

The 2022 Canadian Pension Climate Report Card analyzes, assesses and ranks the progress made by eleven of Canada's largest pension managers in their approach to climate risk and investment decisions as they relate to the climate crisis. View the full report at shiftoaction.ca/reportcard2022.

HEALTHCARE OF ONTARIO PENSION PLAN (HOOPP)

HOOPP is a defined benefit pension plan for over 400,000 Ontario healthcare sector workers, with nearly 600 participating employers including hospitals, family health teams, foundations, community health centres and other organizations and service providers.

Assets Under Management (AUM): \$114.4 billion (December 31, 2021)

	OVERALL SCORE	Paris-Aligned Target	Interim Targets	Climate Urgency	Climate Engagement	Climate Integration	Fossil Fuel Exclusions
HOOPP	D	C-	D	C	F	F	F

OVERALL CLIMATE SCORE

D

The good

HOOPP has set a net-zero emissions by 2050 target and has set an interim absolute emissions target in its real estate portfolio.

What HOOPP should improve in 2023:

- Join a credible and accountable Paris-aligned investor body such as the Net Zero Asset Owner Alliance or Paris Aligned Investment Initiative.
- Improve transparency and disclosure of approach to climate risks and investments in high-risk, high-carbon assets.
- Complete total portfolio carbon footprint.
- Complete 1.5°C scenario analysis and disclose results.
- Release a credible Paris-aligned climate strategy with interim emissions reduction targets (including targets to reduce absolute emissions).
- Set targets for investments in climate solutions and for the proportion of AUM covered by a credible net-zero plan.
- Develop an escalatory and timebound climate engagement strategy. Set targets to measure the success of climate engagements.
- Strengthen Proxy Voting Guidelines to require companies to have science-based decarbonization plans. Begin publishing proxy voting record.

- Set an expectation that owned companies:
 - tie executive compensation to the achievement of climate targets
 - refrain from lobbying against climate action, directly or through industry associations
 - refrain from directing capital toward fossil fuel expansion.
- Divest from fossil fuel producers.
- Place an exclusion on any new investments in coal, oil, gas and pipelines.
- Develop a Board competencies framework and include climate expertise as a required competency.
- Avoid conflicts of interest and refrain from appointing directors with simultaneous corporate directorships with fossil fuel companies to the Board.
- Establish minimum time that must elapse in between holding a fossil fuel directorship and joining the board.
- Tie executive and staff compensation to the achievement of climate targets.
- Specify in proxy voting guidelines that the fund will vote in favour of proposals requiring companies to demonstrate the Free, Prior and Informed Consent of Indigenous Peoples for projects that affect their traditional lands and waters.

SCORING DETAILS

Paris-Aligned Target

C-

HOOPP has announced a net-zero emissions by 2050 target, but has not set portfolio-wide interim emissions reduction targets; has not defined net-zero or the role, if any, that offsets will play in achieving its goal; has not accounted for scope 3 emissions; and has not announced a plan to achieve real world emission reductions.

Interim Targets

D

HOOPP has not yet completed a total portfolio carbon footprint and has no portfolio-wide interim targets.

The fund has one interim emissions reduction target: to reduce the Scope 1 and 2 absolute emissions of its real estate portfolio, for assets over which HOOPP has operational control, 50% below 2019 levels by 2030 (*2021 Real Estate Sustainability Report*).

HOOPP does not yet have targets for investments in climate solutions or targets for the proportion of its AUM covered by a credible science-based net-zero plan.

Climate Urgency

C

HOOPP mentions climate change minimally in a number of documents. The fund's most urgent statement on climate to date is on its *Climate Change* webpage:

"Climate change poses one of the most urgent and pressing systemic challenges of our time. It presents a unique risk that requires coordinated action from governments, corporations, individuals and institutional investors like HOOPP."

While HOOPP acknowledges climate change as a systemic challenge, it does not articulate the urgency or existential threat of the climate crisis; does not articulate that HOOPP's investments affect the climate; and does not include the ambition to centre climate in its investment strategy.

Climate Engagement

F

SUMMARY

HOOPP has no publicly stated climate expectations for owned companies and no disclosed climate engagement and escalation process. To date, HOOPP has never released a portfolio-wide sustainable investing report. A review of HOOPP's website and recent Annual Reports provides no examples of successful climate-related engagement. HOOPP does not disclose its proxy votes to the public or to its members.

DETAILS

Expectations for owned companies

No expectations stated.

Proxy voting

HOOPP's *Proxy Voting Guidelines* (p.12) mention climate change in passing as an ESG factor. The pension fund does not mention the climate crisis, the necessity of net-zero transition plans, or the importance of climate-literate board oversight. HOOPP's voting guidelines support "reasonable disclosure of policies and practices related to relevant environmental and social issues" and state HOOPP may "consider" votes against the committee Chair/members "if a company is not adequately managing the risks of material environmental and social issues" ("adequately managing" is not defined).

HOOPP's *Proxy Voting Guidelines* state that "HOOPP believes that the way HOOPP votes on proxy issues should be confidential unless HOOPP decides to make its votes public" (p.7). HOOPP does not publicly disclose its votes, making it impossible for beneficiaries and stakeholders to ascertain how HOOPP voted on climate-related shareholder resolutions.

Collaborative engagement

HOOPP is a founding member of Climate Engagement Canada.

Direction given to external managers

It is unclear what direction if any HOOPP gives to external managers regarding the handling of climate-related risk. HOOPP's *Sustainable Investing Policy* states that "HOOPP examines the investment fund manager's approach to ESG integration, including relevant policies, practices and resources," and "regularly evaluat[es] how external investment managers are integrating ESG factors into their organizations" (p.3).

Climate Integration

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Accountable Paris-aligned membership

HOOPP is not a member of any accountable and credible Paris-aligned investor body.

Transparency and disclosure of holdings

HOOPP provides an exceptionally low level of disclosure regarding its investments. HOOPP does not announce new investments via press release or list direct investments, external managers or investment managers on its

website. It is difficult to find even basic information about HOOPP's investments, such as the composition of its portfolio by asset class. HOOPP's website and 2021 Annual Report provide no data on the portfolio's exposure to any sector other than real estate.

Transparency and disclosure of climate risk

HOOPP has no publicly available climate plan explaining its exposure to climate risks or strategy to mitigate those risks. HOOPP's 2021 TCFD reporting briefly describes the climate scenarios used in its first ever scenario analysis, but provides no details about the results or implications of the analysis.

HOOPP's 2021 TCFD reporting also states that climate change is incorporated in the fund's *Investment Risk Framework*, but this framework does not appear to be publicly available.

Board climate expertise and/or fossil fuel entanglement

HOOPP does not publish biographies of its Board members, has no public Board competencies framework and identifies no Board members as having climate expertise. One HOOPP board member has a current fossil fuel entanglement: Trustee Nicholas Zelenczuk simultaneously sits on the Board of Directors of Teine Energy.¹

Executive and staff compensation and climate

HOOPP's 2021 Annual Report provides no discussion of executive or staff compensation. There is no indication that compensation is tied to climate targets.

Fossil Fuel Exclusions

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On its *Climate Change* webpage, under the heading *Our Approach to Divestment*, HOOPP states that “addressing climate change requires real-world results, and that simply reducing the carbon footprint of our investment portfolio does not necessarily translate into lower emissions in the real economy.” HOOPP does not provide any examples of reducing emissions in the real economy, nor does it articulate a strategy to do so. The webpage goes on to say that HOOPP “urg[es] and encourag[es] corporations to develop credible decarbonization plans”. No examples are provided.

Notably, HOOPP is a signatory of the Tobacco-Free Finance Pledge, stating that it is making “a public commitment to sustainable finance and global health.”² HOOPP does not mention the meticulously-documented and devastating global health impacts of the climate crisis.³

ADDITIONAL INFORMATION

The information below provides relevant context but did not contribute to the assigned scores. Exception: membership in the Net Zero Asset Owner Alliance or Paris Aligned Investment Initiative was considered when assigning scores.

United Nations Declaration on the Rights of Indigenous Peoples

HOOPP has no policy requiring owned companies to respect Indigenous Peoples' right to free, prior and informed consent for projects affecting them.

Accountable Paris-aligned memberships

None

Collaborations and memberships

- 2021 Global Investor Statement to Governments on the Climate Crisis
- Canadian Coalition for Good Governance
- Carbon Disclosure Project
- Climate Engagement Canada
- Principles for Responsible Investment
- Sustainability Accounting Standards Board (now part of IFRS Foundation)
- Sustainable Finance Action Council
- Task Force on Climate-Related Financial Disclosures

Self-reported assets linked to climate solutions*

\$2.4 billion, or 2% of AUM**

Estimated investments in fossil fuels

At minimum, nearly \$2 billion, or 1.7% AUM, but lack of disclosure makes an estimate impossible.***

Notable fossil fuel holdings (not a comprehensive list)

- HOOPP provides no disclosure of its investments beyond regulatory filings to the Securities & Exchange Commission.
- Regulatory filings to June 30, 2022 show that HOOPP holds nearly \$2 billion in shares in publicly-traded fossil fuel companies including Arch Resources, Chevron, Equinor, ExxonMobil, Phillips 66, Southern, Suncor, Xcel, and others.⁴

* Definitions vary. Number is not comparable between funds. Self-reported numbers do not necessarily indicate climate-aligned assets.

** As per HOOPP's *Climate Change* webpage, this includes "carbon-efficient companies, clean energy and other climate change solutions;" "green and sustainable development bonds, which provide funding for projects such as clean transportation, clean energy and technology, energy efficiency and conservation, and others;" "climate-resilient and clean energy infrastructure;" and "climate solutions and the transition to a net-zero future."

*** HOOPP discloses no information regarding its private investments. Regulatory filings to June 30, 2022 show HOOPP holds nearly \$2 billion worth of shares in publicly-traded fossil fuel companies including companies that produce, refine and extract fossil fuels, as well as integrated utilities.⁵

ENDNOTES

- 1 DeRochie, P. (2022, May 5). *Climate-conflicted pension managers: The oil & gas insiders overseeing Canadians' retirement savings*. Shift Action for Pension Wealth and Planet Health. P.23. Downloaded from www.shiftaction.ca/climateconflicted.
- 2 Healthcare of Ontario Pension Plan. (2022). *Sustainable Investing at HOOPP*. Retrieved October 27, 2022 from hoopp.com/investments/sustainable-investing.
- 3 Romanello et al. (5 November, 2022). *The 2022 report of the Lancet Countdown on health and climate change: health at the mercy of fossil fuels*. The Lancet. [www.thelancet.com/journals/lancet/article/PIIS0140-6736\(22\)01540-9/fulltext](http://www.thelancet.com/journals/lancet/article/PIIS0140-6736(22)01540-9/fulltext).
- 4 Healthcare of Ontario Pension Plan. (2022, August 11). *SEC filing. 13F-HR (Institutional investment manager holdings report) INFORMATION TABLE. U.S. Securities and Exchange Commission*. To June 30, 2022. www.sec.gov/Archives/edgar/data/1535845/000153584522000006/0001535845-22-000006-index.html.
See analysis at drive.google.com/file/d/111LSvaN1FeNWnAksriMKbFRgSV2Uqx_u/view.
- 5 Healthcare of Ontario Pension Plan. (2022, August 11). *SEC filing. 13F-HR (Institutional investment manager holdings report) INFORMATION TABLE. U.S. Securities and Exchange Commission*. To June 30, 2022. Retrieved from www.sec.gov/Archives/edgar/data/1535845/000153584522000006/0001535845-22-000006-index.html.
See analysis at drive.google.com/file/d/111LSvaN1FeNWnAksriMKbFRgSV2Uqx_u/view.

REFERENCES

The following publicly available information was reviewed in the preparation of this analysis.

Reports

- [2021 Annual Report](#) (2022)
- [2020 Annual Report](#) (2021)
- [HOOPP 2021 Real Estate Sustainability Report](#) (2022)

Documents

- [HOOPP Sustainable Investing Policy](#) (effective January 1, 2022)
- [HOOPP Statement of Guidelines and Procedures on Proxy Voting](#) (effective January 1, 2022)
- [Statement of Investment Policies & Procedures](#) (effective January 31, 2022)
- [Real Estate Sustainability Policy](#) (2018)

Webpages and press releases

- [TCFD disclosures](#) (webpage) (accessed June 2022)
- [Climate Change](#) (webpage) (accessed October 27, 2022)
- [HOOPP Board of Trustees](#) (webpage) (accessed June 2022)
- [A message to our members. HOOPP's action on climate change](#) (blog post) (February 3, 2022)
- [Sustainable Investing at HOOPP](#) (webpage) (accessed June 2022)
- Press release - [Strong returns keep Plan secure for long-term benefit of Ontario's healthcare workers](#) (March 16, 2022)