our complimentary investment managers, where we outsource some investments, do as well. So, we do take a lot of time to make sure that their approach to ESG is aligned with our own standards, and if they fall below that, then we do tend to take action to either divest for them, or to try and make them correct it. Just to add to Ziad's comments, I mean some of these areas are relatively easy to go and hunt for or to try and spot, so, businesses involved in, say, mining, or if you're in the consumer industry with supply chains coming from emerging markets, then we'll actually look very carefully at actually how that business is approaching those activities, and making sure they can have the right monitoring and maintenance activities. Probably to build on Ziad's comments, one of our bigger challenge is often, not necessarily when we're doing the screen to invest. It's actually once we own a business, if they go out to acquire another company, actually making sure the target business is actually at the level of which we would think is right to incorporate into our existing activities. So, that can be often when we have to be careful that actually you can be able to fully screen that acquisition, whatever the size of it, to make sure that it's actually following the right ethical standards, and maintains our reputation in the way we would want it to. But it's absolutely front of mind, and we try to apply it to our own activities, that of our portfolio companies, and equally also to our external managers, as I've just mentioned.

STEVE MCGIRR

- Now I'm just going to add a quick point on that, is that we take pride as a plan in making sure that we choose the right partners, the like-minded partners, and people who share our... investment philosophy and a good example of that is our investment in Brookfield Transition Fund, where we are aligned in terms of what we need to do in terms of the ESG considerations. I'm very mindful and respectful of members' time, so I think we've only got time for maybe two more questions. Claire, I know we've had a lot of questions on climate, so if there are a couple of other questions that have been on members' minds, maybe we could deal with a couple more questions quickly, and then try to wrap up on time at 5:30.

CLAIRE HOLLAND

- (Claire) Okay, this is a pre-submitted question, the name is not given, but it says : "Why is OTPP investing in the airport in Bristol, when so many local community groups oppose expansion and are taking their concerns to the high courts?".

STEVE MCGIRR

- Okay. Thank you. Jo, would you like Jo start on that question?

JO TAYLOR

- Sure. So, we have a number of airports, and they're all very mindful of trying to make sure they grow and perform in the right way, they're all aiming for carbon neutrality, in terms of their own activities, as well as what they try to work with the airlines that use their activities to say how they can make those greener, too. If you come back to Bristol itself, it's for some time being considering an expansion plan to allow it to be able to cater for more departures and landings. And it's doing it mainly because there's also local demand for that airport in terms of people wanting to fly from that part of the U.K. out of a local airport rather than having to travel to one of the other more adjacent airports in places like Gatwick or Heathrow around London, or up to some of the airports in the Midlands. And actually, in many cases, it's actually a better activity for potential passengers to use their local airport than to get into their car to drive up to an airport that may be some 50, 100 miles away to try and depart from that particular location. So, there is some complexity to this, but actually, what the airport is trying to do is to provide a service for local demand, people wanting to travel abroad, but actually to make sure that their activities are responsible, climate aware, and actually trying to make sure as much as possible they operate themselves in an efficient climate way but also work with the airlines using the airport to try and help them to improve their climate efficiency as well. So, I don't know if you were going to say anything else about Bristol.

ZIAD HINDO

- No, I mean, nothing specific about Bristol, but Jo, I mean, with the five airports that we have ownership stakes in, and three of the five are carbon-neutral from operations perspective, and the other two have committed to get us there, and they're all committed to, its net zero, in alignment with our plans, and, certainly, what they're focusing on, what they can control, which is their operations, the source of their utility, electricity, and so forth. And I think we need to trust and rely on human ingenuity here, just like we have electric cars today, it won't be long before the world can discover planes with alternative fuels, whether battery, or electric, or hydrogen fuelled. It is coming, it's a matter of time. Thanks.

STEVE MCGIRR

- Okay, thank you. So, I think we've got time to squeeze in one last question. These questions have been fantastic. Thank you very much for them. Claire, the last question, please.

CLAIRE HOLLAND

- (Claire) Okay, this is a pre-submitted question from a pensioner, asking : "What is the extent of our investments in China?"

STEVE MCGIRR

- Okay, great. I will maybe turn it over to either Jo or Ziad to make a comment. But first I'd like to say that the great dilemma that we have in China is that China and economies that are in China's orbit are the second-largest economies in the world. So, we can't be truly globally diversified without having exposure to that area of the world. That said, it's an incredibly complex place to invest, in the ESG considerations, human rights, environment, I could go on for an hour on the... the issues and challenges in investing in China. So, we've been cautious, I think we've got a few a few investments in China, but... it's an area that we aspire to for the diversification, but we are also extremely cautious, and certainly the

events of the past couple of years have exacerbated that caution. Jo, would you like to comment specifically on the answer to the question, which is the extent of the investments in China?

JO TAYLOR

- Sure, thanks, Steve. I'll try and be succinct since it's 5:30. Look, for many years we actually had more invested in Chile than we had in China, so our overall exposure to that territory, I would say I would save I would say, for a successful international investor is on the relatively low side. Also, we looked very hard at the liquidity situation for investments in China and we've probably got a higher exposure overall to listed logistic companies that are involved in operating in China, the... So Alibaba, the Tencents of this world, and actually e-liquid private companies. I mean, let's be honest. It is complicated, as Steve referred to. We are very mindful of the issues around human rights in China. We are also very mindful as well of seeing some industries becoming more strategically sensitive to the local regime that perhaps we'd anticipated, or we've seen, hither to. So, how did we deal with this? We do take a twenty-year view and try to figure out how we should approach China from our destination, and we worked very closely with local partners who are actually very experienced and understand, as best we can, navigating that local economy. And we are quite cautious at the moment. So...I wouldn't want to say otherwise. We're being careful to try and anticipate, not only the immediate growth rate that's available in China, but also what are those sectors and types of businesses which we're able to invest in to make returns. But just as importantly, we are able to get our money out of China when we think the time is right. - Thanks, Jo.

STEVE MCGIRR

- I think we are at the end of our allotted time, and I want to be respectful of the fact that members want to get on with their weekend. Thank you to everyone for the questions that you submitted beforehand, and thank you to everyone who submitted questions online. The questions were exactly the right questions. We appreciate getting them. And we really do appreciate hearing from you and having the ability to interact although virtual is not as... really as good as it will be, hopefully next year when we are in person and we can do a live question and answer. So we look forward to seeing you at next year's AGM. Thank you for your time. Have a great night and a great weekend, and... we'll look forward to interacting again next year. Thank you very much.