



Building Value for Public Pensions



OPTRUST'S CLIMATE CHANGE STRATEGY
ALISON LOAT, MANAGING DIRECTOR,
SUSTAINABLE INVESTING & INNOVATION



Breaker Page



OPTRUST & ITS CLIMATE CHANGE AMBITION

With **net assets of \$25 billion**, OPTrust invests and manages one of Canada's largest pension funds and administers the OPSEU Pension Plan, **a defined benefit plan with over 100,000 members** from the Government of Ontario and +50 Ontario-based charities.

Preparing our portfolio for a changing climate

- **Align to net zero by 2050** to manage risks and opportunities from a transitioning economy
- Build **resilience and adaptability** to an increasingly volatile climate
- Capture **value from new investment opportunities**





BELIEFS GUIDING OUR APPROACH TO ADDRESSING CLIMATE CHANGE AND THE NET-ZERO TRANSITION

- 1 Addressing plan sustainability requires addressing climate sustainability.
- 2 A successful approach must anticipate change and evolve.
- 3 We will find opportunities across transition pathways.
- 4 We are active owners and will engage with companies and in investor collaborations to address climate risks and opportunities.
- 5 Transparency in our approach and progress will preserve the trust of our members and stakeholders.





TEN IMPLEMENTATION COMMITMENTS SPANNING FOUR PILLARS

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Investment Strategy & Selection

- **1.1 Asset class diligence:** Integrate climate considerations into due diligence and valuations
- **1.2 Portfolio construction:** Stress-test portfolio using climate scenarios
- **1.3 Allocations:** Define and track investments to “green” or “transition” assets

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Asset Management

- **2.1 Stewardship:** Establish plans for highest-risk assets or strategies
- **2.2 Reporting and monitoring:** Integrate climate into portfolio reporting
- **2.3 Corporate engagement and proxy programs:** Maintain and enhance engagement and proxy programs

3

Portfolio Analytics

- **3.1 Risk assessment:** Further enhance climate risk assessment
- **3.2 Metrics and targets:** Track exposure to climate risks and opportunities; reduce portfolio carbon intensity by 2030 and beyond

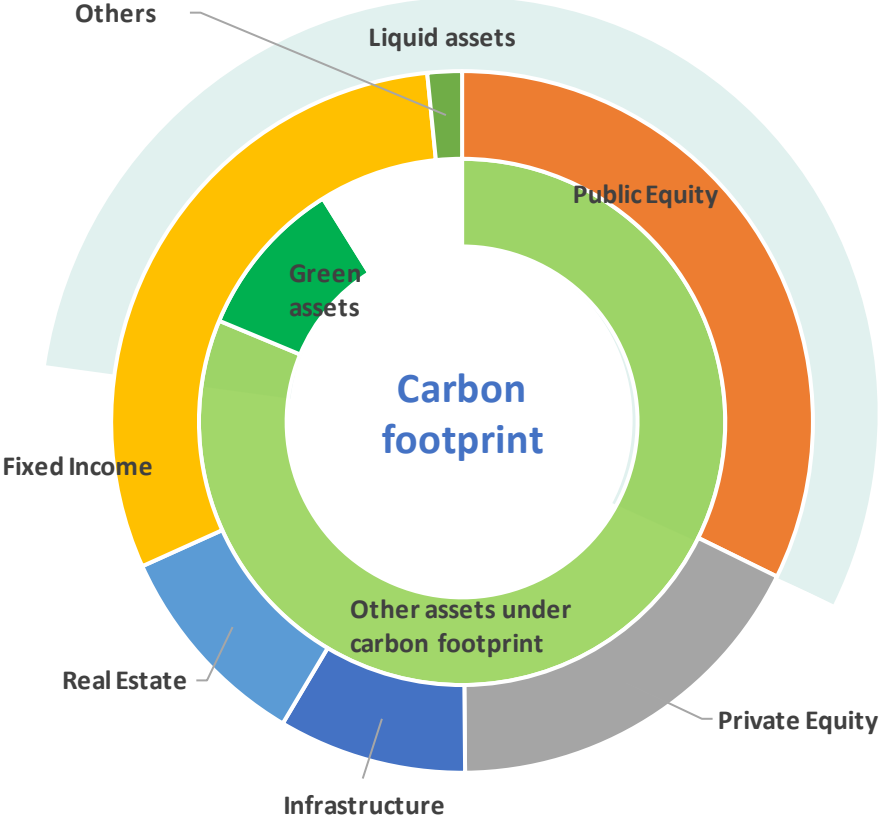
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Advocacy & Disclosure

- **4.1 Investor collaborations/ consultations:** Contribute to investor initiatives that advance policy conversation in Canada or elsewhere
- **4.2 Disclosure:** Enhance internal and external TCFD reporting



CDPQ at a glance



6 million+ Quebecers
 contribute to or receive benefits from
 45+ major pension and insurance plans

Global Investor
 Canada: 32%, USA: 35%, Europe: 14%
 Asia-Pacific: 12%, Latin-Am.: 4%






420 G\$
 As at 30 Dec, 2021

**Investment on the
 basis of detailed
 bottom-up analysis**

80+ %
 Internally managed

~90%
 Of the portfolio cover
 under the carbon
 footprint

Evolution of CDPQ's climate strategy

	 Factor climate change into every investment decision	 Increase green investments <i>(2017 basis)</i>	 Prioritize our portfolio's climate quality / finance the transition <i>(New in 2021)</i>	 Decrease the portfolio's carbon intensity t CO ₂ /\$M <i>(2017 basis)</i>	 Leadership through commitment and influence
2017-2020	Included in due diligence review Carbon budget	\$39 B (x2,2) (2020 target: \$34 B) Renewables Green real estate Sustainable mobility		- 49% (2020 target: -25%)	Corporate commitment Participation in collaborative forums – Climate Action 100+ – Investors Leadership Network – NZ-Asset Owner Alliance
New 2021	Deep dives on: <i>Physical risk</i> <i>Transition risk</i>	\$54 B (x3) Existing sectors + Green fuels, H ₂ , batteries, etc.	\$10 B Transition envelope 2022 Elimination of oil production	- 60% by 2030 Net-Zero Alignment	Peer engagement Participation in government brainstorming