

Overview

The City of Brampton has declared a Climate Emergency, but its municipal pension fund, OMERS, needs to take more action to align its investments with a profitable and climate-safe future.

The City of Brampton can call on OMERS, through the Association of Ontario Municipalities, to align its investments with the spirit of the City's Climate Emergency Declaration.

The City of Kingston and the City of Toronto have already taken similar action, as have municipal pension funds in other countries, such as the New York City Retirement System.

About OMERS and the City of Brampton

- OMERS manages \$121 billion in retirement savings.¹
- 541,000 current and former Ontario municipal employees are OMERS members.²
- The City of Brampton had 3,545 active OMERS members as of Dec 31, 2020.³

Why the Climate Emergency is a Crucial Consideration for OMERS

Pension funds such as OMERS face significant climate-related financial risks:

- **Physical risk:** pension fund assets such as highways, utilities, ports, real estate can all be damaged by extreme climate events such as flooding, storms, and wildfires.
- **Transition risk:** traditional investments in fossil fuel energy and infrastructure can quickly lose value as society transitions to renewable energy and clean technology.
- **Policy risk:** carbon pricing and greenhouse gas emissions targets require pension funds to shift their calculations on expected long-term investments.
- **Legal and reputational risk:** investments in fossil fuel companies pose financial risks as these companies lose their social license to operate and face lawsuits for climate damages and misleading the public about the harmful effects of their products.
- **Systemic risk:** Failure as a society to rapidly transition off fossil fuels could trigger catastrophic climate failure and cause such severe environmental, social and

¹ OMERS 2021 Annual Report, released Feb 28, 2022. <https://www.omers.com/annual-reporting>.

² Ibid.

³ OMERS Employer Listing. <https://www.omers.com/employer-listing>.

economic disruption that no pension fund portfolio will be safe.

OMERS' Actions to Date

- Acknowledges the climate crisis poses risks and opportunities to its portfolio.⁴
- Integrates sustainability efforts across its real estate portfolio, Oxford Properties.⁵
- Increasing investments in renewable energy, including solar power, wind power, and energy storage technologies.⁶
- Collaborates on investor efforts on climate, such as Climate Engagement Canada and the Investor Leadership Network.⁷
- Announced in November 2021 its commitment to bring its portfolio to net-zero emissions by 2050.⁸

What OMERS Still Needs to do:

- Release a credible plan showing how it will achieve its goal of net zero emissions, with near-term and mid-term targets for bringing down its absolute emissions;
- Commit to a rapid timeline for phasing out its existing investments in fossil fuels and related infrastructure;
- Require the companies it owns to have credible zero-emissions pathways;
- Set timelines and targets for investing in climate solutions.

What the City of Brampton can do:

The City of Brampton is represented to OMERS by the Association of Ontario Municipalities (AMO). Brampton can join other municipalities in calling on AMO to urge OMERS to consider municipalities' climate actions, such as the City of Brampton's Climate Emergency Declaration, and to:

⁴ OMERS | Climate Change. <https://www.omers.com/climate-change>. Retrieved Feb 9, 2022.

⁵ 2020 Sustainability Report, Oxford Properties. <https://sustainable.oxfordproperties.com/2020/index.html>.

⁶ Our Net Zero Announcement – A Letter from Blake Hutcheson. Nov 24, 2021.

<https://www.omers.com/news/omers-commits-to-net-zero-2050-emissions-goal-building-on-its-sustainable-investing-program>.

⁷ OMERS | Sustainable Investing. <https://www.omers.com/sustainable-investing>. Retrieved Feb 14, 2022.

⁸ OMERS commits to Net Zero 2050 emissions goal, building on its Sustainable Investing program. Nov 24, 2021.

<https://www.omers.com/news/omers-commits-to-net-zero-2050-emissions-goal-building-on-its-sustainable-investing-program>.

- Implement clear and measurable targets that fully align OMERS' investment strategy with the spirit of the City of Brampton's Climate Emergency Declaration, and with the goals of the Paris Agreement to limit global heating to 1.5°C, including:
 - timebound targets to eliminate fossil fuel related investments from the fund
 - timebound targets to increase investments in profitable climate solutions.
- Publicly provide transparent and accessible information on the climate risk exposure of OMERS' investments, and updates on progress being taken to manage those risks and achieve the above goals.

Precedents:

- In September 2021, the City of Kingston passed a motion asking AMO to formally request that OMERS set targets to eliminate fossil fuels from the fund.⁹
- In December 2021, the City of Toronto passed its TransformTO Strategy, including a request that OMERS “consider the City of Toronto’s Net Zero strategy in its investment decisions and climate commitments, with a goal of limiting the global average temperature increase to 1.5°C, including a plan to phase out investments in coal, oil, gas and pipelines, and consider alternatives to new fossil fuel investments.”¹⁰
- Municipal pension funds around the world have taken similar actions. For example, New York City’s Employees’ Retirement System (NYCERS) and the New York City Board of Education Retirement System (BERS) have announced a divestment of US\$3 billion from fossil fuel companies. “The divestment, one of the largest in the world, will address the significant financial and environmental risks that these fossil fuel holdings pose to the funds and to our planet. The announcement by the Comptroller and Trustees follows an extensive and thorough fiduciary process to prudently assess the portfolio’s exposure to fossil fuel stranded asset risk and industry decline and other financial risks stemming from climate change.”¹¹

⁹ Goulem, Brigid. City of Kingston to call on pension fund to divest from fossil fuels. The Kingston Whig Standard. Oct 8, 2021. <https://www.thewhig.com/news/local-news/city-of-kingston-to-call-on-pension-fund-to-divest-from-fossil-fuels>.

¹⁰ City of Toronto. Tracking Status. TransformTO - Critical Steps for Net Zero by 2040. <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.IE26.16>

¹¹ New York City Comptroller. Comptroller Stringer and Trustees Announce Successful \$3 Billion Divestment from Fossil Fuels. Dec 22, 2021. <https://comptroller.nyc.gov/newsroom/comptroller-stringer-and-trustees-announce-successful-3-billion-divestment-from-fossil-fuels/>.