Leading and learning on climate change



USE LEADING RISK MANAGEMENT PRACTICES

THROUGH OUR FRAMEWORK

Our updated signposts help us monitor the nature and speed of the transition to a low-carbon economy, and inform our investment decisions.

LEVERAGING PARTNERSHIPS

Our initiative with Wellington Management Company LLP, a leading asset manager, and Woods Hole Research Center, the world's top-ranked climate change think tank, brings climate science deeper into our investment decisions.

INVEST IN CLIMATE-FRIENDLY OPPORTUNITIES



TECHEM GMBH

An energy service provider, Techem contributes to the low-carbon economy by increasing energy efficiency in over 11.5 million apartments globally.



CUBICO SUSTAINABLE INVESTMENTS

One of the world's largest privately owned renewable energy companies, the power generated by Cubico in 2019 is equivalent to taking 782,000 cars off the road for one year.



SYDNEY DESALINATION PLANT

Powered by 100% renewable energy, this plant provides water resilience to the citizens of Sydney, Australia, during periods of extreme drought.

INFLUENCE CHANGE AS ACTIVE OWNERS



Through collective efforts, since 2018, 48 companies have publicly committed to climate disclosure and 112 companies have set targets for reducing carbon emissions.



We're supporting the CSA, along with others, in developing a Canadian Transition Finance Taxonomy to define activities that reduce carbon emissions and enable the transition to a low-carbon economy in Canada.



We are leading an initiative to help companies develop a framework for embedding climate change into the valuation of private companies.



Ziad Hindo,
 Chief Investment Officer





We've been evolving our approach to climate change since 2007. See the following page and our 2019 Climate Change Report for more details.

CLIMATE CHANGE MILESTONES AT ONTARIO TEACHERS'

- First Climate Change Working Group (CCWG) formed to exchange perspectives on climate change, consider how the organization could begin to approach climate change challenges, and champion climate change thinking throughout Ontario Teachers'
- Produced guidelines for managing climate change in our investments

- Hired first full-time climate change expert
- Became a signatory to the <u>Principles for Responsible</u> <u>Investment</u>, joining other investors in publicly demonstrating our commitment to integrating environmental, social and governance (ESG) considerations in our investment processes
- Began developing a cohesive set of climate scenarios to inform our investment decision-making process
- Published guidance on sustainability disclosures to share and communicate our expectations to oil and gas companies as a follow-up to our engagements
- Founded a Greenfield Investments
 Renewables team to focus on investing in and developing climate-friendly opportunities
- Published our first portfolio carbon footprint
- Joined <u>Climate Action 100+</u>, an investor-led initiative to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change
- Launched a strategic initiative with Wellington Management and Woods Hole Research Center to advance integration of climate science into investment valuations
- Our carbon footprint and supporting private asset carbon models were independently verified providing us greater confidence in our calculation

2007 2010 2011

2012

2015 2016 2017 2018 2019

2020



- Climate change is formally identified as a systemic risk in our enterprise risk management system, which is overseen by our board
- Joined the <u>Global Real Estate</u> <u>Sustainability Benchmark</u> (<u>GRESB</u>), which evaluates how ESG factors are managed in real estate assets
- As part of GRESB's Benchmark Committee, we played a role in advising on the development of GRESB's Climate Resilience Module
- Began encouraging companies to report on climate change and carbon management approach to CDP (formerly Carbon Disclosure Project)
- Travelled to Calgary for engagements with oil and gas companies; follow-up trips in 2016 and 2018
- Co-founded the GRESB Infrastructure Asset
 Assessment, focused on
 assessing sustainability of
 infrastructure assets
- Endorsed the Financial Stability Board's recommendations of the Task Force on Climaterelated Financial Disclosures (TCFD), thereby committing to adopt these recommendations in our engagements with companies, as well as in our own reporting
- Launched our Low Carbon
 Economy Transition Framework
 to help assess climate change
 implications in our investments
- Published our first <u>Responsible</u> <u>Investing Report</u>, which included climate change considerations

- Published first stand-alone TCFDaligned Climate Change Report, which provided detailed information about our approach to managing the risks and opportunities related to climate change
- Began developing meaningful physical and transition risk measures that enhance opportunity and risk management



