



CLIMATE TRANSPARENCY REPORT 2020

Alberta Investment Management Corporation

About the Climate-related Disclosure Indicators

Climate has been identified as a top priority for PRI signatories, with over 70% of asset owners reporting this as the most important long-term trend they are acting on.

The FSB Task Force's guidance on climate-related financial disclosure aim to create a single framework for disclosure on assessment and management of climate-related risk. The recommendations, supported by investors representing US\$22 trillion, identify four main disclosures, Governance, Strategy, Risk Management, Metrics and Targets, and include specific guidance for asset owners and managers.

As a result, the PRI introduced climate-related disclosure indicators that can be used to align with the TCFD recommendations in the 2020 PRI Reporting Framework.

About this report

This report is an export of only the climate-related indicators from the 2020 Reporting Framework response. The full Public Transparency Report is available here (<https://reporting.unpri.org/surveys/PRI-reporting-framework-2020/-F432821C-82E0-46D4-BE4C-7F16F546D846/79894dbc337a40828d895f9402aa63de/html/2/?lang=en&a=1>). It shows the responses to all the completed climate indicators, even those you chose to keep private. It is designed for your internal review or – if you wish - to share with your stakeholders.

The PRI will not publish this report on its website if you have designated your 2020 climate reporting as “private”. Otherwise, you will be able to access the Climate Transparency Report of your organisation and that of other signatories on the [PRI website](#) and on the [Data Portal](#).

To easily locate information, there is a **Recommendation index** which summarises the indicators that signatories complete and disclose. The report presents information exactly as it was reported as per signatory preference. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory are presented in this report.

TCFD Recommendations Index

| Strategy and Governance - CC | | | TCFD Recommendation | | | |
|------------------------------|----------|------------|---------------------|----------|-----------------|-------------------|
| Indicator | Reported | Disclosure | Governance | Strategy | Risk Management | Metrics & Targets |
| SG 01.6 CC | ✓ | Public | | | | |
| SG 01.7 CC | ✓ | Public | | | | |
| SG 01.8 CC | ✓ | Public | | | | |
| SG 01.9 CC | ✓ | Public | | | | |
| SG 01.10 CC | ✓ | Public | | | | |
| SG 07.5 CC | ✓ | Public | | | | |
| SG 07.6 CC | ✓ | Public | | | | |
| SG 07.7 CC | ✓ | Public | | | | |
| SG 07.8 CC | ✓ | Public | | | | |
| SG 13.1 | ✓ | Public | | | | |
| SG 13.2 | ✓ | Public | | | | |
| SG 13.4 CC | - | | | | | |
| SG 13.5 CC | - | | | | | |
| SG 13.6 CC | - | | | | | |
| SG 13.7 CC | - | | | | | |
| SG 13.8 CC | - | | | | | |
| SG 14.1 | ✓ | Public | | | | |
| SG 14.2 | ✓ | Public | | | | |
| SG 14.3 | ✓ | Public | | | | |
| SG 14.6 CC | ✓ | Public | | | | |
| SG 14.7 CC | ✓ | Public | | | | |
| SG 14.8 CC | ✓ | Public | | | | |
| SG 14.9 CC | ✓ | Public | | | | |
| SG 15.1 | ✓ | Private | | | | |
| SG 15.2 | - | Private | | | | |
| SG 15.3 | - | Private | | | | |

| Symbol | Status |
|------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|
| ✓ | The signatory has completed this sub-indicator |
| - | The signatory did not complete this sub-indicator. |
| | This indicator is relevant to the named TCFD recommendation |
| Within the first column "Indicator", indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete. | |

ORGANISATIONAL OVERVIEW

This section provides an overview of your organisation. These characteristics are used to define your peer groups.

MAIN CHARACTERISTICS

| | |
|-------------------------------------------|-------------------------------------------|
| Name | Alberta Investment Management Corporation |
| Signatory Category | Fund Management - Majority |
| Signatory Type | Investment Manager |
| Size | US\$ > 50 billion AUM |
| Main Asset Class | Multi-Asset |
| Signed PRI Initiative | 2010 |
| Region | North America |
| Country | Canada |
| Disclosure of Voluntary Indicators | 17% from 38 Voluntary indicators |

Alberta Investment Management Corporation

Reported Information

Public version

Strategy and Governance

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Investment policy

| | | | | |
|-------|-----------|--------|---------------|---------|
| SG 01 | Mandatory | Public | Core Assessed | General |
|-------|-----------|--------|---------------|---------|

New selection options have been added to this indicator. Please review your prefilled responses carefully.

| | |
|---------|---------------------------------------------------------------------------------------------|
| SG 01.1 | Indicate if you have an investment policy that covers your responsible investment approach. |
|---------|---------------------------------------------------------------------------------------------|

| | | | | |
|----------|-------------------------------------------|--------|-------------|---------|
| SG 01 CC | Mandatory to Report Voluntary to Disclose | Public | Descriptive | General |
|----------|-------------------------------------------|--------|-------------|---------|

| | |
|------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| SG 01.6 CC | Indicate whether your organisation has identified transition and physical climate-related risks and opportunities and factored this into the investment strategies and products, within the organisation's investment time horizon. |
|------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Yes

| |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Describe the identified transition and physical climate-related risks and opportunities and how they have been factored into the investment strategies/products. |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Climate change has emerged as one of the most pressing systemic risks of our time, with far reaching, global, ecological and socio-economic impacts and resulting investment implications. Climate change has been a key ESG focus area for AIMCo since 2015- we issued our 'Strategic Position on Climate Change' shortly after COP 21, and publicly endorsed G-7 and G-20 investor statements calling for policy action on climate change. We closely followed the work of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD), contributed to TCFD consultations and publicly supported their recommendations.

As 194 countries attempt to deliver on their respective COP 21 commitments to reduce GHG emissions, AIMCo is doing our part to evaluate climate risks and opportunities, to protect and enhance investment returns for our clients and their beneficiaries- all Albertans.

AIMCo has been monitoring the absolute emissions and emissions intensity of our public equity holdings since 2016. A key AIMCo objective is 'Doing Business the Right Way' - we believe it is important to adopt an accounting of the CO₂ e emissions of our portfolios that is relevant, comparable, decision-useful and consistent over time. We continue to assess and monitor the CO₂ emissions profile of our equities portfolio relative to the emissions profile of financial benchmarks to analyze the emissions trajectory, identify top company and sector contributors, carbon risk, investment opportunities, degree of alignment with sustainable development scenarios and to meet our TCFD and client reporting obligations.

We have conducted a carbon footprint of our domestic real estate assets and we have adopted key metrics & targets- energy and water efficiency per square ft. & waste diversion from landfill & invest primarily in LEED & BOMA BEST buildings in our domestic real estate portfolio-77% have a green building certification.

As data becomes available or can be proxied, we will expand our carbon footprint analysis to other asset classes. Our processes for identifying climate-related risks and opportunities across asset classes continues to evolve. AIMCo has tested three methodological approaches and finds that each method has validity, with some having more relevance depending on the asset class in scope. Each carbon accounting method (GHG Protocol, Weighted Average Carbon Intensity, Financed Emissions) provides a different view of emissions-related risk which we continue to analyze.

We encourage companies to disclose their GHG emissions and to begin the process of adopting the Financial Stability Board's Task Force on Climate-related Financial Disclosure (TCFD) recommendations. This will serve to inform their internal business processes and provide quality, relevant disclosure to investors. We are currently working alongside other like-minded investors as part of the Investor Leadership Network (ILN) to tackle a significant challenge in this area - accelerating the implementation of uniform and comparable climate-related disclosures from global corporations and investors alike. This is an important step that we believe will help us make the best investing decisions on behalf of our clients.

No

**SG 01.7
CC**

Indicate whether the organisation has assessed the likelihood and impact of these climate risks?

Yes

Describe the associated timescales linked to these risks and opportunities.

Our process in identifying climate-related risks and opportunities across asset classes continues to evolve. The TCFD recommends conducting a scenario analysis to assess the likelihood and impact of climate risks; however, scenario analysis is highly complex, relying on varying inputs for discrete factors such as the probability of natural catastrophic weather events, chronic weather pattern changes, changes in consumer demand, technological advances and regulatory responses, all with varying sensitivities across the portfolio, across geographies and across time. We found the 2 Degrees Investing Initiative (2Dii) PACTA tool useful as a starting point. It demonstrates whether a portfolio's sector allocation and distribution are aligned with a range of global warming scenarios, including a 2-degree warming scenario over a 5-year time horizon. However, the tool's limitations are that it is specific to public equities and focuses only on the most carbon intensive sectors relative to its own proprietary benchmark. Given our highly diversified investment strategy and increasing exposure to renewable energy beyond public equities, it will be important to focus on total fund positioning rather than on relative fund exposure to carbon-intensive sectors in public equities alone.

No

**SG 01.8
CC**

Indicate whether the organisation publicly supports the TCFD?

Yes

No

**SG 01.9
CC**

Indicate whether there is an organisation-wide strategy in place to identify and manage material climate-related risks and opportunities.

Yes

Describe

We recognize the business imperative of integrating climate change into our investment strategies and view the physical, regulatory and reputational risks of climate change as material to our clients' objectives, especially over medium and long-term investment horizons.

The investor community is still in the early stages of addressing climate change risks and opportunities, given significant data limitations and the forward-looking nature of climate-related risk assessments. We believe that companies exhibiting better disclosure of their climate change mitigation strategies, emissions performance and related material environmental metrics are likely to demonstrate better risk-adjusted performance over the long run.

Considering the current climate-related disclosure landscape, we are committed to the following active management strategies in alignment with our commitments as a PRI signatory:

1. To exercise shareholder voice by voting to promote climate-related disclosure
2. To engage with investee companies and promote climate-related disclosure
3. To advocate with policymakers, regulators and stock exchanges to encourage climate-related disclosure guidance
4. To take an active role in collaborative research regarding appropriate management of key elements such as carbon, plastics, methane and water, and promote best practices and benchmark firms' performance on these metrics over time

In November 2018, an internal cross-functional TCFD working group was formed to identify climate-related

risks, opportunities and financial impacts, address carbon footprint methodologies and inform our approach to the TCFD recommendations. The effort is led by the RI team, with representation from the CFO office, Economics & Fund Strategy and Risk. Our TCFD working group will continue to identify assumptions, plausible and relevant scenarios and related trends across portfolios. These efforts will continue to inform AIMCo's climate-related reporting and any implications for investment strategy.

No

**SG 1.10
CC**

Indicate the documents and/or communications the organisation uses to publish TCFD disclosures.

- Public PRI Climate Transparency Report
- Annual financial filings
- Regular client reporting
- Member communications
- Other

specify

Annual responsible investment report

- We currently do not publish TCFD disclosures

Governance and human resources

SG 07 CC

Mandatory to Report Voluntary to Disclose

Public

Descriptive

General

**SG 07.5
CC**

Indicate the roles in the organisation that have oversight, accountability and/or management responsibilities for climate-related issues.

Board members or trustees

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Risk Officer (CRO), Investment Committee

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Other Chief-level staff or heads of departments

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Portfolio managers

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Investment analysts

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Dedicated responsible investment staff

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

External managers or service providers

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

SG 07.6 CC

For board-level roles that have climate-related issue oversight/accountability or implementation responsibilities, indicate how these responsibilities are executed.

Ultimately, AIMCo's Board oversees the governance of responsible investment at AIMCo-it approves the Responsible Investment Policy and any refreshments to the policy which include references to climate change. The Board is apprised of the scope of our responsible investment activity, including our activities regarding consideration of climate change. The board seeks education on climate change related topics specifically which we provide on a director education portal, such as sharing a webinar we conducted for the Responsible Investment Association (RIA) describing our TCFD-related work and insights which led to an investor guidance to TCFD. RI has presented to the AIMCo Board in person on these topics.

SG 07.7 CC

For management-level roles that assess and manage climate-related issues, provide further information on the structure and processes involved.

We have a Responsible Investment Committee (RIC) chaired by our Chief Executive Officer and comprised of senior management, representing all asset class and investment departments. The RIC approves overarching responsible investing strategies and is regularly apprised and consulted on ESG-related activities, including consideration of climate change.

**SG 07.8
CC**

Indicate how your organisation engages external investment managers and/or service providers on the TCFD recommendations and their implementation.

- Request that external managers and/or service providers incorporate TCFD into mainstream financial filings (annual financial reports, other regulatory reporting or similar)
- Request incorporation of TCFD into regular client reporting
- Request that external managers complete PRI climate indicator reporting
- Request responses to TCFD Fund Manager questions in the PRI Asset Owner Guide
- Other

Specify

We work with our engagement service provider on incorporating the TCFD recommendations in their engagement program with Canadian issuers and regulatory bodies.

- We do not engage with external managers and/or service providers on the TCFD recommendations and their implementation

ESG issues in asset allocation**SG 13****Mandatory****Public****Descriptive****PRI 1****SG 13.1**

Indicate whether the organisation carries out scenario analysis and/or modelling, and if it does, provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).

- Yes, in order to assess future ESG factors

Describe

AIMCo conducts a long-term capital markets forecast annually for use by our clients in joint asset liability discussions and their internal actuarial discussions.

- Yes, in order to assess future climate-related risks and opportunities
- No, our organisation does not currently carry out scenario analysis and/or modelling

SG 13.2

Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between sectors or geographic markets.

We do the following

- Allocation between asset classes
- Determining fixed income duration
- Allocation of assets between geographic markets
- Sector weightings
- Other, specify

We work with our clients to develop appropriate investment portfolios that consider their unique risk and return parameters and specific obligations to their beneficiaries.

- We do not consider ESG issues in strategic asset allocation

Each of AIMCo's clients operates within unique parameters and specific obligations. Our clients are responsible for establishing their respective investment policies and return targets. AIMCo works with them to develop appropriate investment portfolios that consider the risk and return characteristics so they can meet those targets.

AIMCo's long-term capital markets forecast starts with a macroeconomic forecast of the global economy over the next 10 years. ESG factors relating to demographic trends, capital flows to ESG products/investments, technological developments and changes to the regulatory environment may inform some of our underlying risk-return assumptions across various markets and asset classes, amongst other considerations.

AIMCo's TCFD Working Group is tasked with identifying climate-related risks, opportunities and financial impacts, addressing carbon footprint methodologies and informing AIMCo's approach to the TCFD recommendations.

| | | | | |
|-------|-------------------------------------------|--------|---------------------|-------|
| SG 14 | Mandatory to Report Voluntary to Disclose | Public | Additional Assessed | PRI 1 |
|-------|-------------------------------------------|--------|---------------------|-------|

SG 14.1 Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following are considered.

- Changing demographics
- Climate change
- Resource scarcity
- Technological developments
- Other, specify(1)

other description (1)

Global Corporate Governance Developments

- Other, specify(2)
- None of the above

SG 14.2 Indicate which of the following activities you have undertaken to respond to climate change risk and opportunity

- Established a climate change sensitive or climate change integrated asset allocation strategy
- Targeted low carbon or climate resilient investments
- Phase out your investments in your fossil fuel holdings
- Reduced portfolio exposure to emissions intensive or fossil fuel holdings
- Used emissions data or analysis to inform investment decision making
- Sought climate change integration by companies
- Sought climate supportive policy from governments
- Other, specify

other description

AIMCo is responsive to climate change risk and opportunity, as evidenced by the growth in our alternative energy and renewable resources investments.

- None of the above

SG 14.3

Indicate which of the following tools the organisation uses to manage climate-related risks and opportunities.

- Scenario analysis
- Disclosures on emissions risks to clients/trustees/management/beneficiaries
- Climate-related targets
- Encouraging internal and/or external portfolio managers to monitor emissions risks
- Emissions-risk monitoring and reporting are formalised into contracts when appointing managers
- Weighted average carbon intensity
- Carbon footprint (scope 1 and 2)
- Portfolio carbon footprint
- Total carbon emissions
- Carbon intensity
- Exposure to carbon-related assets
- Other emissions metrics
- Other, specify
- None of the above

| SG 14 CC | Voluntary | Public | | General |
|-----------------------|------------------------------------------------------------------------------------------------------|--------|--|---------|
| SG 14.6 CC | Provide further details on the key metric(s) used to assess climate-related risks and opportunities. | | | |

| Metric Type | Coverage | Purpose | Metric Unit | Metric Methodology |
|------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Climate-related targets | <input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input checked="" type="checkbox"/> Minority of assets | Target opportunities for eco-efficiency upgrades and retrofits and capital provisions to third-party property managers. | Energy intensity; water use intensity; waste diversion | Energy: kWh/sq. ft.; Water: L/sq. ft.; Waste: % diversion |
| Weighted average carbon intensity | <input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input checked="" type="checkbox"/> Minority of assets | To identify key drivers to portfolio emissions | tonnes of CO2e per \$M revenue | Sum of Holding MV divided by Portfolio MV and multiplied by Issuer's Emissions divided by Issuer's \$M Revenue |
| Carbon footprint (scope 1 and 2) | <input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input checked="" type="checkbox"/> Minority of assets | To identify key drivers to portfolio emissions | tonnes of CO2e | Issuer's total Scope 1 & 2 emissions |
| Portfolio carbon footprint | <input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input checked="" type="checkbox"/> Minority of assets | To identify key drivers to portfolio emissions | tonnes of CO2e per \$M invested | Sum of Holding MV divided by Issuer's Market Capitalization multiplied by Issuer's total Scope 1 & 2 emissions then all divided by the MV of entire portfolio |
| Total carbon emissions | <input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input checked="" type="checkbox"/> Minority of assets | To identify key drivers to portfolio emissions | tonnes of CO2e | Sum of Holding MV divided by Issuer's Market Capitalization multiplied by Issuer's total Scope 1 & 2 emissions |
| Carbon intensity | <input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input checked="" type="checkbox"/> Minority of assets | To identify key drivers to portfolio emissions | tonnes of CO2e per \$M revenue | Sum of Holding MV divided by Portfolio MV and multiplied by Issuer's Emissions divided by Issuer's \$M Revenue |

SG 14.7
CC

Describe in further detail the key targets.

| Targettype | Baseline year | Target year | Description | Attachments |
|--------------------------------------------------------------------------------------------------|---------------|-------------|--------------------------------------------------------------------------------|-------------|
| <input type="checkbox"/> Absolute target <input checked="" type="checkbox"/> Intensity target | 2014 | 2021 | Energy performance of domestic office, retail and mixed-use real estate assets | |
| <input type="checkbox"/> Absolute target <input checked="" type="checkbox"/> Intensity target | 2014 | 2021 | Water performance of domestic office, retail and mixed-use real estate assets | |
| <input type="checkbox"/> Absolute target <input checked="" type="checkbox"/> Intensity target | 2014 | 2021 | Waste performance of domestic office, retail and mixed-use real estate assets | |
| <input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target | | | | |
| <input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target | | | | |

**SG 14.8
CC**

Indicate whether climate-related risks are integrated into overall risk management and explain the risk management processes used for identifying, assessing and managing climate-related risks.

- Processes for climate-related risks are integrated into overall risk management

Please describe

AIMCo has recently implemented FactSet as a new risk platform which integrates ESG, financial and risk data, and has assigned product risk managers to each asset class. The Responsible Investment group, in collaboration with the TCFD Working Group will use the risk platform to inform climate-related risk analysis and to identify plausible approaches to climate change scenario analysis. Scenario analysis is highly complex, relying on varying inputs for discrete factors such as the probability of natural catastrophic weather events, chronic weather pattern changes, changes in consumer demand, technological advances and regulatory responses, all with varying sensitivities across the portfolio, across geographies and across time. We found the 2 Degrees Investing Initiative (2Dii) PACTA tool useful as a starting point. It demonstrates whether a portfolio's sector allocation and distribution are aligned with a range of global warming scenarios, including a 2-degree warming scenario. However, the PACTA tool's limitations are that it is specific to public equities and focuses only on the most carbon intensive sectors relative to its own proprietary benchmark. Given our highly diversified investment strategy and increasing exposure to renewables beyond public equities, it will be important to focus on total fund positioning rather than on relative fund exposure to carbon-intensive sectors in public equities alone.

- Processes for climate-related risks are not integrated into overall risk management

**SG 14.9
CC**

Indicate whether your organisation, and/or external investment manager or service providers acting on your behalf, undertake active ownership activities to encourage TCFD adoption.

- Yes

The investor community is still in the early stages of addressing climate change risks and opportunities, given significant data limitations and the forward-looking nature of climate-related risk assessments. We believe that companies exhibiting better disclosure of their climate change mitigation strategies, emissions performance, and related material environmental metrics are likely to demonstrate better risk-adjusted performance over the long run.

Considering the current climate-related disclosure landscape, we are committed to the following active management strategies in alignment with our commitments as a PRI signatory:

5. To exercise shareholder voice by voting to promote climate-related disclosure
6. To engage with investee companies and promote climate-related disclosure
7. To advocate with policymakers, regulators and stock exchanges to encourage climate-related disclosure guidance
8. To take an active role in collaborative research regarding appropriate management of key elements such as carbon, plastics, methane and water, and promote best practices and benchmark firms' performance on these metrics over time

For public issuers, we identify firms that do not disclose carbon emissions and proceed to engage with a select group of them to promote climate resilience strategies and related disclosure. We assess public equities external managers regarding whether their active ownership practices encourage climate-related disclosure, as featured in their proxy voting guidelines and engagements with companies.

For illiquid investments, we factor climate-related risks into our due diligence processes which includes consideration of the asset or fund's overall climate resiliency and its management of material environmental risks.

- No, we do not undertake active ownership activities.
- No, we do not undertake active ownership activities to encourage TCFD adoption.