

OMERS

# 2023 SUSTAINABLE BOND REPORT



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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 more than 600,000 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.

Report published on May 27, 2024



Hopewell Rocks Provincial Park, Bay of Fundy, Canada



# Our Climate Action Plan

OMERS inaugural Climate Action Plan (CAP) sets out the steps on our pathway to Net Zero 2050.

Our CAP lays a foundation we can build upon to achieve our climate-related ambitions and support the transition through real world decarbonization. Our approach is consistent with the global goal of limiting the Earth's temperature rise to 1.5°C.

Climate change poses risks and opportunities to investors driven by physical and transition factors. Multiple risks are present at the system, region, sector and organizational levels. This includes the world's ability to limit global warming, the impact of climate change on financial markets, and the valuation of OMERS own assets over time. Opportunities are arising through new types of investments. Industries and technologies are emerging from the transition and adaptation to changing climatic conditions.

The CAP details our efforts to manage climate risk and opportunities at a total fund and portfolio level. It includes our latest commitments along with progress against previously disclosed goals. We will maintain a flexible approach and continue to evolve the CAP alongside scientific, regulatory and market developments and new industry practices.

We will also continue to report on our progress every year in our Annual Report, in alignment with the Task Force on Climate-related Financial Disclosures (TCFD) and guided by the International Sustainability Standards Board (ISSB) standards.

The following two pages outline our key climate-related goals and the progress as of December 31, 2023.

## NET ZERO AND THE PARIS AGREEMENT

Net zero emissions are achieved when emissions of greenhouse gases (GHGs) to the atmosphere from human activities are balanced by removals over a specified period.<sup>1</sup>

In 2016, the Paris Agreement came into effect. Almost 200 countries around the world agreed to make an urgent, science-based commitment to limit global warming to well below 2°C and pursue efforts to limit it to 1.5°C, to avert the worst impacts of climate change. To achieve this, human-caused GHG must fall dramatically from 2010 levels; by about 45% by 2030 and reaching net zero by 2050.

Governments, business, civil society and the investment community have an important and collaborative role to play in enabling and accelerating the decarbonization of the global economy to achieve this goal. This includes the encouragement and adoption of science-based emissions reduction targets and credible transition plans.



### FOR MORE DETAILS ON OUR CLIMATE ACTION PLAN

Please refer to [omers.com/climate-change](https://omers.com/climate-change)

<sup>1</sup> IPCC Special Report: Global Warming 1.5°C (2018).

# Key Climate-Related Goals

## Net Zero

By 2050: portfolio and operations

**\$30B**

Green investments  
by 2030

**\$3B**

Transition Sleeve<sup>1</sup>

## Portfolio emissions intensity reduction

**20%**

By 2025

**50%**

By 2030

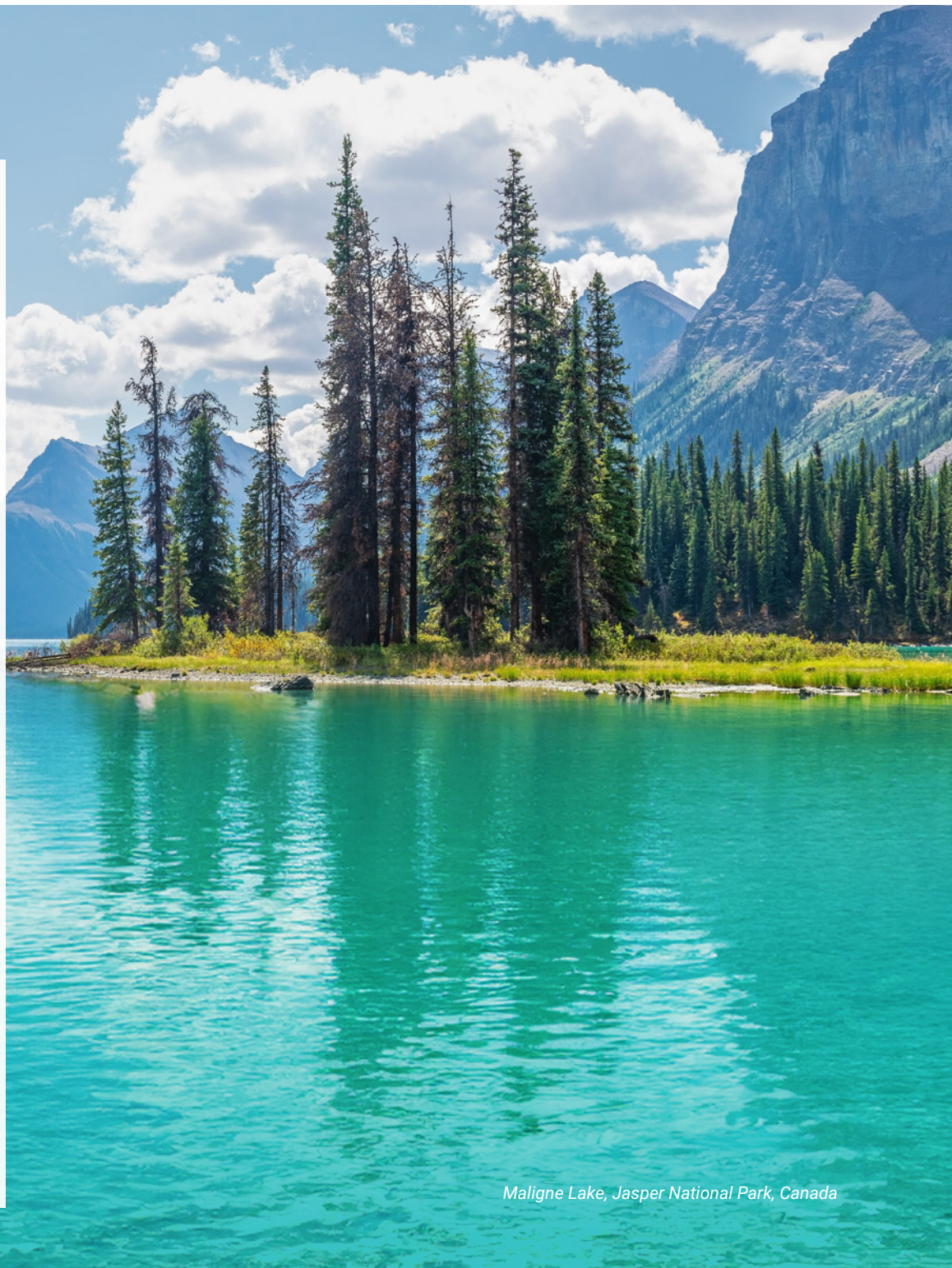
## Interim goals

Every five years

## Highest emitters

Top 20 WACI<sup>2</sup> contributing  
portfolio companies  
expected to have credible  
net-zero transition plans in  
place by 2030

- 1 New investments in high-emitting assets that are on a decarbonization pathway to creating "real world" decarbonization.
- 2 Weighted-average carbon intensity (WACI) measures the portfolio's carbon efficiency by considering each investment asset's total emissions relative to its revenue and the weight in the portfolio.



Maligne Lake, Jasper National Park, Canada



# Our Progress

## \$21B

Green investments

## 52%

Portfolio emissions intensity reduction since 2019

## \$2B

Sustainable and green bonds<sup>1</sup>

## Compensation Link<sup>2</sup>

To climate change performance measures

- 1 Includes US\$1.1 billion sustainable bond offering by OFT and CAD \$0.6 billion green bond offering by Oxford Properties, OMERS real estate business.
- 2 Since 2021, ESG and climate change performance measures, which factor into the determination of incentive compensation, have been incorporated in all investment teams' goals, and since 2023, they have been formalized and mandated for relevant Executive Leadership Team members and all investment Team Leads.



Serenity Apartments, Boston, MA, USA

# 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\$1.1B

Total sustainable issuance

## US\$600M

10 years

## US\$500M

30 years

## Aa1/AA+/AAA/AAA

Moody's/S&P/Fitch/DBRS ratings



# OMERS Sustainable Bond Framework

## Use of Proceeds

### Eligible sustainable assets including:

#### Green projects:

- Renewable Energy
- Energy Efficiency
- Green Buildings
- Clean Transportation
- Sustainable Water and Wastewater Management
- Pollution Prevention and Control

#### Social projects:

- Access to Essential Services
- Affordable Basic Infrastructure
- Affordable Housing
- Food Security and Sustainable Food Systems

## Process of Project Evaluation and Selection

### Sustainable Bond Working Group (SBWG) established to:

- Evaluate and identify eligible green or social assets
- Monitor the green or social assets during the life of the transaction
- Recommend allocations of net proceeds to OFT
- Manage any future updates to the OMERS Sustainable Bond Framework

## Management of Proceeds

### Intend to maintain an aggregate amount of eligible green or social assets that is at least equal to the aggregate net proceeds of all outstanding green, social or sustainable bond issuances

## Reporting

### Sustainable Bond Report published annually on OFT's website will include:

#### Allocation reporting:

- Net proceeds raised from each OFT green, social or sustainable bond issuance
- Aggregate amount of proceeds allocated to each eligible project category
- Allocation by geographic location
- Allocation to refinancing versus new financing
- Balance of unallocated net proceeds

#### Impact reporting:

- Where feasible, relevant potential impact metrics for eligible green or social assets

### External Review:

[Second-Party Opinion](#) of the OMERS Sustainable Bond Framework provided by Sustainalytics

[Limited Assurance](#) provided by PricewaterhouseCoopers LLP (PwC). See the Appendix for PwC's Limited Assurance Report.



# 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 U.S. dollars. We have summarized below the allocation report of the net proceeds:

## I. Net proceeds raised from each OFT green, social or sustainable bond issuance

### SUSTAINABLE BONDS

Issuance Date	USD	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<sup>1</sup></b>	<b>\$1,389,465,000</b>

### ISSUANCE DETAILS

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

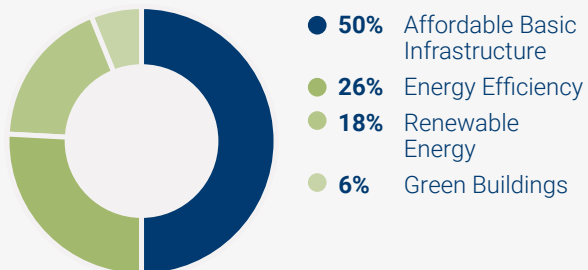


<sup>1</sup> Metric subject to limited assurance by PwC. See the Appendix for PwC's Limited Assurance Report.

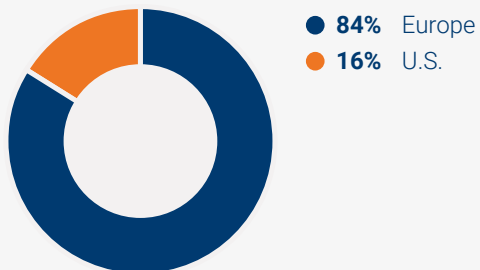
<sup>2</sup> Canadian dollar equivalent value based on the offering documents.

# Sustainable Bond Allocation (continued)

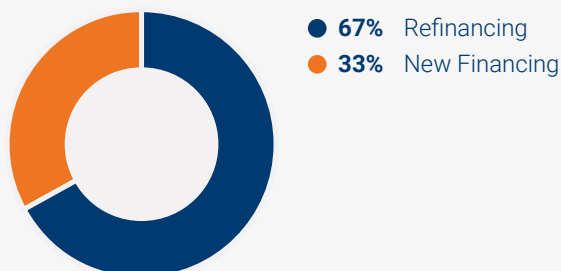
## II. Aggregate amount of proceeds allocated to each eligible project category<sup>1</sup>



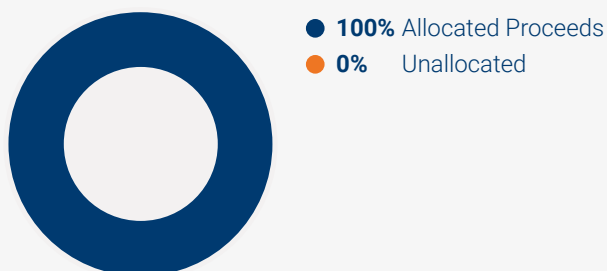
## III. Allocation by geographic location



## VI. Allocation to refinancing versus new financing



## V. Balance of unallocated net proceeds






<sup>1</sup> Metric subject to limited assurance by PwC. See the Appendix for PwC's Limited Assurance Report.



# 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 our eligible green or social assets by eligible categories and SDGs as at December 31, 2023 and 2022:

Eligible category per ICMA Green or Social Bond Principles	Impact Metric	2023	2022
 <b>Affordable Basic Infrastructure</b>	Underserved households connected	<b>105,976</b>	104,260
 <b>Renewable Energy</b>	Annual renewable energy generation in MWh	<b>81,650</b>	80,800 <sup>1</sup>
	Annual GHG emissions avoided in tons of CO <sub>2</sub> equivalent	<b>62,876<sup>2</sup></b>	63,119 <sup>1,2</sup>
	Total installed capacity in MW	<b>5,681</b>	1,039
 <b>Green Buildings</b>	Floor space of green real estate (m <sup>2</sup> )	<b>23,226</b>	23,226
	Annual GHG emissions avoided in tons of CO <sub>2</sub> equivalent	<b>263<sup>3</sup></b>	228 <sup>3</sup>

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. The allocation of proceeds by eligible project category has not changed since the 2022 Sustainable Bond Report, while the impact metrics have changed year-over-year.

<sup>1</sup> The impact metric figure published in the 2022 Sustainable Bond Report has been revised to correct an error.

<sup>2</sup> Calculated using the U.S. EPA Greenhouse Gas Equivalent Calculator.

<sup>3</sup> Calculated using the industry standard EUI rates of a similar building in the region minus the emissions energy usage from buildings that OMERS owns using the same industry standard EUI rates, converted to emissions. The energy and emissions only include base building electricity and whole building natural gas.

## Examples of eligible sustainable assets included in our Sustainable Bond Register

as of December 31, 2023



### NOVASOURCE

A global leader in solar operations and maintenance services to utility, commercial, industrial and residential customers in the United States and globally.



### SERENITY

An upscale apartment building nestled within Boston's Emerald Necklace park system. The LEED Gold certified apartments feature nuanced designs and proximity to public transit and local attractions.

# 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 of on select performance metrics detailed below (the select performance metrics) as presented in the OMERS Sustainable Bond Report for the year ended December 31, 2023.

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

Performance metrics	December 31, 2023
Net proceeds raised from each OMERS Finance Trust Green, Social or Sustainable Bond as at December 31, 2023	\$1,100,000,000 USD
Allocation of proceeds to each eligible project category as at December 31, 2023	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 is 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 independence and other ethical requirements of 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 or 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, 2023, are not prepared, in all material respects, in accordance with the applicable criteria.

### Purpose of statement and restriction on distribution and use of our report

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

Toronto, ON

May 27, 2024

## EXHIBIT 1

### Select performance metrics and criteria

1. Net proceeds raised from each OMERS Finance Trust Green, Social or Sustainable Bond as at December 31, 2023; and  
*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.*
2. Allocation of proceeds to each eligible project category as at December 31, 2023.  
*Description: The total value (%) of proceeds allocated to each eligible category as at the end of the reporting period.*

### Criteria

OMERS Sustainable Bond Framework, published in March 2022 and available at [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)



**For more information about OMERS and OMERS Finance Trust, please contact our Investor Relations team.**

#### **SUSTAINABILITY**

[Sustainable Investing](#)

[OMERS Sustainable Bond Framework](#)

#### **EXTERNAL REVIEW**

[Second-Party Opinion and Limited Assurance Report](#)

#### **PERFORMANCE**

[Financial Highlights](#)

[Annual Results](#)

#### **GOVERNANCE, LEGISLATION AND REGULATIONS**

[OMERS Administration Corporation](#)

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[Executive Leadership Team](#)

[Board of Directors](#)

[Plan Texts](#)

#### **INVESTMENT APPROACH**

[Investment Beliefs, Investment Policies and Procedures, and Valuation](#)

#### **INVESTOR RELATIONS**

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In connection with our three-pillared approach to sustainable investing and under OMERS Climate Action Plan, we have made certain commitments and set certain goals and targets (Targets). In establishing our Targets, we relied on various laws, guidelines, taxonomies, methodologies, frameworks, market practices and advice, and other standards (Standards) and have also made good faith assumptions and estimates in establishing our Targets. Given the complex nature of expectations relating to environmental, social and governance standards and practices (including the management of climate risk), these Standards differ by region, industry and issue, are rapidly evolving and are not always clear. As a result, our assumptions and estimates may prove incorrect or inaccurate for reasons we cannot foresee or predict.

To monitor and report on our progress toward our Targets, 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 underlying assumptions, and cannot guarantee its accuracy or completeness. The data may be of varying quality or usefulness and may change over time as Standards evolve. These factors could negatively impact our Targets and our ability to meet them.

This report is not, does not contain and is not intended as an offer to sell or a solicitation of any offer to buy any securities issued by OMERS Finance Trust or OMERS Administration Corporation. No representation is made as to the suitability of any issuance of green, social or sustainability bonds to fulfill environmental and sustainability criteria required by prospective investors. Eligible Green or Social Projects may not satisfy an investor's expectations concerning environmental or sustainability benefits, and may result in adverse impacts. The information contained herein is provided as of the date of this report, and OMERS Finance Trust and OMERS Administration Corporation do not undertake to update any of such information.