

Keeping Our Commitments



2023
2024

Sustainability
Report



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On the Cover
Left: Photo by Tanja-Tiziana for AMAPCEO
Top Middle: Thousand Islands, Ontario
Top Right: Photo by Jayne van der Veen for OPP
Bottom Middle: Photo by Matthew Plexman for OPB





Joint Letter from the Chair and CEO

We are pleased to share our Sustainability Report which provides an update on our continued sustainability efforts for 2023 and 2024. With recent leadership transitions and ongoing initiatives to modernize our organization, we continue to remain focused on advancing sustainability to enhance our investment approach, continuously improving the client experience and being an employer of choice. All with a view to keeping the pension promise to our members.

As sustainability best practices advance and our approach evolves, we will maintain our emphasis on effective governance and will work with our fund manager, the Investment Management Corporation of Ontario (IMCO), to effectively address important sustainability-related risks and opportunities, such as climate change, within our investment portfolio.

As an asset owner and an experienced long-term investor, we know that environmental, social and governance (ESG) factors can and do affect investment performance. With IMCO, we pursue a shared belief that companies and investment managers that effectively address sustainability issues are more likely to deliver better long-term investment returns that help pay our members' pensions. The Board's responsibility for the financial health of the Plan includes ensuring our leadership and strategies position us to support the members of today and tomorrow. Our Board and leadership continue to maintain strategic oversight of IMCO as it manages the Plan's assets and investment risks. In 2023, we supported IMCO refreshing its five-year strategy as its strategic approach to value creation fully aligns with our commitment to responsible, long-term investing.

As an active owner, OPB and IMCO also aim to influence the companies and investments in which we have an interest to promote transparency, encourage good governance and mitigate sustainability risks that could impact our investments.



Geri Markvoort and Darwin Bozek at OPB's office in Toronto

As a sign of our commitment to responsible investment, we are a signatory to the United Nations-supported Principles for Responsible Investment (PRI or "the Principles"). IMCO is also a PRI signatory. This report includes our first annual PRI Assessment Report Scorecard, which measures our performance and provides scores for other participating signatories.

Internally, we are advancing efforts to make OPB an employer of choice, including actions to have a more diverse, equitable and inclusive workplace. This helps to better equip us to understand and serve our members.

We firmly believe sustainability is the right thing to do for all our stakeholders and it is essential to keeping our pension promise

today and tomorrow. As we look ahead, we will remain focused on our continuing commitment to advance our progress on sustainability and workplace initiatives, which better positions us to protect the long-term financial health of the Plan, deliver excellent service to our members and provide our employees with a collaborative, caring and inclusive environment.

Geri Markvoort,
Board Chair

Darwin Bozek,
President & Chief Executive Officer



Sustainability and OPB

OPB is committed to protecting the pension promise for our 100,000 members. Our focus on sustainability better positions us to protect our long-term financial health, deliver excellent service to members and provide our employees with an inclusive workplace.

Sustainability can mean different things to different people. At OPB, we view sustainability as a set of practices to better understand and address risks and opportunities that can affect our operations and investments. Sustainability supports our mission to Advise and Protect members and contributes to their financially secure retirement.

Both OPB and our investment manager, IMCO, are working to incorporate sustainability through ESG considerations, including climate change, into our operations and investment approach. We believe that by considering ESG in its investment approach, IMCO can better manage potential investment risks and identify opportunities to create long-term value.

Our people are at the heart of OPB. They are essential to delivering excellent client service and to making OPB a trusted advisor and a leader in the pension industry. As an employer, we believe having a strong culture, engaged employees and a diverse, equitable and inclusive (DEI) workplace enables us to better serve the diverse membership of the Public Service Pension Plan (PSPP or “the Plan”).





About OPB

OPB is the administrator of the PSPP, a defined benefit pension plan, sponsored by the Government of Ontario. Our membership is comprised of certain employees of the provincial government and its agencies, boards and commissions. At OPB, our primary objective is to effectively and efficiently manage the PSPP, so we can deliver pension benefits as promised and keep the Plan affordable for our members and employers over the long term. This document complements our Business Plan and Annual Report, where you can learn more about OPB.

About This Report

This Sustainability Report builds on our inaugural 2022–2023 report and provides an update on activities and achievements from June 2023 to December 2024. On the investment side, we have provided an overview of the key metrics IMCO has reported on for 2023. This report serves as OPB's sustainable investing disclosure and covers activities and performance during 2023. For more information about OPB's corporate and sustainability commitments, read the Sustainable Investing Resources page on [OPB.ca](https://www.opb.ca). In response to member feedback on our inaugural report, we have simplified our reporting to make it easier for members to understand our approach to sustainability and the progress we have made. Going forward, we will be integrating sustainability reporting into our annual reporting process, which will provide our members and stakeholders with a holistic view of our annual progress across all areas, including sustainability.

Managing Our Environmental Impact

OPB believes that effectively managing climate-related risks is integral to our long-term sustainability and value for our members. Our most significant contribution to addressing climate change lies in IMCO's prudent management of our investment portfolio, focusing on mitigating risks and capitalizing on financial opportunities associated with the transition to a low-carbon economy. We also aim to consider the environmental impact of our administrative operations, where possible.

Currently, our office is located at 200 King Street West in Toronto, a QuadReal Property Group owned and managed building. This building has received Leadership in Energy and Environmental Design (LEED) Platinum certification – the highest rating level in this internationally recognized green-building standard.

The building has several features that support its environmental performance, including:



over 75% of common area lighting in the building is LED energy efficient;



low-flush/flow toilets, urinals and faucets, and submeters installed that cover over 30% of the building's water consumption; and



waste initiatives such as four-stream waste sorting.

In addition, approximately 93% of our active members and 26% of retired members receive digital communications where possible. Since 2022, we have reduced the number of pages mailed by over 500,000, and all paper communications are printed on recycled paper that is Forest Stewardship Council (FSC) certified.



Governance

At OPB, our approach to sustainability begins at the top. Sustainability is a priority for the Board of Directors and management.





Governance

To support the Board and leadership in their oversight of sustainability practices, we hold regular expert-led education sessions, provide ongoing educational resources, and engage external support to help us with the development and implementation of key activities.

Between June 2023 and December 2024, our Board participated in two dedicated sustainability education and strategy sessions: ESG, Responsible Investing and Consumer Social Responsibility; and A Deep Dive on Net Zero and Climate Strategy.

In recent years, we have focused our attention on two priorities:

- Advancing diversity, equity and inclusion (DEI) within OPB to strengthen organizational performance.
- Working with IMCO to integrate sustainability factors, including climate-related risks, into the management of the Plan's assets. We approach sustainability integration in our investments through the lens of long-term value creation and aim to enhance financial returns and protect our members' interests over time.

The Board receives quarterly updates from management on those efforts, as well as an annual update from IMCO on its sustainability strategies.

The Board also provides oversight of our policies and, in 2024, it approved an updated Policy for ESG Investment Issues ("ESG Policy"). More information about governance of our investments is available in the [Sustainability in Our Investments](#) section of this report.

The Board actively engages with management to ensure governance policies and practices promote a culture of integrity at OPB. Through adoption of proactive, detective and responsive measures at all levels of the organization, management ensures that OPB's operational efficiency is enhanced, and a culture of integrity is maintained, making OPB a strong and sustainable organization.

OPB's Compliance program is an important component of our organizational approach to governance. During the June 2023 to December 2024 period, we implemented cloud-based compliance software that improved our oversight and reporting process and made compliance processes more efficient. We have also automated our Code of Conduct and Ethics Training & Attestation process by utilizing an ethics learning management system. Together, these enhancements helped us promote a strong culture of ethical behaviour.

For more information about our Board governance, read our [Annual Report](#).





Code of Conduct

We are dedicated to the highest standards of business conduct and all employees, directors and officers are required to adhere to and acknowledge our Code of Conduct annually. The President and CEO, who also serves as OPB's Ethics Executive for employees, reports annually to the Governance Committee of the Board regarding acknowledgment of the Code of Conduct for all employees and officers.

Privacy, Security and Data Governance

OPB recognizes information and data as one of its most valuable strategic assets. The effective governance and stewardship of these assets support OPB's sustainability objectives. We believe responsible management of member and employee data is paramount.

OPB operates strong privacy and security programs to ensure effective management, governance and protection of information and data in its custody and care.

Data Protection

In 2024, OPB's Board approved new internal policies on the management and protection of information and data. These policies recognize emerging risks and opportunities presented by advanced technologies (such as Artificial Intelligence) and aim to strengthen governance and protection arrangements for OPB data in accordance with regulatory requirements and best practices.

In November 2024, a revised internal privacy training was rolled out to all employees to ensure individuals are equipped with the skills and awareness necessary to continue to handle sensitive personal information in a manner that respects and protects privacy.

Business Continuity

We have a company-wide Business Continuity Plan that is part of a proactive approach to understand, prevent and mitigate risks associated with a disruption of normal operations. The plan details steps to be taken before, during and after an unexpected event or crisis to ensure we can continue to service our members and stakeholders, while maintaining the safety and well-being of our employees and the security of our operations.





People

People are at the heart of OPB. Our leadership team is committed to creating an environment in which our employees thrive and our members receive excellent service and advice about their pensions. Our dedicated and skilled professionals do important work that has a meaningful impact on our members' lives.





People

In 2023, the Board and leadership team added a new organizational performance metric to help us understand how our employees experience OPB from an inclusivity lens.

While we had been surveying staff on their inclusion experience for a few years, in 2023, we specifically included this as a metric within our performance measures as it is a critical organizational commitment. In our most recent survey, we included a series of inclusion measure questions to gain insight into our employees’ experience.

The questions assess areas like emotional safety at work, active leadership efforts to create inclusive/safe environments, being able to bring their whole selves to work, and OPB’s overall commitment to DEI, among others. Together, the results will determine the overall inclusion driver score for OPB. This is one of the tools we use to support us in maintaining a safe and inclusive workplace for our employees.

As part of our efforts to support employee well-being, we provide ongoing resources for staff, such as expert learning sessions. In 2023 and 2024, we:

- held wellness sessions;
- partnered with our Employee and Family Assistance Program provider to offer a wellness series for employees; and
- brought in expert speakers at our virtual and in-house town halls to advise about overall wellness strategies, stress management and resilience.

Diversity, Equity and Inclusion

Diversity, equity and inclusion (DEI) are core values for OPB, and we are continuously evolving our approach to meet the expectations of our stakeholders and employees. We are committed to advancing initiatives that support these values.

We believe that commitment makes our workplace stronger and more agile, and that it directly contributes to making our organization more productive and sustainable over the long term. As an employer, it helps us drive employee engagement and attract and retain talent. It also allows us to deliver better service to our diverse membership. Over the past few years, we have taken several steps to advance these values at OPB.

A few of the initiatives that we profiled in more detail in our inaugural report include:

- providing mandatory training sessions and expansion of education for staff and Board members;
- reviewing human resources practices and policies to reduce the potential for bias in our recruitment and hiring process;
- partnering with organizations dedicated to advancing DEI for underrepresented groups; and
- establishing a DEI Advisory Council.

The DEI Advisory Council developed the following definitions for DEI.

Diversity is a fact and a desirable outcome:

The mix or array of identities, lifestyles, abilities, backgrounds, cultures, skills, perspectives and experiences of each individual.

Equity is a process:

Identifying and removing barriers, and providing fair opportunities and outcomes to everyone, based on the recognition and understanding of their individual needs. Equity is necessary to achieve equality.

Inclusion is both a mindset and approach:

Recognizing, valuing and leveraging differences in identities, abilities, backgrounds, cultures, skills, experiences and perspectives to inform and support the work that we do.



Advancing Inclusion in OPB in 2023 and 2024

In recognition of the National Day for Truth and Reconciliation, and our commitment to sharing educational opportunities, we coordinated with the [Woodland Cultural Centre](#) to provide virtual tours of the former Mohawk Institute Indian Residential School for OPB employees and our Board of Directors. Learning about the tragic and painful history of Indian Residential Schools is an important part of the path to reconciliation.



To mark National Indigenous Peoples Day in June, a group of OPB employees gathered at Nathan Phillips Square for the annual Sunrise Ceremony. In September 2024, our DEI Advisory Council organized staff attendance at the Indigenous Legacy Gathering Sunrise Ceremony hosted by the Toronto Council Fire Native Cultural Centre at Nathan Phillips Square.


In fall 2023, OPB joined Pride at Work Canada. This partnership is part of OPB's efforts to continue advancing DEI within our workplace. In 2024, we offered an online course through a third-party provider, "The Spectrum of Gender Identity in the Workplace", to support our ongoing learning and education around gender diversity. The course offers insights on core concepts of gender identity. This course has now also been incorporated into our employee onboarding.

In June 2024, a group of OPB employees, including members of our executive leadership team, along with their friends and family, represented our organization for the first time in Toronto's Pride Parade to celebrate and show support for 2SLGBTQIA+ employees and our diverse client communities.

Inclusive Member Service

OPB is committed to providing our members with excellent service that is accessible and inclusive. We also recognize that there is more work to be done to ensure our services support the needs of all members.

In 2024, we advanced inclusivity for our members by doing the following:

 We implemented changes to our systems and communications to make them more gender inclusive, including expanding the gender options available and adding non-gender-specific options for titles. As part of this process, we leveraged external expertise from our partner, Pride at Work Canada, to review our approach and our client communications. Staff were also provided with training to better equip them to support clients wishing to update their genders or titles in our systems.



One of the key benefits we offer our members is access to advisory services to help members navigate important pension decisions. As part of our efforts to advance inclusive service for our members, we have partnered with a vendor with expertise in tax and financial planning needs for Indigenous members. This vendor will provide training materials and training sessions for OPB staff, including our Advisors and Education team, to enhance our understanding of Indigenous financial planning and tax considerations.



We engaged an accessibility expert, MNP, to assist us in developing our next Multi-Year Accessibility Plan (MYAP) for members. As part of this work, we held focus groups with members to understand their feedback and experience with OPB and the accessibility of our services. As a result of this work, we have identified a few priority areas to focus on, including continuing to improve accessibility to our digital and printed communications and improve usability on the member portal and website.



DEI Advisory Council

Our DEI Advisory Council helps to build a more inclusive culture at OPB. The Council is composed of two co-chairs and eight members, half of whom are unionized staff. Members are selected through an open application process.

We sat down with some of our Council members, including the two co-chairs, to hear about insights into the important work the Council has focused on over the last year.

Q: In our last report, we shared that the Council had developed a roadmap/action plan based on employee feedback. Can you tell us more about what initiatives the Council felt were important as part of the DEI Advisory Council Action Plan?

Our action plan was informed by a pulse survey, anonymous focus groups and direct employee feedback, with support from the Canadian Centre for Diversity and Inclusion (CCDI). With CCDI expertise, we have created a plan that truly reflects our organization and will guide future initiatives and long-term goals for the Council.

Q: Can you share some of the latest initiatives and highlights you have achieved since June 2023 – for example, the Say My Name campaign, how did that resonate with OPB staff? What has the staff response been like so far (i.e., to the newsletter, email address, Say My Name campaign)?

In 2024, we launched our DEI Newsletter that shares DEI-related news, tips, helpful resources and Council updates. For example, around Halloween, we shared tips about cultural appropriation and launched our Say My Name campaign with pronunciation guides to use across the organization, which helps foster inclusion and address microaggressions. We have received very positive feedback from leadership and staff on the initiatives we have launched so far. Many have also expressed appreciation for the curated content we have been sharing. It's been very encouraging to see how engaged and eager many are to learn more.



Q: What are you most proud of when you reflect on the first couple of years of the Council?

We're proud of the work we have accomplished so far, including ongoing educational newsletters, campaigns such as the Say My Name campaign, and demonstrations of our support through attendance at important Indigenous cultural events in Toronto.

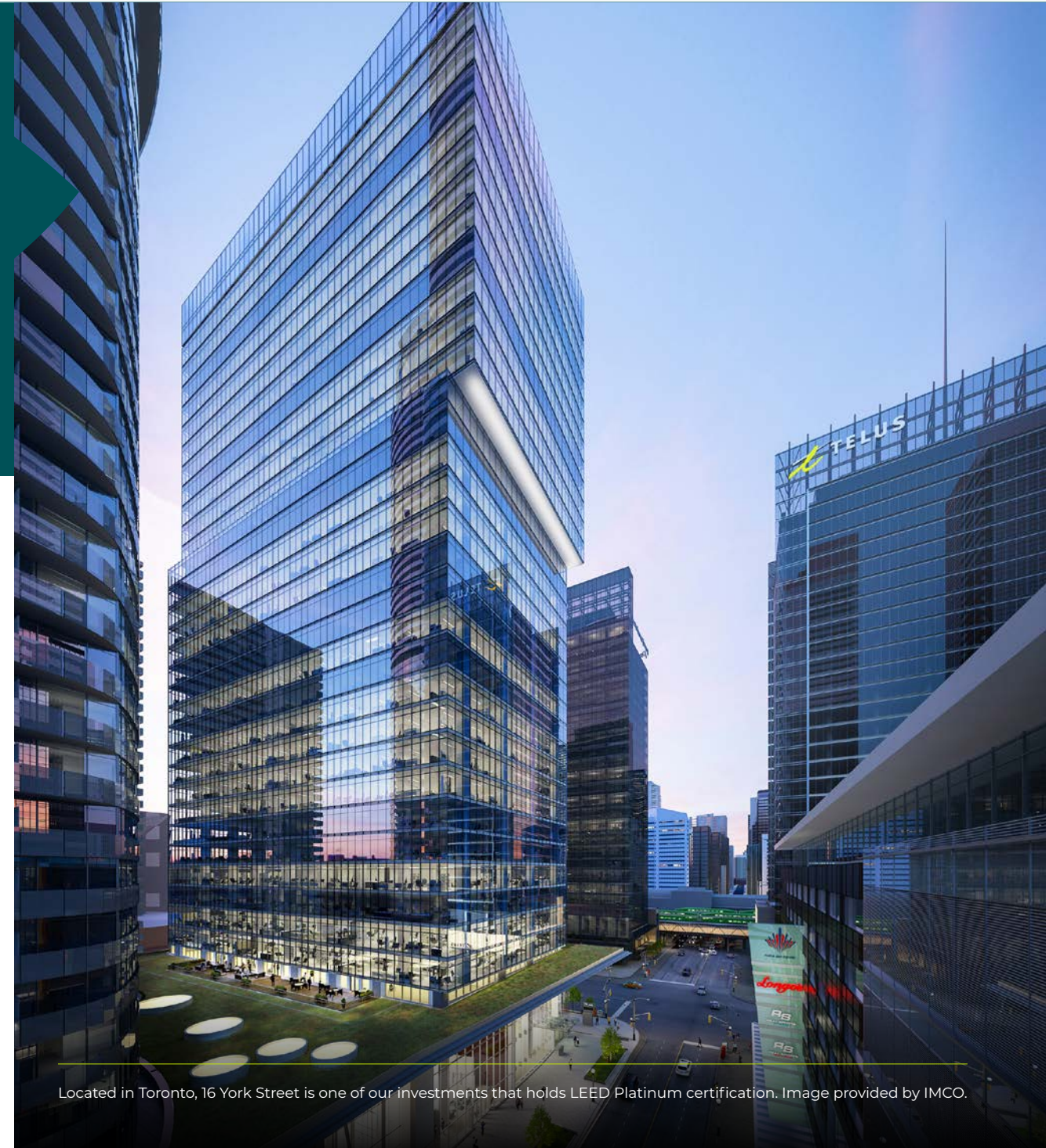
Many great learning opportunities have come through the Council itself: there are Council members who have come from other organizations and share different perspectives on how we can approach our work, which makes our conversations more fruitful and diverse.

We are also proud of the fact that staff are starting to see the Council as a trusted resource that they can come to for input on DEI-related items, which shows how embedded DEI is in OPB's culture.



Sustainability in Our Investments

Sustainable investing is central to fulfilling the OPB pension promise and ensuring strong, long-term financial returns.





Sustainability in Our Investments

We believe that companies that effectively manage ESG risks and opportunities will be better positioned to succeed in a rapidly changing world.

We also believe that addressing important sustainability challenges, such as climate change, will present unique investment opportunities as entire sectors transform to meet these challenges.

This section of the report details how OPB governs Plan assets. It also discusses how we partner with IMCO, including the policy framework and oversight that guides our relationship. It summarizes IMCO's approach to sustainability, including its strategy, goals and priorities. To put IMCO's actions in context, we have highlighted recent activities with examples and brief case studies.

What Is ESG?

As a pension plan administrator, OPB focuses on ESG risk management, both within our organization and our investment portfolio. Below are examples of some of the issues that fall under each ESG pillar.



Environmental:

Climate change, energy, water, waste and pollution, biodiversity.



Social:

DEI, health and safety, human rights, human capital management, supply chain management.



Governance:

Board structure, diversity and independence, business ethics, executive compensation, accounting and audit quality, risk management, cybersecurity.

Investment Governance

OPB is the administrator of the PSPP, which includes managing the day-to-day operations of the Plan as well as oversight of the investments of the Plan's assets. The PSPP's assets are invested by IMCO, in accordance with our Statement of Investment Policies and Procedures (SIP&P) and IMCO policies.

OPB works closely with IMCO to inform and guide its approach to sustainable investing, so our assets are invested in alignment with the long-term financial health of the Plan. IMCO invests in accordance with its relevant policies, while we provide oversight and monitor both ESG integration and overall financial performance.

OPB's Board of Directors includes several members who have relevant experience in ESG. As one of the founding members of IMCO, OPB nominates two individuals for election to IMCO's Board. As of December 2023, four of IMCO's Board members were assessed on IMCO's Board Skills Matrix to have competencies in ESG management. Collectively, IMCO's Board members have the necessary skills and expertise to provide effective oversight of

IMCO's strategies. OPB's Board also meets regularly with members of the IMCO Board and receives regular reporting on IMCO's progress.

OPB's Board has incorporated ESG oversight into its regular meetings. ESG reports are submitted at each Investment Committee meeting. Board members also receive regular ESG education and training sessions throughout the year. In particular, three of OPB's Board members have completed the Competent Boards Sustainability and ESG Designation and Certification (GCB.D).

The two key OPB documents that articulate how we address ESG factors in our investments are our SIP&P and our ESG Policy. The policies set out our relevant investment beliefs as well as our expectations of IMCO.



OPB Investment Policy Framework

- Our [SIP&P](#) lays out our overarching beliefs with respect to ESG, including that ESG integration improves shareholder value for the long term and reduces investment risk, that ESG factors must be complemented by active ownership, and that climate change poses both risks and opportunities to the assets that OPB may invest in.
- OPB's [ESG Policy](#) articulates OPB's approach to ESG issues as it relates to investment strategy, investment decisions and practising active ownership. It also describes OPB's oversight of ESG integration that has been delegated to IMCO and OPB's activities relating to collective engagement, communication and advocacy. It also lays out our expectations for addressing ESG issues within our portfolio, including IMCO's selection of external managers, investment in private market assets, and its use of screening to mitigate risk and avoid investing in controversial or sanctioned assets or securities.
- IMCO has a [Sustainable Investing Policy](#) that documents key principles, beliefs, priorities and guidelines underpinning its approach to sustainability considerations, including ESG factors, within the investment process. The policy was updated in 2024.

Principles for Responsible Investment

As an asset owner, OPB believes in the importance of being a responsible investor and is a signatory to the PRI, the largest industry association dedicated to responsible investment. This commitment is also reflected in our ESG Policy. IMCO is also a PRI signatory in its capacity as an asset manager. The PRI is an independent, not-for-profit organization. With over 5,000 global signatories, the PRI supports its members in understanding how investing responsibly can impact their investments and assists them with integrating ESG factors into their investment and ownership decisions. The PRI encourages the adoption of six principles of responsible investment, which are:



1. Incorporate ESG issues into our investment analysis and decision-making processes.
2. Be active owners and incorporate ESG issues into our ownership policies and practices.
3. Seek appropriate disclosure on ESG issues by the entities in which we invest.
4. Promote acceptance and implementation of the Principles within the investment industry.
5. Work together to enhance our effectiveness in implementing the Principles.
6. Report on our activities and progress towards implementing the Principles.

PRI also aims to foster good governance practices and address obstacles to creating a more sustainable financial system. PRI signatories are required to report on their efforts to integrate ESG factors into their investment and ownership activities.



OPB 2024 PRI Assessment Report Scorecard

The PRI Reporting Framework comprises various modules covering an investor’s overall commitment to ESG policy, governance and stewardship practices and specific practice groups by investment strategy or asset class. Each module receives a score and star rating from 1 to 5 stars representing the percentages of signatory scores for those who responded to that module. OPB responds to modules covering our organizational-level practices as well as our oversight of IMCO’s investment practices. Below we have included our scores for our 2023 assessment along with median scores for other participating signatories. The results show that OPB scored at or above the median for each PRI module. This shows the progress we have made to date while also highlighting the continued work we can do to advance our approach.

In 2024, the PRI announced changes to the reporting framework to enhance its relevance to a diverse member base. OPB is committed to continued participation in PRI and intends to continue to participate in reporting under the new framework.

PRI Assessment – Summary Scorecard



The PRI releases assessments for PRI signatories based on their reporting of responsible investing activities from the most recent year. Since the scorecard is a summary, we have posted our more detailed Assessment Report and Public Transparency Report on [OPB.ca](https://www.opb.ca).



A view of some of our investments in downtown Toronto

Our IMCO Partnership

IMCO provides investment management and advisory services to various Ontario public sector entities on a cost-recovery basis. Through the pooling of assets owned by its clients, IMCO manages more than \$77 billion in assets,¹ making it one of the largest institutional investment managers in Canada.

IMCO's scale and structure as an independent statutory corporation enables it to attract talent, achieve efficiencies and leverage scale, all on behalf of its clients, in a way that would not have been possible for OPB on its own. This enables IMCO to effectively advance its investment strategies, including sustainability, which are aligned with OPB and contribute directly to Plan sustainability.

As an asset owner, OPB collaborates closely with IMCO while monitoring all aspects of its investment performance. While OPB has delegated the responsibility for considering ESG factors when making and managing the Plan's investments, it regularly engages with IMCO and actively monitors its performance, so the assets are invested in a manner that sustains the long-term financial health of the Plan.

¹ As of December 31, 2023.

With the advice of IMCO, OPB determines the allocation of our capital to various asset classes. IMCO then invests based on an investment management agreement and in accordance with our SIP&P.

We believe in the benefits of active ownership. We expect IMCO to not only integrate ESG considerations in the investment process, but also to influence investee companies through engagement and proxy voting to improve corporate practices and to manage investments with potential ESG risks. We also expect IMCO to consider divesting from investments where insufficient action is taken following engagement.

Oversight of IMCO

OPB oversees IMCO's investment management of the PSPP assets, including its consideration of ESG factors. This oversight process is continuous and has four key elements:

1. Articulate objectives and expectations of IMCO.
2. Interact formally and informally to support ongoing alignment.
3. Regularly monitor results, activity and progress.
4. Provide feedback.



Our ongoing monitoring program helps to satisfy OPB that IMCO is prudently managing the PSPP assets, including with respect to ESG integration. To this end, our Chief Investment Officer and other OPB staff meet regularly with IMCO’s Sustainable Investing leadership team to discuss progress against key objectives, as well as any emerging issues. In addition, IMCO’s Sustainable Investing team meets annually with OPB’s Board of Directors to provide a progress update.

IMCO’s Updated Sustainable Investing Strategy

In 2024, IMCO built on its strong foundation in sustainability and refreshed its strategy, in order to refine its approach and focus its efforts on areas that will create the most value. OPB provided oversight and input during the strategy update process, so that the end result aligns with our investment beliefs and our commitment to meeting members’ needs.

As part of the strategy refresh, IMCO published an updated Sustainable Investing Policy. The policy identifies four priorities that support the overarching goal of generating strong, risk-adjusted returns for the long term:

- 1. **Climate Change:** Continuing to align the portfolio to a net-zero future through a combination of decreasing carbon emissions and investing in the clean energy transition.
- 2. **Biodiversity:** Understanding and mitigating nature-related risks.
- 3. **Human Capital:** Unlocking the power of people through priorities such as DEI, health and safety, and employee ownership.
- 4. **Governance:** Enabling strong governance through Board effectiveness.

As IMCO executes its new strategy, sustainability is being woven more tightly into how it thinks, how it invests and how it stewards investments. IMCO aspires to a future where every investment professional is a sustainable investor who considers all relevant ESG factors when making decisions. For more information, visit page 11 of IMCO’s [2023 Sustainability Report](#).

How Value Creation Is Achieved

We believe that when investors engage with companies on sustainability issues, they can enhance shareholder value. Engagement often includes dialogue and collaboration with companies to address sustainability issues that may affect their business. For example, an investor may engage with a real estate developer to better understand how they are considering energy efficiency in building design. In addition, engaging with companies may better position them to manage relevant sustainability risks, meet regulatory requirements or satisfy customer expectations.

IMCO engages with investee companies to help them improve their sustainability practices. This engagement is part of how IMCO uses its influence as a steward of capital to support long-term value creation. IMCO’s sustainability-linked value creation approach focuses on real-world outcomes that can enhance business value. IMCO’s approach utilizes several engagement tools:

-  direct dialogue with portfolio companies where IMCO has influence to improve sustainability practices;
-  working with external investment managers to encourage sustainability integration in their investment practices and management of sustainability issues in their portfolio;
-  collaborative engagement with fellow investors to engage companies, policymakers, and the broader financial industry on sustainability matters; and
-  proxy voting, whereby sustainability factors are considered when voting on management proposals put forward by the company and shareholder proposals put forward by investors.



CASE STUDY

Employee Ownership in IMCO's Sustainable Investing Strategy

Unlocking human capital is one of the focus areas identified in IMCO's strategy update, and rising inequality is a key theme in IMCO's World View 2025. Through its research, IMCO has identified employee ownership as a way to build employee wealth and improve business performance. As employees adopt an ownership mindset and culture, there is an alignment of interests that can drive superior company performance and greater economic opportunity. As part of its approach, IMCO will continue to work with its general partners (GPs) to raise awareness about employee ownership and its benefits. In 2023, IMCO became the first Canadian institutional asset manager to join [Ownership Works](#) as a founding investor partner. Ownership Works is a non-profit organization working to implement broad-based employee ownership programs.



IMCO's Strategic Approach

IMCO's Sustainable Investing strategy promotes the full incorporation of sustainability considerations across the investment life cycle, including through pre-investment ESG due diligence, the investment decision, and post-investment monitoring.

IMCO's three strategic pillars are linked to the investment life cycle and help guide its actions.

1. **Sustainability Insights:** IMCO monitors and considers trends, emerging issues and sustainability practices, and translates these insights into portfolio initiatives that can help drive value creation.
- It has developed a World View that defines six themes that will shape the investment landscape for years to come and considers their implications:
- Addressing inequality
 - Deglobalization
 - Policy inflection
 - Climate change and sustainability
 - Disruptive technologies
 - Evolving market structure

2. **Sustainable Capital Deployment:** This is about putting money to work to achieve sustainability goals and maintain a high-quality, resilient portfolio for the long term. IMCO is focused on identifying and capitalizing on opportunities that contribute to positive investment returns.
- Key material sustainability factors are integrated across the investment life cycle, from initial due diligence to investment decisions and post-investment monitoring of assets. The approach strives for consistency, while recognizing the need for flexibility for different asset classes.
- IMCO also considers sustainability practices and performance when evaluating, selecting and monitoring its external investment managers.

Screening Guidelines

IMCO's investment decision due diligence includes a screening guideline. This guideline determines which companies, sectors or activities IMCO will consider investing in and which they will exclude because the risks outweigh any potential returns.

These screened investments are currently identified as follows:

- entities sanctioned under *Canada's Special Economic Measures Act* or *United Nations Act*;
- companies involved in the production of controversial weapons such as antipersonnel landmines, cluster munitions, chemical weapons, biological weapons, white phosphorus, depleted uranium munitions and nuclear weapons;
- companies involved in the manufacturing of firearms and small arms ammunitions for civilian markets;
- companies involved in operating for-profit prisons and detention centres;
- companies involved in the production of tobacco products;
- companies involved in thermal coal mining; and
- companies involved in Arctic oil and gas production.

Note: Involvement is determined to be where revenue derived from the activity or product is greater than 10% (as measured on a three-year rolling basis) for all topics, except controversial weapons and sanctioned entities.



3. Sustainability-Linked Value Creation: IMCO leverages its expertise and governance rights (e.g., board seats, proxy votes, etc.) to drive progress and support portfolio companies and assets in embedding sustainability to create value.

Strong sustainability practices are promoted through direct engagement with portfolio companies where IMCO has influence, with external managers, or through proxy voting and collaborative engagement with peers. IMCO's [Stewardship Guideline](#) describes its approach for engaging with investee entities on material governance and sustainability issues.

Proxy Voting

IMCO voted on more than 25,000 items at 2,000-plus company meetings in 2023. In North America, the top shareholder proposals were related to climate change, DEI and political spending. IMCO supported 72% of environment-related shareholder proposals and 79% of social-related shareholder proposals at public company meetings. Proxy voting guidelines provide a general indication of how IMCO votes on management and shareholder proposals at public company meetings. IMCO publishes its voting record [here](#).

IMCO’s General Principles for Supporting ESG-Related Shareholder Proposals

Climate Change

- Disclosure of climate-related risks and opportunities
- Adoption of greenhouse gas (GHG) reduction targets
- Development of climate scenario analysis
- Disclosure of climate-related lobbying activities

Diversity, Equity and Inclusion

- Requests for companies to conduct independent racial, equity and/or civil rights audits and enhance disclosure on DEI policies, programs and performance

Lobbying and Political Spending

- Requests for improved transparency on corporate lobbying and political spending



Understanding GHG Emissions

Not a day goes by without GHGs making the news. Reducing them is critical to slowing climate change, but you may wonder how they are measured.



Scope 1:

“BURN”

Direct GHG emissions from sources owned or controlled by an organization (e.g., fuel combustion in boilers, furnaces and vehicles).



Scope 2:

“BUY”

Indirect GHG emissions from electricity, heat, steam or cooling purchased by an organization.



Scope 3:

“BEYOND”

Indirect GHG emissions associated with an organization’s activities from sources not owned or controlled by the organization (e.g., employee business travel, supply chain, use of products and financed emissions).



Financed Emissions

The combined Scope 1, 2 and 3 emissions of the investments included in a portfolio (these are part of the Scope 3 emissions of a pension fund).

GHG Emissions Intensity

IMCO: SCOPE 1 AND 2 PORTFOLIO EMISSIONS (as of December 31, 2023)

Emissions Intensity	2019	2023	2023 vs 2019
Financed emissions intensity (tCO ₂ e/\$ million)	75	42	(44%)

IMCO: SCOPE 3 PORTFOLIO EMISSIONS (as of December 31, 2023)

Emissions Intensity	2023
Financed emissions intensity (tCO ₂ e/\$ million)	100

GHG emissions intensity is calculated by considering the portion of IMCO’s AUM in-scope for which IMCO is able to measure financed emissions. The measurable portion is a subset of the total in-scope AUM; thus intensity cannot be derived from the simple division of the above rows. See the Climate Action Plan section (pages 52–63) of IMCO’s [2023 Sustainability Report](#) for further details.

IMCO’s interim target is a reduction in portfolio carbon emissions intensity of 50% by 2030, as measured against its 2019 baseline.

IMCO’s 2030 interim target is measured based on emissions intensity, which is calculated as emissions per million dollars of investment value. The nature of the intensity-based metric means that a change in the value of a company’s shares or the value of an asset such as a building can influence the emissions intensity measure because the emissions intensity is normalized per million dollars of investment. Therefore, it is possible that emissions intensity measures could decrease in the future because market values increase even if there is no change in actual emission levels, and vice versa.



CASE STUDY

Direct Engagement: euNetworks

IMCO has been an investor in [euNetworks](#), a leading European bandwidth infrastructure company, since 2018. The company owns and operates fibre networks in 17 cities. IMCO identified sustainability as a priority value lever and engaged with the management team and co-shareholders to elevate the ESG agenda at the company to create additional value. In 2022, euNetworks joined the Climate Pledge, committing to being net zero by 2040 and setting science-based emissions reduction targets across Scopes 1, 2 and 3. In 2023, the company developed its inaugural sustainability policy. It also secured a €760 million sustainability-linked loan, through which meeting specific sustainability targets will lower the interest rate.



Overlooking Niagara Falls, Ontario

Collective Engagement

Partnering with fellow investors to engage companies, policymakers and the broader financial industry on sustainability matters is a key component of investment stewardship. IMCO recognizes the value of collective action on behalf of its clients, including OPB, because this amplifies the collective voice and is an efficient use of resources.

IMCO is part of several coalitions and initiatives seeking to advance sustainability goals. The examples below highlight a few of the ways IMCO partnered with other investors to engage our portfolio companies, policymakers and the broader financial industry.



As a member of Climate Action 100+, IMCO participates in collective engagements with the world's largest corporate GHG emitters, encouraging them to take action to improve climate change governance, cut emissions and strengthen climate-related financial disclosures.



IMCO has joined over 100 GPs and limited partners from across the globe working to streamline the private equity industry's historically fragmented approach to collecting and reporting ESG data. Data from GPs is aggregated into an anonymized benchmark covering GHG emissions, renewable energy, board diversity, work-related injuries, net new hires and employee engagement, enabling greater transparency and more comparable portfolio reporting in private markets.



As a member of the 30% Club Canada, IMCO and fellow investor members wrote a joint updated statement of intent. The new statement calls on publicly traded companies to take prompt and considered action to achieve and exceed a minimum of 30% women on boards and at the executive management level, and to increase the presence of other underrepresented groups on their boards and among their executive managers.



Through The Canadian Coalition for Good Governance (CCGG) membership, IMCO promotes good governance practices at Canadian public companies and an improved regulatory environment to better align the interests of boards and management with those of their shareholders. In 2022, IMCO's Vice President, Head of Responsible Investing, sat on CCGG's Environmental & Social Committee and supported CCGG's public policy submissions, guidance and research.



CASE STUDY

Supporting Net Zero: DataBank

Aligning the portfolio to a net-zero future is a strategic focus for IMCO. In 2022, IMCO invested in [DataBank](#), the biggest edge infrastructure operator in the U.S. DataBank enables the world's largest enterprises, technology, and content providers to deploy and manage their mission-critical applications and data across its nationwide platform. DataBank has more than 65 operational data centres with a diverse customer base and is well positioned to capitalize on the significant future growth in digital infrastructure.

Recognizing emissions reductions as a business priority, IMCO engaged with DataBank when it embarked on net-zero emissions planning and has been a supportive investor as the company took other positive sustainability steps, including stronger governance of ESG.

DataBank plans to mitigate 100% of Scope 1 and 2 emissions by 2030 through energy efficiency, renewable power, lower-carbon fuels and materials, new technology, and high-quality carbon removal credits. IMCO introduced DataBank to renewable energy procurement partners for options to eliminate Scope 2 emissions.



IMCO Reporting

IMCO provides information on its sustainability activities and performance through an annual Sustainability Report. The report for the year ending December 31, 2023 was released in September 2024.

Additionally, as part of IMCO's reporting to OPB, its Quarterly Investment Insights includes ESG Updates and Key Developments that identify progress, priorities or updates.

The current annual report reflects IMCO's updated sustainability beliefs and sustainable investing strategy, progress towards its climate action targets, new case studies and corporate sustainability initiatives.

In September 2024, IMCO released its inaugural [Modern Slavery Report](#), which assessed the risks of forced labour or child labour in its activities and supply chains to comply with a recent federal law. It determined that its policies and procedures related to procurement, its code of conduct and other safeguards made forced labour or child labour a low risk to OPB's investment portfolio. We recognize the importance of remaining vigilant and will continue working closely with IMCO to monitor these issues over

time, ensuring our investments meet both ethical standards and our members' long-term interests.

IMCO aligns its disclosures with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, which provide specific disclosure guidance for how companies and investors can report on their climate-related risks and opportunities. The TCFD recommendations have been integrated into the recently finalized Canadian Sustainability Disclosure Standards (CSDS) issued by the Canadian Sustainability Standards Board (CSSB). Learn more by reading IMCO's TCFD index on page 73 of its [2023 Sustainability Report](#).

Emissions Reduction

[IMCO's Climate Action Plan](#) includes expectations around its emission targets and climate solution investments.

IMCO's portfolio carbon footprint, measured by the amount of GHG emissions generated by its investments, is used to track progress against net-zero targets and identify priorities for decarbonization within the portfolio.

As part of its commitment to a net-zero future, IMCO grew a proportion of investments in climate solutions to 11.5% of the portfolio, toward its 2030 target of

deploying 20% of the portfolio in climate solutions. As of the end of 2023, it also achieved an estimated 44% reduction in its portfolio's financed Scope 1 and 2 GHG emissions intensity from a 2019 baseline, toward a target of 50% reduction in financed emissions intensity by 2030, as highlighted in its 2023 Sustainability Report.

Emissions measurement methodologies are still evolving and continue to require estimates when data quality is poor or unavailable. IMCO has made efforts to improve the data quality of portfolio emissions over time and will continue to do so. It measures its emissions in line with the Partnership for Carbon Accounting Financials (PCAF), a widely accepted standard for emissions quantification. Short-term fluctuations in IMCO's portfolio footprint may occur due to factors such as asset allocation, market value changes, improved data quality and methodological changes.

The portfolio's carbon footprint is measured in tonnes of GHG emissions, which are converted into carbon dioxide equivalent (CO₂e). Financed Scope 1 and 2 GHG emissions were reduced by an estimated 44% compared to a 2019 baseline. A methodology change for Scope 3 emissions resulted in a restatement of the 2022 total and reduction in 2023 amounts as IMCO improved data quality. Note: IMCO's portfolio includes all of its assets. See the Climate Action Plan section (pages 52–63) of IMCO's [2023 Sustainability Report](#) for further details.



Looking Forward

OPB believes that integrating sustainability factors within our corporate operations and our investments is essential to securing stable, long-term returns and safeguarding our members' pensions for future generations. We are committed to making progress on this important responsibility, ensuring that our actions today help protect the pension promise tomorrow.

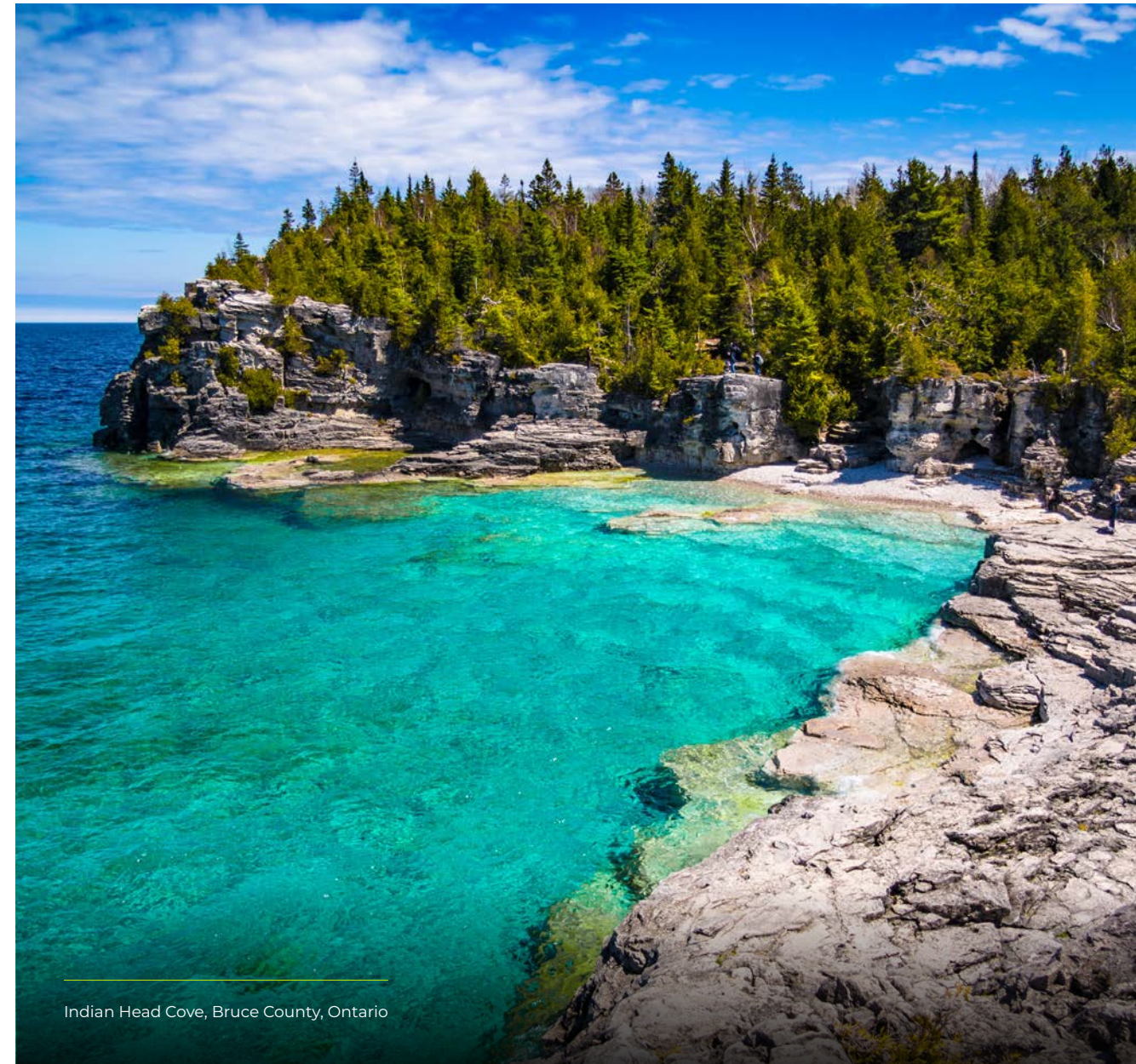


Highway 407 ETR is one of our Ontario-based investments



As we move forward, we will continue our focus on strong governance, advancing DEI within our organization and working with IMCO to effectively address climate risks and opportunities and other Sustainable Investing considerations within our investment portfolio. In particular, we will:

- Continue to enhance our client communications on sustainability issues to provide transparency on our activities and progress; and continue to engage members for their feedback on our services and communications, so they are inclusive, accessible and meet our members' diverse needs.
- Work with our DEI Advisory Council on implementing its roadmap/ action plan and continue to provide educational opportunities and information that help foster a better understanding of DEI issues.
- Conduct employee training sessions to expand our expertise related to tax and financial planning considerations to provide comprehensive, tailored retirement planning and decision support for Indigenous members.
- Finalize our MYAP, which was developed based on consultation with members, as well as MNP, a consultant with expertise in accessibility.
- Our Board and leadership will continue to maintain strategic oversight of IMCO as it manages the Plan's assets and investment risks. As IMCO executes its new Sustainable Investing strategy, OPB will continue to monitor their overall progress and provide feedback on developments.
- Monitor pension and investment industry trends in sustainability best practices and incorporate them where appropriate.



Indian Head Cove, Bruce County, Ontario



Glossary

Accessibility

Accessibility refers to the design of products, devices, services or environments for people who experience disabilities. It is an organization's efforts to make employment and services available to persons with disabilities, including but not limited to those with visual, hearing, physical and/or cognitive impairments.

Accounting and Audit Quality

Accounting and audit quality refer to verifying the accuracy and reliability of ESG data and reports, which helps ensure trust, transparency and accountability in a company's ESG performance.

Active Ownership

See Stewardship.

Artificial Intelligence (AI)

AI involves creating machines or software that perform tasks requiring human intelligence, such as learning, reasoning, problem-solving, perception and decision making. AI enables machines to mimic human cognitive functions and transforms industries by enhancing efficiency, automating processes and solving complex problems.

Biodiversity

Biodiversity is a short form for biological diversity and refers to the variety of living species on earth, including plants, animals, bacteria and fungi. When examining biodiversity in a particular location or environment, the variety of species are considered as well as their interactions and interdependence, and the specifics of the ecosystem in which they live.

Board Structure

Board structure defines the structure and function of an organization's Board of Directors, which is responsible for overseeing governance, strategy and performance. A well-structured board ensures the company meets its objectives, operates ethically, and follows regulations and best practices.

Business Continuity

Business continuity is an organization's ability to maintain essential services during and after disruptions like natural disasters, cyberattacks or power outages. Its goal is to keep critical functions operational with minimal downtime and enable quick recovery from emergencies.

Business Ethics

Business ethics are the moral principles, policies and values governing how companies and individuals engage in business activity.

Canada's Special Economic Measures Act

Canada sometimes imposes sanctions on another country, which can include restricting or prohibiting trade, financial transactions or other economic activity. The *Special Economic Measures Act* (SEMA) allows Canada, in the absence of United Nation Security Council resolution, to impose sanctions in four situations: 1) when a grave breach of international peace and security has occurred and has resulted in, or is likely to result in, a serious international crisis; 2) when an international organization calls on members to impose sanctions; 3) circumstances of gross and systematic human rights violations; or 4) when acts of significant corruption have been committed. Currently, there are 24 nations on the list of [sanctioned countries](#).

Canadian Centre for Diversity and Inclusion (CCDI)

The CCDI is a national charity established in 2013 with the mandate of building a more inclusive Canada. By promoting understanding and inclusivity, CCDI strives to create a more equitable and just society.

Canadian Coalition for Good Governance (CCGG)

The CCGG is a membership organization of institutional shareholders that invest in Canadian public equities. It promotes good governance practices, including the governance of environmental and social matters, at Canadian public companies.

Canadian Sustainability Disclosure Standards (CSDS)

The CSDS, developed by the Canadian Sustainability Standards Board (CSSB), are a set of standards for companies to disclose sustainability-related financial information. These standards took effect on a voluntary basis on January 1, 2025, and are based on the [IFRS Sustainability Standards](#), with amendments considered appropriate for the Canadian context. CSDS 1 addresses general sustainability-related financial disclosures, while CSDS 2 covers climate-specific disclosures.

Canadian Sustainability Standards Board (CSSB)

The CSSB is a standard-setting organization established to develop and maintain high-quality sustainability disclosure standards for Canadian entities. These standards align with the International Sustainability Standards Board's (ISSB) global baseline standards while addressing unique Canadian priorities.

Carbon Dioxide Equivalent (CO₂e)

Different GHGs, such as carbon dioxide and methane, have different levels of climate change impact ("global warming potential"). CO₂e expresses emissions of any GHG in terms of the amount of carbon dioxide emissions that would have the same impact, allowing all GHGs emitted to be expressed in a single metric.

Carbon Footprint

Carbon footprint measures a country's, organization's, industry's or group's carbon dioxide (CO₂) production. It is expressed as a weight of CO₂ emissions produced in tons, typically over a year.

Chief Executive Officer (CEO)

The CEO is the highest-ranking executive responsible for an organization's overall operations, strategy and performance. They make key decisions and ensure the company achieves its long-term goals, collaborating with senior executives and the Board of Directors.

Climate Action 100+

Climate Action 100+ is an investor-led engagement initiative to ensure the world's largest publicly traded corporate GHG emitters take action on climate change.

Climate Change

The United Nations defines climate change as long-term shifts in temperatures and weather patterns. Such shifts can be natural due to changes in the sun's activity or large volcanic eruptions. But since the 1800s, human activities have been the main driver of climate change, primarily due to burning fossil fuels like coal, oil and gas.

Climate Solutions

Climate solutions are companies or projects that derive most of their business from products and/or services that reduce emissions or otherwise mitigate climate change effects.

Cybersecurity

Cybersecurity refers to any technology, measure or practice for preventing cyberattacks or mitigating their impact.



Diversity, Equity and Inclusion (DEI)

Diversity, equity and inclusion are goals that an organization actively supports to promote “the fair treatment and full participation of all people”, particularly groups “who have historically been underrepresented or subject to discrimination” based on race, ethnicity, gender identity, sexual orientation or disability.

Emissions Intensity

GHG emissions intensity is a way to measure GHG emissions per unit of activity or process (e.g., per employee, per dollar invested, per dollar of revenue, per unit of production, etc.) that allows comparisons of climate impact and resource efficiency.

Emissions Targets

Emissions targets are time-bound goals; that is, they have a base year and a target year for the reduction of GHG emissions.

Employee and Family Assistance Program (EFAP)

Our EFAP service provides OPB staff and their families with immediate and confidential help for work, health or life concerns.

Energy Transition

Energy transition refers to the global energy sector’s shift from fossil-based systems of energy production and consumption – including oil, natural gas and coal – to renewable energy sources such as wind, solar, tidal and geothermal.

Environmental, Social and Governance (ESG)

Environmental, social and governance (ESG) are a range of issues (see [page 14](#)) that, together with our investment partner, we consider in our strategies and decisions. As a pension plan administrator, we are focused on how we are progressing on ESG both within our organization and within our investment portfolio. We believe that companies and investment managers that effectively address ESG issues, including climate change, are more likely to improve shareholder value and improve the Plan’s investment performance over the long term – which helps pension plan members.

ESG Data Convergence Initiative (EDCI)

The EDCI is a global partnership of private markets stakeholders committed to streamlining the collection and reporting of ESG data, aiming to create a more comparable and transparent landscape for ESG investments.

ESG Policy

An ESG Policy is a formal set of guidelines organizations use to monitor and manage their ESG impacts and performance. It outlines the commitment to integrating ESG factors into business practices and decision making, promoting sustainability, social responsibility and governance.

Executive Compensation

Executive compensation is the pay and benefits given to senior executives, such as a CEO and CFO, based on the company’s performance with respect to a variety of metrics, including ESG factors. Linking compensation to ESG performance encourages executives to prioritize sustainability, social responsibility and good governance.

Forest Stewardship Council

An [international non-profit organization](#) founded in 1993 to promote responsible management of the world’s forests through a market-based approach to environmental policy and a globally recognized timber certification program.

General Partners (GPs)

GPs are the individuals or entities that manage and make investment decisions for a company’s private equity, venture capital, infrastructure or other private market investment funds.

Greenhouse Gas Emissions

Greenhouse gases are gases that trap heat in the earth’s atmosphere, creating a “greenhouse effect” in which the earth’s climate is warmer than it would be without the presence of these atmospheric gases. The most common GHGs include carbon dioxide, methane and nitrous oxide. GHG emissions from human activities such as burning fossil fuels and deforestation contribute to climate change.

Health and Safety

Health and safety refers to a company’s commitment to ensuring the well-being of its employees, contractors and other stakeholders through policies, practices and systems that mitigate risks to health and safety.

Human Capital Management

Human capital management refers to practices and strategies organizations implement to manage and develop their workforce in alignment with sustainable business goals, ethical standards and social responsibility. It encompasses how a company recruits, develops, retains and supports its employees while ensuring their well-being, growth and fair treatment.

Human Rights

Human rights are rights inherent to all human beings, regardless of race, sex, nationality, ethnicity, language, religion or any other status. The United Nations defines human rights as the right to life and liberty, freedom from slavery and torture, freedom of opinion and expression, and the right to work and education. Everyone is entitled to these rights, without discrimination. The full United Nations’ Universal Declaration of Human Rights includes 30 articles.

Integration

Just like traditional financial factors, ESG integration recognizes that environmental, social and governance factors can pose material financial risks and, therefore, seeks to factor into the investment due diligence process the ESG criteria that might impact the financial performance of investments.

Leadership in Energy and Environmental Design (LEED) Certification

LEED, developed by the non-profit U.S. Green Building Council, is the world’s most widely used green building rating system. LEED certification provides a framework for healthy, highly efficient and cost-saving green buildings offering ESG benefits.

Low-Carbon Economy

An economy in which the level of GHGs emitted is minimized.

Microaggressions

Microaggressions are verbal, behavioural or environmental slights, whether intentional or unintentional, that communicate hostile, derogatory or negative attitudes toward stigmatized or culturally marginalized groups.



Multi-Year Accessibility Plan (MYAP)

A MYAP is a strategic document or framework that outlines an organization's long-term commitment to improving accessibility for people with disabilities.

Net Zero by 2050

Through the Paris Agreement, the global community has agreed that avoiding the worst impacts of climate change means limiting the increase in average temperature by the end of the century to 1.5°C. Achieving this goal requires significant and rapid reductions in GHG emissions. Canada has joined over 120 countries in committing to Net Zero by 2050. At Net Zero, all GHG emissions are either avoided or offset by actions that remove GHGs from the atmosphere.

Paris Agreement (Paris-aligned)

The Paris Agreement is a legally binding international treaty on climate change. It was adopted by 196 parties at the UN Climate Change Conference (COP21) in Paris in 2015 and entered into force in 2016. Its goal is to hold “the increase in the global average temperature to well below 2°C above pre-industrial levels” and pursue efforts “to limit the temperature increase to 1.5°C above pre-industrial levels”.

Partnership for Carbon Accounting Financials (PCAF)

A global partnership of financial institutions that work together to develop and implement a harmonized approach for assessing and disclosing GHG emissions associated with their loans and investments.

Principles for Responsible Investment (PRI)

The PRI is an independent, not-for-profit international organization working to achieve a sustainable global financial system by encouraging the adoption of its six Principles for Responsible Investment and collaboration on their implementation; fostering good governance, integrity and accountability; and addressing obstacles to a sustainable financial system that lie within market practices, structures and regulation.

Proxy Voting

See Stewardship.

Public and Private Transparency Reports

Public and Private Transparency Reports, which can describe public and/or private assets, are a key element of the PRI's Reporting and Assessment Framework. They publicly disclose the signatory's progress in implementing the PRI's six principles, as well as how they are incorporating ESG factors into their investment strategies, governance and operations.

Renewable Energy

Renewable energy is energy that is derived from natural sources that are replenished at a higher rate than they are consumed. Sunlight and wind, for example, are sources that are constantly being replenished.

Responsible Investing

Responsible Investing is an approach that incorporates ESG considerations into the investment process, to better manage risk and generate sustainable, long-term returns. There are a broad set of ESG issues that are increasingly material and important.

Risk Management

Risk management involves identifying, assessing and managing various risks that arise in an organization's operations and investments. A part of this function requires understanding how ESG issues can impact a company's financial performance, reputation and long-term sustainability, and developing strategies to mitigate these risks.

Science-based Scenarios

With respect to environmental goals, science-based scenarios are derived from science-based targets to help investors assess the potential of a given investment within the parameters of their financial goals and risk tolerance.

Science-based Targets

Science-based targets give companies a clearly defined path to reduce GHG emissions in line with limiting global warming to 1.5°C. They define how much and how quickly a business must reduce its emissions to be in line with the Paris Agreement goals.

Scope 1 Emissions

Direct GHG emissions from sources owned or controlled by an organization (e.g., fuel combustion in boilers, furnaces and vehicles).

Scope 2 Emissions

Indirect GHG emissions from the generation of energy such as electricity, heat, steam or cooling purchased by an organization.

Scope 3 Emissions

Indirect GHG emissions associated with an organization's activities from sources not owned or controlled by the organization (e.g., employee business travel, supply chain, use of products and financed emissions). This includes all indirect

emissions (not included in Scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions.

Screen Reader

A screen reader is a software application for the blind or visually impaired that is installed onto a device (or, in some cases, as a browser extension) and used with other applications on that device in order to render text audibly.

Screening

Screening refers to a practice where investors make a conscious decision to exclude potential investments that conflict with ESG objectives from the portfolio, based on defined criteria. This is also referred to as exclusions. It can involve completely excluding a business activity or sector or it can limit investments based on a revenue threshold derived from the excluded activity.

Statement of Investment Policies and Procedures (SIP&P)

A SIP&P is a formal document outlining the investment strategy, objectives, guidelines and procedures that govern how an organization manages its investment portfolio. It guides the decision-making process regarding investments and ensures consistency, accountability and alignment with the organization's goals, risk tolerance and regulatory requirements. The PSPP's assets are managed by IMCO, in accordance with OPB's SIP&P and IMCO policies.



Stewardship

Stewardship refers to using investor influence to support long-term value creation and sustainable outcomes. This can happen in two ways:

- **Engagement:** Undertaking dialogue directly with investee companies or collectively with other investors.
- **Proxy voting:** For Public Equity holdings, incorporating ESG considerations when voting on management proposals put forward by the company and shareholder proposals put forward by investors.

Supply Chain Management

Supply chain management refers to managing the flow of goods and services by considering traditional supply chain concerns (e.g., cost, quality and efficiency) as well as environmental impact, social responsibility and governance practices throughout the entire supply chain.

Sustainable Investing

Sustainable Investing includes investing in long-term opportunities and sustainable solutions that contribute to investment returns and have a positive impact on the environment and society. Sustainable solutions are companies or projects that derive at least 50% of their business from products or services that provide climate or social solutions and address one or more of the United Nations Sustainable Development Goals.

Sustainable Investing Policy

A Sustainable Investing (or Responsible Investing or ESG) Policy is a framework that guides an organization's investment decisions by incorporating ESG factors, which can impact investment risk and return.

Task Force on Climate-related Financial Disclosures (TCFD)

The Financial Stability Board (FSB) established the TCFD in 2015 to improve and increase the reporting of climate-related financial information. The TCFD recommendations were a climate disclosure framework for companies and investors intended to enhance market transparency and enable efficient capital allocation in the transition to a low-carbon economy as outlined in the Paris Agreement. The TCFD recommendations have now been incorporated to the new International Financial Reporting Standards (IFRS) International Sustainability Disclosure Standards, as well as being incorporated into mandatory climate disclosure requirements in several jurisdictions. As a result, the TCFD has fulfilled its remit and disbanded, and the IFRS Foundation will take over the monitoring of the progress of companies' climate-related disclosures.

Thermal Coal

Thermal coal, also known as steam coal, is used primarily in boilers, to generate steam for the production of electricity, for process heating purposes or as a direct source of heat. Thermal coal refers to all coal not classified as coking (or metallurgical) coal.

Transparency

Transparency in a business or governance context refers to being open and honest. As part of corporate governance best practices, this requires disclosing all relevant information so that others can make informed decisions.

United Nations Act

The *United Nations Act* is legislation that enables the Canadian government to implement decisions passed by the United Nations Security Council, including sanctions resolutions.

Waste and Pollution

Waste and pollution are aspects of a company's environmental responsibility. Waste refers to generating, disposing of and managing materials that are no longer useful or needed in business operations. Managing waste involves reducing, reusing and recycling materials to minimize environmental harm. Pollution refers to the introduction of harmful substances or contaminants into the environment that negatively impact the health of ecosystems, communities and individuals.

30% Club

A global campaign led by Chairs and CEOs taking action to increase gender diversity at the board and executive committee levels.



2023 2024 Sustainability Report

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