
CONSULTATION: A MADE-IN-ONTARIO CLIMATE CHANGE PLAN

SUBMISSION PREPARED BY OPTRUST

NOVEMBER 15, 2018



TRANSITIONING FROM CLIMATE CHANGE CONVERSATION TO ACTION

OPTrust is pleased that the Ministry of the Environment, Conservation and Parks is committed to developing a new plan to address climate change and is seeking public opinion to help guide the focus areas of its plan.

As we know, climate change is one of the most significant risks we face today. Its effects are complex and wide-ranging and will play out over decades. Whether we act or not, climate change is already having profound impacts, and markets are responding accordingly. It is in the best interests of OPTrust's members to take action to better understand the financial implications. The complexity of the challenge ahead of us requires new ways of thinking and an innovative mindset.

Incidents of extreme weather are on the rise across the globe, creating new and greater challenges for governments, organizations, people and infrastructure. In a world as inter-connected as ours, the need to understand and address the risks that climate change poses: socially, technologically and economically, has never been more important.

ABOUT OPTRUST

OPTrust is a jointly sponsored defined benefit plan with over 92,000 members and \$20 billion in assets – the fifth-largest public sector pension plan in the province. Our plan members are primarily front-line workers for the Government of Ontario and its agencies, boards and commissions. We are a fully funded plan, one of a select group of Canadian pension plans that can make that statement. We also take serving our members as seriously as we do our funded status and we consistently receive high service satisfaction scores from our membership.

Our mission is to pay pensions today, preserve pensions for tomorrow. We are a pension management organization. Our members depend on us to provide secure, predictable income in retirement. As such, how we think about investing and how we manage our plan align with our members' interests. We strive to keep the Plan in balance at all times to protect pension certainty. Benefits are on one side, balanced by contributions and investment returns on the other.

OPTrust's investment operations are global with offices in Toronto, London and Sydney; our diversified portfolio also spans the globe with public market, private market, infrastructure, and real estate assets in North America, Europe, Developed Asia and emerging markets. Our investment activities consider climate risk in decision-making processes and complemented by a sophisticated responsible investing program that incorporates environmental, social and governance (ESG) considerations.

DRIVING CLIMATE CHANGE ACTION

In 2017, we began to build an approach to better understand how a complex issue like climate change impacts the investments we make and the ability to deliver on our mandate with our whitepaper [Climate Change: Delivering on Disclosure](#). Earlier this year, OPTrust released a second paper on climate change — our [Climate Change Action Plan](#).

The Climate Change Action Plan contains eight areas for action that will make OPTrust more resilient and agile to meet the challenge while delivering on our mandate. Among others, the areas for action include defining a clear baseline to measure the pension plan's exposure, considering climate risk factors when assessing investments, and pushing for increased disclosure of climate change-related information from companies.

We recognize there are limits on the availability of data and a lack of appropriate models to measure climate change-related risks across a large, diversified portfolio and over suitable timeframes. OPTrust is developing our approach to assessing and managing climate change-related risks and ensuring opportunities are captured.

We support the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) as the global reporting standard to provide investors with the information required to assess the financial impact of climate change. In endorsing the TCFD, we are committed to reporting against the framework ourselves.

MARKET-BASED SOLUTIONS

Currently, companies may be hesitant to disclose information regarding their climate change-related risk for fear of future liabilities. We believe that governments can work with organizations to put in place regulatory "safe zones." For example, government can direct and work with securities regulators to create a safe zone in public markets, where companies can disclose matters related to ESG issues without the fear of facing liabilities for failing to meet set targets or if an outcome is not as predicted.

This is an efficient, reliable way for governments to set the stage for action so that we may begin gathering the critical data that we need to better inform investment decision-making. We believe climate change needs to be part of corporate strategies at companies where the impact is being felt.

Climate change adaptation is a fundamental step that some regions of the world are currently doing better than others. We need to work as a society to look at the big challenges we face from an environmental perspective and implement solutions that help us not only address them but to reverse the effects of climate change. Foundational first steps may look small – this is the only reliable way to take action and begin gathering data.

PARTNERING FOR A SUSTAINABLE SOLUTION

Against this backdrop, OPTrust is spearheading dialogue about climate change action. OPTrust will be hosting a [Climate Change Symposium](#) on November 19 – 20, 2018. The Symposium will bring together prominent investors, leading climate scientists, innovative thought leaders, and public policymakers from across the globe. We believe it is critical for industry, academia and government to engage in and promote opportunities to further our thinking on long-term issues such as these. Embracing diverse perspectives helps us achieve solutions to the betterment of all.

While the work that OPTrust has conducted thus far has been useful we recognize that we are only at the beginning of this journey. We will continue to work collaboratively to improve our understanding of these impacts and seek new solutions with like-minded partners.

There is no question this issue is incredibly complex and unpredictable. Nevertheless, we believe human ingenuity will triumph. As we move from conversation to action and more people and stakeholders look for ways to address the challenges facing us on climate change, the more progress we will make together.

Thank you for allowing OPTrust to provide input on the province's A Made-in-Ontario Climate Change Plan. We hope the Ministry of the Environment, Conservation and Parks will find our comments to be helpful, and look forward to partnering with the government to create a sustainable future.

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