

October 10, 2018

Mr. George Cooke, Chair
OMERS Administration Corporation Board of Directors (OAC)
900-100 Adelaide Street West
Toronto, Ontario, M5H 0E2

RE: ArcTern Ventures Announcement on October 9, 2018 via *The Globe and Mail*

Dear Mr. Cooke:

“When in doubt, ask yourself how would a reasonable third-party perceive your actions?”

OMERS Code of Conduct Policy, 2018

The story yesterday of OMERS investment of \$20 million in a “clean tech” fund operated by ArcTern Ventures raises numerous questions about appearance of conflict of interest and the effectiveness the OAC’s oversight of OMERS investment decisions.

We have learned that the Police Association of Ontario’s (PAO) appointee to the OAC, Yung Wu, is listed as an advisor to ArcTern Ventures. John Ruffolo, the former CEO of OMERS Ventures (and “advisor” to OMERS until December 31, 2018), is also an “Advisor” to ArcTern Ventures. Given the limited disclosure involving private investments, why isn’t your Board proactively reassuring OMERS contributors that despite the appearance of possible conflict of interest, no such situation exists? The OMERS Board should at least explain the context in which an OMERS Officer and a Director found themselves on, in what appears to be, multiple sides of an OMERS transaction.

- What position did either of these individuals have in the decision for ArcTern to pursue OMERS as a prospective investor, and what role did they play in OMERS evaluation and investment decision(s)?
- Whose interests are Wu and Ruffolo representing presently? OMERS or ArcTern Ventures?
- Did Wu disclose his involvement with ArcTern Ventures when he joined the OMERS Board in January of this year?
- Have Wu and Ruffolo fully disclosed the nature and value of their personal interests that might possibly conflict with this or any other current or future OMERS investment decisions?
- How does OMERS ensure that potential conflicts of interest situations do not arise once these individuals tenure at OMERS has ended?
- Are either of these individuals advising ArcTern on behalf of OMERS?

The Globe and Mail story also quoted an OMERS official and his comments are perplexing:

“OMERS’ ArcTern investment represents the pension giant’s first foray into dedicated clean-tech investing, said Paul Manias, managing director of OMERS’ Platform Investments arm. “We are in the early stages of a multidecadal global transition to a low-carbon economy [that] will bring enormous opportunity for both profit and positive impact.”

OMERS Annual Reports state that approximately \$5 billion of OMERS members’ money is invested in oil companies, Alberta real estate, infrastructure, and private and public equity. Are these assets in trouble? Has there been a shift in OAC’s asset allocation and investment strategy that contributors were not informed of?

Regardless, we believe that, given all other investments made by OMERS in the mainstream economy, these comments portray an OMERS investment strategy not yet known to members.

We recognize that ArcTern Ventures investment was not of sufficient dollar size to be considered by the OAC Investment Committee. However, there is a reasonable expectation that you and your colleagues are aware of these investments, and as such it should be publicly and properly disclosed by OMERS to its contributors. How else will members know their investments are risk adjusted and properly managed in order to make money for OMERS?

We look forward to the OAC’s answers to our comments and questions.

Sincerely,

A handwritten signature in black ink that reads "M. MAJOR". The letters are bold and slightly slanted, with a casual, personal feel.

Mike Major
President