

# 2022 SUSTAINABLE BOND REPORT



OMERS

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# OMERS Sustainable Bond Report

Founded in 1962, OMERS is a jointly sponsored, defined benefit pension plan, with approximately 1,000 participating employers ranging from large cities to local agencies and over half a million active, deferred and retired members. Our members include union and non-union employees of municipalities, school boards, local boards, transit systems, electrical utilities, emergency services and children’s aid societies across Ontario. Contributions to the OMERS Pension Plans are funded equally by members and employers.

As a long-term investor, we focus on identifying and assessing changes that we see or anticipate in the world around us, which may affect the value or risk of our investments or present new opportunities. This includes frequent review and analysis of rapidly shifting environmental, social and governance (ESG) factors. We believe that well-run organizations with sound ESG practices will perform better, particularly over the long term.

OMERS Finance Trust (OFT) issues commercial paper and term debt that is fully, unconditionally and irrevocably guaranteed by OMERS Administration Corporation. Established in 2010, OFT aims to continue to grow its presence in the international capital markets as an issuer of debt to institutional investors.



Unless the context requires otherwise, “OMERS”, “we”, “our” or “us” refers to OMERS Administration Corporation acting in its capacity as the administrator of the Primary Plan and the trustee of the Primary Plan fund, together with OFT and other subsidiaries of OMERS.

# Sustainable Investing at OMERS

Three overarching pillars guide our approach to sustainable investing: Integration, Collaboration and Engagement. Recognizing the rapid evolution of the ESG landscape, we approach this dynamic area with an open and nimble mindset and commit to enhancing our capabilities and practices to ensure they remain transparent, relevant and effective over time.



## INTEGRATION

We seek to integrate ESG factors into our investment analysis and decision-making processes and our asset management practices. Our investment and asset management teams assess ESG factors through processes tailored to the applicable asset class and investment strategy. These factors include climate change, labour practices and human rights, inclusion and diversity, business conduct and board composition, among others.



## COLLABORATION

We collaborate with like-minded organizations, investors, regulators and legislators with a view to improving the foundations for sustainable investing. Our investment teams actively promote sustainable business practices and long-term perspectives through direct and collaborative engagement with management teams, boards of directors and the broader investment community.



## ENGAGEMENT

We seek to actively engage with our investee companies and other stakeholders to promote sustainable business practices and long-term thinking. Our approach to engagement is informed by our investment strategy and the level of control and influence we have in the investment assets. Engagement with investee companies is critical to our stewardship of OMERS Plan assets.

# OMERS Sustainable Bonds Summary

In 2022, OFT successfully completed its first offering of sustainable USD bonds, a dual tranche offering comprising US\$600 million of 10-year notes and US\$500 million of 30-year notes.

This was OFT’s inaugural issuance under the **OMERS Sustainable Bond Framework**, summarized on the following page.

This offering is an example of our commitment to the development of markets for sustainable finance and demonstrates conviction in our ability to profitably deploy capital into assets with strong green and social attributes.



**2**  
**SUSTAINABLE BONDS**

**US\$1.1 billion**  
**TOTAL SUSTAINABLE  
ISSUANCE**

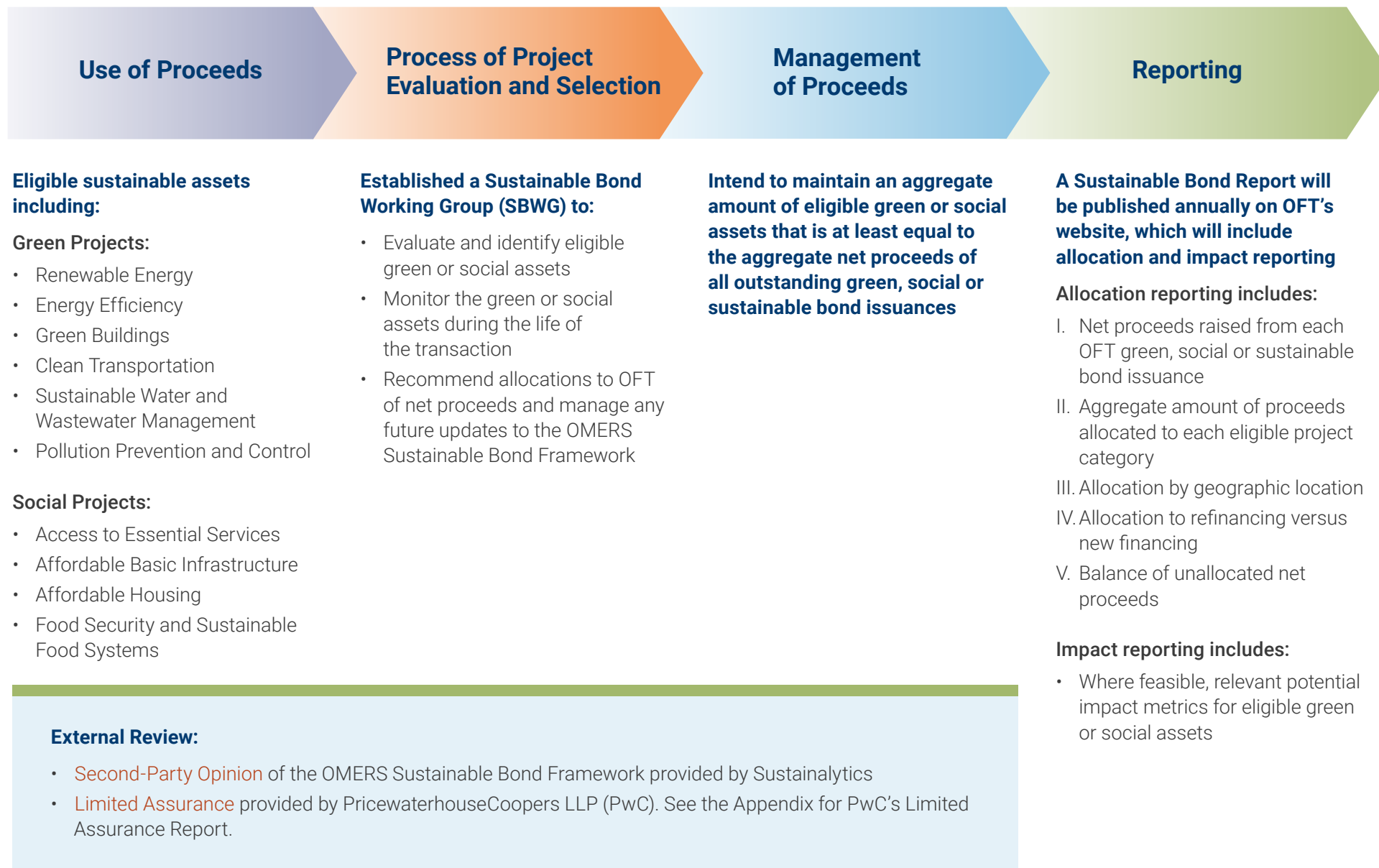
**US\$600 million**  
**10 YEARS**

**US\$500 million**  
**30 YEARS**

**Aa1/AA+/AAA/AAA**  
**RATINGS**



# OMERS Sustainable Bond Framework



# Sustainable Bond Allocation

OFT's **inaugural sustainable bonds** were issued in April 2022, under the OMERS Sustainable Bond Framework. The net proceeds of outstanding sustainable bonds are **100% allocated** to eligible green or social assets.

OFT has issued **two sustainable bonds to date**, both in USD. We have summarized below the allocation report of the net proceeds:

## I. NET PROCEEDS RAISED FROM EACH OFT GREEN, SOCIAL OR SUSTAINABLE BOND

### Sustainable Bond Issuance

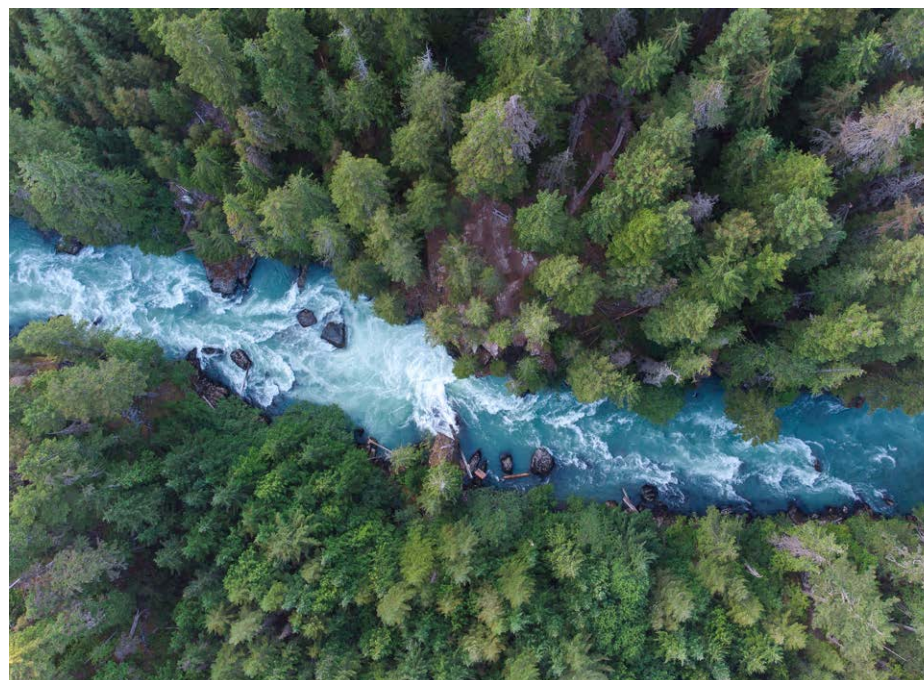
Issuance Date	USD <sup>1</sup>	CAD Equivalent <sup>2</sup>
April 19, 2022	\$600,000,000	\$757,890,000
April 19, 2022	\$500,000,000	\$631,575,000
<b>Total</b>	<b>\$1,100,000,000</b>	<b>\$1,389,465,000</b>

### Issuance Details

Issuer	OMERS Finance Trust	OMERS Finance Trust
Rating	Aa1/AA+/AAA/AAA	Aa1/AA+/AAA/AAA
Size	\$600,000,000	\$500,000,000
Format	144a/Reg S	144a/Reg S
Issuance Date	April 19, 2022	April 19, 2022
Maturity Date	April 19, 2032	April 19, 2052
Coupon	3.500%	4.000%

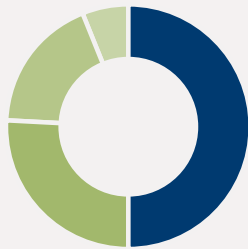
<sup>1</sup> Metric subject to limited assurance by PwC.

<sup>2</sup> Canadian dollar equivalent value based on the offering documents.



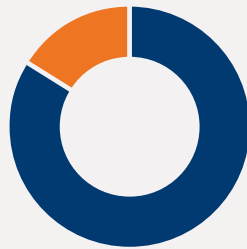
## Sustainable Bond Allocation (continued)

### II. AGGREGATE AMOUNT OF PROCEEDS ALLOCATED TO EACH ELIGIBLE PROJECT CATEGORY<sup>1</sup>



● Affordable Basic Infrastructure	50%
● Energy Efficiency	26%
● Renewable Energy	18%
● Green Buildings	6%

### III. ALLOCATION BY GEOGRAPHIC LOCATION



● Europe excluding UK	84%
● US	16%

### IV. ALLOCATION TO REFINANCING VERSUS NEW FINANCING



● Refinancing	67%
● New Financing	33%

### V. BALANCE OF UNALLOCATED NET PROCEEDS






● Allocated Proceeds	100%
● Unallocated	0%



<sup>1</sup> Metric subject to limited assurance by PwC.

# Impact Report

The Sustainable Development Goals (SDGs) were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by the year 2030. The eligible green or social assets are expected to help advance certain SDGs. The table below summarizes the impact metrics for eligible green or social assets by eligible categories and SDGs as at December 31, 2022:

Eligible Category per ICMA Green or Social Bond Principles		Impact Metric	2022
	<b>Affordable Basic Infrastructure</b>	• Underserved households connected	104,260
		• Annual renewable energy generation in MWh	409,500
	<b>Renewable Energy</b>	• Annual GHG emissions avoided in tons of CO <sub>2</sub> equivalent	22,272
		• Total installed capacity in MW	1,039
	<b>Green Buildings</b>	• Floor space of green real estate (m <sup>2</sup> )	23,226

The impact metrics are reported at OMERS share of the assets and on a full-year basis, unless the green or social asset is acquired during the year, in which case such metrics are reported from the date of the acquisition to year-end.

## EXAMPLES OF ELIGIBLE SUSTAINABLE ASSETS INCLUDED IN OUR SUSTAINABLE BOND REGISTER

as of December 31, 2022



### Groendus

This Netherlands-based energy transition platform is a developer, builder and operator of renewable power assets. Currently overseeing a portfolio of 300 solar projects, Groendus aims to provide its customers with a growing suite of energy transition solutions, such as electric vehicle charging and battery storage.



### Northvolt

This is a Sweden-based supplier of sustainable, high-quality battery cells and systems. Its mission is to deliver the world's greenest lithium-ion battery with a minimal CO<sub>2</sub> footprint, helping enable the transition to a decarbonized future.

# Appendix: PwC Limited Assurance Report



## Independent practitioner's limited assurance report in relation to the Sustainable Bond Metrics of OMERS Finance Corporation (OFC), in its capacity as trustee of OMERS Finance Trust (OFT), as included in the OMERS Sustainable Bond Report

To the Board of Directors of OFC, as trustee of OFT

We have undertaken a limited assurance engagement on select performance metrics detailed below (the select performance metrics) as presented in the OMERS Sustainable Bond Report for the year ended December 31, 2022.

Our limited assurance engagement was performed on the following select performance metrics:

Performance metrics	December 31, 2022
Net proceeds raised from each OMERS Finance Trust Green, Social or Sustainable Bond as at December 31, 2022	\$1,100,000,000 USD
Allocation of proceeds to each eligible project category as at December 31, 2022	Affordable Basic Infrastructure (50%), Energy Efficiency (26%), Renewable Energy (18%), and Green Buildings (6%)

### Management's responsibility

Management is responsible for the preparation of the select performance metrics in accordance with the applicable criteria established in Exhibit 1 (the criteria). Management is also responsible for such internal control as management determines necessary to enable the preparation of the select performance metrics that are free from material misstatement, whether due to fraud or error.

### Our responsibility

Our responsibility is to express a limited assurance conclusion on the select performance metrics based on the evidence we have obtained. We conducted our limited assurance engagement in accordance with Canadian Standard on Assurance Engagements (CSAE) 3000, *Attestation Engagements Other than Audits or Reviews of Historical Financial Information*. This standard requires that we plan and perform this engagement to obtain limited assurance about whether the select performance metrics are free from material misstatement.

A limited assurance engagement involves performing procedures (primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures) and evaluating the evidence obtained. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users of our report. The procedures are selected based on our professional judgment, which includes identifying areas where the risks of material misstatement, whether due to fraud or error, in preparing the select performance metrics in accordance with the applicable criteria are likely to arise.

Our engagement included, among others, the following procedures performed:

- Reviewed the OMERS Sustainable Bond Framework and evaluated whether OFT's methods for quantification of the select performance metrics were appropriate and consistent with the applicable criteria;
- Through inquiries, obtained an understanding of the OFT's control environment, internal tracking process, and the information systems relevant to the select performance metrics quantification and reporting. Our procedures did not evaluate the design of particular control activities over the management, tracking or allocation of proceeds, and as such, we did not obtain evidence about their implementation or test their operating effectiveness;
- For a limited sample of assets, reconciled the select performance metrics data back to the underlying records; and
- Reviewed the select performance metrics disclosure in the OMERS Sustainable Bond Report to ensure consistency with our understanding and procedures.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and, consequently, the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

### Our independence and quality management

We have complied with the relevant rules of professional conduct/code of ethics applicable to the practice of public accounting and related to assurance engagements, issued by various professional accounting bodies, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Canadian Standard on Quality Management 1, *Quality Management for Firms that Perform Audits and Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.



**Conclusion**

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that OFT’s select performance metrics for the year ended December 31, 2022, are not prepared, in all material respects, in accordance with the applicable criteria.

**Purpose and restriction of use**

The select performance metrics have been prepared in accordance with the applicable criteria prepared by OFC management to report to the Board of Directors of OFC, as trustee of OFT. As a result, the select performance metrics may not be suitable for another purpose. Our report is intended solely for OMERS Finance Corporation, in its capacity as trustee of OFT, and OFT. We acknowledge the disclosure of our report, in full only, by OFC and OFT at their discretion, without assuming or accepting any responsibility or liability to any third party in respect of this report.

*PricewaterhouseCoopers LLP*

Chartered Professional Accountants  
Vancouver, BC  
May 17, 2023

Exhibit 1  
Select performance metrics and criteria

Select performance metrics and criteria
<div> <div>1.</div> <div> <div>Net proceeds raised from each OMERS Finance Trust Green, Social or Sustainable Bond as at December 31, 2022; and</div> <div> <ul style="list-style-type: none"> <li><i>Description: The total dollar (\$USD) value of net proceeds raised from each OMERS Finance Trust Green, Social or Sustainable Bond as at the end of the reporting period.</i></li> </ul> </div> </div> </div> <div> <div>2.</div> <div> <div>Allocation of proceeds to each eligible project category as at December 31, 2022.</div> <div> <ul style="list-style-type: none"> <li><i>Description: The total value (%) of proceeds allocated to each eligible category as at the end of the reporting period.</i></li> </ul> </div> </div> </div>
<div>Criteria</div> <div>OMERS Sustainable Bond Framework, published in March 2022 and available at <a href="https://assets.ctfassets.net/iifcbkds7nke/7EmUldhkjzZcAFL3xelDdS/e24a7279f9c89aade1f08b2994a4b798/OMERS-2022_sustainable-bond-framework-ua.pdf">https://assets.ctfassets.net/iifcbkds7nke/7EmUldhkjzZcAFL3xelDdS/e24a7279f9c89aade1f08b2994a4b798/OMERS-2022_sustainable-bond-framework-ua.pdf</a></div>

**FOR MORE INFORMATION ABOUT OMERS AND OMERS FINANCE TRUST,  
PLEASE CONTACT OUR INVESTOR RELATIONS TEAM.**

#### **Sustainability**

**Sustainable Investing** [www.omers.com/sustainable-investing](http://www.omers.com/sustainable-investing)

**OMERS Sustainable Bond Framework**  
[www.omers.com/omers-finance-trust](http://www.omers.com/omers-finance-trust)

#### **External Review**

**Second Party Opinion and Limited Assurance Report**  
[www.omers.com/omers-finance-trust](http://www.omers.com/omers-finance-trust)

#### **Performance**

**Financial Highlights** [www.omers.com/performance](http://www.omers.com/performance)  
**Annual Results** [www.omers.com/About-OMERS/Annual-Reporting](http://www.omers.com/About-OMERS/Annual-Reporting)

#### **Governance, Legislation and Regulations**

**OMERS Administration Corporation** [www.omers.com/ac](http://www.omers.com/ac)  
**OMERS Act** [www.omers.com/act](http://www.omers.com/act)  
**Executive Leadership Team** [www.omers.com/leadership](http://www.omers.com/leadership)  
**Board of Directors** [www.omers.com/board](http://www.omers.com/board)  
**Plan Texts** [www.omers.com/text](http://www.omers.com/text)

#### **Investment Approach**

**Investment Beliefs, Investment Policies and Procedures, and Valuation**  
[www.omers.com/governance-manual-policies-and-guidelines](http://www.omers.com/governance-manual-policies-and-guidelines)

#### **Investor Relations**

Brandon Weening, CPA, CA  
Executive Vice President, Corporate Finance  
[bweening@omers.com](mailto:bweening@omers.com)

Greg Bohne, CFA  
Vice President, Corporate Financing  
[gbohne@omers.com](mailto:gbohne@omers.com)



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