



CLIMATE TRANSPARENCY REPORT 2020

OPTrust

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/-DC3D9239-070D-44DA-9E0B-09607D3F0884/79894dbc337a40828d895f9402aa63de/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	✓	Public				
SG 13.5 CC	✓	Public				
SG 13.6 CC	✓	Public				
SG 13.7 CC	✓	Public				
SG 13.8 CC	✓	Public				
SG 14.1	✓	Public				
SG 14.2	✓	Public				
SG 14.3	✓	Public				
SG 14.6 CC	✓	Private				
SG 14.7 CC	-	Private				
SG 14.8 CC	✓	Private				
SG 14.9 CC	✓	Private				
SG 15.1	✓	Public				
SG 15.2	-	Public				
SG 15.3	-	Public				

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	OPTrust
Signatory Category	Non-corporate pension or superannuation or retirement or provident fund or plan
Signatory Type	Asset Owner
Size	US\$ 10 - 29.99 billion AUM
Main Asset Class	Multi-Asset
Signed PRI Initiative	2010
Region	North America
Country	Canada
Disclosure of Voluntary Indicators	10% from 38 Voluntary indicators

OPTrust

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
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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.
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SG 01 CC	Mandatory to Report Voluntary to Disclose	Public	Descriptive	General
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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.
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Yes

Describe the identified transition and physical climate-related risks and opportunities and how they have been factored into the investment strategies/products.
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OPTrust's Member-Driven Investing (MDI) strategy is founded on strong risk management and a risk-conscious culture. Climate change has been identified as a risk we need to better manage, through the same lens used to evaluate other risks to the Plan. We are currently developing our approach to assessing and managing climate change-related risks and ensuring opportunities are captured.

In 2017, we released the white paper *Climate Change: Delivering on Disclosure* detailing the fund's approach to navigating the complexities of climate change with respect to institutional investing and a call for collaboration in the development of standardized measures for carbon disclosure. In the same year, we undertook innovative research on climate change in partnership with Mercer. The study involved evaluating the resilience of OPTrust's total portfolio to four potential climate change scenarios, including a 2° scenario which is the goal of the Paris Climate Agreement. The project furthered our industry's understanding of the need for investors to better manage the risks that climate changes presents. Internally, we facilitated strategic conversations with our investment teams to leverage the value in assessing and managing climate risk and opportunities - a process that is now underway.

In 2018, we released our *Climate Change Action Plan (CCAP)* which contains eight areas for action that will make OPTrust more resilient and agile to meet the investment challenge. 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 portfolio companies. As the materiality of climate change related risks is still being assessed, specific metrics and targets have not been developed.

The CCAP led to the development of a 'current state' assessment of climate-related risks to the total fund through measuring our exposure to industries and geographies that are at higher risk for climate change impacts. We also partnered with Ortec Finance, our asset-liability management service provider to assess the impact of climate-related risks on the Plan's funded status by integrating risks associated with climate change into standard forward-looking financial scenario sets (i.e., climate-savvy scenarios) and explore ways to integrate climate change into the portfolio construction process to drive strategic investment decision-making.

OPTrust reports on climate change-related engagement activities in its annual Responsible Investing (RI) Report. We became one of the first pension funds to report in accordance with the TCFD recommendations in our 2017 Funded Status Report and yearly thereafter in our RI Report with our most recent results to be released in May 2020.

OPTrust's portfolio builds on our approach to investing in opportunities created by the transition to a low carbon economy, which already encompasses a long history of investing in renewables in private markets. Looking at our portfolio through this lens has identified that 8% of OPTrust's portfolio is invested in renewable energy and green real estate.

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.

The climate-savvy project in partnership with Ortec Finance modelled climate scenarios on a 80-year horizon to the end of the century (2100), reflecting the long-term nature of climate change with a focus on physical risks. Climate impacts can be assessed over any time period within the 80-year horizon.

Three Modelled Global Warming Pathways (80-Year Horizon)

1. 1.5°C disorderly transition pathway (1.5D): exploring a disorderly transition to achieve <2°C target as per Paris Agreement
2. 3°C middle-of-the-road pathway (3D): implementation of currently planned policies (NDCs) - the most likely pathway according to scientists
3. 4+°C higher warming pathway (4D): exploring physical risks including extreme weather events

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

OPTrust released its Climate Change Action Plan (CCAP) in 2018, our second paper on climate change, that outlines the actions we propose to take to meet this investment challenge. Given our Member-Driven Investing (MDI) strategy and focus on risk, it is only logical we apply the same lens and thoughtfulness to understanding climate change as we do other risks and opportunities we face. To ensure sustainability, we must better understand the risk climate change poses and incorporate this into our investment decision-making, investment management, and portfolio construction processes. As we define our long-term strategy, ensuring that OPTrust's portfolio remains resilient and agile in meeting the challenges of climate change risk is an integral part of our investment mandate. We have set out broad actions that we believe will get us there:

1. Continue to drive for better disclosure of the information investors need to price carbon risk.
2. OPTrust will work with peers, regulators and with companies in which we are invested to achieve meaningful change.
3. We will continue to create awareness and alignment among our investment professionals and investee companies through education.
4. We will develop a 'current state' assessment of climate-related risks to the total fund through measuring our exposure to industries and geographies that are at higher risk for climate change impacts.
5. We will introduce an approach that considers climate risk impact on the total fund and in our portfolio construction framework.
6. We will focus on achieving greater disclosure within our portfolio companies and incorporate climate change-related metrics in the evaluation of new investments.
7. We will use our influence across market participants - from companies to regulators - to drive for improved performance on environmental, social and governance (ESG) issues and advocate for certainty in the regulatory environment and promote the implementation of the Task Force on Climate-related Financial Disclosures (TCFD) recommendations.

7

8. We are committed to reporting our progress against the TCFD framework and to requesting the same disclosure in the companies in which we invest.

Accountability for the implementation of the CCAP lies with the Responsible Investing Committee which has representation from the Investment Division Teams, Investment Risk, Legal Services, and Communications & Public Affairs.

<https://www.optrust.com/investments/climate-change.asp>

<https://www.optrust.com/documents/OPTrust-Climate-Change-Action-Plan.pdf>

No

SG 1.10 CC	Indicate the documents and/or communications the organisation uses to publish TCFD disclosures.
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- Public PRI Climate Transparency Report
- Annual financial filings
- Regular client reporting
- Member communications
- Other

specify

Annual Responsible Investing Report

- We currently do not publish TCFD disclosures

Governance and human resources

SG 07 CC	Mandatory to Report Voluntary to Disclose	Public	Descriptive	General
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SG 07.5 CC	Indicate the roles in the organisation that have oversight, accountability and/or management responsibilities for climate-related issues.
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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.

OPTrust's Board has an oversight role of the Plan's Responsible Investing (RI) program. The Board approves two RI-related policies on an annual basis - the Statement of Responsible Investing Principles and the Proxy Voting Guidelines. The Investment Committee (IC) is responsible for monitoring the implementation of the RI program. The IC receives regular reporting by the Chief Investment Officer (CIO) and RI team on environmental, social and governance (ESG) activities, which includes current climate change-related activities.

OPTrust has established a Risk Appetite Statement which sets out OPTrust's general approach to risk, identifies key categories of risks relevant to OPTrust including those related to climate change and specifies the level of risk OPTrust is willing to accept for each key risk category.

The Board is accountable for approving the Risk Appetitive Statement and monitoring its implementation by management. The Board has delegated overall responsibility for risk management to the Audit Finance and Risk Committee (AFRC) and expects the AFRC to inform the other standing committees of any top risks in their areas of responsibility so that they can monitor them.

SG 07.7
CC

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

The Chief Investment Officer (CIO) is responsible for overseeing the RI program which is in turn implemented by a dedicated RI Team.

The investment teams are responsible for adhering to OPTrust's Statement of Responsible Investing Principles (SRIP) and are held accountable for ESG-related risks that are taken, including risks associated to climate

change.

The Responsible Investing Committee is the internal forum to share updated analysis and further understandings in terms of ESG integration and it is currently devoting significant efforts to climate change. It is chaired by the CIO and the Director RI serves as Vice-Chair. This committee is tasked with oversight of ESG issues determined to be relevant to OPTrust at the enterprise-wide level, governed by a Responsible Investing Committee Charter. The mandate of the RI Committee is to support the integration of ESG factors into investment and risk management practices through the development of processes, procedures and tools to assist investment groups in implementing the Statement of Responsible Investing Principles, and through awareness raising and education. The Charter defines the groups within OPTrust that must be represented in the committee, which in addition to the CIO and Director of RI, include representatives from investment teams, Investment Risk, Legal, Portfolio Construction, and Communications.

**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
- 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
- Yes, in order to assess future climate-related risks and opportunities

Describe

In 2018 we partnered with Ortec Finance to develop – in collaboration with leading academic researchers and pioneering clients – a pilot version of a forward-looking climate-savvy scenario set to map potential climate impacts on future risk and return. We continue to collaborate with Ortec on this topic.

- 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 do not consider ESG issues in strategic asset allocation

SG 13 CC	Mandatory to Report Voluntary to Disclose	Public	Descriptive	General
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SG 13.4 CC

Describe how your organisation is using scenario analysis to manage climate-related risks and opportunities, including how the analysis has been interpreted, its results, and any future plans.

- Initial assessment

Describe

The climate-savvy project in partnership with Ortec Finance integrated the well-respected climate models and financial models under one framework by linking scientific climate data to the asset-liability management (ALM) tooling, and explored a novel "top-down" approach to map potential climate impacts on the expected return and risk of various financial and real assets.

The project combined existing academic research on climate-related risks associated with several global warming pathways and mapped them to key macro-economic variables (namely growth rates per region) which drive the dynamics of other financial and economic variables as modelled in Ortec Finance's forward-looking scenario set. Three climate change pathways were modelled in the project: keeping global warming under 1.5°C (disorderly transition), warming up to 3°C in 2100 (current level of political ambition based on formal national strategies), and warming of 4+°C in 2100 (higher warming scenario with extreme events). Out of model adjustments were implemented on top of the climate shocks from the data providers in order to explore key climate risks that were not captured in those datasets. OPTrust's portfolios were tested using the new climate-savvy financial scenario sets and for the first time, climate impact on the portfolios were evaluated from the funded-status perspective.

- Incorporation into investment analysis
- Inform active ownership
- Other

SG 13.5 CC

Indicate who uses this analysis.

- Board members, trustees, C-level roles, Investment Committee
- Portfolio managers
- Dedicated responsible investment staff
- External managers
- Investment consultants/actuaries
- Other

SG 13.6 CC

Indicate whether your organisation has evaluated the potential impact of climate-related risks, beyond the investment time horizon, on its investment strategy.

- Yes

Describe

The climate-savvy project in partnership with Ortec Finance modelled climate scenarios on an 80-year horizon to the end of the century (2100), reflecting the long-term nature of climate change - physical risk in particular. Climate impacts can be assessed over any time period within the 80-year horizon.

No

SG 13.7
CC

Indicate whether a range of climate scenarios is used.

- Analysis based on a 2°C or lower scenario
- Analysis based on an abrupt transition, consistent with the Inevitable Policy Response
- Analysis based on a 4°C or higher scenario
- No, a range is not used

SG 13.8
CC

Indicate the climate scenarios your organisation uses.

Provider	Scenario used	
IEA	<input type="checkbox"/> Beyond 2 Degrees Scenario (B2DS)	
IEA	<input type="checkbox"/> Energy Technology Perspectives (ETP) 2 Degrees scenario	
IEA	<input type="checkbox"/> Sustainable Development Scenario (SDS)	
IEA	<input type="checkbox"/> New Policy Scenario (NPS)	
IEA	<input type="checkbox"/> Current Policy Scenario (CPS)	
IRENA	<input type="checkbox"/> RE Map	
Greenpeace	<input type="checkbox"/> Advanced Energy [R]evolution	
Institute for Sustainable Development	<input type="checkbox"/> Deep Decarbonisation Pathway Project (DDPP)	
Bloomberg	<input type="checkbox"/> BNEF reference scenario	
IPCC	<input type="checkbox"/> Representative Concentration Pathway (RCP) 8.5	
IPCC	<input type="checkbox"/> RPC 6	
IPCC	<input type="checkbox"/> RPC 4.5	
IPCC	<input type="checkbox"/> RPC 2.6	
Other	<input checked="" type="checkbox"/> Other (1)	<div style="background-color: #0070C0; color: white; padding: 2px;">Other (1) please specify:</div> 1.5C Orderly & Disorderly Transition Pathways
Other	<input checked="" type="checkbox"/> Other (2)	<div style="background-color: #0070C0; color: white; padding: 2px;">Other (2) please specify:</div> 2C Transition Pathway
Other	<input checked="" type="checkbox"/> Other (3)	<div style="background-color: #0070C0; color: white; padding: 2px;">Other (3) please specify:</div> 4+C Global Warming Pathway

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

Reviewed the impact of climate change on our current and long-term portfolio based on four climate change scenarios.

- 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

other description

Engage companies to disclosure their climate change-related risks and opportunities

None of the above

SG 15	Mandatory to Report Voluntary to Disclose	Public	Descriptive	PRI 1
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SG 15.1	Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.
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Yes

No