OPTrust

2025 RESPONSIBLE INVESTING REPORT

2025 Highlights

Achieved our 2025 climate change strategy targets; continued to progress workstreams to build a more climate-resilient portfolio.

Completed our fourth year of COMPAS (our ESG data program); leveraged insights to strengthen our asset stewardship practices.

Voted at 700 company meetings in 30 countries.

Engaged 104 companies across 28 countries on key ESG issues.

Joined Climate Engagement Canada and the Labour Rights Investor Network.

OPTrust has a long-standing commitment to responsible investing (RI) that dates back to the earliest days of the Plan:

1997 Trustees adopt OPTrust's first Proxy Voting Guidelines.

2007 ESG formally integrated into the Statement of Investment Policies & Procedures.

2010 OPTrust endorses the UN Principles for Responsible Investment.

2022 OPTrust launches net-zero aligned climate change strategy.

2025 Achieved our interim climate change strategy targets and made advancements across our active ownership, ESG data and sustainable incubation portfolio initiatives.

Learn more about our climate change strategy, initiatives and progress in our ***2024-25 Task Force on Climate-related Financial Disclosures***.

OPTrust's RI program is an integral component of our investment strategy, playing a key role in ensuring sustainable pension security for our members. We recognize that environmental, social and governance (ESG) factors can materially affect investment risk, return and our reputation; every investment professional at OPTrust is responsible for including ESG risks and opportunities in their decision-making. We factor ESG considerations into every step of the investment lifecycle, from screening and due diligence through to investment monitoring and active ownership.

Since first incorporating ESG into our investment policies, we have been committed to continual improvement of our RI program in order to effectively manage sustainability factors in a rapidly evolving investment environment. We have built upon a foundation of ESG risk management to capture sustainable opportunities and create long-term value, supporting the fulfilment of our fiduciary duty.

Climate change strategy

Our commitment to long-term Plan sustainability spanning generations requires addressing climate change's impacts on our portfolio. By continuing to act proactively we are building a resilient portfolio that will support and align with the decarbonizing global economy while navigating the evolutions in regulatory, economic and investment aspects of the low-carbon transition.

We are now more than halfway through implementing **OPTrust's climate change strategy**, launched in 2022. Over the past year we made major advances across its four pillars (investment strategy and selection, asset management, portfolio analytics, and advocacy and disclosure), ensuring climate considerations are well-integrated in all aspects of our business. This includes:

- **Achieving all 2025 stewardship and process targets:** We have now instituted enhanced climate due diligence on every new direct investment and external partner commitment, phased in climate evaluations on all our existing, long-term fund managers, and engaged with all our core investment partners and higher-risk, directly owned assets to advocate for collecting and reporting emissions data. Since setting our engagement target in 2022 with the aim of improving our emissions data quality, the number of assets reporting actual emissions data in our direct private equity and infrastructure portfolios has tripled, and actual emission data coverage of our direct real estate portfolio has increased by nearly 20 per cent.

- **Continued progress towards our emissions reduction target:** We achieved a 23 per cent reduction in our carbon footprint between 2023 and 2024 (the most recent period for which emissions data is available) through decarbonization in several of our more carbon-intensive assets and strategies, as well as changes in portfolio composition. We will continue our climate-informed investment selection and asset management programs to ensure we maintain progress over the next five years and beyond, in line with our net zero by 2050 ambition.

- **Strengthened tools and analytics:** Over time we have developed a range of tools and approaches (including carbon footprinting, a climate taxonomy and climate scenario analysis) that equip us to comprehensively assess climate risks and opportunities. By working to consolidate these approaches, we can better understand climate-related factors across all asset classes and leverage these insights to sustain the fund's climate resilience.

What is COMPAS?

"Capturing OPTrust's Management and Progress Around Sustainability," or COMPAS, is our internal ESG data program. It is an important tool for investment monitoring and stewardship.

We established this program to systematically identify strengths and weaknesses in our management of ESG factors in our investments, in order to deepen our investment and stewardship capabilities.

We conducted our fourth cycle of ESG data collection across the total fund in 2025, collecting metrics across a range of portfolios and asset classes to measure our ESG performance in different investment strategies. We leveraged learnings from this year's data to facilitate investment team education sessions on material ESG themes (such as workplace safety and cybersecurity), guided by best practices gathered from portfolio companies and investment partners.

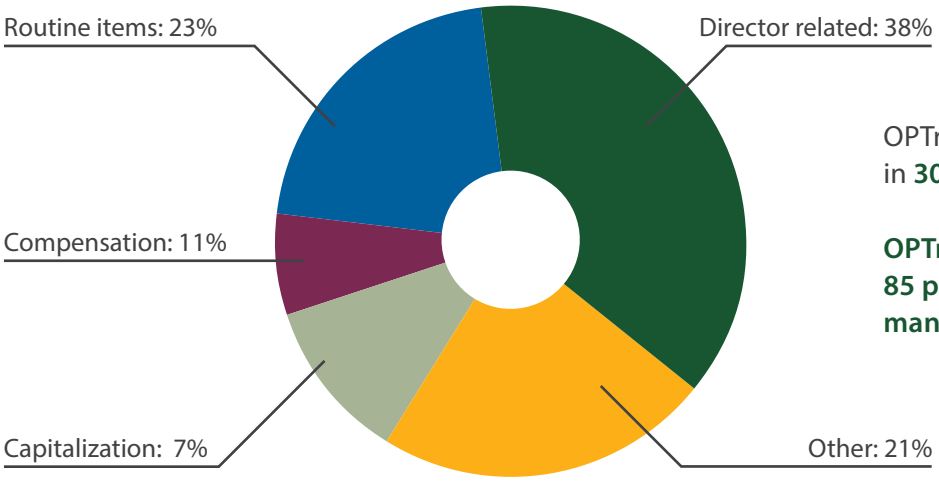
Active ownership and stewardship

Active ownership is a key lever for value creation and risk management in our long-term investment strategy. Good governance, including responsible management of environmental and human capital factors, is essential to sustainable performance and we employ our influence as an asset owner to direct positive advancements in our investments. Our investment stewardship takes many forms across our portfolios, ranging from holding board seats in private markets investments to proxy voting and corporate engagement in public markets.

Proxy voting

For all securities where we hold voting rights, we vote in accordance with our Board-approved **Proxy Voting Guidelines**. Our guidelines set out our expectations on a range of governance factors, including executive compensation, shareholder rights, board diversity and management of environmental and social issues — all with an eye to promoting strong long-term performance.

In 2025, OPTrust voted on **5768 proposals** in the following categories:



OPTrust voted at **700 meetings** in **30 countries.**

OPTrust voted with management on 85 per cent of proposals and **against management on 15 per cent.**

Public markets corporate engagement

We work with our engagement provider and investor associations (including the 30% Club and the Canadian Coalition for Good Governance) to engage with investee companies on meaningful ESG issues that materially impact performance.

2025 Engagement milestones:

Environmental stewardship: CRH / United States
CRH announced new 2030 targets for biodiversity in their latest sustainability report, aiming for application of net impact methodology to 100 per cent of extractive sites located in or near areas of high biodiversity value, and for over 1,000 locations to institute pollinator-promoting initiatives.

Climate change: RWE / Germany
RWE's executive remuneration report clearly linked long-term incentive plan compensation to the firm's carbon footprint, strengthening accountability for decarbonization and demonstrating industry leadership.

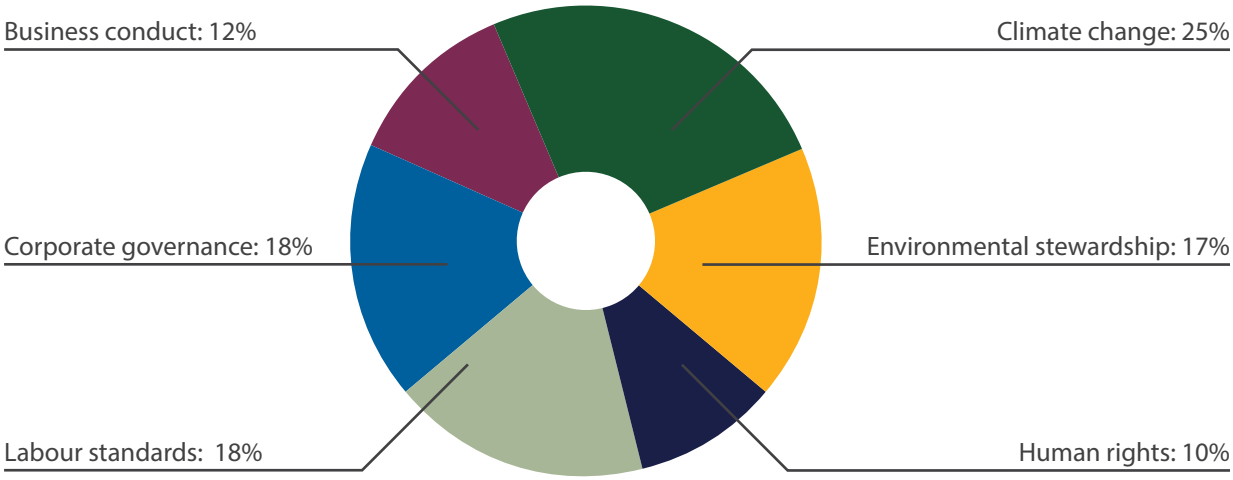
Climate change: General Motors / United States
General Motors announced a number of electric vehicle battery advancements, including a targeted eightfold increase in North American battery supply chain content by 2028 and expansion into the energy storage market.

Diversity and inclusion: Hana Financial Group / South Korea
Hana Financial Group appointed a second woman to the board following engagement on the need to increase their board gender diversity.

Human rights: SK Hynix / South Korea
SK Hynix developed a comprehensive strategy for managing human rights, adding transparency on how they address forced labour risks within their supply chain.

Corporate governance: Max Healthcare / India
Max Healthcare appointed a Lead Independent Director to their board and brought their Audit & Nomination and Remuneration Committees to 100 per cent independence, strengthening board governance and oversight.

OPTrust engaged with **104 companies**, across **28 countries,** in **302 engagements.**



We contribute to numerous collaborative industry initiatives with like-minded investors to drive advancements in RI strategy, corporate sustainability and regulatory initiatives. In 2025, we joined:

- **Climate Engagement Canada,** an initiative that drives dialogue between investors and Canadian public companies on climate change. With a global group of investment peers, we are engaging constructively with issuers to successfully transition to a net-zero economy through institution of robust climate governance, clear decarbonization planning and transparent disclosures.
- **The Labour Rights Investor Network,** a global investor network focused on workers' rights to freedom of association and collective bargaining, through which we can further internal education on labour issues and ensure integration of labour rights best practices in asset management.

OPTrust is a Limited Partner member of the **ESG Data Convergence Initiative** (EDCI), which sets standards for ESG metrics in the private equity (PE) industry and facilitates data collection and benchmarking. The data collected and reported through EDCI provides important transparency into portfolio companies' ESG performance and progress. Since joining EDCI, we have advocated for our PE fund partners to join and have seen a 20 per cent increase in participation across our portfolio. In 2025, we took part in a working group to add measurement of cybersecurity performance, ensuring the framework continues to reflect the evolving ESG landscape.

Sustainable Incubation Portfolio

Since 2021, we have been exploring emerging sustainability opportunities with our Sustainable Incubation Portfolio, where we invest in funds that allocate to decarbonization and sustainability solutions. These investments' innovations are contributing to the low-carbon transition in diverse sectors and generating long-term value for our members. Further, these partnerships provide early insights into sustainability breakthroughs that can inform fund-wide investment strategy on developments that are shaping the decarbonizing global economy.

For example, through this portfolio, we have invested in ArcTern Ventures, a Toronto-based venture capital firm investing in early growth-stage companies that are tackling urgent climate change and sustainability challenges across renewable energy, clean mobility, circular economy, sustainable food and industrial decarbonization. ArcTern is committed to maximizing emissions abatement through its deployments, partnering with mission-driven founders to scale revenue and decarbonization impact.

Investments in the fund include:

- **Hyperlume**, an Ottawa-based developer of high-performance optical interconnect technology to meet the growing data transmission needs of modern computing — particularly in the AI era — while reducing the energy intensity of data centres. Hyperlume's optical cables provide superior bandwidth, lower latency and improved thermal performance, enabling data centres to operate with less energy.
- **Cyclic Materials**, a Kingston-based company enabling the circular economy for critical minerals by recovering rare earth elements (REEs) from end-of-life products. These REEs are essential for the permanent magnets that power electric vehicles, wind turbines and other clean technologies. Cyclic Materials has developed a proprietary process to extract and recycle REEs, and by reintroducing these materials into the supply chain, the company reduces the need for new mining, lowers environmental impacts and supports the secure, domestic sourcing of critical minerals.

Green real estate development:

VAUGHAN400
Jane Shipwill Industrial Park

OPTrust has made a significant investment in Vaughan 400 — a cutting-edge, zero-carbon industrial project — that sets a new standard for green development. This project supports our climate change strategy goals and speaks to our long-standing leadership in environmental sustainability across our portfolio.

Vaughan 400 is a two-phase, 1.6 million square foot large bay industrial development in Vaughan, Ontario. The 510,000 square foot first phase is targeting completion in Q3 2026, featuring rooftop solar panels, electric vehicle charging stations, energy-efficient insulation and electric air-sourced heat pumps to heat and cool the building. In addition to its zero-carbon design, the first phase is pursuing a LEED (Leadership in Energy and Environmental Design) Zero Carbon Building Design and is also targeting LEED Gold certification.

This development represents a continuation of our Real Estate Group's industrial "build-to-core" program. Through this program, OPTrust develops state-of-the-art properties in major urban centres, rather than purchasing them at a premium, enabling us to build in first-rate sustainability elements and establish robust rental income streams for the fund.

OPTrust

1 Adelaide Street East, Suite 2900
Toronto, ON M5C 3A7

Connect with us

Member Experience and Pension Operations

Tel: **416-681-6100** in Toronto
1-800-637-0024 toll-free in Canada

General information

Tel: **416-681-6161** in Toronto
1-800-906-7738 toll-free in Canada

optrust.com | **email@optrust.com**

OPTrust's publications and other information are available online at **optrust.com**.

This report summarizes certain provisions of the OPSEU Pension Plan. Please note that this report does not create any rights to benefits not provided for in the actual terms of the Plan. In the event of any conflict or omission, the legal requirements of the OPSEU Pension Plan will govern in all cases.

ISSN 1204-0525