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November 4, 2022

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

Dear Mr. Cooke,

We are writing this letter to express our concerns about the extent to which OAC President and CEO Blake Hutcheson's outside activities and directorships may become a distraction to his work for OMERS, such that his ability to work full-time for OMERS appears to be in question. Public information indicates that the OMERS CEO chairs Upper Canada College's fundraising while also serving on the Board of Directors for Canada's Sports Hall of Fame, CB Richard Ellis Group and Algoma Central Corporation.

The OMERS investment model is in trouble. To survive, our financial gains must increasingly be weighed against operating costs. Given OMERS's needlessly complicated governance, the plan's now-chronic funding deficit, the investment performance of the pension fund, and the scale of growing liabilities, we think that the performance of our directors and our CEO is critically important to the fund's future. Our point is that **we need someone at the helm who is 100% focused on the plan's challenges.**

Furthermore, given the low returns trajectory of the fund, we think our OMERS CEO should be spending time focusing on more cost-effective management of the pension plan's operations. His OAC role must naturally consist of specialized and deep pension administration and investment management knowledge. It is unrealistic that our CEO can make time for special extracurricular activities and not somehow diminish his ability to oversee OMERS' bottom line. **Either we need someone with both the expertise and time to manage the financial and regulatory complexity of the OAC, or we do not.**

What makes this situation with outside commitments particularly concerning is that Mr. Hutcheson has received approximately 40 million dollars compensation over the past 12 years of his employment with our pension fund. Comparatively, OMERS members and employer contributors are most likely facing reductions in benefits, higher contribution rates or both in the next 24 months should OAC investment returns underperform this year and next. It is neither fair nor reasonable for OMERS members to accept that our President and CEO's personal commitments are such that he cannot focus 100% on OMERS first and foremost. His compensation arrangements assume that OMERS comes first, not his volunteer and paid extracurricular activities. **It is common sense that the weight of non-OMERS volunteer and paid obligations may be distracting.**

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Also, we would like to raise the matter of the fundraising galas associated with the community awards received by Mr. Hutcheson in 2022. We want to be assured that while participating in all discretionary charitable and civic activities, there is full, truthful and fair disclosure to members of OMERS financial sponsorship, use of OMERS-owned facilities or support for charitable causes or initiatives involving staff, including all participation of OMERS portfolio or majority-owned companies, such as Teranet, LifeLabs and Bruce Power. Furthermore, that there is a clear and beneficial OMERS business connection to donations, participation or partnering, not merely OAC senior executives, board members and their friends socializing at Toronto's charitable fundraising galas while expensing it to OMERS members.

We believe that, given a choice, members likely prefer to read about OMERS investment successes in the business sections of newspapers, not Toronto's social pages. It is frustrating to see OMERS dwindling resources spent on any events which may have at best a tenuous connection to any active OAC business interest. At the same time, our members and employers operate in environments that demand far closer and more intrusive levels of accountability. How can OMERS lower its costs when these activities eat into its resources?

You will recall our previous correspondence expressing our opposition to OMERS spending resources at the Davos conferences. We were open to hearing how this high-priced engagement was connected to OMERS business activities and not simply a junket. So, if there are good business reasons for the activities we have highlighted here – overwhelmingly focused on the Toronto area, to the exclusion of the rest of this vast province, we further observe – let's hear them. Otherwise, your board needs to improve its oversight practices.

In conclusion, let me pose our initial query above another way. Would you question or tolerate the same actions or level of external commitments by a CEO in an OMERS-owned portfolio company? Would you consider that an ideal situation, or would external commitments on this scale for a portfolio company CEO rapidly become a discussion item at an OAC Investment Committee meeting?

Sincerely,

M. MAJOR

Mike Major
Executive Director
COTAPSA