



DEEP DIVE: CLIMATE ACTION PLANNING

THE INVESTMENT MANAGEMENT CORPORATION OF ONTARIO (IMCO)

The Investment Management Corporation of Ontario (IMCO) manages over \$79 billion in assets on behalf of broader public sector institutions. In 2021, IMCO committed to achieving a net zero emissions portfolio by 2050 or earlier and joined the Paris Aligned Asset Owners.

Managing climate change and supporting the global transition to a net zero emissions economy are among IMCO's ESG priorities. IMCO's climate action focuses on four areas:

Capital deployment

IMCO pursues climate-positive and transition investment opportunities.

IMCO's investment in Pulse Clean Energy demonstrates both the unique opportunities available to investors and the complexities involved in identifying and capitalising on those opportunities. Battery storage capacity plays a critical role in providing stable, reliable and clean electricity to the grid, enabling the level of intermittent renewables required to achieve net zero. Pulse Clean Energy is leading innovation in energy storage by transforming diesel power generation to battery storage and energy optimization.

Portfolio management

IMCO focuses on further integrating climate-related risks and opportunities into the investment decision making processes, and continuously monitors climate risk across the portfolio.

IMCO requires external managers to complete an ESG due diligence questionnaire, with a dedicated section on climate change, which collects information on the manager's ESG-related policies, processes and performance. The goal is to help IMCO understand the manager's climate approach, and includes questions in the following areas:

- Net-zero commitment, portfolio alignment with low carbon transition and net zero
- Climate risk and opportunities assessment
- Carbon footprinting of scope 1, 2 and if appropriate, scope 3 emissions
- Targets and metrics
- TCFD implementation and reporting

Asset ownership

IMCO engages with portfolio companies and external managers on key issues related to climate and collaborates with like-minded investors and policymakers to drive collective climate action.

IMCO's [proxy voting guideline](#) outlines its expectations of companies to support their management-sponsored climate proposals. Expectations include:

- Commit to net zero carbon emissions by 2050 or sooner
- Set science-based emission reduction targets
- Disclose climate information in line with Task Force on Climate-Related Financial Disclosures (TCFD)

Climate Guardrails

IMCO will establish restrictions and limitations for high-emission sectors to minimize exposure to investments incompatible with a net-zero economy while also supporting assets with a viable transition path.

For IMCO, climate change is a multi-year journey, and it plans to continue to look for opportunities for value creation from the transition to a net zero economy, while mitigating the systemic risks presented by climate change.