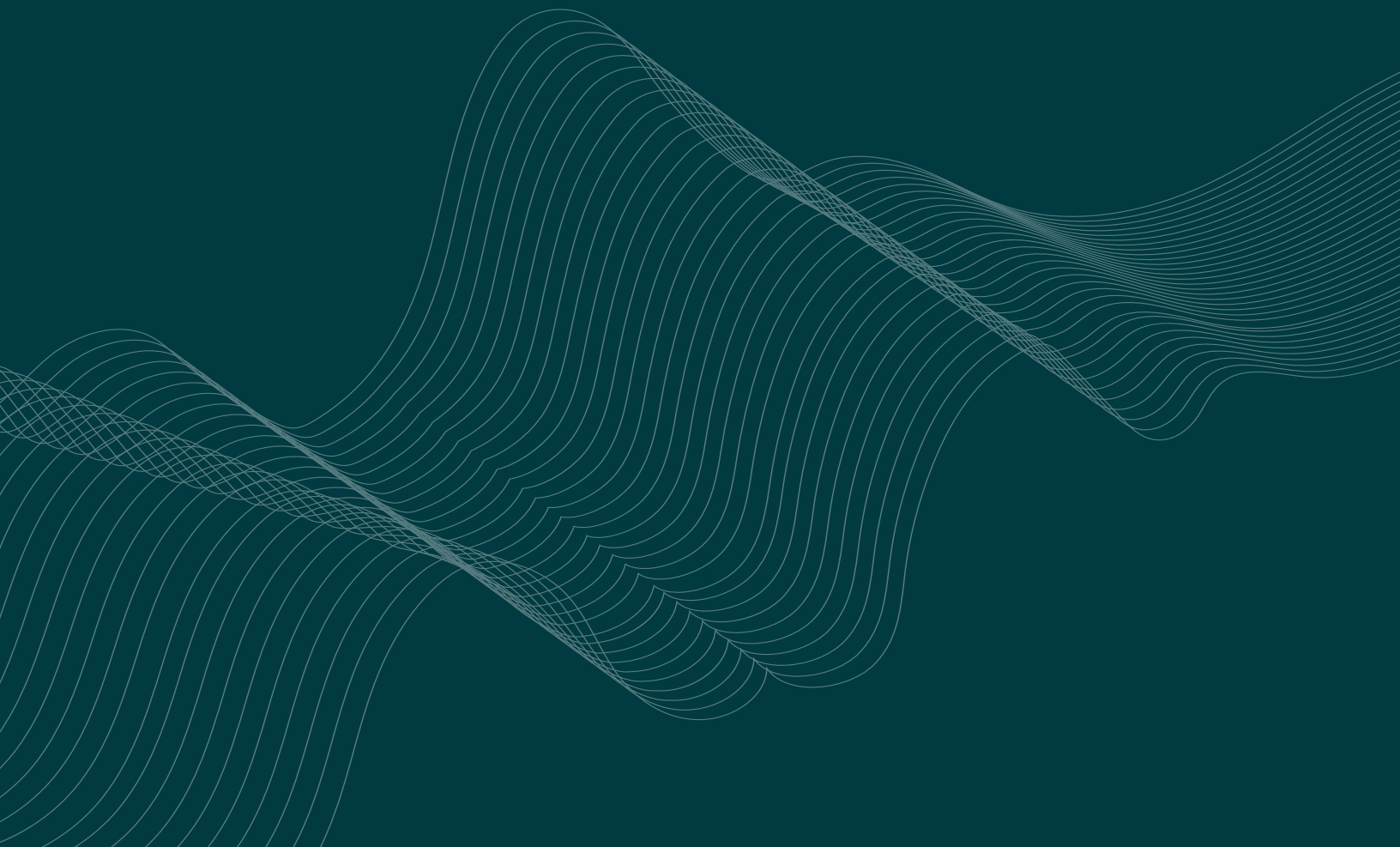
OPTrust

2022-23

Task Force on Climate-Related Financial Disclosures



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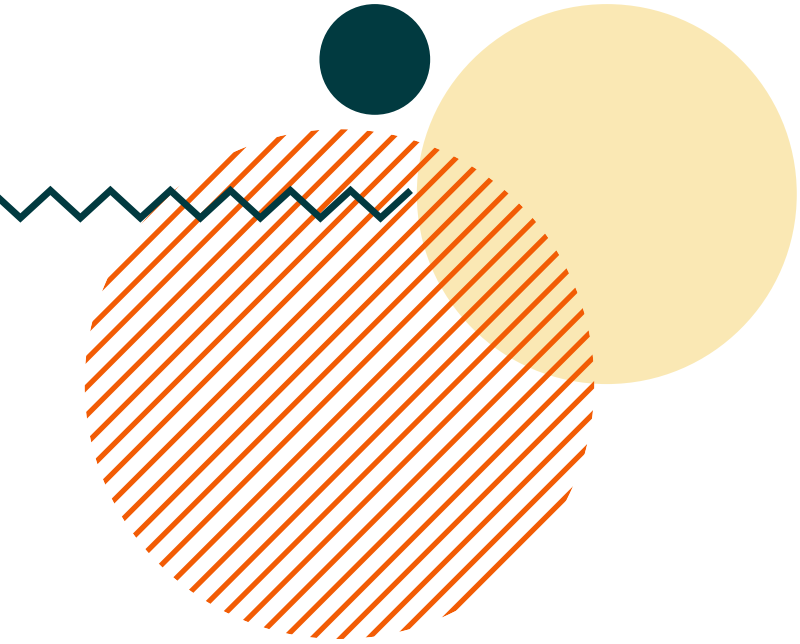
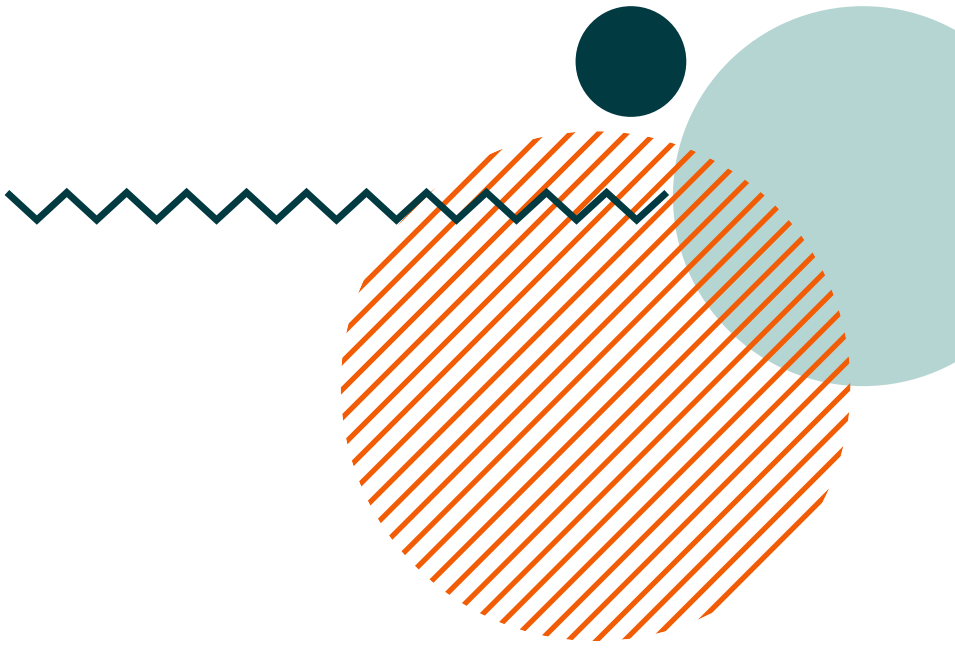


Introduction

At OPTrust we recognize that upholding our pension promise over the long term means investing in a way that is responsible and sustainable. Our portfolio must be resilient as financial markets and companies globally face the pervasive, growing impact of climate change.

To address the financial impacts from climate change, many organizations, including investors, will have to adopt new ways of thinking and doing business. The Task Force on Climate-related Financial Disclosures' (TCFD's) recommendations serve as a foundation for organizations to prepare and evolve.

Since the TCFD's introduction in 2017, OPTrust has supported the framework as the gold standard for disclosing material climate-related information. This report reflects our continued commitment to transparency and shares progress on the implementation of OPTrust's **climate change strategy**.



Note to Reader

This document is an update to OPTrust's **2021 TCFD report**, which addresses the reporting framework's recommended questions in detail. This report should be read alongside the 2021 TCFD and our 2023 climate change strategy progress report, ***Building a Resilient Portfolio for the Long Term: Our Climate Change Strategy in Action***.

In summary, our climate change strategy is designed to support our overall investment strategy, with a focus on building out the tools and capabilities to better understand, measure and manage climate risk and opportunity in the portfolio. We continue to implement the commitments in our strategy and have advanced work in the following areas:

1. **Asset allocation:** Increased the resiliency of our portfolio to climate change by increasing our investments in assets poised to benefit from the climate transition.
2. **Innovative research:** Undertaken and shared industry-leading research, including on performing **climate scenario analysis** and **designing climate metrics for investment portfolios**.
3. **Metrics and targets:** Developed metrics and goals to guide our strategy in the years ahead, including decarbonization targets.
4. **Governance and accountability:** Enhanced governance, reporting and engagement to ensure the strategy is collectively owned throughout the organization and integrated into how OPTrust does business.

In 2024, we will continue to focus our efforts in high-impact areas that increase the resiliency of our investments. These include enhancing climate due diligence frameworks, improving the integration of ESG and climate-related data across all asset classes, developing a climate taxonomy and increasing engagement on climate with our investment partners.

Our 2022-23 Disclosure

Governance

Disclose the organization's governance around climate-related risks and opportunities.

OPTrust's Board of Trustees (the Board) is responsible for the overall administration of the OPSEU Pension Plan (the Plan) and the investment of the OPSEU Pension Plan Trust Fund (the Fund). The Board and its Investment Committee (IC) monitors the performance of the Fund and receives regular reporting on the implementation of OPTrust's investment policies, including its responsible investment policies. This includes the Statement of Responsible Investing Principles (SRIP) and Proxy Voting Guidelines, which reflect OPTrust's expectations from our portfolio companies and partners on climate change, among other ESG factors. The IC also monitors the implementation of OPTrust's **enhanced climate change strategy** which was approved by the Board in October 2022, and receives regular reporting on: (1) new initiatives or analyses underway; (2) insights from research that have implications for how we invest; (3) progress against the strategy and metrics and (4) regulatory or policy changes and annual Fund disclosures.

To strengthen the delivery of our enhanced climate change strategy, introduced in 2022, and ensure cross-organizational collaboration and ownership, climate priorities for 2023 were incorporated into annual objectives for various departments in the organization and the climate strategy was integrated into OPTrust's five-year strategic plan, which is overseen by the Board and implemented under the supervision of the President and Chief Executive Officer (CEO).

OPTrust's Chief Investment Officer (CIO) oversees the overall Responsible Investing (RI) program, including the Fund's enhanced climate change strategy and delegates the day-to-day development and implementation of both to the Sustainable Investing and Innovation (SII) team. At the management level, oversight of our approach to climate change sits with two committees:

- **Climate Response Working Group (CRWG):** members include representatives from various corporate functions and asset classes. CRWG members identify, prioritize and execute projects to further commitments under the climate change strategy and facilitate delivery of the departmental objectives mentioned above.
- **Responsible Investing Committee (RIC):** members include the CIO and senior managing directors from all asset classes (real estate, private equity, infrastructure, public markets), portfolio construction and SII. The RIC provides strategic direction and implementation guidance for the RI program and the climate change strategy.

Strategy

Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.

The economy's transition towards net zero creates both significant investment risks and opportunities across all asset classes and industries. As different countries, industries and companies determine the best way to transition their economies and businesses away from dependency on fossil fuels, the path ahead will be influenced by many factors, including consumer behaviour, regulation, technological innovation, and corporate and investor action. The risks and opportunities presented by climate change remain largely unchanged from the ones we have discussed previously. See potential risk and opportunity areas for OPTrust in our **2021 TCFD report** (pages 8-10).

Starting in 2020, OPTrust embarked on an organization-wide effort to update our approach to climate change to ensure that climate considerations are embedded into the way we do business across relevant corporate functions. Driven by the CEO and CIO and integrated into the corporate objectives, enhancing OPTrust's approach has required extensive efforts from nearly all departments, overseen by the CRWG.

In October 2022 the Board approved OPTrust's **enhanced climate change strategy**, aligned with the global goal of achieving net-zero greenhouse gas (GHG) emissions by 2050.

Our climate change strategy outlines 10 key areas of work or "commitments" that OPTrust will advance over the next few years to address impacts of climate change on our core financial purpose. The 10 cross-organizational commitments are centered on four pillars designed to better integrate climate considerations across OPTrust's investment portfolio and supporting operations: **investment strategy and selection**, **asset management**, **portfolio analytics**, and **advocacy and disclosure**.

Climate Change Strategy: Pillars

INVESTMENT STRATEGY AND SELECTION

PORTFOLIO ANALYTICS

ASSET MANAGEMENT

ADVOCACY AND DISCLOSURE

Climate Change Strategy: Summary

 **INVESTMENT STRATEGY AND SELECTION**	• **Asset class diligence:** Integrate climate considerations into due diligence and valuations. • **Portfolio construction:** Stress-test portfolio using climate scenarios. • **Allocations:** Develop climate-related taxonomy to track asset allocations and understand implications for investment strategies.
 **ASSET MANAGEMENT**	• **Stewardship:** Establish stewardship plans for our highest-risk assets and strategies. • **Reporting and monitoring:** Integrate climate change into portfolio reporting. • **Corporate engagement and proxy programs:** Maintain and enhance corporate engagement and proxy programs.
 **PORTFOLIO ANALYTICS**	• **Risk assessment:** Identify sources of high risk across asset classes and strategies. • **Metrics and targets:** Track exposure to climate risks and opportunities and use identified targets to manage exposures over time.
 **ADVOCACY AND DISCLOSURE**	• **Investor collaborations and consultations:** Contribute to investor initiatives that advance policy conversations in Canada or elsewhere. • **Disclosure:** Enhance internal and external climate reporting.

Underpinning our approach is a set of five climate change beliefs, which were crafted through collaboration and engagement across the organization, including with our Executive Team and Board.

These beliefs outline how we will approach our climate work, designed to guide our decision-making such that we advance our longer-term aspirations alongside our investment approaches and philosophy.

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 risk and opportunities.**
5. **Transparency in our approach and on our progress will preserve the trust of our members and stakeholders.**

Recent progress

In addition to securing approval for our enhanced climate change strategy, the CRWG, under the guidance of the RIC and supported by SII, also advanced work in the following areas:

- **Onboarding climate data**

  In 2022, we partnered with an external data provider to onboard climate data for our public and private assets to enable us to calculate climate metrics and work towards a better understanding of the transition and physical risks in our investments. These new data allow us to further integrate climate information into investment processes, where possible, and can be used as directional guidance for where we need to actively manage risks and opportunities. We are also working on building a governance and reporting architecture for climate data so that analyses and insights can easily be shared across the organization.

- **Participation in Bank of Canada's (BOC's) study on financial stability and climate transition risk**

  The objective of BOC's project is to examine how distinct financial system entities, including long-term investors such as pension funds, could be impacted by and respond to climate-related risks and opportunities, and of the potential channels through which those risks may spread.

  Collaboration with Canadian pension funds enabled the BOC to acquire detailed data on exposures to climate-relevant sectors such as oil and gas extraction, coal mining and chemical manufacturing, among others. The project's findings and takeaways will be published in December. This research builds on an earlier pilot project; **more information is available here**.

  This BOC analysis complements OPTrust's **in-house climate scenario analysis** (CSA), conducted in 2021 in partnership with Ortec Finance. Our 2021 CSA showed that climate change presents a material risk to our pension plan's sustainability, increasing funding risk in all climate scenarios examined.[1] The BOC's research will help frame our internal findings in the context of the broader regulatory and operational environment in which we exist and will hopefully provide us a better understanding of the financial market forces shaping the climate transition in the Canadian context.

- **Implementation of climate workstreams under our enhanced climate change strategy**

  In 2022-23, we advanced several priorities in this strategy. As part of our commitment to better manage the risks and opportunities from climate change, we designed an innovative framework for climate metrics, enabling us to track climate information across five categories (see the **Metrics and Targets** section for more detail). We are also developing asset-class and industry-specific due diligence toolkits to support the analysis of climate considerations that can impact returns in the long term. Additionally, we have initiated research on designing a climate taxonomy to track asset allocations over time so we can better understand how our portfolio is positioned for the green transition and where we need to actively manage carbon risk.

[1] The 2021 analysis considered three plausible climate pathways: Paris Orderly Transition, Paris Disorderly Transition and Failed Transition.

Risk Management

Disclose how the organization identifies, assesses and manages climate-related risks.

OPTrust's investment strategy is founded on robust risk management practices and a risk-conscious culture. We use a combination of bottom-up and top-down approaches to identify and manage climate-related risks. Given the evolving nature of climate risk management we strive to continually improve our existing processes while investing in new approaches to enable us to develop a more holistic view on the varying ways in which climate change may impact our portfolio. Below is an update on our recent activities, both from the bottom-up and top-down perspectives, and our priorities for the coming year.

Recent activities

At the bottom-up level, and as outlined in our SRIP, investment teams are responsible for identifying climate-related risks throughout their investment processes. This analysis is informed by the consideration of climate risks inherent to the asset class as well as risks arising from other investment characteristics, such as geography and sector exposure. We are currently developing climate due diligence toolkits to support investment teams in a more systematic and robust review of climate information for direct investments. Additional information on how we integrate climate considerations into our external manager and direct investment due diligence is available in our **2021 TCFD** (pages 14-16).

Also, this year, OPTrust worked closely with our investment teams to measure and disclose the total financed GHG emissions within the public equity, credit and directly held private equity, infrastructure and real estate portfolios. Quantifying financed emissions and establishing goals around carbon reduction is increasingly considered the best available tool to manage transition risk and assess progress towards net zero. Financed emissions calculated for each portfolio serve as a component of the 2022 carbon footprint computed for OPTrust's total portfolio that will be used as a baseline for 2030 interim targets. Additional information is available in the **Metrics and Targets** section of this report.

We also launched a pilot to understand how we can incorporate climate risk factors within valuations of real estate investments. Through the pilot we assessed the impact of transition and physical risk factors on various real estate variables including: i) property valuations (market value, leases, expenses, leverage), ii) property market data (sector data, rental yields) and iii) macroeconomic data (GDP, interest rates, inflation). We selected a sample of Canadian properties and used simulations to understand potential impact on key financial data points, including changes in return distribution, cashflow volatility and capital values. This analysis will be enhanced with improved carbon emissions data and with the inclusion of additional properties.

At the top-down level, in 2022 we complemented our **2021 CSA** by conducting a top-down assessment of the climate risk in the Fund by analyzing industry and country exposures across all portfolios. This analysis leveraged climate intensity scores[2] to understand exposure to high-risk industries, and climate vulnerability and preparedness scores[3] to assess exposure to high-risk geographies.

[2] For climate vulnerability assessment, we use the Climate Change theme from MSCI's ESG Industry Risk Intensity Scores methodology.
[3] The Notre Dame - Global Adaptation Index (ND-GAIN) ranks countries according to vulnerability to climate disruptions and readiness to leverage private and public sector investment for adaptive actions.

The majority of OPTrust's holdings correspond to low- or medium-risk industries and countries with low exposure to climate-related risks. This analysis provides a directional understanding of potential climate risks in OPTrust's portfolio and areas of the portfolio that may need further investigation. Future iterations of this analysis will enable OPTrust to track exposures to the most vulnerable industries and geographies while enhancing engagement plans for our companies and/or external investment managers to mitigate associated climate risks.

Upcoming priorities

To further enhance our risk management capabilities, we are advancing several initiatives for integration in the coming year, including:

- **Climate taxonomy for asset allocation**[4]

  We have initiated research to define a climate taxonomy for OPTrust's investment portfolio that will allow us to track allocations more comprehensively from a climate perspective. This will enable us to better understand how our portfolio is positioned for the green transition and any related implications for investment strategies. The climate taxonomy will also inform OPTrust of risks to the climate transition including the potential for stranded assets, perpetuating carbon lock-in or being unaligned with transition pathways to net zero.

- **Enhanced second-line climate due diligence**

  In addition to the roll-out of climate due diligence toolkits in our investment portfolios, we are also building out a supporting due diligence framework that will inform our investment risk management on material climate risks that may potentially impact our private investments. This enhanced due diligence includes the impact of applicable regulations, exposure to transition and physical risks, adequacy of a company's environmental risk management practices and commitment to integrating sustainability within business models.

- **Climate-risk reporting**

  We have begun collecting additional climate risk data across asset classes to understand how OPTrust's portfolio is exposed to various risks and to serve as a baseline to track these exposures over time. In addition to the climate risk data previously described in this section, our Investment Risk team has begun tracking MSCI's Low Carbon Transition Scores (LCTS), Implied Temperature Rise (ITR) and Climate Value at Risk (CvaR) metrics to allow us to better understand physical and transition risk scenarios[5] through the year 2050. We will continue to refine this analysis as an additional lens on our portfolio's climate risks.

[4] A climate taxonomy is a categorization of the portfolio based on climate-related information that enables us to classify our assets based on their climate risk profile. Examples could include: ***green***, i.e. lower-carbon activities that enable or result in positive environmental impacts; ***transition***, i.e. investments that have the ability to substantially reduce their carbon footprints or displace higher-emitting industries, and ***carbon intensive***, i.e. investments in high-carbon sectors or those that fail to show quantifiable lower-emission performance.

[5] For physical risks, the tool assesses the impact of five chronic risks (extreme heat, extreme cold, extreme precipitation, wind, and snowfall) and two acute risks (coastal flooding and tropical cyclones), factoring in impacts from business interruptions and asset damages. For transition risks, the tool focuses on estimating individual issuers' costs of meeting emissions reduction targets based on countries' stated targets and sector targets for companies' owned and operated facilities.

Metrics and Targets

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

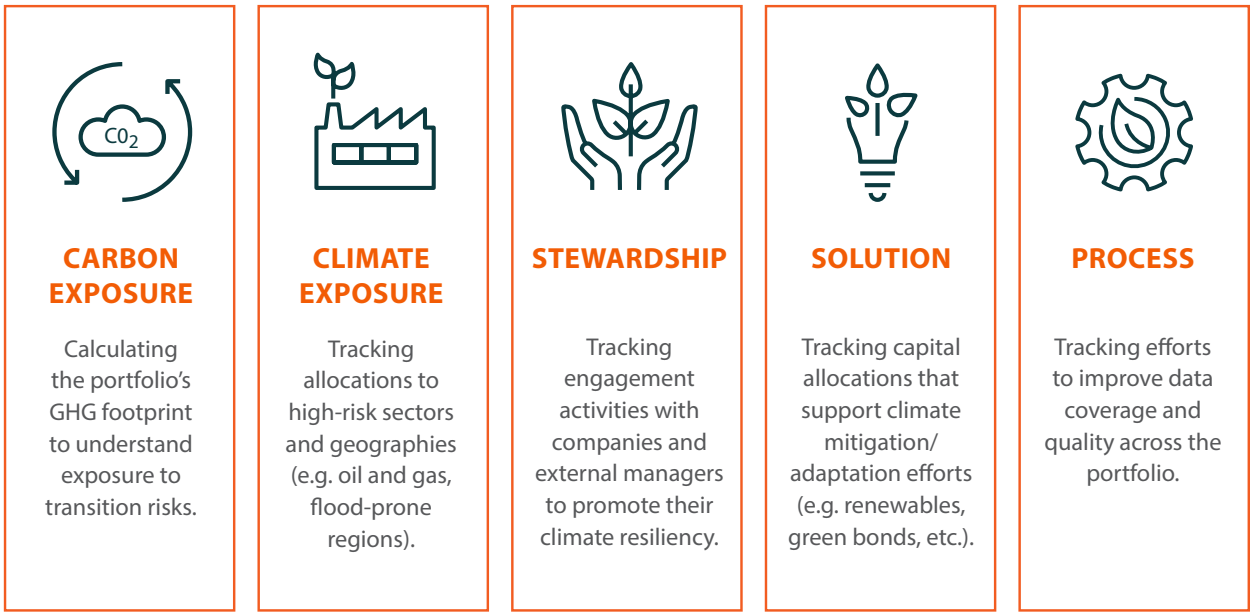
OPTrust's climate metrics framework

In 2023, we launched a collaborative effort across OPTrust's investment risk, asset class and sustainable investing teams to design a bespoke, bottom-up metrics framework for tracking and managing climate considerations across our portfolio.

The framework organizes metrics into five categories, as outlined below, that enable us to classify climate information in a decision-useful way. This framework recognizes that while carbon emissions are currently the best proxy for investors' exposure to risks associated with the transition to a lower-carbon economy, this metric in isolation paints an incomplete picture of climate risk and opportunity.

As such, we believe intentionally tracking and managing a broader set of metrics, in recognition of the limitations of carbon emissions data and reporting, will provide our investment teams with a more comprehensive view of climate factors and better facilitate measuring progress over time.

While the framework applies to all asset classes, the metrics are customized for each depending on practicality and applicability. The metrics are categorized into the following five categories, encompassing varied dimensions of climate risk and opportunity:



These metrics are designed to improve OPTrust's ability to advance three objectives, all geared towards strengthening our capabilities to manage the impacts of climate change over time:

- **Risk management**

  Understanding an asset's climate profile enables us to more proactively manage risks stemming from the global transition to a lower-carbon economy and physical shocks to our natural environment. Group(s) of metrics: **carbon exposure**, **climate exposure** and **stewardship**.

- **Strategic investment planning**

  Better tracking of data enables us to hone in on areas where we have a strategic advantage to more intentionally participate in the transition to a lower-carbon economy, support innovation and capitalize on climate-related opportunities. Group(s) of metrics: **solutions**.

- **Data enhancement**

  Consistently measuring efforts to improve the coverage and quality of climate data across the portfolio allows us to strengthen our understanding of material climate issues and our disclosures. Group(s) of metrics: **process**.

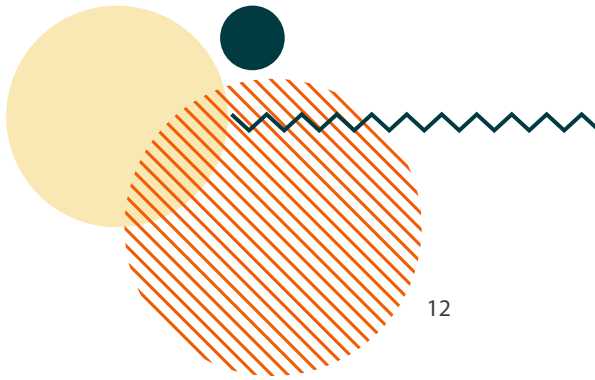
We are taking a phased approach to implementing our metrics framework and have initiated data collection on a subset of these metrics, focusing on those for which we intend to set and disclose targets on a 2025 and 2030 timeline; additional details on our targets are available in this document. We will progress towards tracking all metrics, setting additional targets where relevant, and integrating them into our portfolio monitoring and reporting processes.

Emissions attributable to our investment portfolios

In October 2022, OPTrust stated our ambition to achieve a net-zero portfolio by 2050, based on the expectation that global progress and momentum continues towards achieving net-zero GHG emissions over that time frame and the necessity to align our investments accordingly to ensure pension sustainability.

To progress towards this ambition, we committed to capturing baseline climate data on our portfolio, starting with carbon emissions data, and setting interim targets to manage our exposure over time. As part of this commitment, we have analyzed the GHG emissions associated with our investment portfolio and computed a financed emissions intensity (i.e. carbon footprint) for our portfolio, as of December 31, 2022.

Details on the carbon footprint, methodology and scope are shared below, as well as some considerations for how to use and interpret these numbers.



1. Our carbon footprint

Portfolio	Value of assets analyzed ($)	Financed emissions (tCO_2e)	Emissions intensity (tCO_2e/$M invested)	Weighted average PCAF data quality score
Public Markets	2,445,651,351	236,533	96.3	2
Private Markets	7,417,198,311	723,131	97.5	3
Total	**9,872,849,661**	**959,664**	**97.2**	**3**

More information on the scope of assets included is available on the following page.

2. Methodology

Our approach is informed by the Partnership for Carbon Accounting Financials (PCAF). While PCAF's standard and its interpretation continue to evolve, it is generally considered the best available standard for portfolio carbon footprint accounting. The PCAF "financed emissions" methodology attributes an asset's emissions on an enterprise value including cash (EVIC) basis that facilitates consistent accounting across the many asset classes in which OPTrust invests.

Reported emissions are in terms of tonnes of carbon dioxide equivalent (tCO2e) and include Scope 1 and Scope 2 emissions of the underlying assets based on asset-reported data where available, supplemented with proxied data where the assets themselves do not report. Scope 1 emissions include all direct emissions from the activities of an organization under their control while Scope 2 emissions are associated with the energy purchased and used by the organization.

Scope 3 emissions, which encompass other indirect emissions throughout an organization's value chain, are currently excluded from the footprint scope due to the early-stage and unreliability of associated methodologies and data. We will look to incorporate Scope 3 emissions into our measurement and reporting as data availability and quality improve.

Our investment's emissions are attributed to OPTrust as follows:

$$\textbf{OPTrust's share of emissions} = \sum_i^n \frac{OPTrust's\ investments_i}{Enterprise\ value\ including\ cash_i} \times Assets_i emissions$$

As 2022 is the first year for which we have fulsome portfolio carbon footprint data, we will track progress and, as outlined later in this report, we will update our approach as guidance and data quality and availability improve.

3. Scope and data quality

The following assets are included in our 2022 carbon footprint:

- Public markets assets: long-only equities and active credit.
    - The long-only equities include total return swaps[6] (TRS) with a notional value of $751,640,931 and an emissions intensity of 14.1 tCO2e/$M invested.
- Private markets assets: direct investments in private equity, infrastructure and real estate.

Emissions data are further graded on their quality according to PCAF's data quality scoring framework that ranks emissions from Score 1 (highest quality) to Score 5 (lowest quality):

Data quality	Description
1	Audited asset-reported data
2	Unaudited asset-reported data
3	Proxied data based on asset activity levels and sector averages
4	Proxied data based on asset revenues and sector averages
5	Internally estimated proxied data

Our methodology is influenced by leading industry guidance and market practice from peers. We have endeavoured to measure emissions for all investments in our portfolio where footprinting methodology has been established and where emissions data were available and of sufficient quality. At present, 40% of our investments meet these criteria and are represented in the 2022 footprint.

Carbon footprinting is a developing area that currently lacks agreed-upon accounting methodologies for several types of investments in our portfolio, including complex derivatives strategies, commodities and long-short strategies. Further, data availability and quality are largely correlated with where we have greater ownership or influence in our investments and where climate risk is more material.

For some investments that are currently out of scope due to the considerations outlined above, we have started to measure their emissions on a preliminary basis with the aim of bolstering our internal monitoring of climate risk, recognizing that we still hold their climate risk exposure even though the integrity of their emissions data is insufficient for disclosure.

As data standards and methodologies advance, and as we are able to secure better quality data from our data providers, portfolio companies and investment partners, we intend to increase the scope of assets covered in future disclosures. Further details on our data quality objectives are available later in this section.

[6] We include TRS exposures, as opposed to other derivatives, in our carbon footprint for three reasons: it represents a large percentage of our public equity holdings, has been a stable part of our portfolio for many years and is implemented through a straightforward, passive strategy. In the absence of PCAF guidance for this instrument, we used an approach that computes the carbon intensity of each stock in the underlying index and aggregates it based on the weight of the constituents to compute the carbon footprint for the index overall.

4. **Caveats and considerations**

   OPTrust recognizes the many limitations of carbon emissions accounting and the challenges in interpreting and using the data, including:

   - Emissions are a backward-looking indicator of transition risk that may not reflect an asset's overall exposure to climate risk or future climate management.
   - Emissions metrics can be challenging to contextualize in the absence of standardized industry benchmarks and the many unknowns around the global transition to net zero.
   - Methodologies are still evolving and while PCAF is emerging as a leading standard, many financial instruments and strategies are not covered by the guidance. Portfolio footprinting is an evolving field and we will have to adapt to changes as the discipline matures.
   - Data quality is not yet on par with financial accounting; emissions figures can be difficult to verify and are heavily proxy-based (i.e. based on sector averages rather than our assets' actual performance) in the absence of self-reported data from portfolio assets.
   - While carbon intensity metrics are recommended by PCAF and enable comparison over time even as our assets grow, they can be prone to fluctuations from variables that are out of our control, such as exchange rates and valuations.

   Where possible, we will strive for transparency around how these factors are impacting our footprint and will also consider incorporating additional carbon metrics into our disclosures over time to provide a more fulsome understanding of the carbon performance of our portfolio. We will review industry guidance annually and update our disclosures accordingly with the aim of improving our data quality to provide visibility into our portfolio's climate risk profile and ongoing performance.

OPTrust's targets for 2025 and 2030

To manage climate risk across multiple dimensions, OPTrust has started by setting the following targets for 2025 and 2030.

1. **Carbon exposure**
   - From the 2022 baseline, reduce our overall carbon footprint by 30% by 2030.
2. **Stewardship**
   - Implement enhanced climate due diligence on 100% of new direct investments and external partner commitments by 2025.
   - Phase in climate evaluations on core, strategic investment partners starting in 2024 for completion by 2025.
3. **Process**
   - Engage with 100% of core, strategic investment partners and higher-risk directly owned assets by 2025 to advocate for collection and reporting of emissions data.

We anticipate that our stewardship and process targets will reduce our reliance on proxied data and help us meaningfully increase the number of our private equity and infrastructure companies that collect and provide emissions data to us. We anticipate achieving coverage for over 50% of our portfolio by value and over 75% of portfolio emissions by 2025. By that year, we also anticipate that 80% of our directly owned real estate properties will report energy use.

In 2024, we plan to be able to report more comprehensive information on our portfolio's carbon footprint, including on our private funds in real estate, private equity and infrastructure. We also plan to report separately on sovereign bonds.

Restatement and Pre-assurance

Restatement approach and plan

We recognize that carbon emissions reporting is an evolving practice and, as outlined in our targets above, we seek to continually improve our process and increase the scope of our portfolio coverage as data standards and availability evolve. Consequently, our baseline emissions may be restated in the future to reflect updated data.

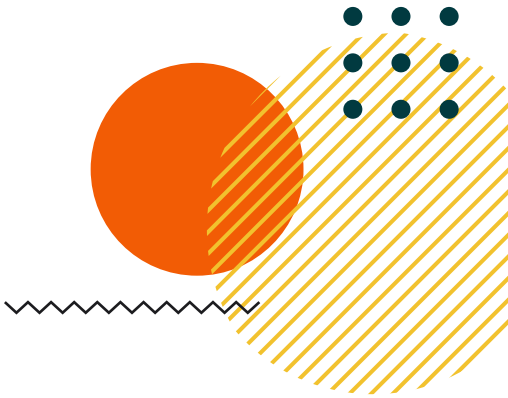
The Science Based Targets initiative (SBTi), a partnership that defines and promotes best practice in emissions reduction and net-zero targets, recommends that any changes to the emissions baseline of 5% or more should be disclosed. Reasons OPTrust might consider restatement (should the 5% threshold be reached) include:

- Expansion of scope (e.g. adding new asset classes to the footprint).
- Changes in calculation methodologies or industry standards (this could also include changes from peer consultations).
- Improvements in data accuracy or discovery of significant errors.

As a result of our phased approach outlined above, we anticipate restating our baseline in 2024-25 to account for our planned incorporation of additional assets, such as private funds in real estate, private equity and infrastructure. We also plan to report separately on sovereign bonds.

Pre-assurance

We plan to obtain independent third-party assurance over our carbon footprint in the future and are currently taking the necessary steps to prepare for this.

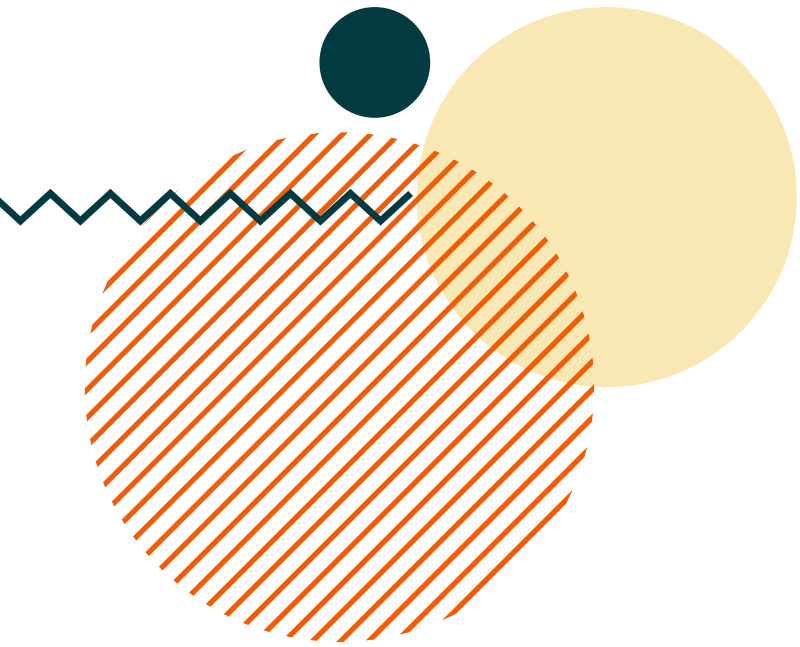


Conclusion

The global economy's path to net-zero emissions will be highly complex as transition pathways emerge. OPTrust remains committed to providing transparency around our climate change strategy and progress, through our ongoing disclosure against the TCFD framework and regular updates to our members. We approach this journey with a learning mindset, as we prepare to be challenged, adapt, and evolve along the way.

For more information on OPTrust's climate change principles and action, please contact us or visit:

- **Climate change webpage**
- 2023 climate change strategy progress report, ***Building a Resilient Portfolio for the Long Term: Our Climate Change Strategy in Action***
- **2021 TCFD report**
- **2022 Responsible Investing Report**
- **Statement of Responsible Investing Principles**



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