

# BUILDING TOMORROW

*together*



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The OMERS Pension Plans comprise the OMERS Primary Pension Plan; the Retirement Compensation Arrangement (RCA) for the OMERS Primary Pension Plan; and the Supplemental Pension Plan for Police, Firefighters and Paramedics, which has no assets, liabilities or members. When we refer to the "OMERS Plan" or the "Plan" in our communications, it is the OMERS Primary Pension Plan that we are typically referring to, unless otherwise specified. For information on the RCA, refer to Management's Discussion & Analysis. When we refer to the "OMERS Act", it is to the OMERS Act, 2006, as amended.

# We Are OMERS

A jointly sponsored, defined benefit pension plan, with over 1,000 participating employers ranging from large cities to local agencies and more than 600,000 active, deferred and retired members. Our members include union and non-union employees of municipalities, school boards, local boards, transit systems, electrical utilities, emergency services and children's aid societies across Ontario. OMERS teams work in Toronto, London, New York, Amsterdam, Luxembourg, Singapore, Sydney and other major cities across North America and Europe – serving members and employers and originating and managing a diversified portfolio of high-quality investments in bonds, public and private credit, public and private equity, infrastructure and real estate. The benefits OMERS provides are funded equally from active members' and their employers' contributions, combined with investment income. We expect that the majority of future benefit payments for today's active members will be funded by investment returns. OMERS actively seeks out opportunities to engage with decision-makers to advocate for the advantages of the jointly sponsored, defined benefit pension model.

## THE BENEFITS OF BEING AN OMERS MEMBER

As a defined benefit pension plan, OMERS provides retirement income for life, based on earnings and years of service. Valuable features of the Plan include:

- Security of regular monthly income;
- A professionally invested portfolio;
- Additional benefits that include inflation protection, a bridge benefit, survivor and disability benefits.

For more information, please see the [MD&A](#).

For more information on the benefits of being an OMERS member, please visit the Members section of our [website](#).

## CONTRIBUTION RATES FOR 2023

### Annualized earnings up to \$66,600

NRA 60 **9.2%**

NRA 65 **9.0%**

### Annualized earnings above \$66,600

NRA 60 **15.8%**

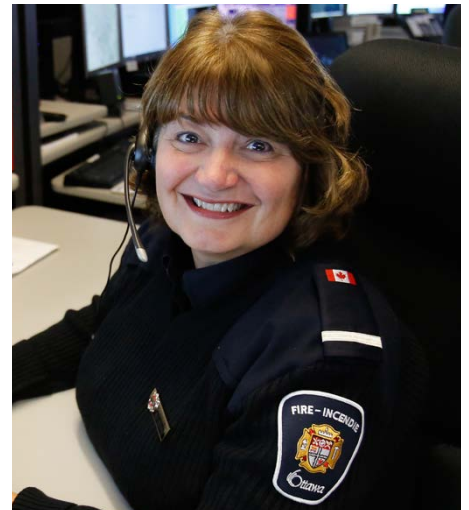
NRA 65 **14.6%**

The current average contribution rate paid by members in 2023 is 10.4%. Employers match these contributions. Contribution rates and benefit accruals remain unchanged for 2024. For information on 2024 inflation protection, please refer to your member statement or [omers.com](#).

## WE ARE OMERS



**Our members include union and non-union employees of municipalities, school boards, local boards, transit systems, electrical utilities, emergency services and children's aid societies across Ontario.**



# 2023 Highlights

## 4.6%

Net return

## \$5.6B

Net return

### 10-YEAR NET RETURN AND BENCHMARK



## 97%

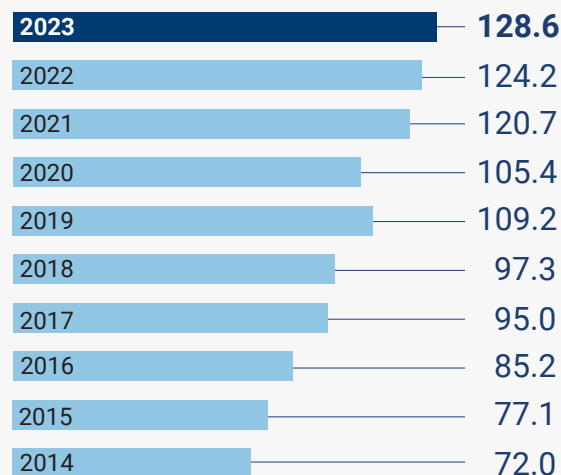
Funded status (smoothed)

## 3.75%

Real discount rate

### NET ASSETS (10-YEAR VIEW)

(\$ billions)



## 612,533

Total number of members

## \$6.1B

Total pension benefits paid in 2023

## \$31,953

Average annual pension for members retiring in 2023

## 96%

Member service satisfaction

## \$29,666

Average annual pension overall

## 82%

Employee engagement

“

We are confident in our ability to generate long-term returns that will build up the Plan's assets, given the high quality of our investment portfolio and the strategies that underpin it. ”

Blake Hutcheson, President and CEO,  
OMERS Administration Corporation



**This Annual Report is addressed to our members, employers, sponsors, unions, associations, employees, and the many others who are interested in OMERS 2023 performance and in our progress in making OMERS a sustainable, affordable and meaningful defined benefit pension plan.**

## Introduction

For more than 60 years, OMERS has been proud to provide secure lifetime defined benefit pensions to members who serve our communities across Ontario.

We entered 2023 following two years of high market volatility in the aftermath of the COVID-19 pandemic during which our OMERS team delivered what would emerge, in hindsight, to be industry-leading results. These returns have helped the Plan absorb the negative impact of decades-high inflation on our liabilities, buffering our members from volatility.

Net assets at December 31, 2023, were \$128.6 billion, up from \$124.2 billion in 2022, and the Plan reported a smoothed funded status of 97%, up from 95% last year.

Looking back, OMERS has earned a 10-year average annual return of 7.3%, achieving our long-term benchmark and adding \$66.4 billion to the Plan.

We are confident in our ability to generate long-term returns that will build up the Plan's assets, given the high quality of our investment portfolio and the strategies that underpin it. The outlook for future returns has brightened due to the better interest rate environment and due to active shifts in our asset mix.

While we continue to work to ensure that the Plan is sustainable, affordable and meaningful for generations to come, our global team has also been focused on advancing our sustainable investing priorities, ensuring that our members were served exceptionally well, and continuing to provide a workplace that would attract and retain the high-calibre team who are charged with delivering on their mandates in service of more than 600,000 members.

Our portfolio is strategically invested in markets around the world to take advantage of opportunities to earn returns that will pay pensions for generations to come, and some members have asked about our investments in our home country. While our team and our perspective are global, we are deeply proud of our Canadian roots and we have dedicated part of this report to the investments we have here.

Approximately one quarter of our investments are in Canada, and research on the Ontario economy confirms that our investment activities here, combined with the impact of pension benefits and our operations, contribute \$13.7 billion in provincial GDP. We look forward to exploring further investment opportunities that align with our strategy as they arise.

We thank OMERS members and employers for the confidence they continue to bestow on us. As we did in 2023, we will work hard every day to earn their trust and deliver a pension plan that is sustainable, affordable and meaningful.

## THERE ARE FIVE KEY HIGHLIGHTS FOR THE YEAR, WITH MORE DETAIL IN THE PAGES THAT FOLLOW.

- 1. Investment performance** – In 2023, OMERS earned a net return of 4.6%. Performance diverged between public assets, which had a strong year, and private investments, which were held back by the increased cost of debt, increased operating costs and anticipated slower economic growth, all of which are affecting private market investors worldwide.
- 2. Plan funding and the conclusion of Plan risk assessment** – The funded status of the Plan has improved significantly in the last decade. The SC Board concluded a review of long-term Plan sustainability in 2023. No sustainability-related changes to benefits or contribution rates were made. The Board confirmed the need to continue strengthening the Plan's funding and building reserves as the Plan matures.
- 3. Launch of the OMERS Climate Action Plan** – We launched our Climate Action Plan (CAP), outlining our overall approach and the actions we are taking to manage risk and realize opportunities toward achieving net zero carbon emissions in our portfolio and operations by 2050.
- 4. Exceptionally strong member service** – Member service satisfaction is a record-high 96%, even as we welcomed almost 45,000 new, non-full-time members into the Plan, and modernized a number of key processes.
- 5. Better than best-in-class employee pride and engagement** – OMERS employees are deeply committed to serving our members and proud of the work they do on members' behalf.

# Investment Performance

Over the past 10 years, OMERS has averaged an annual investment return of 7.3%, net of expenses. These returns met the average of their annual benchmarks and exceeded the 7% return expectation outlined in our 2023 Board-approved Statement of Investment Policies and Procedures.

Returns in 2023 reflected a major divergence between the performance of public and private assets. Public equities and fixed income had a strong year in an environment where stock market indices rose significantly, and fixed income assets benefitted from higher interest rates. Returns from private asset strategies were held back by the increased cost of debt, increased operating costs, and anticipated slower economic growth, all of which are affecting private market investors worldwide.

In that context, OMERS investments earned a 2023 return of 4.6%, net of expenses, or \$5.6 billion in net investment income. Public equities, credit and bond investments earned 9.0% collectively for the year, and infrastructure, private equity and real estate together earned 1.2% for 2023. Foreign currency movements also detracted from our return by about 1.2%, as the U.S. dollar weakened relative to the Canadian dollar.

Weaker returns from private equity and real estate were the primary reason that OMERS annual return of 4.6% did not meet our benchmark of 7.0%, established at the beginning of the year.

Further discussion on Plan performance can be found in the [Management's Discussion & Analysis](#) (MD&A) section of this Annual Report.

In August of 2023, OMERS approved a new long-term strategic target asset mix to ensure that our portfolio remains well-suited to capture the opportunities created by the shift to a higher interest rate environment. This new target asset mix includes greater allocations to fixed income investments and is expected to deliver similar returns as in the past, but with lower volatility.

We continue to be confident in our ability to generate long-term returns that that will build up the Plan's assets, given the high quality of our investment portfolio and the strategies that underpin it.

## INVESTING IN A HIGHER INTEREST RATE ENVIRONMENT

Between March 2022 and September 2023, in an effort to tackle rising inflation levels, the Bank of Canada raised the overnight interest rate 10 times, from 0.25% to 5.0%. The rise in interest rates created more attractive opportunities for typically safer fixed income assets.



**Nobody should expect that interest rates are going to go back down to the very low levels that we have seen over the last decade or so.** ”

Tiff Macklem,  
Governor, Bank of Canada  
May 2023

# Plan Funding

The OMERS Plan is the collective responsibility of the Sponsors Corporation (SC) and Administration Corporation (AC). Our joint and overriding objective is to ensure the Plan is sustainable, affordable and meaningful over the long term.

In 2023, the Primary Plan's smoothed funded ratio improved by 2%, and is measured at 97%, using the same discount rate we have used since 2021.

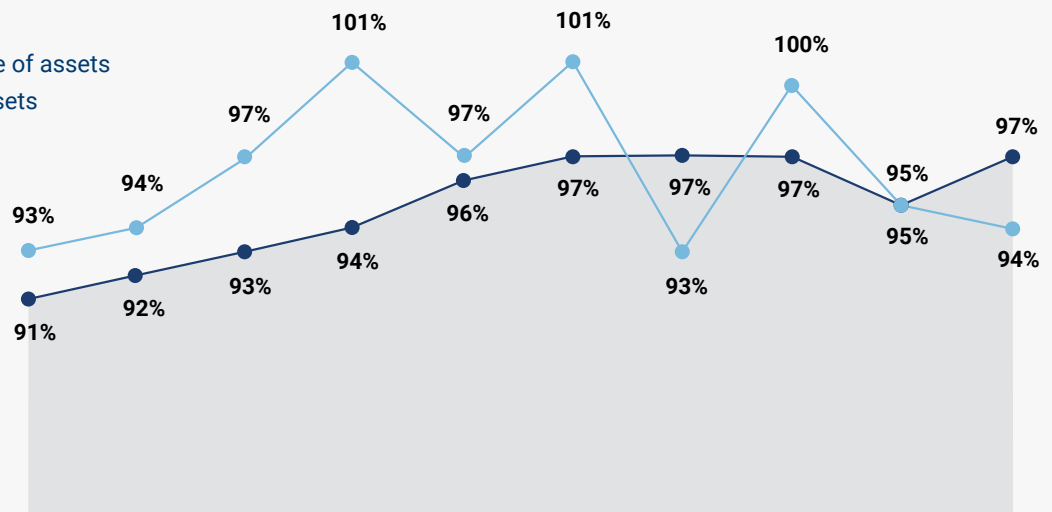
Over the past two years, the Plan has absorbed the negative impact of decades-high inflation, which arose in the aftermath of the COVID-19 pandemic. This high inflation boosted the present value of future pension payments by over \$5 billion. In 2023, the smoothed funded ratio returned to the level we maintained from 2019 to 2021, before the inflation-induced dip of 2022.

The fair value funded ratio declined to 94%, compared to 95% last year, because this year our assets grew at a lower rate than our liabilities. Refer to the MD&A for a full explanation.

**At December 31, 2023, the OMERS Plan was 97% funded. We used a constant real discount rate of 3.75% in estimating this funded ratio and expectations of inflation of 3.0% for 2025, 2.5% for 2026 and 2.0% thereafter. We smooth our returns over five years to reflect investment performance over the long term, and this year's improvement to the funded ratio was generated by strong investment gains from prior years.**

## Plan Funded Ratio

- Funded Ratio – smoothed value of assets
- Funded Ratio – fair value of assets



	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Real Discount Rate	4.25%	4.25%	4.20%	4.00%	4.00%	3.90%	3.85%	3.75%	3.75%	3.75%
Long-Term Inflation Assumption	2.25%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Nominal Discount Rate	6.50%	6.25%	6.20%	6.00%	6.00%	5.90%	5.85%	5.75%	5.75%	5.75%

The gap between the smoothed and fair value funded ratios will have a dampening impact on funding improvements in future years; however, the outlook for future returns has brightened due to the better interest rate environment and active shifts in our asset mix.

In 2023, the SC Board completed a Plan risk assessment that focused on the Plan’s long-term sustainability. The Board concluded there is a need to continue to build reserves as the Plan matures. No changes related to sustainability were made to contributions or benefits.

The Plan’s funded position has improved significantly from 86% in 2012 to 97% in 2023. The Plan is well positioned to build the reserves it needs if we achieve our expected future level of investment returns above inflation. As part of its ongoing responsibility, the SC Board will continue to monitor our funding progress and long-term sustainability.

For more information on the Plan’s financial health and associated risks, please refer to the [Managing Plan Design and Funding Risks](#) section in the MD&A.

**The SC conducts regular reviews to determine if benefit or contribution changes are required or appropriate due to an assessment of the long-term health of the Plan, changes in the pension environment or a desire to evolve the Plan to better meet the needs of our members and employers. In doing these reviews, the SC considers a wide range of potential outcomes with a view of appropriately balancing the needs of our diverse membership across generations.**





# A Growing Impact in Supporting Ontario's Economy and Communities

OMERS activities help to generate \$13.7 billion of GDP annually in Ontario (about 1.5% of the economy). \$8.7 billion of this economic contribution is generated by retirees spending their pension payments and an additional approximate \$5 billion comes from OMERS investments and operations in the province. Across key indicators, OMERS contribution to Ontario's economy and communities has increased since 2020.

OMERS activity impacts one in every 11 Ontario households.

## SUPPORTING THE ONTARIO ECONOMY

**\$13.7B**

OMERS contribution to Ontario's economy

↑ An increase of 14% since 2020

## GENERATING TAX INCOME

**\$3.8B**

The amount of provincial and federal tax revenue generated by OMERS activity

↑ An increase of 14% since 2020

## SUPPORTING JOBS ACROSS ONTARIO

**143,200**

The number of jobs supported by OMERS activities in Ontario, equivalent to one year of job growth ordinarily experienced by the province

↑ An increase of 19% since 2020

- Almost a quarter of these jobs – more than 34,000 – are held by people under the age of 30
- One-third of these jobs – approximately 48,000 – were based in rural regions

For more information on the 2023 research conducted for OMERS by the Canadian Centre for Economic Analysis, please visit the Social and Economic Value of the Plan section of our [website](#).



### Blake Hutcheson, President & CEO of OMERS, Recognized for Commitment to Ontario

The Ontario Chamber of Commerce (OCC) named Mr. Hutcheson as the 2023 Lifetime Achievement Award Recipient. This award is presented annually to a person who has demonstrated outstanding leadership throughout their career and made a significant and positive impact on the province and beyond.

He was also named as one of the 25 appointees to the Order of Ontario. It is the province's highest honour, celebrating people who have made exceptional contributions to helping build a strong province, nation and world. The appointment was announced January 1, 2024 by the Honourable Edith Dumont, Lieutenant Governor of Ontario and Chancellor of the Order of Ontario.

# A Proud Canadian Investor

From our earliest investments to our most recent, Canada has provided attractive opportunities to invest our members’ savings. At the end of 2023, OMERS had more than \$34 billion invested in Canadian assets.

OMERS maintains several significant investments in Canada’s infrastructure. A select few in 2023 include:

- **Beanfield Technologies**, a 100% fibre infrastructure network servicing the enterprise, commercial and residential sectors, primarily in Toronto, Vancouver and Montreal.
- **Bruce Power**, which provides 30% of Ontario’s energy and is OMERS single largest investment.
- **LifeLabs**, providing laboratory testing services primarily in B.C. and Ontario to help healthcare providers diagnose, treat, monitor and prevent disease.
- **Porter**, a Canadian airline headquartered at Billy Bishop Toronto City Airport on the Toronto Islands.
- **Teranet**, the exclusive provider of systemically important electronic property search and registration services under long-term concessions in Ontario and Manitoba.



Fairmont Chateau Lake Louise, Alberta, Canada

### Our real estate portfolio includes some of Canada's most desirable residential and office properties.

- Our residential portfolio includes more than 6,000 units in Canada, providing long-term rental solutions and contributing to communities in **Vancouver, Toronto, Brampton, Mississauga** and **Montreal**.
- The role of the workplace is more important than ever, and we have 15 million square feet of high-quality premium office space in **Vancouver, Calgary** and **Toronto** that help to enhance corporate culture and enrich employee experience.

### Through our portfolio, our members have invested in some of Canada's most recognizable names in entertainment, hotels and shopping malls.

- An indirect stake in **Maple Leaf Sports & Entertainment**, the parent company of sports teams including the National Hockey League's Toronto Maple Leafs, the National Basketball Association's Toronto Raptors, Major League Soccer's Toronto FC, and the Canadian Football League's Toronto Argonauts.
- We invest in hotel properties across the country that provide more than 3,400 suites at storied resort hotels and best-in-class city properties, including **InterContinental Toronto Centre** and the redeveloped **Park Hyatt Hotel** in Toronto, the **Fairmont Chateau Whistler** in B.C., and Alberta's premier portfolio of hotels including the **Rimrock Resort Hotel** and a trio of iconic **Fairmont** properties – the **Banff Springs**, the **Chateau Lake Louise** and the **Jasper Park Lodge**.
- Our retail holdings include some of the country's premium venues: **Yorkdale Shopping Centre**, **Square One Shopping Centre**, **Hillcrest Mall**, **Upper Canada Mall** and **Scarborough Town Centre** in Ontario, **Les Galeries de la Capitale** in Quebec and **Southcentre Mall** and **Kingsway Mall** in Alberta.

### We have invested in a portfolio of 70+ startup businesses, supporting entrepreneurs and innovative companies that are harnessing the power of technology to improve the lives of Canadians.

- **Deep Sky**, a Montreal-based project developer building infrastructure for highly scalable carbon dioxide removal to not only slow global warming, but reverse it.
- Montreal-based **Hopper**, the largest travel booking app in North America.
- **Jobber**, a Toronto and Edmonton-based software platform for home services professionals that facilitated 36 million customer visits in the last 12 months.
- **Manifest Climate**, a climate-intelligence software-as-a-service platform for public and private organizations.

This is not a full list of our Canadian assets. For more on the investments held across the OMERS portfolio, please visit the [Investing](#) section of the OMERS website.



**The Stack**, Canada's first new Zero Carbon Design standard certified commercial office tower – and Vancouver's tallest commercial building

“

**There is simply no better hotel portfolio in Canada that I could be a steward for, and I'm honoured to contribute to the legacy these assets have on all Canadians and the tourists visiting our beautiful country.**”

Robert Bruins, Director,  
Hotels, North American  
Asset Management,  
Oxford Properties, Toronto

**OMERS Ventures was the first pension plan early-stage direct investor in technology start-ups when we set up the program in 2011.**

# Investing Sustainably

We believe investing sustainably enables us to generate returns and protect value for our members over the long term. Companies that adapt to changing dynamics of sustainability are anticipated to perform better, particularly over the long term.



*Maligne Lake, Jasper National Park, Canada*

## OMERS has a three-pillared approach to sustainable investing:



**Integration** of ESG factors into investment decision-making



**Collaboration** with like-minded institutions to amplify our voice



**Engagement** with portfolio companies to promote sustainable business practices

As an active, long-term investor, we work to understand how our investment activities affect the environmental, social and governance (ESG) systems that, in turn, provide a stable foundation for our portfolio.

## Taking Action on Climate

Climate change is one of the defining issues of our time.

In 2021, OMERS made a commitment to achieve net-zero greenhouse gas emissions by 2050, building on an earlier commitment to reduce our portfolio's intensity by 20% before 2025, using 2019 levels as a base. In 2023, we set a further goal to achieve a 50% reduction by 2030. We are pleased to report a 52% carbon reduction, thereby currently surpassing our 2030 goal.

In 2023, we published a Climate Action Plan (CAP), which sets out in more detail our approach to achieving net-zero greenhouse gas emissions by 2050.

## ALIGNING ACROSS OUR OPERATIONS: PROCUREMENT-ESG PROGRAM

OMERS has established a Procurement-ESG program, using a scorecard to rank potential suppliers through a competitive process. This information helps decision-makers consider ESG factors in their choices, as we seek to partner with sustainability-driven organizations.

**We are pleased to report a 52% carbon reduction, thereby currently surpassing our 2030 goal.**

The CAP outlines further commitments which include:

- Growing our green investments to \$30 billion by 2030;
- Creating a \$3 billion transition sleeve enabling investment in high-carbon assets in need of funding for targeted decarbonization;
- Engaging with the 20 highest emitters in our portfolio to establish credible net-zero transition plans by 2030;
- Collaborating for change to evolve tools and standards required to better assess climate risk and opportunity, and;
- Setting a net-zero commitment for our own internal operations, in alignment with our portfolio goals.

The CAP can be found on the OMERS [website](#), and further information on OMERS investing businesses and their sustainable investing progress can be found in the [MD&A](#).

We are an active voice on important investment industry initiatives and align our actions with relevant global best practices. In 2023, OMERS participated in national and global initiatives and alliances that enable us both to contribute to the conversation and to learn from the experiences of others. Notable examples include collaborating with our peers at the Investor Leadership Network to expand investors' toolkits on climate and diversity, and speaking at COP28, a climate change conference hosted by the United Nations to advance climate action. In addition to being a founding member of Climate Engagement Canada, we bolstered our engagement strategy by joining Climate Action 100+. We also added our advocacy voice in key policy conversations this year focusing on sustainability disclosure standards via the International Sustainability Standards Board (ISSB) and board diversity practices with the Canadian Securities Administrators.

On broader ESG matters, we updated our Inclusion and Diversity Statement to highlight OMERS commitment to advancing the principles of Indigenous Reconciliation as set forth in Call to Action 92 of the Truth and Reconciliation Commission of Canada.



“

**Our work matters. It leaves a deep and positive impact, both through our investments which are directed towards building and owning assets with best-in-class sustainability standards, as well as the returns we make through these investments which enable us to deliver on our pension promise.**”

Souvik Saha, Director, Investments,  
Oxford Properties, Singapore



# Serving Members

OMERS members recognized our commitment to service excellence by awarding us an all-time-high member service satisfaction rate of 96% in 2023. We are committed to keeping our standards high and continuing to modernize our service.

Across Canada, there are now more people over the age of 65 than under the age of 14, and by 2030, one in six people will be over the age of 60 worldwide. These numbers reinforce our purpose at OMERS, where members are at the core of everything we do and where we are committed to being a trusted partner for them, from hire to retire – and beyond. We have a multi-generational and diverse membership. Our oldest member is 108 years old; our youngest member is 14. Our Plan provides value to those members, their employers, our sponsors, associations and unions. It provides an important direct benefit through pension payments, and multiple economic and social benefits to individuals and communities across Ontario.

In 2023, OMERS implemented a Plan change passed in 2020 that provided non-full-time employees the option to join the Plan. This resulted in us welcoming almost 45,000 new non-full-time employees who chose this option. This speaks to the importance that employees place on having a workplace pension, and we thank these members and their employers for the confidence they have shown in us.

## Modernizing Our Service

- We improved the user experience of myOMERS, while strengthening its security through multi-factor authentication and enabling more 24/7 self-service functionality to provide members with greater convenience.
- We are finding new ways to interact with members – which now includes our webinars, in-person regional sessions, member experience contact centre, live chat and secure communications.
- We improved our Employer Support services, including the ability for employers to schedule a call with a pension administration expert, and made it easier for them to transact with us through our employer platform, e-access.

## Meeting you where you live – President's Roadshow



2023 marked the third year of the President's Roadshow, which brings together OMERS leaders and members from diverse employers across the province. This year, we sat down with representatives from a First Nation, school boards, municipalities, fire services, a family and child services organization and a performing arts group.

We sincerely thank the members and employers who participated for their time and for sharing their thoughts with us. We look forward to meeting with more members in 2024!

“

**Every day, I have the pleasure of serving those who serve us in our communities. We have the ability to help build a better tomorrow and provide secure and stable retirement income to our members – this is what matters to me. ”**

Jordanna DiBenedetto, Manager,  
Pensions, Toronto

## Empowering Members to Make Better Pension Decisions

- We updated and redesigned our active member statement as a Pension Report to empower members to make better decisions about their pension. We listened to member feedback and created more concise statements with clear language and reorganized content, to improve readability and understanding.
- We made it easier for members to buy back service by offering extended payment plans.

## Launching a New Medium for Members to Better Understand Their Pension

- We launched *The Pension Blueprint*, a podcast that establishes a modern medium to share educational content about the Plan, helping members learn more about their pension and kick-start their retirement planning. The podcast debuted on Spotify's Weekly Top 20 and has been streamed 20,000+ times on Spotify and Apple Podcasts.

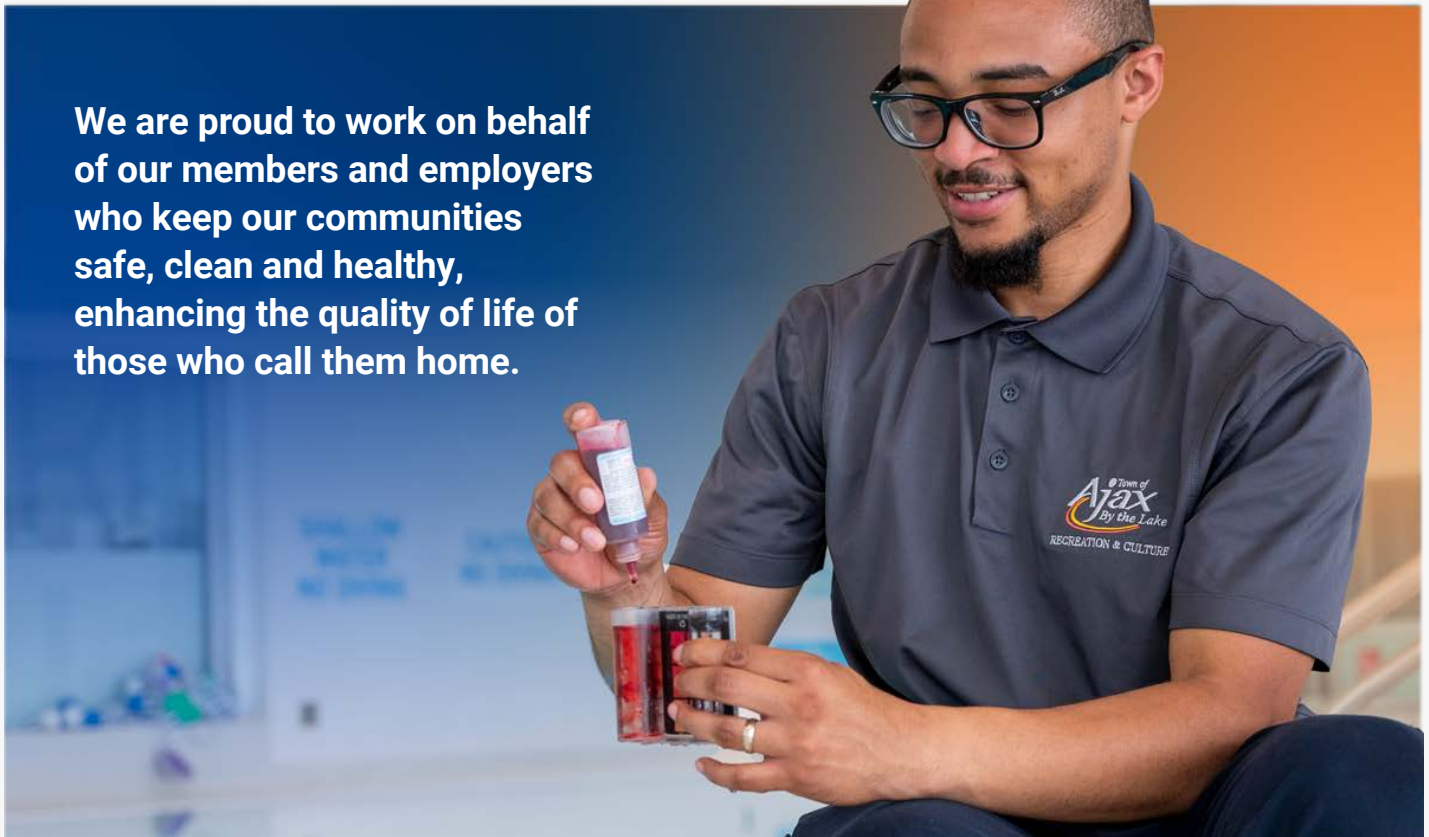
## Actively Seeking Feedback

- We launched an Employer Listening Tour to meet with employers across the province, looking for feedback on how we can better support them. We also introduced an employer survey and were pleased to hear from more than 300 administrators representing 200 employer groups. Following the survey, we hosted a feedback workshop with 54 employer administrators to keep the conversation going. Both the survey and the workshop provided us with significant insights that will enable us to advance employer services.

## Increasing Efficiency for Our 1,000+ Employers

- We implemented important changes in our employer platform – e-access – to improve efficiency, introducing batch enrolment so that employers no longer have to enrol each new non-full-time employee one at a time.

**We are proud to work on behalf of our members and employers who keep our communities safe, clean and healthy, enhancing the quality of life of those who call them home.**



## Contributing to the Conversation about the Future of Retirement

- As pensions play an increasingly important role in our social infrastructure, we are leading a conversation about the future of retirement based on research and the experience of our members, thinking about how to reframe retirement and pension services for the future. With new research by the National Institute on Ageing further demonstrating the importance of secure, stable and adequate retirement income for healthy outcomes in older age, and member feedback that the pension is one of the factors in their decision to stay with their employer, these conversations are vital, and we are dedicated to pushing them forward.

## Committed to Service Excellence

**147,330**

Member phone calls

**28,332**

Secure communication messages

**5,190**

Live chats

**1,752**

Member webinars/ education

**199,520**

Number of retired members at December 31, 2023

**70,780**

New enrolments in 2023

**44,462**

New non-full-time employees welcomed to the Plan in 2023





# An Employer of Choice

OMERS employees have made it clear that they are committed to their work and are proud of what they do based on results from our annual survey.

We strive to provide an environment where employees – connected by our values of inclusion, integrity, humility and excellence – have a sense of belonging, are able to make an impact, and feel empowered to bring new ideas, fresh thinking and differing perspectives forward to build an even stronger workforce and culture.

Our work is grounded in delivering our People Strategy with a focus on inclusion and diversity, growth and development, and wellness.

Our ability to attract and retain top-tier talent is crucial in our ability to achieve the ambitious strategic goals that we have set on behalf of our members.

## Recognized as a Leading Employer, Internally and Externally

We appreciate that others have recognized the progress we have made towards being a leading employer, and have earned numerous accolades and awards in 2023.

Our Global Employee Experience Survey responses tell us that we are on the right track, reporting an overall engagement score of 82% (4% points above best-in-class) and a 93% participation rate (compared to best-in-class of 80%).

# 94%

are proud to work for OMERS and Oxford (+6% points above best-in-class)

# 89%

agree that our workplace is inclusive (+4% points above best-in-class)

# 88%

feel they can be themselves at work (+3% points above best-in-class)

# 88%

would recommend us as a great place to work (+6% points above best-in-class)



**INTERESTED IN LEARNING MORE?**

Please see the Careers page of our [website](#) for more information on our culture and our team.

## A Commitment to Community, with 'One Good Thing'

OMERS members dedicate their careers to Ontario's communities. In the spirit of their public service, OMERS employees globally dedicate time and resources over the course of the year volunteering and supporting great causes. In December, one of our most popular initiatives is a month-long campaign where we ask ourselves, "What if each of us did just One Good Thing?" From bake sales to clothing drives, fundraisers to blood donations, the results made the end of the year a bit warmer for everyone.



**At OMERS there is a genuine desire from everybody to do the right thing, and do it the right way. ”**

Kenton Bradbury, Executive Vice President,  
Head of Total Portfolio Management, Toronto

## Focus on Women in Leadership

In 2023, we continued to deliver our very successful Women in Leadership program, an award-winning, intensive experiential initiative for top talent. Since introducing it in 2020, we have had 59 women graduate from the program. 90% of their people leaders surveyed have assessed the participants as better ready for their next promotion; and 51% have been promoted since participating in the program.



## CREATING SPACE FOR IMPORTANT CONVERSATIONS

Every year, OMERS hosts a powerful speakers' event featuring employees sharing stories and experiences that challenge, provoke and entertain. Among this year's topics were race and inclusion, truth and reconciliation, AI and the force of technology and the battle against imposter syndrome.

### WOMEN AT OMERS

**49%**

of total global workforce

**31%**

Women VP+

**33%**

Executive Leadership Team

**31%**

Investment professionals



# Executive Updates



On June 1, 2023, Deb Barnes became OMERS Chief Risk Officer. Deb joined OMERS in 2020 after an accomplished career at Queensland Investment Corporation in Australia. As the head of the Risk function at OMERS, Deb ensures that we maintain a laser-sharp focus on the risks that matter to the Plan.

“We are evolving how we think about risk to facilitate very open and deliberate conversations that enable risks to surface so that we can take the right steps to address them.”



After more than a decade at OMERS, Ralph Berg became Chief Investment Officer on April 1, 2023. In this role, he is responsible for the global strategy across the Plan’s investment activities. His career includes more than 25 years of broad investment industry experience. This includes seeing our Infrastructure business through a period of global expansion and navigating the challenges and opportunities of a volatile economic cycle while heading the Capital Markets group.

“I am proud of our accomplishments in service of our Plan members and look forward to continuing to capitalize on the vast opportunities that lie ahead.”



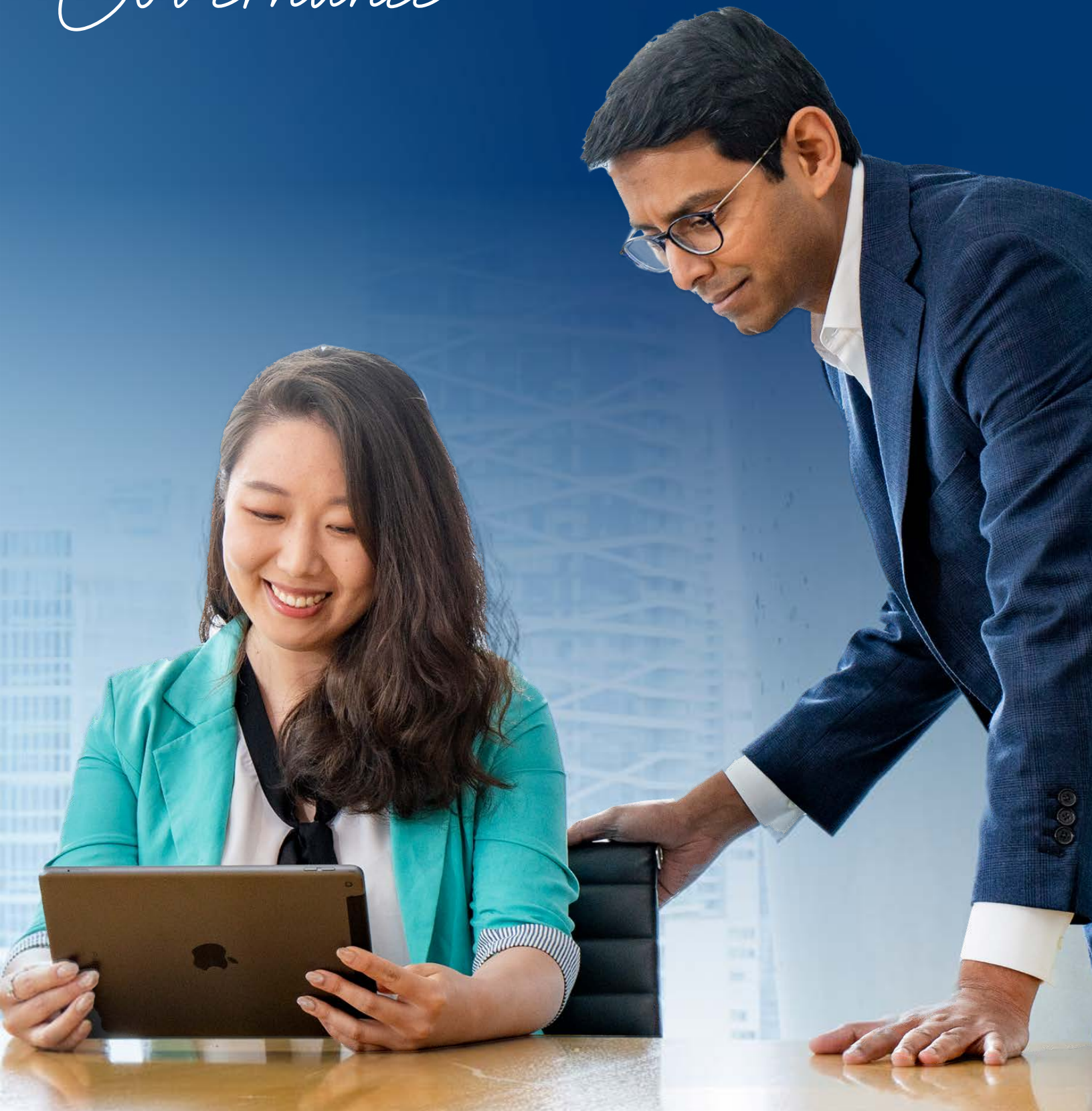
Effective January 1, 2024, Celine Chiovitti became OMERS Chief Pension Officer. Celine joined OMERS in 2013 after a career in municipal public service. As the Chief Pension Officer, Celine and her team are responsible for administering pensions and meeting the needs of our diverse members, employers, sponsors and stakeholders.

“We are united by our Pension Promise to deliver a sustainable, affordable and meaningful plan, providing secure retirement income for generations to come – and I am excited to continue down our path to evolve and modernize the retirement experience.”



OMERS members, employers, sponsors and stakeholders are integral to our community. We are deeply committed to engaging with you regularly to share information and partner on areas of mutual interest. We invite you to join us at OMERS Annual Meeting, a hybrid event taking place on Wednesday, April 3, 2024 in-person at the Metro Toronto Convention Centre with simultaneous webcast. The meeting will begin at 9:00 AM EDT. For more information and to register for the Annual Meeting, please click [here](#).

# Governance



# Governance

OMERS is governed by two corporations: OMERS Sponsors Corporation (SC) and OMERS Administration Corporation (AC). While each has separate and distinct responsibilities, the two corporations and their Boards work together to ensure that OMERS is a sustainable, affordable and meaningful defined benefit pension plan.

The OMERS bicameral governance model is set out in the OMERS Act, 2006. The AC and SC have distinct mandates; collaboration and effective joint governance are fundamental to achieving these mandates.

The Boards have each approved the OMERS 2025 Strategy to ensure strategic and operational alignment. Our risk management approach promotes a common understanding of, and approach to, managing relevant risks. We regularly review OMERS governance models and practices.

For more information on the governance model, please visit our website at [www.omers.com/omers-governance](http://www.omers.com/omers-governance).

## Joint Board Activities Update

OMERS two Boards met jointly on several occasions in 2023. The focus of these sessions included education on critical areas impacting OMERS, discussion of key strategic topics, and governance matters.

Education sessions focused on the current economic environment, the geopolitical landscape and changes in each over the past year.

The strategic topics included discussion on long-term funding, discount rate strategy, liability assumptions and valuations, and Plan risk assessment.

Two joint governance sessions were also held in 2023 to discuss risk-related issues that are top of mind for both Boards and to review risk oversight.

The Joint Council, which comprises representatives from each Board, continues to be an effective forum to discuss governance and oversight matters of mutual importance to both Boards. Joint Council met six times during 2023, enabling a critical communication link between the Boards.

In addition to Board activities and in conjunction with ongoing engagement efforts, AC and SC management met sponsors and stakeholders throughout 2023 with more than 200 meetings, conferences and events. These engagements provided an opportunity to solicit feedback and build relationships while discussing areas of interest, such as OMERS investment results, the Plan's funding strength, climate commitments, Plan administration matters, and stakeholder communications. We look forward to continued engagement and dialogue with sponsors and stakeholders in 2024.

# OMERS Sponsors Corporation Update

The Sponsors Corporation (SC) makes decisions in respect of plan design (benefits, contributions, participation) and is responsible for determining the composition, compensation and appointment protocols for both the SC and AC Boards.

The SC Board comprises 14 members, half of whom are appointed by employer groups and half of whom are appointed by unions and associations. Biographies and photographs of each SC Board member can be found at [omers.com/omers-governance](https://omers.com/omers-governance).

## Board and Committee Activities

The SC Board regularly monitors various aspects of the benefits, contributions and funding health of the Plan and makes changes to benefits and contributions when appropriate. In 2023, the SC Board completed its most recent review of the Plan and approved three Plan changes.

As discussed in the [Plan Funding](#) section of this Annual Report, a Plan risk assessment was concluded in 2023. The SC Board confirmed the need to continue strengthening the Plan's funding and building reserves as the Plan matures. No sustainability-related changes to benefits or contributions were made.

The SC Board approved three Plan amendments in 2023. These amendments were all in response to feedback on the administration of specific provisions of the Plan. None of the amendments impacted the Plan's funding requirements.

Details on the Plan risk assessment and changes noted above can be found in the MD&A and are also available at [omers.com](https://omers.com).

The SC Board also made decisions in respect of Board appointments and updated director compensation. It met quarterly to ensure governance effectiveness, including updating the SC Board Competency Framework. The Board merged its audit and human resources committees into a single Audit & Human Resources Committee beginning in 2024. It reviewed management

**More information on the ongoing role and composition of the Sponsors Corporation and Board is available in the Governance section of our [website](#).**

activities in several areas including communications, stakeholder relations and risk management, and provided oversight over human resources and financial matters.

## Board Membership Changes

The terms of three long-serving Board members ended on December 31, 2023.

- Ms. Marianne Love was a member of the former OMERS Board from 1999 to 2006 and was appointed to the SC Board effective June 30, 2006, serving as Co-Chair until the end of 2018.
- Mr. Frank Ramagnano was appointed to the SC Board effective March 1, 2009, serving as Co-Chair from 2016 to 2020 and as the first-ever SC Board Chair for a two-year term for 2021–2022.
- Ms. Sandra Sahli was appointed to the SC Board effective July 1, 2014 and chaired the SC Corporate Governance Committee from 2017 to 2020.

Ms. Love, Mr. Ramagnano and Ms. Sahli have made significant contributions to OMERS. The SC Board extends their thanks for their commitment and leadership.

Ms. Deborah Dubenofsky, Mr. Chris Varcoe and Mr. Pierre Côté have been appointed as the replacements for Ms. Love, Mr. Ramagnano and Ms. Sahli, respectively, effective January 1, 2024. The onboarding of new Board members is supported by a thorough orientation program.

# OMERS Administration Corporation Update

The Administration Corporation (AC) is responsible for investing the assets of the Plans and preparing the Plan valuations, collecting contributions from members and employers and administering benefits for members.

The AC Board comprises 14 members nominated by sponsor organizations and appointed by the SC Board, plus an independent Board Chair. Biographies and photographs of each AC Board member can be found at [omers.com/omers-governance](https://omers.com/omers-governance).

## Board and Committee Activities

The AC Board and its Committees met quarterly to review management activities and to provide oversight in many areas, including investments, actuarial assumptions, discount rate strategy, risk management, governance, pension services and human resources matters. It continued to monitor foreign currency transition and liquidity management, investment management and portfolio construction, inflation, interest rates and economic projections, and OMERS COVID-19-related return-to-office principles. The AC Board updated the 2023 standing committee membership to reflect the appointment of two new AC Directors and the establishment of a new Member Services Committee in May 2023.

The AC Board continued its regular education sessions with external speakers, including presentations on the current state of global economies, the geopolitical landscape and their impacts on OMERS.

AC supported SC through the Plan risk assessment process with actuarial analysis, communication strategies, and stakeholder meeting participation.

The Board also continued its oversight of OMERS approach to Sustainable Investing and approved OMERS Climate Action Plan, which outlines OMERS-specific approach to achieving net-zero carbon emissions in our portfolio and operations by 2050.

**More information on the ongoing role and composition of the Administration Corporation and Board is available in the Governance section of our [website](#).**

An ad hoc Asset–Liability Study Committee was formed in early 2023 to oversee the completion of a new Asset–Liability Study.

In May 2023, the AC Governance & Risk Committee completed its triennial review of the AC Board Competency Framework (the Framework), which incorporated feedback received from AC Directors during their use of the Framework over the past three years, as well as input from SC.

## Board Membership Changes

Ms. Diane Kazarian, Ms. Susan Arab and Ms. Danielle Harrison were appointed to the AC Board effective January 1, 2023, April 18, 2023 and January 1, 2024, respectively. Ms. Kazarian replaced Ms. Debbie Fischer, whose term ended on December 31, 2022, and Ms. Arab replaced Ms. Charlene Mueller, whose term ended on January 25, 2023. Ms. Harrison replaced Monty Baker whose term ended on December 31, 2023 and who was not eligible for reappointment, having reached the term limit for AC Directors.

The AC Board would like to thank Ms. Fischer, Ms. Mueller and Mr. Baker for their contributions during their tenure.

## Remuneration for the OMERS Boards

The SC determines the compensation for the SC and AC Boards. Set out in the tables below is the remuneration for 2023. The SC completed a review of director compensation for both Boards which resulted in adjustments to compensation effective January 1, 2023.

### SC BOARD

	2023 Annual Retainer
Chair	\$110,000
Vice Chair	\$75,000
Committee Chair	\$55,000
All Other Directors	\$47,000

### AC BOARD

	2023 Annual Retainer
Chair	\$195,000
Committee Chair	\$102,500
All Other Directors	\$85,000

No other remuneration is provided to Directors. Retainers are paid directly to AC Directors. For SC Directors appointed after January 1, 2020, compensation is paid directly to the Director; for Directors appointed prior to this date, compensation may be paid to the Director or to the organization with which they are affiliated.

Board Directors are reimbursed for reasonable and necessary expenses incurred in connection with carrying out the business of their respective corporation. These reimbursements primarily relate to travel and accommodation expenses incurred for attending their Board, committee or other similar meetings. Travel time is not compensated.

Board members who serve as members of the AC Appeals Committee are entitled to receive additional remuneration provided they are present for the full hearing while in session. There were no appeals hearings held in 2023.

All Directors also receive an annual technology allowance to compensate them for the expenses incurred related to acquisition, maintenance and licensing of technology related to their Board duties, as well as covering incidental expenses. This is a taxable benefit.

Expenses may vary by year and by Director for a variety of reasons, including the availability and location of programs, number of scheduled and ad hoc meetings attended, and the location of the Director's primary residence. Expenses in 2023 reflect an increased level of travel resulting from a return to in-person Board and committee meetings. AC expenses also rose in 2023 due to required attendance by new AC Directors at the ICD Director Education Program.

### Attendance

SC and AC Board member attendance at Board and Committee meetings is summarized in the [Reference](#) section of this Annual Report.



# Management's Discussion & Analysis

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northvolt

# 2023 Highlights

Primary Plan

## FUNDED RATIO

# 97%

2022: 95%  
 Real Discount Rate: 3.75%  
 Nominal Discount Rate: 5.75%

## 1-YEAR NET RETURN

# 4.6%

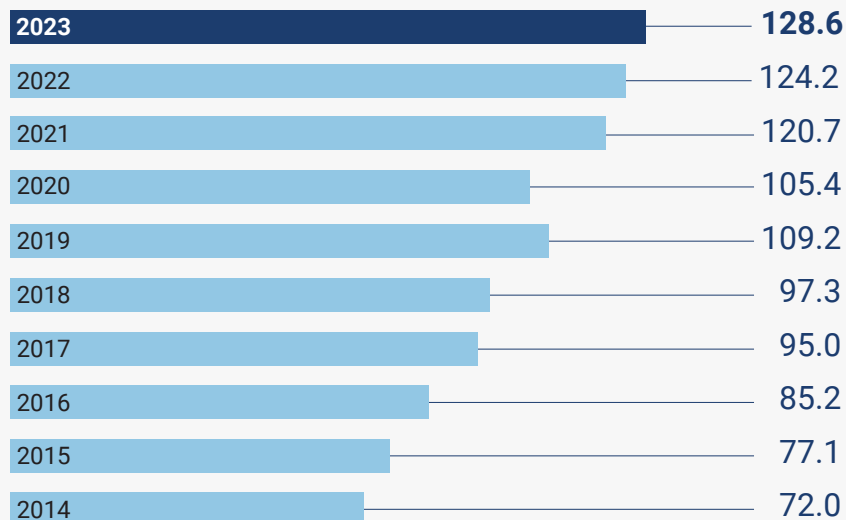
Benchmark: 7.0%  
 2022: 4.2%

## 10-YEAR NET RETURN

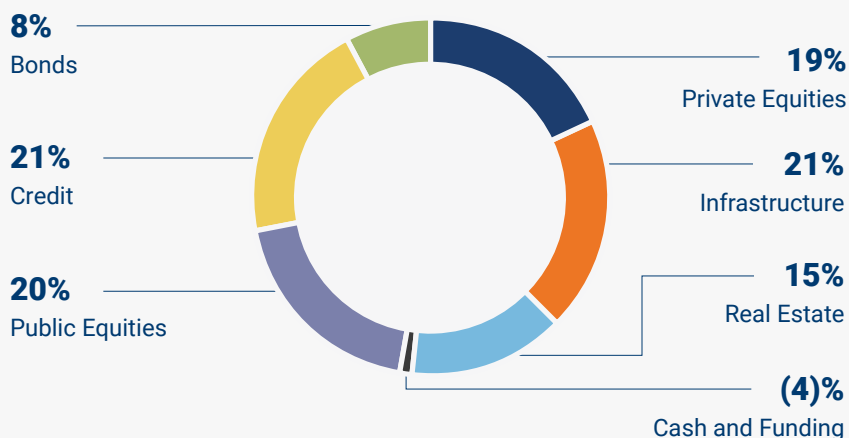
# 7.3%

Benchmark: 7.3%

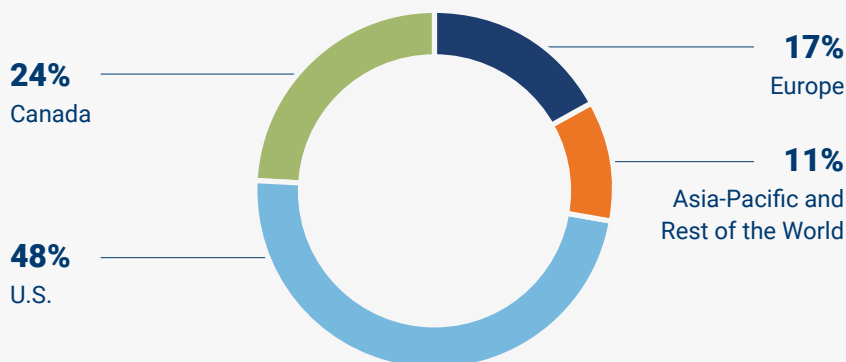
## NET ASSETS (\$ BILLIONS)



## 2023 ASSET MIX



## 2023 ASSETS BY GEOGRAPHY





This Management's Discussion & Analysis (MD&A) is the responsibility of the Management of OMERS Administration Corporation (AC) and OMERS Sponsors Corporation (SC). It contains Management's analysis of the OMERS Pension Plans' financial condition, investment results, risk management, approach to sustainable investing and the environment in which the Plans operate, and should be read in conjunction with AC's Consolidated Financial Statements. The OMERS Pension Plans comprise the OMERS Primary Pension Plan (Primary Plan or Plan), the Retirement Compensation Arrangement (RCA) for the OMERS Primary Pension Plan, and the OMERS Supplemental Pension Plan for Police, Firefighters and Paramedics (Supplemental Plan).

The AC Board of Directors has reviewed and approved the contents of this MD&A, as at February 23, 2024. The SC Board of Directors has reviewed and approved those sections that are relevant to SC's mandate, as at February 22, 2024.

In addition to historical information, this MD&A contains forward-looking statements with regard to Management's strategy, objectives, outlook and expectations. Forward-looking statements made in this MD&A represent Management's views at the date of this report and Management does not undertake to update or revise any forward-looking statements as a result of new information, future events or otherwise. Many factors affect the Plans' performance, such as changes in market conditions, interest rates, inflation, demographics, technological factors, environmental and climate factors, and the ongoing geopolitical tensions. Investment returns and values will fluctuate. Past performance is not a guide to or indicative of future results.

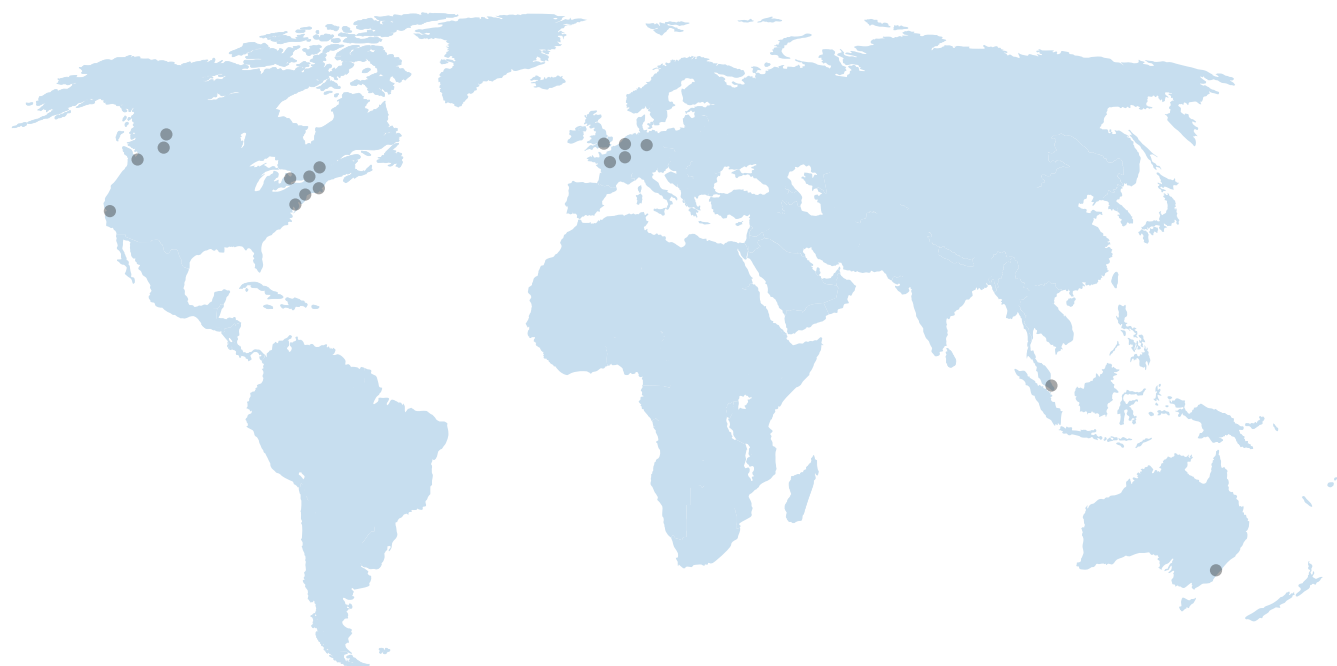
We use certain financial measures that are not based on Generally Accepted Accounting Principles (GAAP) as key metrics in our financial reporting to enable our readers to better understand our condition and results. Non-GAAP financial terms are listed and defined in the Glossary section of this MD&A.

Interests in the Plans are not and will not be offered or sold in the U.S., or to or for the account of U.S. persons, as defined by U.S. securities law.

# Overview of OMERS

Founded in 1962, OMERS is a jointly sponsored, defined benefit pension plan, with approximately 1,000 participating employers ranging from large cities to local agencies, and more than 600,000 active, deferred and retired members. Our members include union and non-union employees of municipalities, school boards, local boards, transit systems, electrical utilities, emergency services and children's aid societies across Ontario. Contributions to the OMERS Pension Plans are funded equally by members and employers.

OMERS teams work in Toronto, London, New York, Amsterdam, Luxembourg, Singapore, Sydney and major cities across North America and Europe – serving members and employers, and originating and managing a diversified portfolio of high-quality investments in bonds, public and private credit, public and private equity, infrastructure and real estate.



## Overview of the OMERS Pension Plans

The OMERS Pension Plans comprise the OMERS Primary Pension Plan (Primary Plan or Plan), the Retirement Compensation Arrangement (RCA) for the OMERS Primary Pension Plan, and the OMERS Supplemental Pension Plan for Police, Firefighters and Paramedics (Supplemental Plan). The OMERS Pension Plans are designed to be one seamless defined benefit plan offering to members, where contributions are collected and benefits are determined using the same formulas across all contributory earnings levels of members with the same normal retirement age. At the same time, the OMERS Pension Plans are individually managed to satisfy the different tax laws and regulations applicable to each. Contributions to the Primary Plan must satisfy minimum and maximum funding requirements. The Primary Plan pays benefits up to the maximum permitted by the Income Tax Act (Canada) (ITA) and the RCA pays the balance. Contributions collected are allocated across the plans per their respective funding policies and OMERS Sponsors Corporation By-Laws to achieve a target funding level for each which supports the seamless plan offering. Pension payments from the Primary Plan and the RCA are determined independently from the allocation of contributions, so as to deliver defined benefits seamlessly to members.

## OMERS Primary Pension Plan

The Primary Plan is a multi-employer, jointly sponsored pension plan, created in 1962 by an Act of the Ontario Legislature – whose members are mainly employees of Ontario municipalities, local boards, public utilities and non-teaching school board staff. The Primary Plan is governed by the OMERS Act, the Pension Benefits Act (Ontario) (PBA), the Income Tax Act (Canada) (ITA) and other applicable legislation. The benefit provisions and other terms of the Primary Plan are set out in the Primary Plan text. The Primary Plan consists of both the defined benefit component and the Additional Voluntary Contribution (AVC) component. The Primary Plan is registered with the Financial Services Regulatory Authority of Ontario (FSRA) and with the Canada Revenue Agency (CRA) under Registration #0345983.

- 1. Funding** The defined benefit component of the Primary Plan is funded by equal contributions from participating employers and from active members, and by the net investment earnings of the Primary Plan assets. AC determines the regulatory minimum and maximum funding requirements in accordance with the PBA and the ITA. SC sets actual contribution rates and benefits.
- 2. Pensions** The defined benefit component of the Primary Plan is designed to provide lifetime defined benefit pensions, and its funding requirements are determined on a long-term basis. These pensions are calculated as a percentage of the member's annual earnings averaged over the highest 60 consecutive months, multiplied by years of credited service.
- 3. Normal Retirement Age** The normal retirement age (NRA) is 65 years for all Primary Plan members, except for police officers and firefighters, who generally have a normal retirement age of 60 years. An OMERS employer can also elect to provide NRA 60 benefits to all or a class of paramedics. For unionized employees, access to NRA 60 benefits is subject to negotiation between employers and unions.
- 4. Death Benefits** are payable upon the death of a member to a surviving spouse, eligible dependent children, a designated beneficiary, or to the member's estate. Depending on eligibility requirements, the benefits may be paid in the form of a survivor pension, lump sum payment or both.
- 5. Escalation of Pensions** Inflation protection increases pensions each year, based on the increase in the average of the Canadian Consumer Price Index (CPI) for the preceding 12-month period ending in October compared to the average CPI for the same period of the previous year, as follows:

  - Benefits earned on or before December 31, 2022 receive full inflation protection, up to a maximum annual increase of 6%. Any excess is carried forward so it can be used in later years if and when CPI increases by less than 6%, provided the pension is still in pay.
  - Benefits earned on or after January 1, 2023 are subject to shared risk indexing, meaning that the level of inflation protection will depend on SC's annual assessment of the financial health of the Primary Plan, and may be less than the full inflation protection.
- 6. Disability Pensions** A disability pension is available at any age to an active member who becomes totally and permanently disabled as defined by the Primary Plan. The pension is calculated using a member's years of credited service and the average annual earnings during the member's highest 60 consecutive months of earnings consistent with a normal retirement pension and is subject to a cap set out in the Primary Plan. Generally, disability pensions continue until normal retirement.
- 7. Income Taxes** The Primary Plan is a Registered Pension Plan as defined in the ITA and is not subject to income taxes on contributions received or investment income earned. The earnings of certain entities holding private credit, private equity, infrastructure, or real estate investments may be taxable.

## AVC COMPONENT

The AVC component of the Primary Plan is a retirement savings and investment opportunity that permits members to make additional voluntary contributions on which the member earns the annual net investment return of the Primary Plan. While AVCs are part of the Primary Plan, they are separate from a member's defined benefit pension. The liability of the Primary Plan, with respect to the AVC component, is equal to members' AVC contributions, plus (if positive) or minus (if negative) the prorated, full-year net investment rate of return earned by the defined benefit component of the Primary Plan over the period that the AVC contributions had been invested. Funds invested in AVCs earned the Primary Plan's return of 4.6% in 2023. In 2022, funds invested in AVCs earned the Primary Plan's return of 4.2%.

## RETIREMENT COMPENSATION ARRANGEMENT (RCA) FOR THE OMERS PRIMARY PENSION PLAN

The Retirement Compensation Arrangement (RCA) provides pension benefits for Primary Plan members with earnings exceeding the amount that generates the maximum pension allowed by the ITA with respect to service after 1991. This determination is made when a member terminates employment or retires. The RCA is a trust arrangement separate from the Primary Plan and is not governed by the Pension Benefits Act (PBA), nor is it a Registered Pension Plan under the ITA. The RCA is governed by the OMERS Act, the ITA and other applicable legislation. It is funded on a partial pay-as-you-go basis by equal contributions from participating employers and active members and by the investment earnings of the RCA fund.

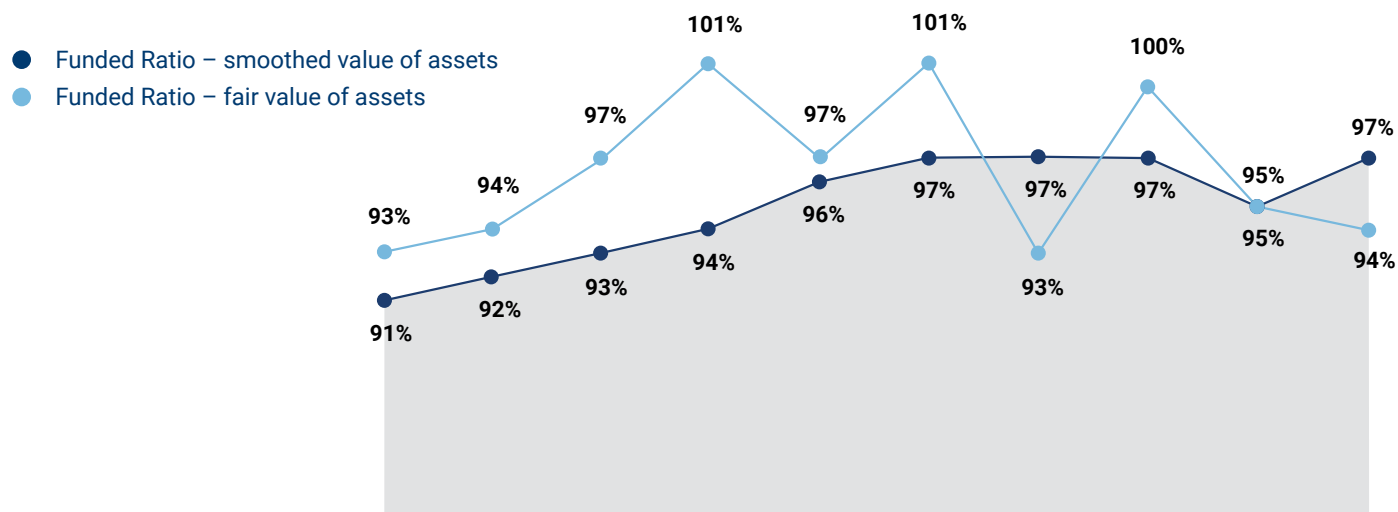
OMERS annually determines contributions to target sufficient funding. The target aims to ensure that the RCA fund, future contributions and future investment earnings are sufficient to pay projected benefits and expenses over a 20-year period.

## OMERS SUPPLEMENTAL PENSION PLAN FOR POLICE, FIREFIGHTERS AND PARAMEDICS

The Supplemental Plan offers optional benefits for members of the police sector, firefighters and paramedics. It became effective on July 1, 2008, pursuant to the requirements of the OMERS Act. The benefit provisions and other terms of the Supplemental Plan are set out in the Supplemental Plan text. The Supplemental Plan is registered with FSRA and with the CRA under Registration #1175892.

Participation in the Supplemental Plan is effective only upon agreement between employee groups and their employer. As at December 31, 2023 and December 31, 2022, no such agreement existed and hence the Supplemental Plan had no assets, no liabilities and no members.

# Primary Plan Funding



	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Real Discount Rate</b>	4.25%	4.25%	4.20%	4.00%	4.00%	3.90%	3.85%	3.75%	3.75%	3.75%
<b>Long-Term Inflation Assumption</b>	2.25%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
<b>Nominal Discount Rate</b>	6.50%	6.25%	6.20%	6.00%	6.00%	5.90%	5.85%	5.75%	5.75%	5.75%

The Plan's funded status is an indicator of its long-term financial health. For a definition of the funded ratio, on both a smoothed and fair value basis, please see the Glossary section of this MD&A.

The following table summarizes metrics relevant to understanding the Plan's funded status on a smoothed basis at December 31, 2023 and 2022:

\$ billions unless otherwise indicated	December 31, 2023	December 31, 2022
Smoothed funded ratio	97%	95%
Funding deficit	(4.2)	(6.7)
Real discount rate	3.75%	3.75%
Nominal discount rate	5.75%	5.75%
Net assets on a smoothed basis	130.4	122.1
Net assets on a fair value basis	127.0	122.7
Accrued pension obligations	134.6	128.8
Unrecognized net investment gains or (losses)	(3.4)	0.6

Refer to Glossary of Financial Terms section for definition of non-GAAP financial terms.





## DEMOGRAPHICS

During 2023, we conducted a demographic experience study to compare actual demographic experience against our actuarial assumptions. We conduct such studies every five years. As a result of this year's study, we made changes to certain actuarial assumptions, with the net impact of increasing the pension obligation by \$0.5 billion. We believe that reflecting these updated demographic assumptions in our estimate of the pension obligations should improve the Plan's resilience to adverse demographic trends. For more information, see the Adverse Demographic Experience section under "Managing Plan Design and Funding Risks" below.

## DISCOUNT RATE

In light of the rapidly changing economic conditions in which the Plan operates – specifically, meaningfully higher interest rates – we reviewed and updated our discount rate strategy during 2023.

Our revised discount rate strategy includes a long-term target range for our real discount rate of 3.50% to 4.00%. This is an increase from the previous long-term target range of 3.00% to 3.25%, reflecting our expectation of higher future investment returns as a result of higher interest rates. The flexibility afforded by a higher discount rate range improves prospects for stable funding requirements and benefit levels.

The real discount rate used to value the Plan's pension obligations as at December 31, 2023 is 3.75%; this rate is at the mid-point of our target range. Both the real discount rate of 3.75% and the nominal discount rate of 5.75% have remained constant since 2021.

The funding deficit and funded ratio are calculated by comparing the value of pension obligations to the smoothed value of net assets. Under this approach, investment returns above or below a 'smoothing rate' are smoothed into the value of assets over a five-year period. The 'smoothing rate' is described in Note 2 to the Consolidated Financial Statements. In applying smoothing, contribution rates can be set, and benefits designed, without putting undue emphasis on short-term volatility. The difference between the fair value and the smoothed value of net assets is known as unrecognized net investment gains or losses. This amount will be recognized in the smoothed value of net assets, the funded ratio and the funding deficit over the next four years.

## Fair Value Funded Ratio

On a fair value basis, the funded ratio declined from 95% as at December 31, 2022 to 94% as at December 31, 2023, and the deficit on a fair value basis increased from \$6.1 billion to \$7.6 billion. The fair value funded ratio declined because the 2023 return was below the nominal discount rate of 5.75%.

The differences in the funded ratio and the deficit between the smoothed and fair value bases are presented below:

	December 31, 2023		December 31, 2022	
	Funded Ratio %	Surplus (Deficit) \$ millions	Funded Ratio %	Surplus (Deficit) \$ millions
Smoothed basis	97	(4,202)	95	(6,678)
Unrecognized investment (losses) or gains	(3)	(3,369)	–	578
Fair value basis	94	(7,571)	95	(6,100)

The unrecognized investment losses and gains – which is the difference between the smoothed value of net assets and the fair value of net assets – decreased from a positive reserve of \$0.6 billion to a negative reserve of \$3.4 billion. This \$4.0 billion decline is mainly the result of OMERS having earned less than our 'smoothing rate' in 2023. These unrecognized losses will be recognized in the funding deficit over the next four years.

## Plan Design

The SC Board approved three Plan amendments in 2023. One amendment revised the calculation of the service adjustment for members who convert from the NRA 65 provision to the NRA 60 provision of the Plan on or after June 21, 2023. This amendment was passed in response to a plan change proposal submitted by one sponsor and feedback from other sponsors. The other two amendments were also in response to feedback on the administration of specific provisions of the Plan. None of the amendments impacted the Plan's funding requirements.

There were no changes to contributions, and no changes to benefits in 2023 other than the specific changes noted above.

The Plan's blended contribution rate for 2024 is estimated to be 20.8% of contributory earnings (2023 – 20.9%). This blended contribution rate exceeds the minimum funding contribution rate required in the December 31, 2021 valuation report, which was the last report filed with the provincial pension regulator.



# Managing Plan Design and Funding Risks

We manage the financial health of the Plan with a long-term focus and with consideration for a range of possible outcomes that could alter funding requirements or plan design. Our objective is to deliver the pension promise over the long term and strong funding helps us achieve this goal. While the past decade has seen a significant improvement in the Plan's financial position, the Plan is not fully funded and continues to mature. Increasing maturity can reduce resilience to unexpected economic and demographic outcomes.

Immediate funding challenges include near-term headwinds from higher levels of inflation, pressure on asset valuations from high interest rates and the risk of a global recession. Longer-term funding challenges include increasing Plan maturity and could include more volatile and uncertain investment returns and potential adverse demographic experience, as described below.

Management regularly models risk factors to assess options for improving the Plan's long-term financial health and for strengthening the Plan's funding. After thorough analysis, we make adjustments to our investment strategies or plan design when appropriate, in order to deliver a balance of stability, affordability and meaningfulness today and in the future.

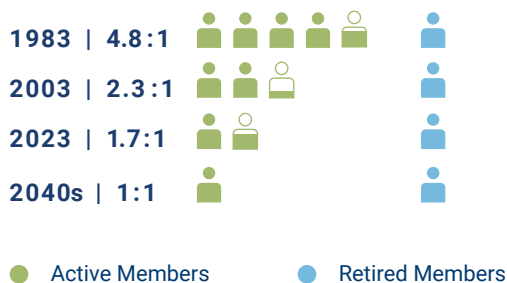
## Plan Maturity

The Plan has been maturing for some time; this means that the population of our retired members is increasing relative to our active member population. Plan maturity could be accelerated if we experience a slowing growth rate of active membership, for example, due to shifting workforce trends and the changing nature of work; if active members retire earlier than we expect; and as member longevity continues to increase.

Countering these risks are some opportunities that could slow down the pace of maturity. These include a renewed appreciation for the work of municipal services following the COVID-19 pandemic leading to an expansion of services, and an increase in immigration levels resulting in stronger population growth in Ontario, and therefore increased demand for municipal workers. As well, effective January 1, 2023, many more employees who work non-full-time for OMERS employers have an opportunity to enrol in the Plan.

As the ratio of active to retired members declines over time, pension payments we make out of the Plan will increasingly exceed contributions we take into the Plan; in 2023, these totalled \$6.1 billion and \$5.0 billion, respectively. We expect the difference between the contributions received and benefits paid to continue to widen, but we anticipate this difference will remain within 2% of net assets for at least the next decade. This trend increases the Plan's reliance on investment income to pay pensions, making the Plan more vulnerable to any economic downturns.

### PLAN MATURITY



The ratio of active members to retired members is a common measure of Plan maturity. Our ratio today is less than 2:1. It is expected to reach less than 1:1 in the 2040s.

## Inflation

Both price inflation and wage inflation can impact Plan funding. Because price inflation affects the COLA applied to pension benefits in pay, actual price inflation that exceeds our assumptions results in higher-than-expected benefit payments and future pension obligations; this is explained in the preceding pages.

Similarly, growth in members' wages above our assumptions also result in higher pension obligations since pension benefits are based on member earnings.

The impact of higher-than-expected inflation on the Plan's future investment returns differs across assets: some will benefit, while others will be negatively affected.

To manage these risks, we believe that our significant allocation to real assets should help to mitigate inflation risk over time, and we will continue to work to build reserves over the long term to improve the Plan's resilience to adverse impacts from inflation and other experience.

## Uncertain and Volatile Investment Return

The investing environment and path of future returns remains uncertain as the world faces global disruptions from geopolitical challenges, with potential for economic recession, high (although falling) inflation, and higher nominal interest rates. Higher interest rates provide opportunities for improved returns from fixed income investments but put pressure on valuations, particularly for real assets, by increasing the cost of borrowing and by increasing the relative attractiveness of fixed income assets to other asset classes.

The impacts of climate change present both investment risk and opportunities. Losses from stranded assets, the costs of adverse weather events and the costs of mitigation present risks to future returns, while opportunities include investing in the transition to a low-carbon economy.

Further escalations of geopolitical tensions could also affect long-term returns.

As a result, global growth could be erratic. The path of interest rates and public equity valuations, as well as fierce competition for private assets, could impact future long-term investment returns. Should our investment returns underperform our long-term return expectations, the Plan could require increased contributions, decreased benefits, or both, to fund the resulting incremental deficit.

To manage these risks, OMERS regularly monitors the suitability of our investment strategies and periodically conducts studies to inform the selection of our asset mix. OMERS completed an Asset–Liability Study in 2023, as further discussed below.

## Adverse Demographic Experience

We consider demographic experience to be “adverse” when it leads to an increase in pension obligations. Examples include increased longevity, higher-than-expected salary increases (from wage inflation or otherwise), and accelerated member retirement trends. If demographic experience differs adversely from our actuarial expectations, we may be required to increase the value of our pension obligations and, therefore, our funding requirements.

Life expectancy has steadily increased over time. This means retirees have been collecting and will collect pensions for longer periods than retirees who preceded them. We assume that longevity will continue to increase; however, if longevity improves faster than our assumption, our pension obligations will increase.

Pension obligations may also increase as a result of material retroactive compensation adjustments resulting from collective bargaining and similar arrangements between unions, employers and/or the Province of Ontario.

To manage these risks, we monitor our actuarial assumptions against demographic experience at least annually and may adjust them for significant developments prompted by the external environment. In addition, we conduct a detailed experience study at least once every five years, with the most recent study completed in 2023. The new study resulted in various changes to actuarial assumptions. These changes are intended to improve the Plan's resilience to adverse demographic trends.

## Assessing Plan Risk

The SC Board completed a Plan risk assessment in 2023. The Board concluded that we need to continue to build reserves as the Plan matures. No sustainability-related changes to benefits and contributions were made.

These decisions were taken after extensive consideration and analysis, including feedback from sponsors and stakeholder organizations as well as the results of a new asset–liability study and an updated long-term discount rate strategy, both of which were approved by the AC Board in August 2023. More information on these studies can be found on our website.

The SC Board concluded that if we achieve our expected future level of investment returns above inflation, the Plan is well positioned to build the reserves it needs. If investment returns net of inflation are lower than expected, or if we encounter other demographic or economic headwinds, Plan funding may not improve at the pace that the Board believes is necessary. The SC Board will closely monitor progress in improving the Plan's resilience as the economic environment changes, and as other risks and opportunities arise.

# Risk Governance

OMERS activities expose us to a broad range of risks, and our ability to manage these risks is an important capability. Our ability to deliver sustainable, affordable and meaningful pension plans over the long term is affected not only by the direct funding and plan design risks above, but also by risks that could adversely impact our investments, our operations, our decision-making (i.e., governance), our people and our strategy implementation. Our approach to managing these risks is set out below. Also included is an update on our risk management activities for the year.

OMERS governance and policy structures play a fundamental role in supporting risk management and in supporting the processes and culture necessary for high-quality decision-making. We believe that fostering a culture that encourages candour and debate is critical to ensure prudent decision-making. Policies and frameworks, including our Code of Conduct and Ethics, articulate our expectations and behaviours for risk-conscious decision-making.

The AC and SC Boards have approved OMERS risk frameworks. The risk frameworks describe overall risk management governance and detail the structure for categorizing risks to which the two organizations are exposed.

Our Boards of Directors also approve OMERS risk appetite, which provides a framework for assessing the desired amount of risk required in pursuit of OMERS objectives.

The risk appetite statements:

- help define the desired risk appetite with respect to relevant risk categories;
- determine the nature, types and degree of risk that OMERS is willing to assume through the articulation of qualitative statements and risk tolerances;
- establish metrics that support the assessment of risk positioning relative to its desired risk appetite, as articulated by the qualitative statements and risk tolerances; and
- provide the Boards and their Committees with the necessary information and transparency required to effectively discharge their risk oversight responsibilities and make key strategic decisions.

## Risk Accountabilities

The Boards delegate the day-to-day management of risk to Management. The Chief Risk Officer is responsible for our Risk Management function, which provides independent and objective analysis and risk reporting to both the Executive Leadership Team and to OMERS Boards of Directors.

We manage our various risks following the “three lines of accountability” approach to ensure clear roles and accountabilities.

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**1ST LINE OF ACCOUNTABILITY** These groups own OMERS primary business activities and are responsible for identifying and managing risk as part of their accountability.

“Risk Owner”

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**2ND LINE OF ACCOUNTABILITY** These groups provide risk oversight of the first line.

“Risk Partner”

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**3RD LINE OF ACCOUNTABILITY** Internal Audit is an independent, objective assurance and consulting function whose responsibility is to assess the strength and efficacy of OMERS internal controls.

“Independent Assurance Provider”

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## 2023 Risk Management Highlights

We continue to enhance our risk management practices and in 2023 our key initiatives included:

- Reviewing our risk frameworks and associated reporting to ensure delivery of comprehensive and clear information to our Management and Boards;
- Implementing a new risk measurement and analytics system, which helped us continue to enhance our capabilities for delivering insights relevant to OMERS investment portfolio;
- Enhancing our Learnings and Opportunities approaches to continue to focus on continuous improvement and organizational learning;
- Maturing our capabilities to govern important models, including how we think about models that incorporate artificial intelligence;
- Introducing new systems and tools to organize and analyze operational risk data to improve insights on significant risks including trends and early warning indicators;
- Implementing an updated Incident Response Plan template at all Global Offices to improve the capability to respond independently to a disruptive incident;
- Developing a Corporate Security Maturity Roadmap to guide the continued evolution of the physical and personal security practice; and
- Delivering numerous crisis scenario desktop exercises, including on cyber, liquidity risk and incident management.

Note 3E of the Consolidated Financial Statements includes additional details on investment risk and how we address these risks.

## RCA Funding

The RCA is partially funded, operating on a modified pay-as-you-go basis, by equal contributions from participating employers and active members and by the net investment earnings of the RCA fund. It is not meant to be prefunded, given the tax treatment implications of funding non-registered pension plans. We target a level of funding where the current RCA fund, plus projected contributions and projected investment earnings are, in aggregate, sufficient to pay for benefits and expenses for a period of 20 years following the valuation date.

To achieve the funding target, total contributions received each year are allocated between the Primary Plan fund and the RCA fund in accordance with the Allocation Threshold. The Allocation Threshold is the level of contributory earnings below which the related contributions are directed to the Primary Plan fund and above which they are directed to the RCA fund. The Allocation Threshold is set each year by SC, based on calculations by the AC external actuary to achieve the 20-year target level of funding noted above. More details are available in the Funding Policy – RCA on our website.

The RCA fund consists of i) a refundable tax account, which is a non-interest-bearing account with the CRA, and ii) passively managed Canadian and foreign equity funds.

Because the RCA's partial funding mechanism is based on contributions more than on investment returns, it is resilient to lower-than-expected investment returns. Its primary funding risk is a prolonged decline in contributions – either from a significant reduction in contributions received by the RCA as a result of changes to contribution rates, or from a significant decline in active members contributing to the RCA.

The RCA is also subject to Plan maturity and associated risks.

We continually monitor these risks and reflect them in our actuarial assumptions, to the extent possible. Those assumptions are set out in Note 7 of the Consolidated Financial Statements. In 2023, the RCA generated a net return of 18.6% (2022 – loss 10.4%), compared to the public equity benchmark's return of 19.0% (2022 – loss 10.1%).

This represents a net investment return of \$19 million (2022 – loss \$12 million). During the year, RCA received contributions of \$41 million (2022 – \$31 million), paid out benefits of \$36 million (2022 – \$34 million) and administrative expenses of less than a million (2022 – \$1 million). These activities resulted in a net increase in the net assets available for benefits of \$24 million (2022 – decrease of \$16 million).

At December 31, 2023, the RCA's net assets totalled \$200 million (2022 – \$176 million) and its accrued pension obligations were \$1,314 million (2022 – \$1,235 million).



# Investment Results: Primary Plan

## Economic Environment

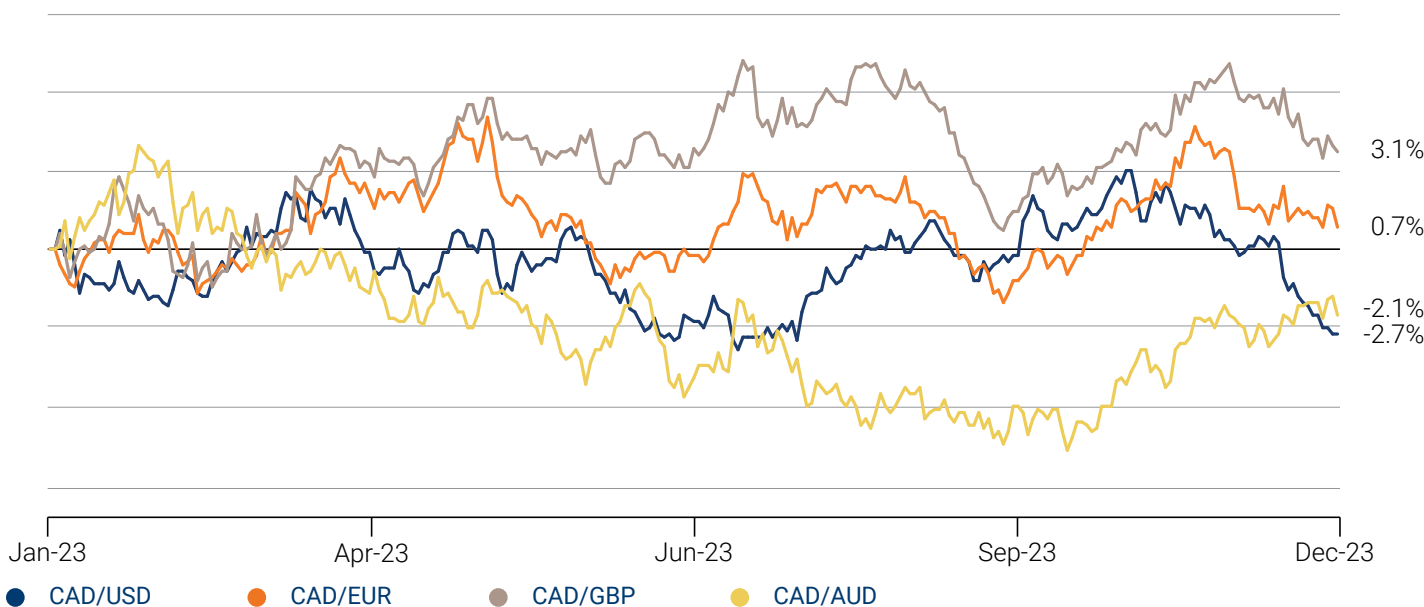
The year began with a broad expectation of an imminent global recession, as many central banks continued with their aggressive monetary tightening to combat inflation. While the U.S. economy demonstrated resilience, others including the Canadian and European economies showed signs of slowing down.

Price inflation cooled through the year, but remained persistently above central bank targets across major economies. Central banks continued to raise interest rates as a result: for instance, the Bank of Canada overnight rate increased by 75 bps to 5.0%, and the U.S. Federal Reserve target interest rate increased by 100 bps to 5.5%.

Towards the end of the year, fears of recession began to ease in some major economies and expectations for interest rate cuts emerged. This confidence led to strong performance in major equity and bond market indices – particularly in the last three months. 10-year U.S. Treasury and Canadian government yields rallied in the fourth quarter to close the year either flat at 3.9% (U.S.) or slightly lower to 3.1% (Canada) than at the beginning of 2023. The performance of U.S.-weighted public equity indices was particularly influenced by a subset of technology-enabled stocks known as the “Magnificent Seven”, whose outperformance and high relative weighting accelerated many index returns – for example, the MSCI All Country World Index (ACWI)’s 2023 return of 18.9% on a CAD-equivalent basis would be reduced to 12.0% with those stocks excluded.

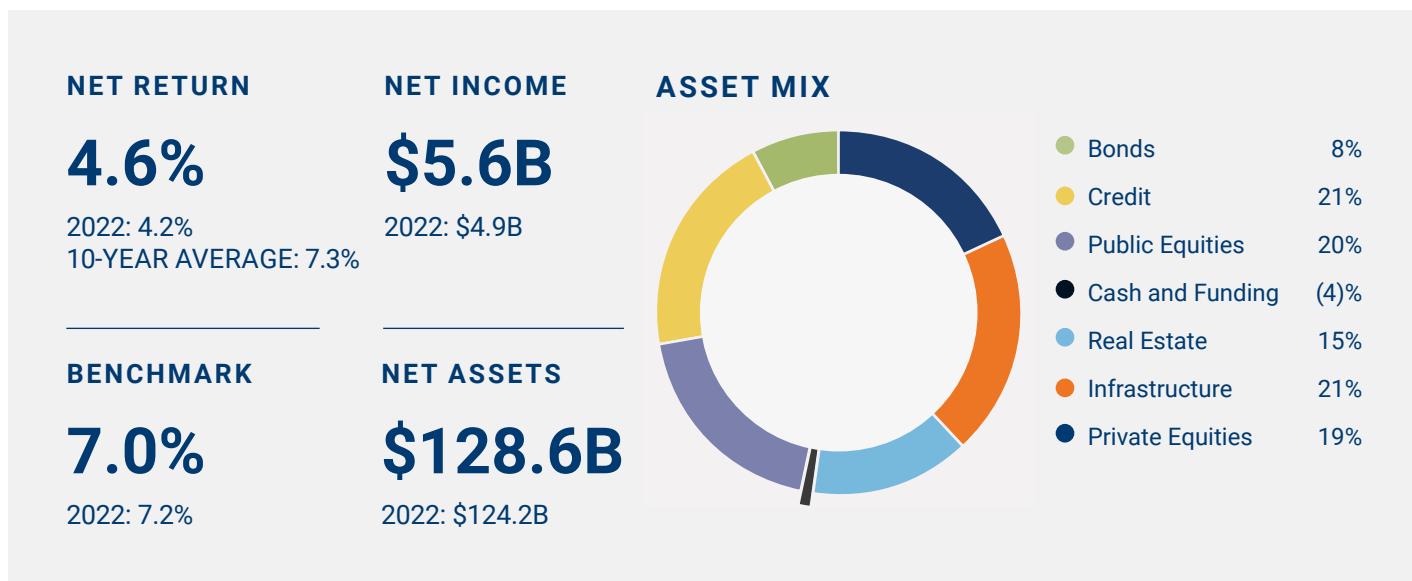
In currency markets, the U.S. dollar, which is broadly considered a safe-haven asset and had strengthened through the pessimism of the first three quarters of 2023, weakened during the rally over the final three months of the year, ending the year weaker against the Canadian dollar. The pound sterling steadily appreciated against the Canadian dollar, reflecting a combination of better-than-expected economic performance and a more hawkish central bank, while the Australian dollar steadily depreciated against the Canadian dollar driven largely by negative sentiment emanating from China and a dovish central bank. The Euro oscillated in a tight range and has ended the year marginally higher against the Canadian dollar.

## CANADIAN DOLLAR PERFORMANCE



In this context, the Primary Plan earned a positive investment return for the year, net of expenses, of 4.6%, or \$5.6 billion. This compares to a one-year absolute benchmark, approved by the AC Board in December 2022, of 7.0%, and to a net return of 4.2%, or \$4.9 billion, in the prior year.

## Results



Our investment strategy is driven by our pension liabilities, with a focus on managing risk, achieving requisite returns and cash flows, and protecting and increasing our funded status. We maintain a focus on the long term and a disciplined approach to asset allocation and portfolio construction, and we employ diversification, direct investment strategies and financial and economic leverage to achieve our objectives.

As a result of this strategy, the Plan has earned 7.3% over the past decade. The Plan's one-year net investment return of 4.6% was earned as our public equities and fixed income had a strong year in an environment where stock market indices rose significantly and fixed income assets benefitted from higher interest rates. Our private equity, infrastructure

and real estate asset classes each did not achieve their absolute net investment return benchmarks, as returns from private asset strategies were held back by the impact of higher interest rates which increased the cost of debt, and by anticipated slower economic growth. Additionally, foreign exchange movements detracted from our net investment results as the U.S. dollar weakened relative to the Canadian dollar.

Asset class investment returns for the Primary Plan and RCA for 2023 and 2022 are presented in the table below. The primary factors explaining the Plan's performance are presented in the Introduction on page 5, and a review of each asset class's performance is presented in the following pages.

For the years ended December 31,	2023			2022		
	Net Investment Income \$ millions	Net Rate of Return %	Benchmark %	Net Investment Income \$ millions	Net Rate of Return %	Benchmark %
Bonds	536	5.8		(385)	(3.8)	
Credit <sup>1</sup>	1,952	8.3		900	3.4	
Public Equities	2,701	10.4		(4,299)	(11.9)	
Cash and Funding	(400)	n/a		632	n/a	
<b>Total Public Investments</b>	<b>4,789</b>	<b>9.0</b>	<b>5.8</b>	<b>(3,152)</b>	<b>(5.4)</b>	<b>5.7</b>
Private Equities	922	3.9	9.6	2,613	13.7	11.2
Infrastructure	1,468	5.5	7.7	2,908	12.5	7.7
Real Estate	(1,512)	(7.2)	6.3	2,628	13.6	7.1
<b>Total</b>	<b>5,667</b>	<b>4.6</b>	<b>7.0</b>	<b>4,997</b>	<b>4.2</b>	<b>7.2</b>
Less: Income Attributed to Administered Funds	80	4.6	7.0	73	4.2	7.2
<b>Total Primary Plan</b>	<b>5,587</b>	<b>4.6</b>	<b>7.0</b>	<b>4,924</b>	<b>4.2</b>	<b>7.2</b>
RCA Investment Fund <sup>2</sup>	19	18.6	19.0	(12)	(10.4)	(10.1)

1 Credit includes private credit investments. These assets have observable public market comparables and are reported with public investments.

2 Excludes the RCA refundable tax account with the Canada Revenue Agency. The RCA net rate of return including the refundable tax account in 2023 is 10.1%, compared to (6.4)% in 2022.

## The Plan's Benchmarks and Investment Return History

We measure our investment performance annually. Each year, we aim to earn returns that meet or exceed one-year benchmarks approved by the AC Board, generally in December of the prior year. We set return and income benchmarks for asset classes and for the Plan overall.

OMERS benchmarks are for absolute rather than relative returns. We set absolute return benchmarks because we believe that it is important to annually grow our assets, irrespective of market volatility and economic conditions, given the Plan's current funding risk profile.

We establish our public asset benchmarks by considering long-term return assumptions for our public equities and fixed income investments, and by incorporating forecasted short-term market conditions and portfolio allocations. We establish our private asset benchmarks through a bottom-up, investment-by-investment approach, using budgeted cash flows from our investee companies and real estate assets. Short- and long-term variable incentive compensation is tied to actual performance against these benchmarks.

Our benchmarks exclude the effect of potential foreign currency changes. They are also net of budgeted expenses. Short- and long-term variable incentive

compensation is tied to actual Canadian dollar performance against these benchmarks.

We also measure our investment performance over multi-year periods: we maintain a long-term investment horizon, since pensions are paid over decades. To that end, we aim to earn average multi-year returns that exceed the geometric average of the one-year benchmarks set for the same periods. In past years, Management has assessed those geometric average one-year benchmarks relative to the average annual nominal return expectation of 7% set out in our past Board-approved Statement of Investment Policies and Procedures (SIP&P).

The table below sets out OMERS 2023 nominal net return and our historical net returns over relevant multi-year periods:

	1-Year	10-Year
Net Return	4.6%	7.3%
Benchmark	7.0%	7.3%

The Plan's 10-year net return has met its benchmark of 7.3%.

The Plan's 20-year return was 7.2%.

Please see the Reference section of this year's annual report for details on financial results over the past 10 years.

## Asset Allocation and Exposure

Our Board-approved target asset mix is designed to mitigate long-term risk and deliver long-term returns to meet pension obligations. Since we conducted an Asset–Liability Study in February 2022, the interest rate environment has changed significantly. To ensure our asset mix is optimized for this new context, we conducted another Asset–Liability Study in 2023. That study concluded on a new long-term target asset mix, which the AC Board approved in August 2023, effective January 1, 2024. This new asset mix is designed to achieve a similar level of investment return as our previous asset mix, but with lower volatility. It targets a higher allocation to fixed income investments and lower allocation to public equities. The updated long-term target asset mix is summarized in the adjacent chart.

Long-term Target Asset Mix	2023 Approved	Previous
<b>Fixed Income</b>	<b>43.0%</b>	<b>27.5%</b>
Government Bonds	17.0%	7.5%
Public Credit <sup>1</sup>	14.0%	20.0%
Private Credit <sup>1</sup>	12.0%	
<b>Equities</b>	<b>37.0%</b>	<b>45.0%</b>
Public Equities	19.0%	27.5%
Private Equities	18.0%	17.5%
<b>Real Assets</b>	<b>40.0%</b>	<b>47.5%</b>
Infrastructure	22.0%	25.0%
Real Estate	18.0%	22.5%
<b>Cash and Funding</b>	<b>(20.0)%</b>	<b>(20.0)%</b>
(includes cash and financing & derivative offsets)		

<sup>1</sup> In our previous long-term target asset mix, public and private credit were included in the credit asset class.

Our net exposure at December 31, 2023 totalled \$130.5 billion (2022 – \$126.3 billion), as set out in the table below. Net exposure at the end of 2023 includes balances related to administered funds of \$1.9 billion (2022 – \$1.8 billion), and \$nil in other balances (2022 – \$0.3 billion).

Our asset mix includes physical exposures plus derivative exposures. We include our net economic derivative exposure within each relevant asset class, and present a corresponding offset (equal to the sum of all of our net economic derivative exposures across all asset classes) in the “Cash and Funding” category.

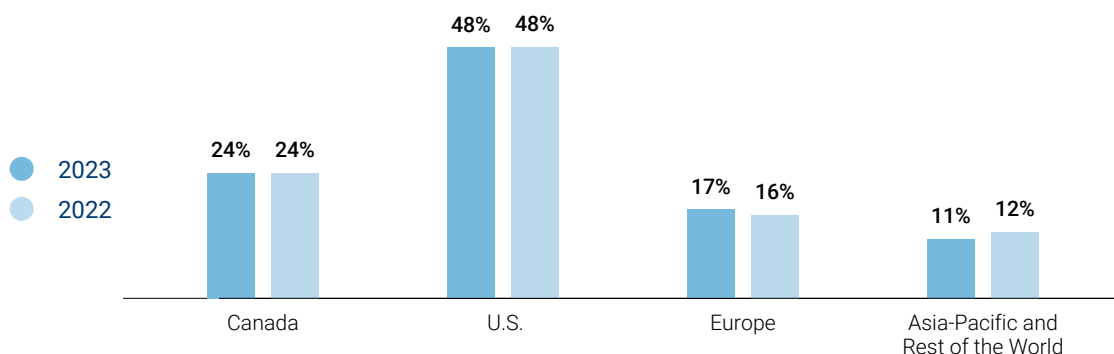
As at December 31,	2023		2022	
	Net Exposure \$ millions	Asset Mix %	Net Exposure \$ millions	Asset Mix %
<b>Fixed Income</b>				
Bonds	10,466	8.0	9,970	7.9
Credit	26,995	20.7	26,037	20.6
	<u>37,461</u>		<u>36,007</u>	
<b>Equities</b>				
Public Equities	26,437	20.3	29,652	23.5
Private Equities	25,052	19.2	23,215	18.4
	<u>51,489</u>		<u>52,867</u>	
<b>Real Assets</b>				
Infrastructure <sup>1</sup>	27,959	21.4	26,311	20.8
Real Estate <sup>1</sup>	19,374	14.8	21,202	16.8
	<u>47,333</u>		<u>47,513</u>	
<b>Cash and Funding</b>	(5,778)	(4.4)	(10,130)	(8.0)
<b>Total</b>	<b>130,505</b>	<b>100.0</b>	<b>126,257</b>	<b>100.0</b>
<b>Less: Administered Funds &amp; Other Balances</b>	<b>1,891</b>		<b>2,051</b>	
<b>Total Primary Plan</b>	<b>128,614</b>		<b>124,206</b>	

<sup>1</sup> Presented net of liabilities related to OMERS Return Agreements, which are presented in Note 5 of the Consolidated Financial Statements.

Our asset mix at December 31, 2023 was within the approved asset mix operating range set out in our SIP&P.

## Geographic Exposure

OMERS portfolio is diversified across primarily developed markets and geographies. Canada continues to offer attractive long-term investment opportunities, and roughly one-quarter of our portfolio is invested in our home country – including a significant proportion of our physical assets in infrastructure and real estate. Even so, we believe that prudence, our pursuit of diversification, and related risk-management practices make it appropriate to invest across global markets with different growth profiles.



## Currency Exposure

We manage our foreign currency exposures dynamically through a holistic currency management framework. In 2020, we began increasing our exposure to foreign currencies through reduced use of foreign currency hedging contracts to enhance our available liquidity and balance sheet resilience to market stresses via portfolio diversification. We have continued on this path, and at December 31, 2023, 56% of our net exposure was exposed to foreign currencies, compared to 47% at the end of 2022.

Our exposures to currencies, net of any hedging effects, are summarized in the table below:

At December 31,	2023		2022	
	\$ millions	% of portfolio	\$ millions	% of portfolio
Canadian Dollar	57,501	44	66,233	53
United States Dollar	48,042	37	37,563	30
Euro	7,659	6	5,554	4
British Pound Sterling	7,210	5	5,268	4
Australian Dollar	3,653	3	3,078	2
Other	6,440	5	8,561	7
<b>Total</b>	<b>130,505</b>	<b>100</b>	<b>126,257</b>	<b>100</b>

As previously discussed, the unhedged exposure to foreign currencies contributed \$1.5 billion or 1.2% of unrealized foreign currency losses to our net investment income for the year, primarily due to the impact of a weaker U.S. dollar. This was compared to \$2.6 billion of unrealized foreign currency gains in 2022.

## Industry Exposure

OMERS portfolio is diversified across industries. The table below presents OMERS net exposure by industry based on Global Investment Industry Classification Standards (GICS) at December 31, 2023 and 2022.

As at December 31,	2023	2022
Real Estate	15%	17%
Financials	14%	15%
Government	13%	17%
Industrials	13%	13%
Utilities	12%	11%
Healthcare	10%	9%
Information Technology	8%	7%
Consumer Discretionary	7%	6%
Communication Services	5%	4%
Energy	2%	3%
Consumer Staples	2%	3%
Materials	1%	2%
Cash & Funding	(2)%	(7)%
<b>Total</b>	<b>100%</b>	<b>100%</b>

## Liquidity and Capital Resources

Our principal liquidity needs include meeting our pension obligations, funding investment acquisitions, meeting collateral demands related to our use of derivatives, and funding investment management and pension administration expenses.

We use a diverse set of funding sources to meet these liquidity needs. The liquidity immediately available at December 31, 2023 is presented in the table below.

As at December 31,	2023 \$ billions	2022 \$ billions
Liquid Assets <sup>1</sup>	24.2	23.1
Marketable Securities	21.8	19.4
Undrawn OFT Credit Line Capacity <sup>2</sup>	4.1	4.2

1 Liquid assets comprise cash and short-term deposits, inflation-linked bonds, and Canadian and U.S. government securities.

2 The credit facility which may be drawn by OFT comprises a \$4.3 billion three-year revolving credit facility maturing in 2026, which backstops our commercial paper program and is available for general corporate purposes.

We hold a portfolio of liquid assets that includes cash and short-term deposits, inflation-linked and government bonds, and other marketable securities.

We may also use financial and economic leverage to support our liquidity needs and to enhance our investment returns. As such, we include in immediately available sources of liquidity the undrawn capacity of the revolving credit facility held by OMERS Finance Trust (OFT), an independent entity that issues debt unconditionally and irrevocably guaranteed by AC. (OFT's corporate status and activities as a debt issuer during 2023 are described further below.)

OFT can also raise additional funding by issuing commercial paper and term notes.

We have as another source of liquidity the ability to use derivatives and repurchase agreements. During the year, we decreased our use of repurchase agreements, which totalled \$4.1 billion at December 31, 2023 (December 31, 2022 – \$12.5) in favour of other liquidity sources.

Lastly, we have ongoing liquidity inflows of contributions from Plan members and employers, and from investment income.

We evaluate our 30-day liquidity requirements daily by monitoring a Board-approved liquidity coverage ratio, as well as liquidity coverage ratios recommended by the Financial Services Regulatory Authority of Ontario. This evaluation includes stress testing that simulates major market events such as the Great Financial Crisis and the March 2020 COVID Crisis. On a monthly basis, we also evaluate OMERS ability to fund expected cash demands using available liquidity sources over a 12-month horizon.

As supported by this liquidity monitoring, we have modelled our cash reserves to meet liquidity obligations even in the event of a significant market disruption.



## OMERS FINANCE TRUST (OFT)

OFT is an independent entity that issues debt unconditionally and irrevocably guaranteed by AC, and then extends loans to AC or entities in which AC has a majority economic interest. OFT's debt-raising activities are subject to leverage limits and Board approval.

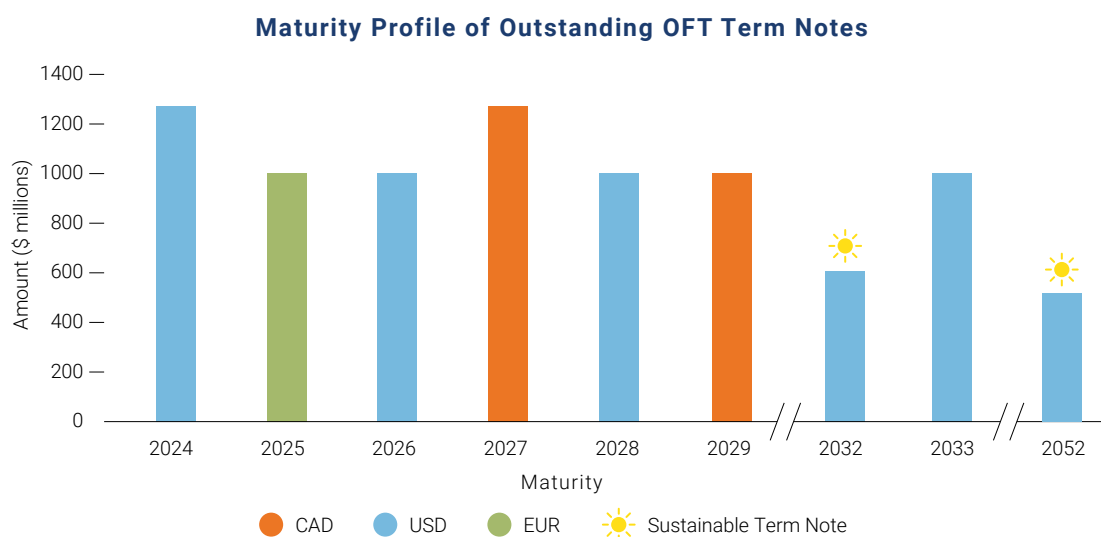
The table summarizes OFT's debt outstanding at December 31, 2023.

As at December 31,	2023 \$ billions	2022 \$ billions
OFT Credit Line	0.2	–
Commercial Paper	1.8	1.6
Term Notes	10.8	9.5

As introduced above, OFT has arranged with a syndicate of well-capitalized international banks a revolving credit facility of \$4.3 billion (2022 – \$3.9 billion). The credit facility backstops our commercial paper program and is available for general corporate purposes. It can be drawn in a variety of currencies.

OFT also issues commercial paper and term notes to institutional investors. In 2023, OFT issued a USD \$1.0 billion 5-year note bearing a coupon of 4.00% maturing in 2028, and a 10-year note of USD \$1.0 billion bearing a coupon of 5.50% maturing in 2033. Subsequent to December 31, 2023, OFT issued a EUR 750 million 5-year note bearing a coupon of 3.125% maturing in 2029.

The maturity profile of OFT's term notes at December 31, 2023 is outlined below:



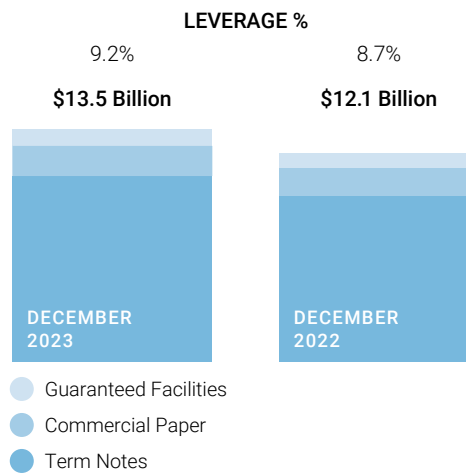
At December 31, 2023, the weighted average interest rate on outstanding OFT term notes was 2.70% (2022 – 1.85%).

In addition to OFT's guaranteed debt, AC also unconditionally and irrevocably guarantees \$0.4 billion (2022 – \$0.8 billion) of debt, financing assets within our credit, infrastructure and real estate asset classes. Of the outstanding debt, 68% is fixed rate with more than 12 months to maturity.

AC and OFT are rated by four credit rating agencies. These agencies, and the long-term issuer rating each assigns, are presented in the table below:

Agency	Rating
Fitch Ratings	AAA
DBRS	AAA
S&P Global	AA+
Moody's	Aa1

### RECOURSE DEBT



# Investment Management and Pension Administration Expenses

Internal investment management expenses were \$612 million in 2023, compared to \$693 million in 2022. The decrease was primarily driven by lower pay-for-performance.

In addition to internal investment management expenses, we incurred expenses for external manager performance and pooled fund fees of \$83 million in 2023 compared to \$37 million in 2022. This increase was driven by the outperformance of several funds managed by third parties, primarily those invested in credit funds, resulting in higher performance fees.

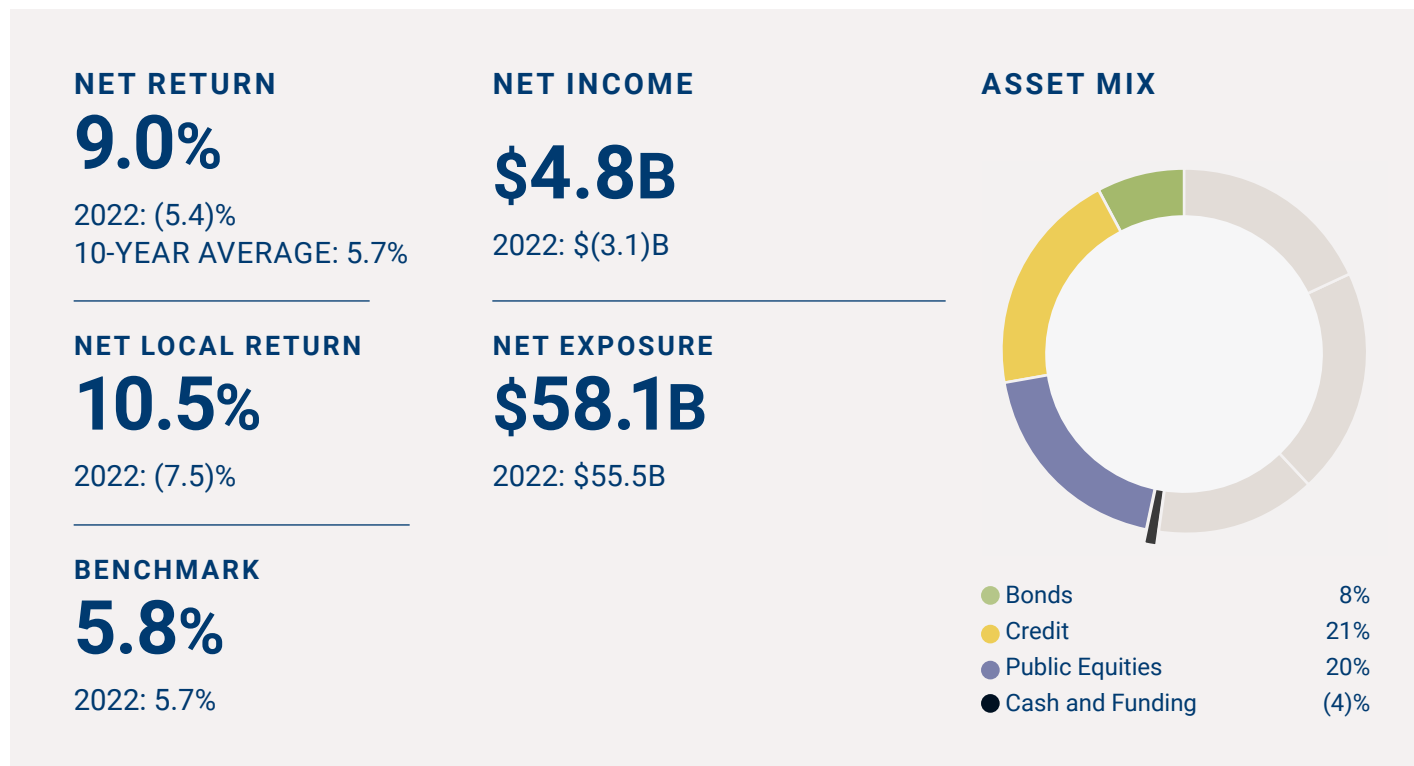
The combination of our internal and external expenses resulted in a management expense ratio of 54 basis points in 2023, a decrease from 60 basis points in 2022.

Pension administration expenses totalled \$123 million in 2023, compared to \$113 million in 2022. The increase in year-over-year cost is primarily related to hiring undertaken to address increases in member service volumes. As of January 1, 2023, OMERS opened up the plan to non-full-time employees (NFT) and welcomed over 44,000 new NFT members, contributing to a 10% increase in total membership and a 91% increase in enrolment transactions compared to 2022. Overall, 2023 saw a 15% increase in year-over-year total transactional volumes, and a 7% increase in call volumes. We continued to invest in our people, our technology, and processes as we work towards providing a great experience for our members and employers.

Our Board approves an annual budget for investment management and pension administration expenses, and regularly reviews incurred and forecasted expenses relative to that budget.

# Asset Class Performance

## Public Investments



We include the Plan's cash balance in public investments. This balance fluctuates based on public investment activity, as well as changes in collateral received or pledged, deployment and divestiture activity in our private investment asset classes, and the timing of net pension payments and expenses. For additional information, refer to the Liquidity and Capital Resources section in this MD&A.

### INVESTMENT APPROACH

Public investments include public equities, credit, and bonds. In these asset classes, we focus on high-quality investments that can generate sustainable cash income and capital growth; we aim to construct a portfolio that is diversified across geographies, sectors, strategies and income streams. We target investments in companies with strong balance sheets and resilient business models, and we partner with leading businesses, operators and best-in-class investors to access investment opportunities around the world. We believe this approach should result in more consistent returns and lower volatility over a multi-year period.

## 2023 PERFORMANCE

Public investments generated a net return of 9.0% in 2023, compared to our 2023 absolute return benchmark of 5.8%. This represents net investment income of \$4.8 billion, compared to net investment loss of \$3.1 billion in 2022.

- Public equities generated a net return of 10.4% in 2023 compared to a 11.9% loss in 2022. Our public equities delivered strong returns from our core holdings in high-quality, large-cap stocks in technology, financials, consumer discretionary, and communication sectors. Currency effects decreased the 2023 return by 1.6%. Public equities comprised 20.3% of OMERS portfolio at December 31, 2023 (2022 – 23.5%).
- Credit investments, which include both public and private credit, generated a net gain of 8.3% in 2023 compared to a gain of 3.4% in 2022. Our public credit and private credit portfolios had net gain of 6.2% and 10.0%, respectively, primarily generated from interest income. With average duration of less than two years, the portfolios benefitted from higher short-term rates and were less sensitive to changes in long-term yields. Currency effects decreased the 2023 return by 1.2%. The credit asset class comprised 20.7% of OMERS portfolio at December 31, 2023 (2022 – 20.6%).

- Bond investments generated a net return of 5.8% in 2023 compared to a loss of 3.8% in 2022. The gain was primarily from valuation increases from declining interest rates. During the year, we materially increased this portfolio's average duration from less than one year to seven years. Currency effects decreased the 2023 return by 0.2%. Bonds comprised 8.0% of OMERS portfolio at December 31, 2023 (2022 – 7.9%).

## CAPITAL ALLOCATION

Public investments increased to \$58.1 billion from \$55.5 billion at the end of 2023, primarily due to gains in public equities. An active decision was made during the year to decrease allocation to public equities in anticipation of our new target asset mix.

## Private Equity

### NET RETURN

# 3.9%

2022: 13.7%  
10-YEAR AVERAGE: 9.1%

### NET LOCAL RETURN

# 5.5%

2022: 10.5%

### BENCHMARK

# 9.6%

2022: 11.2%

### NET INCOME

# \$0.9B

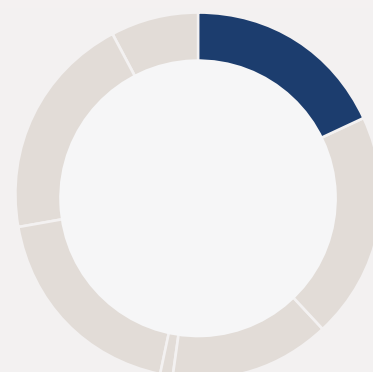
2022: \$2.6B

### NET EXPOSURE

# \$25.1B

2022: \$23.2B

### ASSET MIX



● Private Equities

19%

## INVESTMENT APPROACH

We acquire and actively manage interests in private companies through various phases of the investment lifecycle, including later stage buyout and earlier stage growth and venture investing. We aim to generate strong capital returns while appropriately managing risk.

We invest in companies with solid business fundamentals, strong management teams, and opportunities to grow both organically and through acquisitions. We focus on four core verticals: Business Services, Healthcare, Industrials and Software & Technology. The companies we invest in are primarily headquartered in North America and Europe.

## 2023 PERFORMANCE

Private equity assets generated a net return of 3.9% in 2023, compared to our 2023 absolute return benchmark of 9.6% (2022 – net return of 13.7%). This equates to net investment income of \$0.9 billion in 2023 (2022 – net investment income of \$2.6 billion). Currency effects decreased the 2023 return by 1.6%.

Our private equity returns were driven by organic EBITDA growth and accretive M&A activities across our portfolio companies, particularly in our business

services, healthcare and industrial verticals. However, EBITDA growth across the portfolio was weaker than plan given the challenging macro environment impacting top-line growth and operating margins. Valuations for high-quality and recession-resilient assets we own generally remained stable throughout the year – though the valuations of our software and technology assets, which primarily reside in our ventures and growth equity strategies and comprise less than 2.3% of OMERS assets, were negatively impacted by operational underperformance in some assets and lower valuation multiples.

## CAPITAL ALLOCATION

Total investments in private equity increased to \$25.1 billion at the end of 2023, up from \$23.2 billion in 2022. This increase was primarily driven by net investment income and net transaction activity in the buyout segment. Key transactions included the acquisitions of Bionic (an independent broker of essential services to U.K. small- and medium-size enterprises) and North Highland (a leading global change and transformation consultancy), and the sale of Trescal (a global specialist provider of calibration services).

## Infrastructure

### NET RETURN

# 5.5%

2022: 12.5%  
10-YEAR AVERAGE: 10.7%

### NET LOCAL RETURN

# 5.9%

2022: 10.6%

### BENCHMARK

# 7.7%

2022: 7.7%

### NET INCOME

# \$1.5B

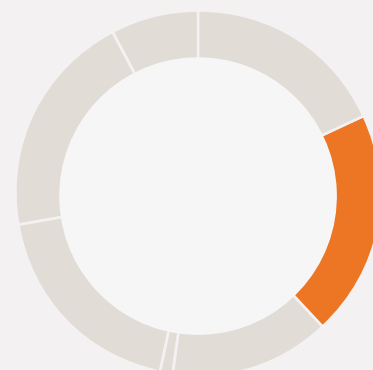
2022: \$2.9B

### NET EXPOSURE

# \$28.0B

2022: \$26.3B

### ASSET MIX



● Infrastructure

21%

## INVESTMENT APPROACH

We invest in large-scale infrastructure services or businesses predominantly operating within the energy and utilities, transportation, digital and social infrastructure sectors in North America, Europe and the Asia-Pacific region. We take a patient and disciplined approach to infrastructure investing, and we actively diversify our portfolio across industries, technologies and geographies. We focus on investments that have high barriers to entry or that are supported by public regulation or by substantially contracted revenue streams.

## 2023 PERFORMANCE

Infrastructure assets generated a net return of 5.5%, compared to our 2023 benchmark of 7.7% (2022 – net return of 12.5%). This equates to net investment income of \$1.5 billion in 2023 (2022 – \$2.9 billion) and an operating cash yield of 3.5% in 2023, compared to 3.1% in 2022. Currency effects decreased the 2023 return by 0.4%.

Our returns were supported by steady income generation and valuation gains from operational performance across several assets, particularly in the energy and utilities sector, which benefitted from inflationary tailwinds and recent regulatory outcomes. Overall performance was adversely impacted by unrealized losses from operational underperformance in a few specific assets in the energy and utilities and transportation sectors.

## CAPITAL ALLOCATION

Infrastructure investments increased to \$28.0 billion in 2023, up from \$26.3 billion in 2022. This increase was a combination of capital deployment and growth in the value of existing assets.

Subsequent to year-end, we acquired Kenter B.V. (an energy infrastructure solutions business in the Netherlands and Belgium).

## Real Estate

### NET RETURN

**(7.2)%**

2022: 13.6%  
10-YEAR AVERAGE: 7.1%

### NET LOCAL RETURN

**(6.6)%**

2022: 11.8%

### BENCHMARK

**6.3%**

2022: 7.1%

### NET INCOME

**\$(1.5)B**

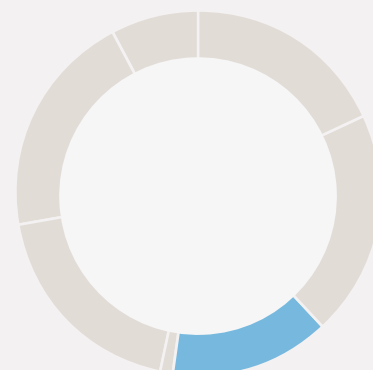
2022: \$2.6B

### NET EXPOSURE

**\$19.4B**

2022: \$21.2B

### ASSET MIX



● Real Estate

15%

## INVESTMENT APPROACH

We invest in real estate through Oxford Properties Group (Oxford), a leading global real estate investor, manager and developer. We pair our global expertise and scale with local experience and world-class management teams to meet our capital allocation priorities and enhance returns.

Oxford's purpose is to create economic and social value through real estate – safeguarding the future and creating opportunities for our customers, communities, partners and people. We invest in a diversified portfolio of industrial, office, credit, retail, residential, life sciences, and hotel, credit and niche alternative assets in Canada, the U.S., Europe and Asia-Pacific. Our real estate portfolio consists of approximately 105 million square feet, including 9,000 residential units and 3,000 hotel rooms.

## 2023 PERFORMANCE

Real estate assets generated a net loss of 7.2%, compared to our 2023 benchmark of 6.3% (2022 – net return of 13.6%). This equates to net investment loss of \$1.5 billion in 2023 (2022 – net investment income of \$2.6 billion). Currency effects decreased the 2023 return by 0.6%.

Our performance in 2023 was impacted by valuation declines as higher long-term borrowing costs increased discount rates and terminal capitalization rates across all sectors. In particular, the office sector, which represents 21% of Oxford's real estate portfolio, came under the most strain. Despite low vacancy rates in Oxford's office portfolio, negative market sentiment from investors towards the asset class resulted in lower valuations. While pricing declines were also experienced in other real estate asset classes, these were partially offset by valuation increases from favourable leasing mainly in our industrial and retail sectors. Oxford's stable income from property operations continues to outperform budget.



## CAPITAL ALLOCATION

Real estate investments decreased to \$19.4 billion at December 31, 2023, down from \$21.2 billion in 2022, primarily due to disposition activities and valuation declines.

In 2023, Oxford continued to execute on its capital allocation strategy, disposing of assets that were not expected to provide long-term outsized returns. Disposition activity was highlighted by the syndication of a 75% interest in two Greater Toronto Area industrial business parks and the formation of a new partnership with TPG (a large U.S. private equity firm) in which Oxford will remain the property and asset manager. This represented the largest private industrial transaction in Canada of 2023.

Oxford is one of the world's most active global developers with over 40 active development projects representing \$2.8 billion in committed equity deployment (with \$1.4 billion remaining). Highlights include the successful delivery of The Stack office tower in Vancouver, the first high-rise Zero Carbon Design office tower in Canadian history.



## Sustainable Investing

As an active investor with a long-term horizon, we have a fiduciary imperative to identify and assess how changes in the world around us may affect or be affected by our investments and the way we invest going forward. This includes continuous review and analysis of rapidly evolving sustainability-related topics, so that we can be an informed voice in promoting the improvement of our environmental, social and governance (ESG) systems. In turn, this better positions us to generate and protect value for our members over time.

We believe that well-run organizations with sound sustainability-related practices will perform better, particularly over the long term. This is reflected in our Statement of Investment Beliefs, Statement of Investment Policies and Procedures, and Sustainable Investing (SI) Policy, each of which is approved by the AC Board and can be found at [omers.com](https://www.omers.com). This belief drives our approach to investing which enhances our insights as we look to generate long-term returns.

Our goal is to understand and evaluate the interconnected dynamics between ESG factors and long-term investing to understand how they may influence value, risk and opportunity in our investments, and align our actions to foster long-term thinking.

## Key highlights for 2023:

- Published our comprehensive Climate Action Plan (CAP), detailing OMERS approach to climate change and roadmap to Net Zero 2050
- Communicated our goals and commitments in the CAP, including:
  - Reducing portfolio emissions<sup>1</sup> by 20% by 2025 and 50% by 2030
  - Growing our green investments to \$30 billion by 2030
  - Engaging with the highest emitters in our portfolio to establish credible net-zero transition plans
  - Reaching net-zero GHG emissions in our own operations by 2050 or sooner
- Linked ESG and climate change performance measures to incentive compensation for relevant C-suite members and senior investment professionals
- Joined the Institutional Investor Group on Climate Change (IIGCC) and Climate Action 100+ to advance our engagement strategies
- Collaborated with the Investor Leadership Network on two climate-related white papers and on advancing diversity and inclusion in the investment industry
- Actively supported the issuance and adoption of the inaugural reporting standards issued by the International Sustainability Standards Board (ISSB)
- Issued our first Sustainable Bond Report following the issuance of sustainable bonds in 2022
- Enhanced our approach to include Biodiversity in our SI Framework<sup>2</sup>
- Reported a 52% carbon reduction, thereby currently surpassing our 2030 goal.

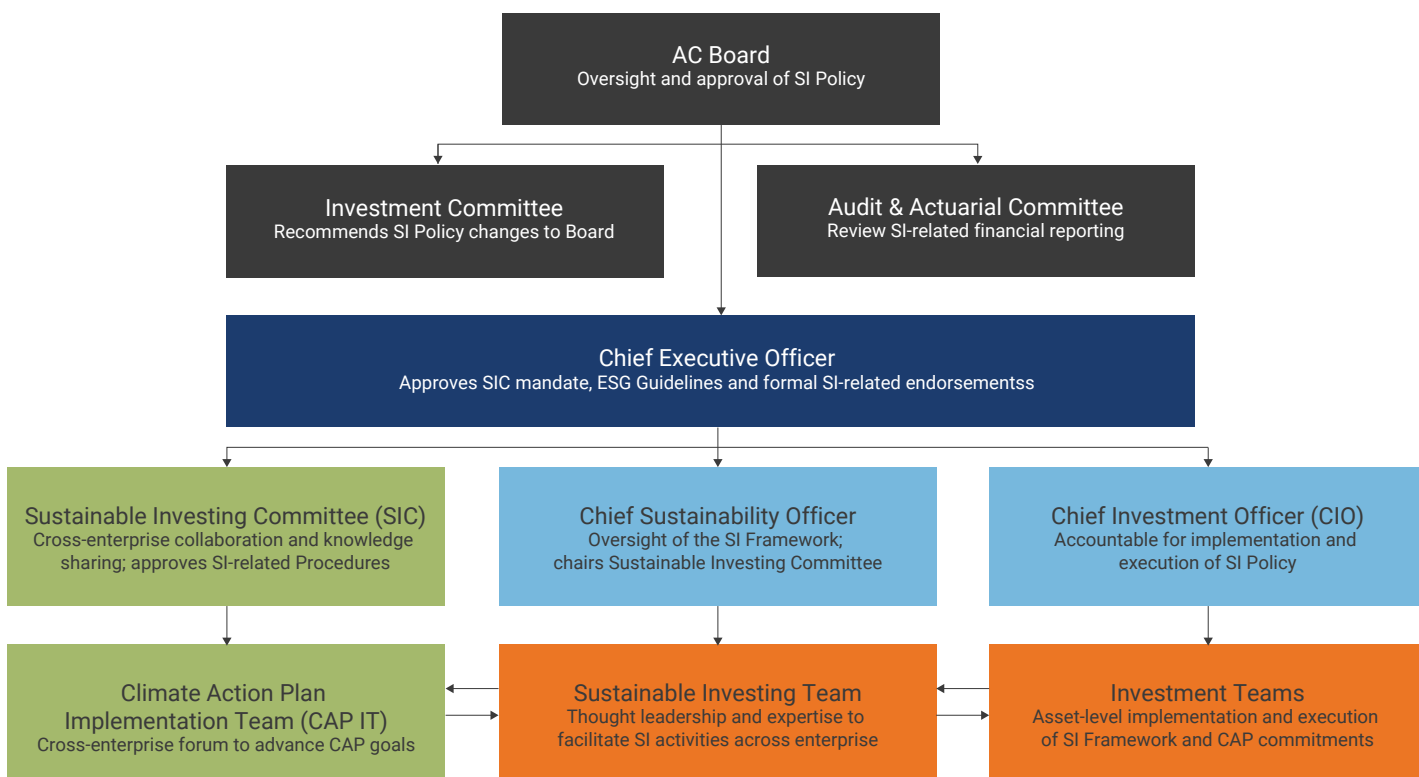
1 All emissions are converted to tonnes of carbon equivalent (tCO<sub>2</sub>e) in our calculations. The terms "emissions", "greenhouse gas", "GHG" and "carbon emissions" are used interchangeably in this report.

2 The SI Framework comprises our Sustainable Investing Policy, ESG Guidelines, ESG Assessment Procedures, Sustainable Investing Exclusion Procedures, and CAP.

## Governance

Our governance structure is critical to ensuring the long-term execution and success of our SI strategy. On an annual basis, the AC Board approves the SI Policy, which sets our strategic approach. Our senior management is responsible for its execution. Regular sustainable investing updates are provided to the Investment Committee of the Board, and all Board members continue to receive reporting and continuing education on ESG-related matters. The Board approves enterprise-level sustainability goals, including those in the CAP.

The graphic below outlines how our SI Framework is governed and implemented across the OMERS enterprise.



Our Sustainable Investing Committee (SIC) is chaired by our Chief Legal & Sustainability Officer, and includes the Chief Investment Officer, representatives from each investment business unit, and Total Portfolio Management, Risk, Finance, Legal, Human Resources and Communications. The SIC provides a forum to discuss sustainable investing issues, share best practices and advance OMERS knowledge and expertise in these areas. The SIC is established by the CEO and is responsible for internal management documents including the ESG Guidelines, and the annual review and approval of the Business Unit (BU) ESG Assessment Procedures.

The Climate Action Plan Implementation Team (CAP IT) was established in 2023 and replaces our Climate Risk Working Group. The expanded CAP IT advances the goals and objectives of our portfolio-related climate ambitions outlined in the CAP.

The BUs are responsible for the day-to-day implementation and execution of the SI Framework. This includes assessing ESG factors in their investment due diligence processes, engaging with portfolio companies on ESG-related matters, and managing their portfolios in alignment with any goals or commitments adopted by OMERS.

This governance approach is aligned with the Canadian Coalition for Good Governance (CCGG) Stewardship Principles, which we formally endorsed in 2020. The principles reinforce our responsibilities in areas such as proxy voting, portfolio monitoring and engaging with companies on material ESG matters.

## Our Sustainable Investing Strategy

Our approach to sustainable investing is grounded in three pillars: **Integration, Collaboration and Engagement**. We continue to advance our practices in each of these areas and highlight examples across business units below:



### INTEGRATION

We integrate material ESG factors throughout our investment and asset management practices. Our investment and asset management teams assess ESG factors through processes tailored to the applicable asset class, investment strategy, level of control, and influence. OMERS is primarily a direct investor, and our investment approval processes require specific consideration of material ESG risks and opportunities which are reviewed by the investment approval bodies. Each investment team has developed an ESG assessment framework and asset management practices tailored to their unique asset class characteristics. When we invest through external investment and asset managers, we assess their alignment with OMERS approach to sustainable investing annually, with the objective of avoiding inconsistencies. This assessment includes the review of the managers' applicable ESG policies, reports and procedures.

Below are some examples of how we advanced integration in 2023 across the portfolio:

- Teams that manage our public equity, credit and government bond portfolios rolled out enhancements to their ESG framework, building out ESG tools such as an ESG Dashboard available for portfolio managers to track and evaluate material ESG issues, including gender diversity statistics at the Board level.
- Our Infrastructure team conducted a comprehensive review of its approach to ESG with an external consultant to establish benchmarking against leading market ESG practices among global Infrastructure peers. The review led to enhancements to our ESG tools and procedures for both due diligence and asset management.
- In Private Equity, we formally integrated sustainability-related reporting into our quarterly asset management review cycle. We also became a member of the ESG Data Convergence Initiative (EDCI), a partnership of private equity stakeholders committed to streamlining ESG metrics and generating useful data-based insights.
- Oxford relaunched an enhanced ESG Framework in line with regulatory and market evolutions with a focus on: (i) climate-proofing our portfolio through a systemic, science-aligned process to put asset decarbonization in action, (ii) creating meaningful, positive impacts for the employees, customers and communities around the spaces we manage and operate, and (iii) enhancing ESG governance practices. The team also rolled out a new ESG data management platform to enhance coverage, quality and access to data across the business and launched curated ESG education sessions to upskill global team members. Additional detail can be found in Oxford's Sustainability Report.



## COLLABORATION

We recognize the connection between the delivery of our pension promise and the sustainability and resilience of the financial, environmental and social systems within which we operate and invest. We believe that through collaboration with like-minded institutions, advocacy, and partnership building, we can amplify our impact on the broader investment ecosystem. This in turn shapes the risks and opportunities that affect our ability to achieve investment returns.

Highlights of our industry collaboration efforts in 2023 include:

- Chief Executive Officer Blake Hutcheson continued in his role as Investor Leadership Network (ILN) CEO Council Co-Chair. ILN's mandate is to drive the transition to a sustainable and inclusive global economy. Its work included the development of tools to enhance asset owners and managers' real world decarbonization efforts<sup>1</sup> and the application of transition finance frameworks and taxonomies to driving decarbonization goals.<sup>2</sup> As the Co-Chair of the "Diversity in Investment" Committee, which was established by the ILN to enhance inclusion and diversity among investment organizations, we expanded capacity and knowledge building through sharing best practices, as well as the development and integration of diversity data collection tools for private companies and benchmarking for public companies.
- Chief Legal & Sustainability Officer Michael Kelly continued in his role as a member of Canada's Sustainable Finance Action Council (SFAC) as well as its Disclosure Technical Expert Group. This work mandated TCFD-based disclosure, recommended strategies to improve the quality of climate-related disclosure for public and private assets and developed a taxonomy roadmap to establish standardized definitions of green and transition financing in Canada.

- Chief Financial & Strategy Officer Jonathan Simmons continued in his role as Co-Chair of the Canadian Chapter of the Accounting for Sustainability (A4S) CFO Leadership Network.
- OMERS joined the Institutional Investors Group on Climate Change (IIGCC), a leading global investor membership body focused on developing tools and frameworks that support integration of climate risks and opportunities into the investment process.

## Advocacy

We are committed to promoting better transparency in ESG data and disclosure to improve the functioning of financial markets at the system or macro level. We built on our support for the establishment of the International Sustainability Standards Board (ISSB), by continuing to advocate for greater sustainability-related disclosure. Our CEO, Blake Hutcheson, joined 10 CEOs of Canada's leading pension plans in support of the issuance and adoption of the inaugural IFRS S1 and S2 standards. We also provided formal responses to consultation requests from different organizations. Links to our full responses can be found on our website.

<sup>1</sup> [https://investorleadershipnetwork.org/wp-content/uploads/BAR.PAR\\_138-Whitepaper-Design\\_V12.pdf](https://investorleadershipnetwork.org/wp-content/uploads/BAR.PAR_138-Whitepaper-Design_V12.pdf)

<sup>2</sup> [https://investorleadershipnetwork.org/wp-content/uploads/BAR.PAR\\_141-August-23-Whitepaper-FINAL.pdf](https://investorleadershipnetwork.org/wp-content/uploads/BAR.PAR_141-August-23-Whitepaper-FINAL.pdf)



## ENGAGEMENT

We actively engage with many of our investee companies and other industry stakeholders to advocate for sustainable business practices and long-term thinking. Engagement is a hallmark of our stewardship of the OMERS Plan assets.

For asset-level engagement, our approach to engagement is informed by our specific investment strategy and our level of control and influence. Through our engagement activities, including our proxy voting program, we seek to encourage actions by company boards and management teams that will enhance long-term shareholder value. In our private markets investments where we hold direct ownership, OMERS engages with investee companies in various ways. For example, when we have a significant ownership stake, we typically have negotiated governance rights, which may include board participation of our own employees or external director nominees. We also maintain regular interactions with board members and management teams, and we seek to ensure effective communication of material ESG risks and opportunities. In 2023, the Infrastructure team conducted site visits at six portfolio companies to discuss and share our ESG assessment and engagement approach.

To amplify our voice, we engage with other investors through collaborative platforms. As a founding member of Climate Engagement Canada (CEC), OMERS contributes to the dialogue between the financial community and Canadian corporations to promote a transition to a net-zero economy. The CEC includes 41 investors with \$5.2 trillion in assets. In 2023, OMERS chaired the Industry Leaders Advisory Panel and participates as a lead or supporting investor for five of the focus list companies.

As part of our enhanced engagement strategy outlined in our CAP, OMERS joined CA100+, an investor-led global initiative representing 700+ investors with US\$68 trillion in assets. It is focused on engaging with 170 of the world's largest corporate greenhouse gas (GHG) emitters on their approach to climate change.

## Proxy Voting

Consistent with our fiduciary obligations, OMERS exercises its ownership rights in listed companies by voting proxies in a manner intended to optimize the long-term value of its investments. In 2023, we:

- Voted on 5,294 items at 669 meetings across 35 countries
- Cast 112 votes against directors at companies whose board gender diversity was below 30%
- Voted for 10 shareholder proposals requesting better disclosure around climate lobbying practices
- Voted against 20 anti-ESG shareholder proposals

Our Proxy Voting guidelines address OMERS approach to voting on climate change and GHG emissions-related proposals, and there are instances where we vote against such proposals, for example (i) where there is already ongoing dialogue with management, or (ii) the structure of the proposal does not provide sufficient detail on the climate-related item being voted on.

See our website for our proxy voting record and guidelines.



## Sustainability in Action at Portfolio Companies



**Northvolt:** Co-led additional funding to support the expansion of manufacturing facilities in Europe and North America, announcing plans to establish a new battery gigafactory in Quebec. Northvolt also announced a technology breakthrough – developing a state-of-the-art low cost and sustainable sodium-ion battery which is free from rare earth minerals such as lithium, nickel, cobalt and graphite.



**Group14 Technologies:** Commenced construction of its second commercial scale battery factory in the United States which is expected to be home to the world's largest factory for advanced silicon battery materials for EV programs to meet global decarbonization targets.



**Redwood Materials:** The newest addition to the OMERS GreenTech portfolio, Redwood is building a circular supply chain for battery materials – recovering, on average, 95% of key elements from used batteries, battery packs and consumer electronics.



**Deep Sky:** An early-stage business aiming to build direct air and seawater carbon capture infrastructure and sequestration at massive scale.



**Bruce Power:** Participated in Ontario's new clean energy credit market by offering clean energy credits to Ontario businesses for incremental carbon-free generation to the province's power grid. The company is also investing in enhancements to extend the life of its existing power capacity to beyond 2064 to continue meeting Ontario's energy needs as well as exploring the feasibility of expanding its generation capacity.



**James Snow Business Park:** Oxford is protecting and revitalizing sensitive ecosystems in the Greater Toronto Area through the biodiversity initiatives at the Park, where we introduced native species and provided key habitats. In addition, throughout the design and development process, we have employed a variety of locally owned businesses, including an Indigenous-owned entity.



**Victoria House:** Following Oxford's 2022 acquisition of this Grade II-listed office building in Central London, we began planning its conversion to an energy-efficient and inclusive life science complex. We developed a site-specific ESG framework that guides the design, construction and procurement of the life science conversion as well as the ongoing asset management and operating of the property.

## Investment Exclusions

We are conscious that restricting investments in entire industries or sectors limits the range of available investment opportunities and portfolio diversification, and accordingly the criteria for any such exclusion for a fiduciary investor like OMERS must be stringent. Generally, our preferred approach is engagement rather than divestment. However, we may assess specific industries or sectors against ESG factors to determine whether to exclude them from our investment portfolios. We have developed a risk-based, principled framework to determine these exceptional circumstances. We updated this framework in 2023 to include factors that may pose undue reputational risk to OMERS and where the costs of investment in a sector or company outweigh the benefit of continued ownership.

Currently, we exclude investments in entities engaged in the manufacturing of civilian firearms, anti-personnel landmines, cluster munitions, and tobacco. In 2023, we added an exclusion for companies with material revenue (more than 25%) from thermal coal.

# Climate-Related Disclosure<sup>1</sup>

In 2023, we launched our Climate Action Plan which outlines our approach to achieving net-zero carbon emissions in our portfolio and operations by 2050. We recognize the urgent global challenge that climate change poses, the risk and opportunities to our investments, and the role we can play at OMERS. This year we are reporting a 52% reduction in our portfolio weighted-average carbon intensity (WACI) from our 2019 baseline, which surpasses the goal we have set for 2030. While we are encouraged by the transition of the portfolio over the past four years, we must emphasize that WACI is a point-in-time measure and will fluctuate (up or down) in any given year depending on many factors, including asset valuations and business revenues. The significant portfolio carbon intensity reduction to date can be attributed both to rotating capital from higher to lower emitting assets and to emissions intensity reductions in several carbon-intensive assets.

## GOVERNANCE

The AC Board, senior management and our SIC all have active governance roles in our approach to climate change. Our approach to sustainable investing governance is described on page 60.

## STRATEGY

Climate change presents both physical and transition risks to OMERS investment portfolio. Physical risks include the risk of loss due to extreme weather events or longer-term shifts in climate patterns. Transition risks include changes in government policy and regulation, technology, markets, and reputation, which may increase the costs of certain assets (e.g., carbon pricing) or their marketability. These changes may impact the value of our investments.

OMERS actively evaluates how we support real world emission reductions in the context of the global energy transition. This includes working with portfolio companies on their decarbonization plans and making investments in transition-enabling companies. To that end, in 2023 we announced our \$3 billion transition sleeve for new investments in high-emitting assets that are on a decarbonization pathway to creating “real world” decarbonization but whose emissions trajectory may not align with our interim goals. We are also focused on originating and executing opportunities to invest in leading businesses active across the industrial decarbonization and clean technology space. We believe this approach may uncover attractive investment opportunities that put our capital to work in actual decarbonization projects.

Our approach to climate change is aligned with the three pillars of our SI Framework: Integration, Collaboration and Engagement, and the recommendations of the TCFD (now part of ISSB). More detail on our approach can be found in the CAP. We assess climate risk and opportunity from both a top-down and bottom-up perspective.

<sup>1</sup> Disclosures aligned to TCFD recommendations (now part of ISSB).

Our top-down approach includes climate scenario analysis, exploring physical risk, and advancement of our emissions forecasting tool. We recently conducted our third total fund climate scenario analysis, leveraging the capabilities of a third-party service provider. Through our analysis, we considered the risks and opportunities of macroeconomic factors such as long-term GDP growth, inflation, and country-specific climate-related policy ambition. We explored four specific scenarios, aligned with Intergovernmental Panel on Climate Change (IPCC) scenarios.



The analysis demonstrated that the potential impacts to our portfolio are highly dependent on the actual scenario that unfolds and the sectors and regions in which we invest, and is not just limited to specific asset types. The findings highlight areas of both risk and opportunity for the Plan and emphasize the importance of our integrated decision-making process, which considers climate-related scenario analysis at the total portfolio level. As the use of climate scenario analyses for investors like OMERS is relatively nascent, we anticipate continuing to refine our analyses as global learnings and expertise evolve and new information becomes available.

As part of our broader strategy of collaboration, OMERS participated in a climate transition risk pilot project led by the Bank of Canada and the Office of Superintendent of Financial Institutions (OSFI). The goal of the project was to begin assessing the systematic implications of climate transition risk to the Canadian financial system with a focus on the role of pension funds and resiliency to such risks. The project integrated scenario analysis to gain insights into the direct effects and systemic implications of climate transition shocks. According to the findings from the study, long-term investors such as pension funds may act as a stabilizing force when it comes to climate transition shocks. The findings from the pilot are available at *Understanding the Systemic Implications of Climate Transition Risk: Applying a Framework Using Canadian Financial System Data* – Bank of Canada.

Our bottom-up approach includes our annual portfolio carbon footprinting exercise and ongoing integration of climate risk and opportunity as part of due diligence and ongoing asset management, as outlined in the CAP. The Infrastructure and Oxford teams piloted the use of a physical climate risk assessment platform across their portfolio. Given the nascent nature of physical risk analysis, we are currently evaluating the outcomes from the pilot and how to best use the insights for risk management and value creation activities. Oxford continues to focus on portfolio decarbonization through a systemic, science-aligned process that identifies asset-level activities and milestones that together will result in a net-zero carbon portfolio.

We actively support and participate in initiatives such as Climate Engagement Canada (CEC) and Climate Action 100+ (CA100+) where we engage with portfolio companies in collaboration with other investors. CEC released its first benchmark findings on its focus list of companies in 2023, and key findings include:

- 98% of companies have committed to align their disclosures with TCFD, and
- 44% have disclosed a net-zero ambition.

These CEC Net Zero Benchmark insights will inform our ongoing engagement strategy including relevant dialogue with portfolio companies.

CA100+ is an investor-led global initiative focused on engaging with 170 of the world's largest corporate greenhouse gas emitters (GHG) on their approach to climate change. The latest CA100+ benchmark results indicate that 77% of focus companies have now committed to net zero by 2050 or sooner with 87% disclosing medium-term GHG reduction targets.

## RISK MANAGEMENT

OMERS integrates climate risk into Plan-level risk management processes, policies, and approaches. Climate change is explicitly considered in our Investment Risk Policy, Risk Appetite Statement, and related metrics are embedded in our Investment Risk Reports presented to the Investment Committee of the Board. This supports our identification, assessment, and management of both physical and transition related risks. We accept that there will always be exposure to long-term climate risk. As a globally diversified investor, the specific transition or physical risks will differ depending on the sectors and regions in which we invest. Where climate change impacts are considered material to a proposed investment, our teams analyze potential impacts to value and risk, and we involve internal or external experts as necessary.

We continue to refine our approach to climate change within the Risk team to mature our climate risk management capabilities. We plan on taking a two-pronged approach to managing climate risk, recognizing it as both a standalone risk, and a factor with potential impacts on market, credit, liquidity, operational, legal, and reputational risks.

As part of the execution of our CAP, OMERS has established the CAP IT. Please see more details on page 60.

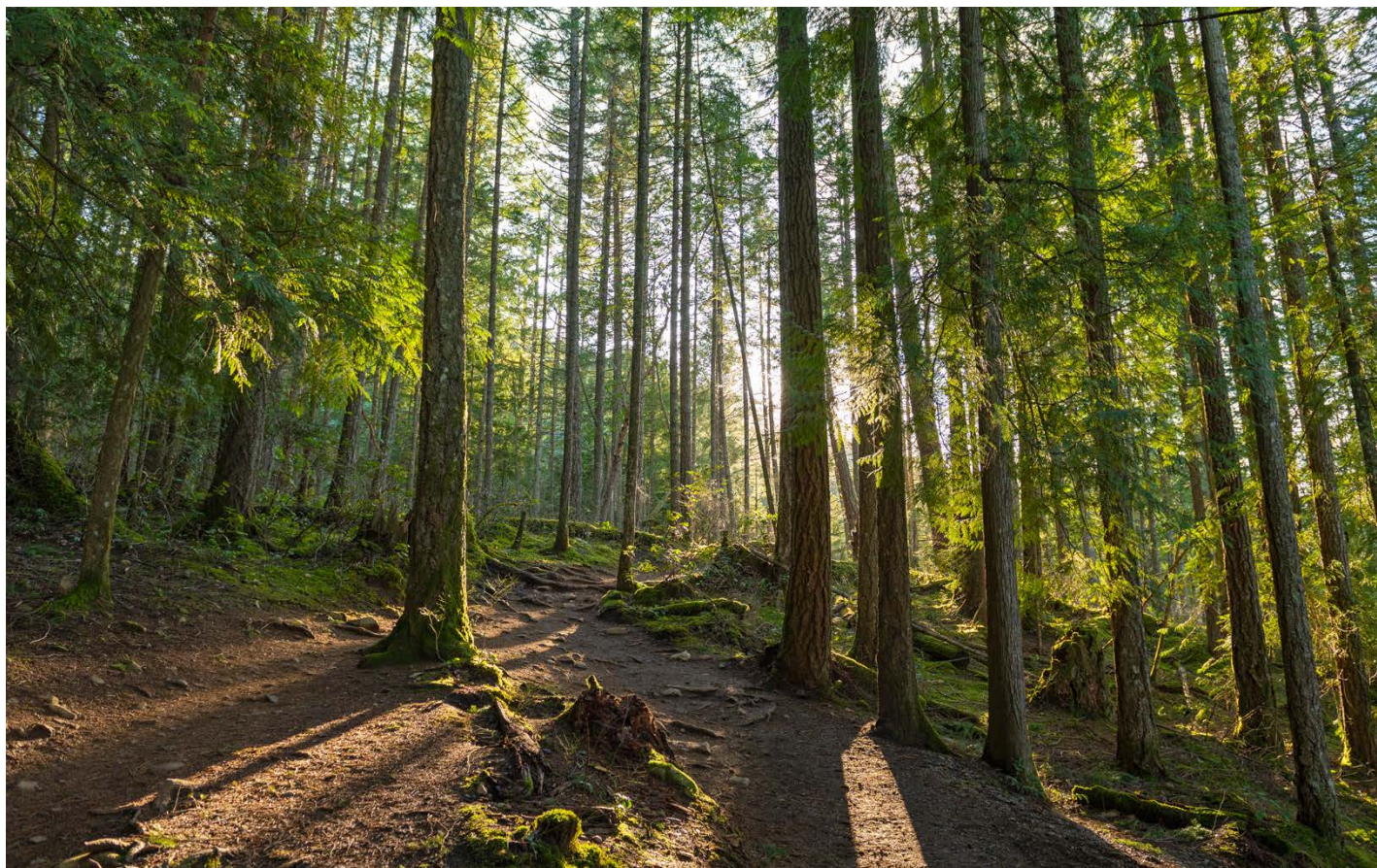
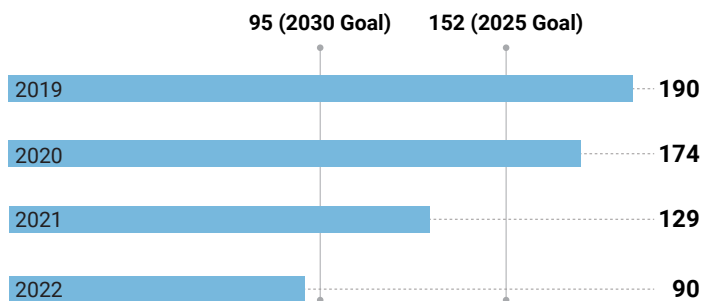
## METRICS AND TARGETS

In 2023, we continued to evaluate measures to help us understand the implications of climate change to OMERS portfolio and to enhance our view of the portfolio through this lens. We have set short- and medium-term goals as described in the CAP and report our progress annually. We expanded our Net Zero 2050 commitment to our corporate operations as part of our CAP, and as a first step we have measured our corporate carbon footprint. The results of our portfolio carbon footprint, our corporate carbon footprint, together with our progress against our stated goals are reported below.

## A. Portfolio Carbon Footprint

We computed our fourth annual portfolio carbon footprint, which continues to be based on the recommendations of the TCFD (now part of ISSB). We report on our WACI annually and use this metric to set carbon reduction goals. WACI (tCO<sub>2</sub>e/\$M Revenue) measures the portfolio's carbon efficiency by considering each investment asset's total revenue-based emissions intensity and its portfolio weight. We also disclose other market standard climate-related metrics including Portfolio Carbon Footprint (tCO<sub>2</sub>e/\$M Invested) and Absolute Emissions (tCO<sub>2</sub>e).

### Year-over-Year Weighted-Average Carbon Intensity (tCO<sub>2</sub>e/\$M Revenue):



### CLIMATE METRIC DEFINITIONS

**WACI (tCO<sub>2</sub>e/\$M Revenue)** measures the portfolio's carbon efficiency by considering each investment asset's total emissions relative to its revenue and the weight in the portfolio.

**Absolute Emissions (tCO<sub>2</sub>e)** represent the share of a portfolio company's emissions attributed to OMERS based on our ownership.

**Carbon Footprint (tCO<sub>2</sub>e/\$M Invested)** represents OMERS absolute emissions divided by the total portfolio exposure.

This year, we are disclosing historical absolute emissions for 2019 and 2020 to provide historical comparables for all portfolio carbon footprint metrics. This provides greater transparency and detail into our portfolio's emissions trajectory beyond total portfolio WACI. Each year since 2019, we engaged PricewaterhouseCoopers LLP, an independent third party, to conduct limited assurance engagements on the historical emissions metrics included in the following table. The limited assurance report for 2022 can be found in the Reference section of this year's annual report and prior years' limited assurance reports can be found in previous annual reports. This information is not incorporated by reference into this Management's Discussion & Analysis.

## Portfolio Climate Metrics by Year

	2019	2020	2021	2022
Absolute Emissions (tCO <sub>2</sub> e)	4,586,547	5,124,998	3,939,910	<b>3,381,652</b>
Carbon Footprint (tCO <sub>2</sub> e/\$M Invested)	57	57	36	<b>30</b>
WACI (tCO <sub>2</sub> e/\$M Revenue)	190	174	129	<b>90</b>

We also disclose the contribution of each asset class to the 2022 portfolio climate metrics.

## 2022 Portfolio Climate Metrics by Asset Class

	Equities <sup>1</sup>	Fixed Income <sup>2</sup>	Real Assets <sup>3</sup>	Total Portfolio
Value of In-Scope Exposure Analyzed (\$M)	47,187	12,995	52,090	<b>112,272</b>
Absolute Emissions (tCO <sub>2</sub> e)	2,024,869	405,694	951,089	<b>3,381,652</b>
Carbon Footprint (tCO <sub>2</sub> e/\$M Invested)	43	31	18	<b>30</b>
WACI (tCO <sub>2</sub> e/\$M Revenue)	99	66	89	<b>90</b>
Company-Reported Emissions	50%	35%	81%	<b>63%</b>
Estimated Emissions	50%	65%	19%	<b>37%</b>

1 Includes public and private equity holdings.

2 Includes corporate bonds and credit holdings.

3 Includes infrastructure and real estate holdings.

Company-reported emissions are emissions data directly reported by the company, versus estimates which can be less reliable. The percentage of company-reported versus estimated emissions data has remained relatively stable, with the majority of the emissions data used in our metrics sourced from company reporting.

OMERS has implemented a Climate Metrics Manual which is an internal procedural document that reflects evolving guidance and market practices on climate reporting. The key aspects of our methodology include:

- Climate metrics are calculated based on investment assets held as at the prior year-end (e.g., December 31, 2022 for this 2023 Annual Report). Accordingly, data is reported on a one-year lag given that company data typically lags annual reporting year-ends by approximately six months. For example, corporate GHG data for 2022 is only available starting in mid-2023 for most companies.

- The value of OMERS portfolio in-scope economic exposure for climate metrics is \$118 billion<sup>1</sup> (up from \$116 billion at December 31, 2021). Approximately 95% of in-scope assets are covered by our climate metrics based on available emissions and financial data.
- Our approach is in line with the TCFD recommendations for Asset Owners and the Greenhouse Gas (GHG) Protocol; and informed by guidance from Partnership for Carbon Accounting Financials (PCAF). In certain areas, OMERS approach differs from the PCAF standard due to reasons of practicality. One difference is the use of standard enterprise value (EV) rather than the PCAF-recommended enterprise value including cash (EVIC). The enterprise value approach remains consistent with the general attribution principle articulated by PCAF which is that a financial institution should account for both the equity and debt share in a company when measuring absolute emissions.
- We account for financed emissions by attributing our share of an asset's emissions based on OMERS proportionate share of the asset's enterprise value – accounting for both the debt and equity in an asset.
- We include Scope 1 (direct GHG emissions that occur from sources owned or controlled by a company) and Scope 2 (indirect GHG emissions associated with the purchase of electricity, steam, heat or cooling) emissions.
- We track reported Scope 3 emissions (indirect GHG emissions from the value chain) and approximately 45% of the companies in our in-scope portfolio by economic exposure are disclosing Scope 3 emissions (up from 25% last year).
- We use reported emissions data for the majority of our portfolio. Where data is not reported, we use estimates. For private assets, we estimate based on public proxies where available and GICS sub-industry emission intensities where not. For public companies, we use estimated emissions provided by MSCI.

<sup>1</sup> This is not equal to OMERS total net assets as not all instruments are included in scope for portfolio carbon footprinting. This value represents all OMERS long-only economic exposure with existing carbon footprinting methodology where we have position transparency and includes notional value to account for equity derivatives. The following instruments and investment types are not in scope: cash, short-term notes, currency instruments, short positions, interest rate swaps, commodities, external funds and government securities.

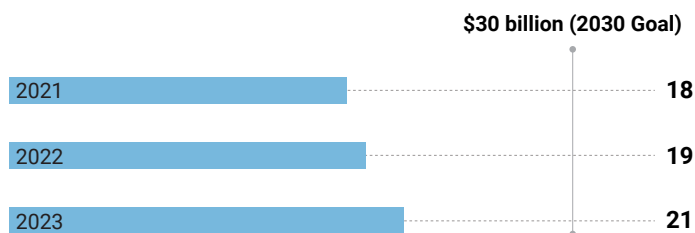


## B. Green Investments

Understanding how the portfolio is positioned against green, low-carbon and transition taxonomies is a key area of focus and a key driver behind our 2030 goal to grow our green investments to \$30 billion. We have calculated the portfolio's green investment exposure using the International Capital Market Association's (ICMA) Green Bond Principles.

We plan to expand these categories over time as sustainable finance taxonomies evolve. At year-end 2023, green investments totalled \$21 billion including green buildings, renewable and low-carbon energy, and energy efficiency assets.

### Green Investments



## C. Portfolio Alignment

As part of the CAP, we announced a goal to ensure our portfolio's highest emitters are aligning their decarbonization pathways with our Net Zero 2050 commitment. We expect our top 20 WACI contributing portfolio companies to have credible net-zero transition plans in place by 2030. As of our latest portfolio carbon footprint, our top 20 WACI contributors accounted for 59% of OMERS total WACI. 65% of these companies have made a commitment to achieve net-zero carbon emissions by 2050 or sooner. We are in the process of assessing the alignment for each of these top 20 firms and designing engagement strategies to support their advancement.

## D. Corporate Carbon Footprint

As part of our commitment to net-zero operations by 2050, OMERS undertook our first internal greenhouse gas (GHG) emissions footprinting exercise. This included accounting for the GHG emissions for all of OMERS and Oxford corporate operations globally.

Our 2023 corporate footprint across all scopes was 8,740 tCO<sub>2</sub>e. Our corporate footprint is approximately 0.3% the size of our portfolio carbon footprint.

# Reconciliation of Non-GAAP Measures

## Reconciliation of Net Investment Assets to Net Exposure

The classification and measurement of certain investment assets and investment liabilities in this MD&A differ from the amounts reported in our Consolidated Financial Statements in accordance with GAAP. The following table sets out the reconciliation of Net Investment Assets in Note 3 of the Consolidated Financial Statements to Net Exposure in this MD&A.

Consolidated Financial Statements	Reclassifications										MD&A	
	Derivative Exposures <sup>1</sup>	Funds <sup>2</sup>	Corporate Bonds <sup>3</sup>	Preferred Shares <sup>4</sup>	Recourse Debt <sup>5</sup>	Repurchase Agreements <sup>6</sup>	Contractual Agreements <sup>7</sup>	RCA <sup>8</sup>	Other Items			
In \$ millions as at December 31, 2023												
<b>Fixed Income</b>											<b>Fixed Income</b>	
Inflation-Linked Bonds	3,332								109			
Nominal Bonds and Debentures	13,190	1,048		(6,672)					(541)	10,466	Bonds	
Private Debt and Mortgages	11,520	3,123	6,397	6,672	580	(2,048)			751	26,995	Credit	
<b>Equities</b>											<b>Equities</b>	
Public Equities	17,658	8,983	237		(28)			(109)	(304)	26,437	Public Equities	
Private Equities	32,672		(7,041)		(552)	(134)			107	25,052	Private Equities	
<b>Real Assets</b>											<b>Real Assets</b>	
Infrastructure	30,937					(1,635)		(1,356)	13	27,959	Infrastructure	
Real Estate	22,586		407			(2,901)		(624)	(94)	19,374	Real Estate	
<b>Short-Term Instruments</b>											<b>Cash and Funding</b>	
Cash and Short-Term Deposits	18,457	(13,154)				(6,342)	(4,064)	(168)	(5)	(502)	(5,778)	Cash and Funding
<b>Investment-Related Assets &amp; Liabilities</b>	(17,891)						13,060	4,064		767		
<b>Total Net Investment Assets</b>	<b>132,461</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,148)</b>	<b>(114)</b>	<b>306</b>	<b>130,505</b>	<b>Total Net Exposure</b>

- Derivatives are measured at their fair value in the Consolidated Financial Statements. In this MD&A, to arrive at the Plan's ultimate exposure by asset class, derivatives are measured at their exposure value. The effect of derivative exposures is reflected in each asset class, with an offset to cash and funding.
- Private credit funds, public equity funds and real estate funds are classified as private equities in the Consolidated Financial Statements, and are classified according to their underlying asset class in this MD&A.
- Corporate bonds are classified as nominal bonds and debentures in the Consolidated Financial Statements, and are classified as credit in this MD&A.
- Certain preferred shares are classified as equities in the Consolidated Financial Statements, and are classified as credit in this MD&A.
- Recourse debt is classified as investment liabilities in the Consolidated Financial Statements, and is classified in the respective asset classes which the debt is financing in this MD&A.
- Repurchase agreements are classified as investment-related liabilities in the Consolidated Financial Statements, and are classified as cash and funding in this MD&A.
- OMERS has entered into agreements that provide eligible clients with access to the performance of its real estate and infrastructure businesses. The real estate and infrastructure assets are gross of the related liabilities in the Consolidated Financial Statements, and are net of the related liabilities in this MD&A.
- The Retirement Compensation Arrangement (RCA) for the OMERS Primary Pension Plan is classified as public equities and short-term instruments in the Consolidated Financial Statements, and is not included in this MD&A.

## Reconciliation of Net Investment Income

The following table sets out the reconciliation of Net Investment Income for each asset class and in total, as reported in Note 8 in the Consolidated Financial Statements, to Net Investment Income in this MD&A.

Consolidated Financial Statements	Reclassifications								MD&A		
	Derivative Exposures <sup>1</sup>	Funds <sup>2</sup>	Corporate Bonds <sup>3</sup>	Recourse Debt <sup>4</sup>	Contractual Agreements <sup>5</sup>	RCA <sup>6</sup>	Investment Management Expenses <sup>7</sup>	Other Items			
In \$ millions as at December 31, 2023											
<b>Fixed Income</b>										<b>Fixed Income</b>	
Inflation-Linked Bonds	99	77					(22)				
Nominal Bonds and Debentures	868	(17)		(459)			(11)	1	536	Bonds	
Private Debt and Mortgages	804	191	640	459	(38)		(140)	36	1,952	Credit	
<b>Equities</b>										<b>Equities</b>	
Public Equities	1,376	1,431	11			(19)	(100)	2	2,701	Public Equities	
Private Equities	1,671	29	(640)		(11)		(137)	10	922	Private Equities	
<b>Real Assets</b>										<b>Real Assets</b>	
Infrastructure	1,713	62			(29)	(85)	(168)	(25)	1,468	Infrastructure	
Real Estate	(1,456)	19	(11)		(82)	47	(28)	(1)	(1,512)	Real Estate	
<b>Cash and Short-Term Deposits</b>	473	(542)			(302)		(6)	(23)	(400)	<b>Cash and Funding</b>	
Derivatives	1,250	(1,250)							-		
Investment Liabilities	(462)			462					-		
<b>Total Investment Income</b>	<b>6,336</b>	-	-	-	-	(38)	(19)	(612)	-	<b>5,667</b>	<b>Total</b>
<b>Income Credited under Contractual Agreements</b>	<b>(118)</b>	-	-	-	-	38	19	-	-	<b>(61)</b>	<b>Income Credited under Contractual Agreements and RCA Investment Fund</b>
<b>Investment Management Expenses</b>	<b>(612)</b>	-	-	-	-	-	-	612	-	-	
<b>Net Investment Income</b>	<b>5,606</b>	-	-	-	-	-	-	-	-	<b>5,606</b>	

- Net gain (loss) on derivatives is classified as derivatives in the Consolidated Financial Statements, and is classified based on the asset exposure in this MD&A.
- Income from private credit funds, public equity funds and real estate funds is classified as private equities in the Consolidated Financial Statements, and is classified according to their underlying asset class in this MD&A.
- Income from corporate bonds is classified as nominal bonds and debentures in the Consolidated Financial Statements, and is classified as credit in this MD&A.
- Unrealized losses and interest expense related to recourse debt are classified as investment liabilities in the Consolidated Financial Statements, and are classified under respective asset classes in this MD&A.
- OMERS has entered into contractual agreements that provide eligible clients with access to the performance of its real estate and infrastructure businesses. The Investment income (loss) related to these contracts is presented as a separate line in the Consolidated Financial Statements, and is deducted from the respective asset classes in this MD&A.
- The Retirement Compensation Arrangement (RCA) for the OMERS Primary Pension Plan is classified as public equities in the Consolidated Financial Statements, and is not included in this MD&A.
- Investment management expenses are presented separately as administrative expenses in the Consolidated Financial Statements, and are netted against various asset classes in this MD&A.

# Glossary of Financial Terms

The following table sets out non-GAAP financial terms, supplementary measures and other key financial terms referred to in the preceding Management's Discussion & Analysis. These measures do not have standardized meanings and may not be comparable with similar measures used by other pension plans, asset managers or investment firms. They should not be viewed as alternatives to measures of financial performance determined in accordance with GAAP. For certain non-GAAP financial measures, there are no directly comparable amounts under GAAP.

Management uses the measures presented below, in addition to GAAP-based measures, to better understand and present OMERS performance, financial health, and risk. We believe these measures provide relevant and useful information to our stakeholders.

When used in the table below, the "Plan" refers to the OMERS Primary Pension Plan, and "asset class" refers to the asset classes defined in our Statement of Investment Policies and Procedures.

Term	Definition	Comparability to Nearest GAAP Measure
<b>Net Assets (\$)</b>	Equal to the Net Assets Available for Benefits of the Plan, as set out in Note 6 to the Consolidated Financial Statements. Note that this is a GAAP measure; it is named differently in the MD&A for convenience.	
<b>Net Exposure (\$)</b> (Non-GAAP Term)	The aggregate dollar value of the Primary Plan and Administered Funds. This excludes OMERS Return Agreements as set out in Note 5 of the Consolidated Financial Statements. This comprises exposure through direct ownership and derivatives and is net of financial leverage. Exposure achieved through option contracts is measured on a delta-adjusted basis.	This measure is most similar to Net Investment Assets in Note 3 to the Consolidated Financial Statements. This MD&A presents a reconciliation between Net Exposure and Net Investment Assets. This MD&A presents Net Exposure in aggregate and by each asset class. We present our Asset Mix (defined below) using each asset class's Net Exposure, with an offset to "Financing & Derivatives".
<b>Asset Mix (%)</b> (Non-GAAP Ratio)	The proportion of our total Net Exposure attributed to each asset class. This is a method of presenting investment portfolio diversification aligned with our long-term asset mix.	n/a: the Consolidated Financial Statements do not present a disclosure similar to the percentage proportion of assets by asset class.
<b>Assets by Geography (%)</b> (Non-GAAP Ratio)	The proportion of our total Net Exposure, adjusted to include exposure through fixed income and equity derivatives, across major geographic regions.  When we have a Net Exposure to a multinational enterprise, we attribute that Net Exposure to the "country of risk" listed by Bloomberg, or if unavailable, to the "country of incorporation".  This is a method of presenting investment portfolio diversification.	n/a: the Consolidated Financial Statements do not present a disclosure similar to the percentage proportion of assets by geography.

Term	Definition	Comparability to Nearest GAAP Measure
<b>Assets by Industry (%)</b> (Non-GAAP Ratio)	<p>The proportion of our total Net Exposure, adjusted to include exposure through fixed income and equity derivatives, across industries based on Global Investment Industry Classification Standards (GICS) first-level industries.</p> <p>This is a method of presenting investment portfolio diversification.</p>	<p>n/a: the Consolidated Financial Statements do not present a disclosure similar to the percentage proportion of assets by industry.</p>
<b>Funded Ratio – Fair Value of Assets (%)</b> (Supplementary Measure)	<p>The ratio of Net Assets to the Plan's Accrued Pension Obligation, both excluding Additional Voluntary Contributions. These items are set out in Note 6 to the Consolidated Financial Statements.</p> <p>The Plan's funded ratio is an indicator of its long-term financial health, and this measure compares the value of pension obligations on a going-concern basis to the fair value of assets.</p>	<p>n/a: the Consolidated Financial Statements present the components for the ratio's numerator and denominator, but not a comparable ratio.</p>
<b>Funded Ratio – Smoothed Value of Assets (%)</b> (Supplementary Measure)	<p>The ratio of the Actuarial Value of Net Assets Available for Benefits to the Defined Benefit Accrued Pension Obligation, both excluding Additional Voluntary Contributions. These items are set out in Note 6 to the Consolidated Financial Statements.</p> <p>The Plan's funded ratio is an indicator of its long-term financial health, and this measure compares the value of pension obligations on a going-concern basis to the smoothed value of assets. Primarily used for funding and regulatory purposes, calculating a ratio on this smoothed basis evens out variations in annual net investment returns over a five-year period, and thereby incorporates a more stable, long-term view of investment performance.</p>	<p>n/a: the Consolidated Financial Statements present the components of the ratio's numerator and denominator, but not a comparable ratio.</p>
<b>Unrecognized Investment Gains or Losses (\$)</b>	<p>The difference between the Plan's net assets on a fair value basis and net assets on a smoothed basis.</p> <p>This measure reflects the amount that will be recognized in the smoothed value of assets, the funded ratio and the funding deficit over the next four years.</p>	<p>This measure is equal to the Actuarial Value Adjustment as presented in Note 6 to the Consolidated Financial Statements.</p>
<b>Management Expense Ratio (bps)</b> (Non-GAAP Term)	<p>The ratio of "investment expenses" to the average monthly Net Exposure.</p> <p>"Investment expenses" comprise two components: Investment Management Expenses presented in Note 12B, and the "external manager performance and pooled fund fees" disclosed in footnote (i) of Note 8 to the Consolidated Financial Statements.</p> <p>This measure provides information to assess investment management expenses relative to assets.</p>	<p>n/a: the Consolidated Financial Statements present the components for the numerator of this ratio, but do not present the denominator or a comparable ratio.</p>

Term	Definition	Comparability to Nearest GAAP Measure
<b>Net Income (Loss) (\$)</b> (Non-GAAP Term)	The income (loss) generated by Net Exposure, including balances attributable to Administered Funds, presented in aggregate and by asset class.	This measure is most similar to Net Investment Income as presented in Note 8 to the Consolidated Financial Statements. This MD&A includes a reconciliation between Net Income (Loss) and Net Investment Income.
<b>Net Return (Loss) (%)</b> (Non-GAAP Term)	The investment return generated (lost), net of investment expenses, over the period of time specified. This measure is annualized, if relevant, and is presented in aggregate and by asset class.  We calculate net returns in accordance with standard industry computation methods.	n/a: the Consolidated Financial Statements do not present a ratio of the Plan's return to Net Exposure.
<b>Net Local Return (Loss) (%)</b> (Non-GAAP Term)	The investment return generated (lost), net of investment expenses, over the period of time specified, excluding any impact from foreign exchange. This measure is annualized, if relevant, and is presented in aggregate and by asset class.  We calculate net local returns in accordance with standard industry computation methods.	n/a: the Consolidated Financial Statements do not present a ratio of the Plan's local return to Net Exposure.
<b>Recourse Leverage (%)</b> (Non-GAAP Term)	This ratio uses as its numerator total debt with recourse to AC, defined as the undiscounted principal value of the Debt listed in Note 4 of the Consolidated Financial Statements, translated at period-end foreign exchange rates.  Its denominator is equal to total debt with recourse to AC plus Net Investment Assets as presented in Note 3 to the Consolidated Financial Statements.  This measures the extent to which recourse leverage is used, relative to assets.	n/a: the Consolidated Financial Statements do not present a ratio of total debt with recourse to AC to Net Investment Assets.
<b>Operating Cash Yield (%)</b> (Non-GAAP Term)	The ratio of aggregate operating cash distributions to Net Exposure for any particular asset class, as calculated on a time-weighted basis.  This measures the extent to which investment(s) generate returns in cash.	n/a: the Consolidated Financial Statements do not present a ratio of cash returned to Net Exposure of specified asset class.

*Financial Statements*  
**OMERS Administration  
Corporation**

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# Management's Responsibility for Financial Reporting

The Consolidated Financial Statements of OMERS Administration Corporation (AC) have been prepared by AC Management (Management) and approved by the Board of Directors of AC (AC Board). Management is responsible for the integrity and fairness of the information presented, including amounts that are based on best estimates and judgments. The Consolidated Financial Statements have been prepared in accordance with Canadian accounting standards for pension plans. Financial information presented throughout the Annual Report is consistent with the Consolidated Financial Statements.

Systems of internal control and supporting procedures have been established and maintained to provide reasonable assurance that financial transactions are properly authorized, assets are safeguarded, and proper records are maintained. These systems include an organizational structure that provides a well-defined division of responsibilities, a corporate code of conduct, accountability for performance, and the communication of policies and guidelines throughout AC.

The AC Board is responsible for approving the Consolidated Financial Statements. The Audit & Actuarial Committee, which is comprised of directors who are not officers or employees of AC, assists the AC Board in executing this responsibility. The Audit & Actuarial Committee meets regularly with Management and the internal and independent external auditors to discuss internal controls, auditing activities and financial reporting matters. The Audit & Actuarial Committee reviews the Consolidated Financial Statements and recommends them to the AC Board for approval.

The external actuary, Towers Watson Canada Inc., is appointed by the AC Board. The external actuary is responsible for carrying out the annual valuations of the accrued pension obligations of the OMERS Pension Plans in accordance with accepted actuarial practice and for reporting the results to Management and to the AC Board. The results of the external actuary's valuation are set out in the Actuarial Opinion.

AC's independent external auditor, PricewaterhouseCoopers LLP, was appointed by the AC Board and reports to the Audit & Actuarial Committee. The independent external auditor has conducted an independent audit of the Consolidated Financial Statements in accordance with Canadian generally accepted auditing standards, performing such tests and procedures as they consider necessary to express an opinion in their Independent Auditor's Report. The independent external auditor has full and unrestricted access to Management and the Audit & Actuarial Committee to discuss their audit and findings related to the integrity of financial reporting and the adequacy of systems of internal control on which they rely for the purposes of their audit.



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**E.M. Blake Hutcheson**

President and Chief Executive Officer

Toronto, Ontario  
February 23, 2024



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**Jonathan Simmons, FCPA, FCA**

Chief Financial and Strategy Officer



# Actuarial Opinion

Towers Watson Canada Inc. conducted actuarial valuations as at December 31, 2023 of the OMERS Primary Pension Plan (Primary Plan) and the Retirement Compensation Arrangement for the OMERS Primary Pension Plan (RCA) administered by OMERS Administration Corporation (AC). The purpose of the valuations is to fairly present the actuarial funded status of the Primary Plan and the RCA as at December 31, 2023, for inclusion in the consolidated financial statements in accordance with Chartered Professional Accountants of Canada (CPA Canada) Handbook Section 4600 - Pension Plans (Section 4600).

The results of the actuarial valuation of the Primary Plan disclosed total going concern actuarial liabilities of \$136,185 million in respect of benefits accrued for service to December 31, 2023 (comprising \$134,574 million with respect to the defined benefit component and \$1,611 million with respect to the Additional Voluntary Contribution (AVC) component). The actuarial value of net assets at that date was \$131,983 million (comprising \$130,372 million with respect to the defined benefit component and \$1,611 million with respect to the AVC component), indicating a going concern actuarial deficit of \$4,202 million.

The actuarial liability in respect of benefits to be paid from the RCA accrued for service to December 31, 2023, net of the RCA assets, was \$1,114 million. The benefits to be paid from the RCA are not fully pre-funded. The funding of the RCA is managed on a modified pay-as-you go basis and monitored to ensure that the fund will have sufficient assets to provide for the projected benefit payments over the 20-year period following each valuation date.

The actuarial valuations of the Primary Plan and the RCA as at December 31, 2023 were conducted using the Projected Benefit Method Prorated on Services, and membership data as at October 29, 2023 and financial information as at December 31, 2023 supplied by AC.

We reviewed the data for reasonableness and consistency with the data provided in prior years. In our opinion,

- the membership data are sufficient and reliable for the purpose of the valuations;
- the assumptions adopted were set with reference to the Primary Plan's and RCA's funding policies and are appropriate for the purpose of the valuations;
- the methods employed in the valuations are appropriate for the purpose of the valuations; and
- the valuations have been completed in accordance with our understanding of the requirements of the CPA Canada Handbook Section 4600.

The future experience of the Primary Plan and the RCA may differ from the actuarial assumptions, resulting in gains or losses which will be revealed in future valuations.

The valuations were prepared and our opinions are given in accordance with accepted actuarial practice in Canada.

Respectfully submitted,  
Towers Watson Canada Inc.



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**Philip A. Morse**

Fellow, Canadian Institute of Actuaries

Toronto, Ontario  
February 23, 2024



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**Janis Cooper**

Fellow, Canadian Institute of Actuaries



# Independent auditor's report

To the Board of Directors of OMERS Administration Corporation

## Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of OMERS Administration Corporation and its subsidiaries (together, AC) as at December 31, 2023 and 2022, and the changes in its net assets available for benefits and changes in its pension obligations for the years then ended in accordance with Canadian accounting standards for pension plans.

## What we have audited

AC's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2023 and 2022;
- the consolidated statements of changes in net assets available for benefits for the years then ended;
- the consolidated statements of changes in pension obligations for the years then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

## Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Independence

We are independent of AC in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

## Other information

Management is responsible for the other information. The other information comprises the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



## Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian accounting standards for pension plans, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing AC's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate AC or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing AC's financial reporting process.

## Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of AC's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on AC's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause AC to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within AC to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*PricewaterhouseCoopers LLP*

**Chartered Professional Accountants, Licensed Public Accountants**

Toronto, Ontario  
February 23, 2024

# Consolidated Statement of Financial Position

(in millions of Canadian dollars)		
As at December 31,	2023	2022
<b>Net Assets Available for Benefits</b>		
Assets		
Investments (note 3)	\$ 150,352	\$ 153,389
Investment-related assets (note 3)	1,463	1,745
Contributions receivable		
From employers	202	181
From members	202	181
Other assets	285	310
<b>Total Assets</b>	<b>152,504</b>	<b>155,806</b>
Liabilities		
Investment-related liabilities (notes 3 and 4)	19,354	27,095
Amounts payable under contractual agreements (note 5)	4,029	3,975
Other liabilities	307	354
<b>Total Liabilities</b>	<b>23,690</b>	<b>31,424</b>
<b>Net Assets Available for Benefits</b>	<b>\$ 128,814</b>	<b>\$ 124,382</b>
<b>Accrued Pension Obligation and (Deficit) Surplus</b>		
Primary Plan (note 6)		
Defined Benefit component		
Accrued pension obligation	\$ 134,574	\$ 128,789
(Deficit) Surplus		
Funding deficit	(4,202)	(6,678)
Actuarial value adjustment to net assets available for benefits	(3,369)	578
	(7,571)	(6,100)
Additional Voluntary Contributions component	1,611	1,517
<b>Accrued Pension Obligation and (Deficit) Surplus of the Primary Plan</b>	<b>128,614</b>	<b>124,206</b>
Retirement Compensation Arrangement (note 7)		
Accrued pension obligation	1,314	1,235
(Deficit) Surplus	(1,114)	(1,059)
<b>Accrued Pension Obligation and (Deficit) Surplus of the Retirement Compensation Arrangement</b>	<b>200</b>	<b>176</b>
<b>Accrued Pension Obligation and (Deficit) Surplus</b>	<b>\$ 128,814</b>	<b>\$ 124,382</b>

The accompanying notes are an integral part of these Consolidated Financial Statements.

These Consolidated Financial Statements were approved by the Board of Directors on February 23, 2024.

Signed on behalf of the Board of OMERS Administration Corporation (AC)



**George Cooke**  
AC Board Chair



**Penny Somerville**  
AC Audit & Actuarial Committee Chair

# Consolidated Statement of Changes in Net Assets Available for Benefits

(in millions of Canadian dollars)			
For the year ended December 31,		2023	2022
<b>Changes Due to Investment Activities</b>			
Net investment income (loss) (note 8)	\$	5,606	\$ 4,912
<b>Total Changes Due to Investment Activities</b>		<b>5,606</b>	<b>4,912</b>
<b>Changes Due to Pension Activities</b>			
Contributions (note 10)		5,132	4,624
Benefits paid (note 11)		(6,183)	(5,960)
Pension administrative expenses (note 12)		(123)	(113)
<b>Total Changes Due to Pension Activities</b>		<b>(1,174)</b>	<b>(1,449)</b>
<b>Total Increase</b>		<b>4,432</b>	<b>3,463</b>
<b>Net Assets Available for Benefits, Beginning of Year</b>		<b>124,382</b>	<b>120,919</b>
<b>Net Assets Available for Benefits, End of Year</b>	\$	<b>128,814</b>	\$ 124,382

The accompanying notes are an integral part of these Consolidated Financial Statements.

# Consolidated Statement of Changes in Pension Obligations

(in millions of Canadian dollars)

For the year ended December 31, 2023 2022

## OMERS Primary Pension Plan (note 6)

### Defined Benefit Component

Accrued pension obligation, beginning of year	\$ 128,789	\$ 119,342
Interest accrued on benefits	7,356	6,811
Benefits accrued	4,342	4,053
Benefits paid	(6,081)	(5,861)
Experience (gains) losses, net	(689)	2,800
Changes in actuarial assumptions and methods		
Change in assumptions resulting from experience study	505	–
Increase in the short-term inflation assumption	352	1,644
<b>Defined Benefit Accrued Pension Obligation, End of Year</b>	<b>\$ 134,574</b>	<b>128,789</b>

### Additional Voluntary Contributions Component

Additional Voluntary Contributions obligation, beginning of year	\$ 1,517	\$ 1,454
Contributions	91	68
Withdrawals	(66)	(65)
Attributed net investment income (loss)	69	60
<b>Additional Voluntary Contributions Obligation, End of Year</b>	<b>\$ 1,611</b>	<b>1,517</b>

### Retirement Compensation Arrangement (note 7)

Accrued pension obligation, beginning of year	\$ 1,235	\$ 1,144
Interest accrued on benefits	38	35
Benefits accrued	40	35
Benefits paid	(36)	(34)
Experience losses (gains), net	74	38
Changes in actuarial assumptions and methods		
Change in assumptions resulting from experience study	(41)	–
Increase in the short-term inflation assumption	4	17
<b>Retirement Compensation Arrangement Accrued Pension Obligation, End of Year</b>	<b>\$ 1,314</b>	<b>\$ 1,235</b>

The accompanying notes are an integral part of these Consolidated Financial Statements.

(Amounts in millions of Canadian dollars except where otherwise noted)

# Notes to the Consolidated Financial Statements

## Note 1

### Description of the Plans Administered by OMERS Administration Corporation

OMERS Administration Corporation (AC) is a corporation without share capital, continued under the Ontario Municipal Employees Retirement System Act, 2006 (OMERS Act). AC is the administrator of the OMERS pension plans as defined in the OMERS Act and is the trustee of the pension funds. The OMERS pension plans are comprised of the OMERS Primary Pension Plan (Primary Plan), the Retirement Compensation Arrangement for the OMERS Primary Pension Plan (RCA) and the OMERS Supplemental Pension Plan for Police, Firefighters and Paramedics (Supplemental Plan) (collectively, the OMERS Pension Plans). As trustee of the Primary Plan's fund, AC holds legal title to the pension fund assets; the trust beneficiaries are Primary Plan members, and in certain circumstances, their spouses or dependents. AC is responsible for administering the OMERS Pension Plans in accordance, as applicable, with the Pension Benefits Act (Ontario) (PBA), the Income Tax Act (Canada) (ITA) and the OMERS Act. OMERS Sponsors Corporation (SC) is the sponsor of the OMERS Pension Plans under the OMERS Act.

The assets of any of the OMERS Pension Plans cannot be used to fund the pension obligations of any of the other OMERS Pension Plans.

### OMERS Primary Pension Plan

The Primary Plan is a multi-employer, jointly sponsored pension plan, created in 1962 by an Act of the Ontario Legislature, whose members are mainly employees of Ontario municipalities, local boards, public utilities and non-teaching school board staff. The Primary Plan is governed by the OMERS Act, the PBA, the ITA and other applicable legislation.

The benefit provisions and other terms of the Primary Plan are set out in the Primary Plan text. The Primary Plan consists of both the defined benefit component and the Additional Voluntary Contribution (AVC) component. The Primary Plan is registered with the Financial Services Regulatory Authority of Ontario (FSRA) and with the Canada Revenue Agency (CRA) under Registration #0345983.

Attributes of the defined benefit component of the Primary Plan include:

- **Funding:** The defined benefit component of the Primary Plan is funded by equal contributions from participating employers and from active members, and by the net investment earnings of the Primary Plan assets. AC determines the regulatory minimum and maximum funding requirements in accordance with the PBA and the ITA. SC sets actual contribution rates and benefits.
- **Pensions:** The defined benefit component of the Primary Plan is designed to provide lifetime defined benefit pensions, and its funding requirements are determined on a long-term basis. These pensions are calculated as a percentage of the member's annual earnings averaged over the highest 60 consecutive months, multiplied by years of credited service.
- **Normal Retirement Age:** The normal retirement age (NRA) is 65 years for all Primary Plan members, except for police officers and firefighters, who generally have a NRA of 60 years. An OMERS employer



can also elect to provide NRA 60 benefits to all or a class of paramedics. For unionized employees, access to NRA 60 benefits is subject to negotiation between employers and unions.

- **Death Benefits:** Benefits are payable upon the death of a member to a surviving spouse, eligible dependent children, a designated beneficiary, or to the member's estate. Depending on eligibility requirements, the benefits may be paid in the form of a survivor pension, lump sum payment or both.
- **Escalation of Pensions:** Inflation protection increases pensions each year, based on the increase in the average of the Canadian Consumer Price Index (CPI) for the preceding 12-month period ending in October compared to the average CPI for the same period of the previous year, as follows:
  - Benefits earned on or before December 31, 2022 receive full inflation protection, up to a maximum annual increase of 6%. Any excess is carried forward so it can be used in later years if and when CPI increases by less than 6%, provided the pension is still in pay.
  - Benefits earned on or after January 1, 2023 are subject to shared risk indexing, meaning that the level of inflation protection will depend on SC's annual assessment of the financial health of the Primary Plan, and may be less than the full inflation protection.
- **Disability Pensions:** A disability pension is available at any age to an active member who becomes totally and permanently disabled as defined by the Primary Plan. The pension is calculated using a member's years of credited service and the average annual earnings during the member's highest 60 consecutive months of earnings consistent with a normal retirement pension and is subject to a cap set out in the Primary Plan. Generally, disability pensions continue until normal retirement.
- **Income Taxes:** The Primary Plan is a Registered Pension Plan as defined in the ITA and is not subject to income taxes on contributions received or investment income earned. The earnings of certain entities holding private credit, private equity, infrastructure, or real estate investments may be taxable.

The AVC component of the Primary Plan is a retirement savings and investment opportunity that permits members to make additional voluntary contributions on which the member earns the annual net investment return of the Primary Plan. While AVCs are part of the Primary Plan, they are separate from a member's defined benefit pension.

## Retirement Compensation Arrangement for the OMERS Primary Pension Plan

The RCA provides pension benefits for Primary Plan members with earnings exceeding the amount that generates the maximum pension allowed by the ITA with respect to service after 1991. This determination is made when a member terminates employment or retires. The RCA is a trust arrangement separate from the Primary Plan, and is not governed by the PBA nor is it a Registered Pension Plan under the ITA. The RCA is governed by the OMERS Act, the ITA and other applicable legislation. It is funded on a partial pay-as-you-go basis by equal contributions from participating employers and active members and by the investment earnings of the RCA fund.

Contributions are determined annually to target sufficient funding. The target aims to ensure that the RCA fund, future contributions, and future investment earnings are sufficient to pay projected benefits and expenses over a 20-year period.

## OMERS Supplemental Pension Plan for Police, Firefighters and Paramedics

The Supplemental Plan offers optional benefits for members of the police sector, firefighters and paramedics. It became effective on July 1, 2008, pursuant to the requirements of the OMERS Act. The benefit provisions and other terms of the Supplemental Plan are set out in the Supplemental Plan text. The Supplemental Plan is registered with FSRA and with the CRA under Registration #1175892. Participation in the Supplemental Plan is effective only upon agreement between employee groups and their employer. As at December 31, 2023 and December 31, 2022, no such agreement existed and hence the Supplemental Plan had no assets, no liabilities and no members.

## Note 2

### Summary of Significant Accounting Policies

#### BASIS OF PRESENTATION

AC follows the requirements of the Chartered Professional Accountants of Canada (CPA Canada) Handbook Section 4600 – Pension Plans (Section 4600), which is the basis for Canadian accounting standards for pension plans. AC's recognition and measurement of assets and liabilities are consistent with the requirements of Section 4600. For accounting policies that do not relate to its investment portfolio or pension obligations, AC follows the requirements of International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

These Consolidated Financial Statements include the financial position, changes in net assets available for benefits and changes in pension obligations of AC and of the OMERS Pension Plans. They also provide disclosures required by regulation 909 under the PBA.

Certain comparative figures have been revised to conform to the current year's presentation. This includes Note 3 - *Investments* and Note 8 - *Net Investment Income (Loss)*, where royalty agreements have been reclassified from Private Equity to Private Debt and Mortgages. In addition, comparative figures relating to future financial commitments have been revised to conform to the current year's presentation as set out in Note 16 - *Guarantees, Commitments and Contingencies*.

#### USE OF ESTIMATES AND JUDGMENTS

Preparing these Consolidated Financial Statements requires Management to make estimates, judgments and assumptions that affect the reported values of assets and liabilities, income and expenses, accrued pension obligations and related disclosures. Actual results could differ from these estimates. Areas of significant accounting estimates and judgment include the valuation of real estate, infrastructure, private equity, and private debt investments, as well as derivatives and pension obligations. In all cases, Management's estimates are sensitive to key assumptions and drivers that are subject to material change, and Management continues to monitor developments in these inputs.

#### INVESTMENTS AND VALUATIONS

Investment transactions are recorded when the risks and rewards of ownership are transferred. Purchases and sales of publicly-traded investments are recorded as of the trade date.

Investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is best evidenced by a quoted closing market price in an active market, if one exists; where such pricing is not available, fair value is estimated using observable market inputs such as interest rates, quoted prices of comparable securities or unobservable inputs such as Management assumptions or contractual terms. The determination of fair value is based on market conditions at a specific point in time and may not reflect future fair values. Fair values are determined as follows:

- (i) Short-term deposits are recorded at amortized cost, which together with accrued interest income, approximates fair value.
- (ii) Inflation-linked bonds, nominal bonds and debentures are valued at year-end quoted market prices, where available, based on quotes from industry standard sources. Public equities are valued using quoted market exchange prices.

- (iii) Investments in externally-managed funds, whose individual securities valuations are not available to AC, are recorded based on the values provided by the fund manager, after Management evaluates these for reasonability.
- (iv) The fair value of derivatives, including swaps, futures, options, credit default swaps and forward contracts, are determined using quoted market prices, where available, or discounted cash flows using current market yields, where quoted market prices are not available.
- (v) Investments in private equity, infrastructure, private debt and mortgages, and real estate assets, held either directly or through limited partnership arrangements, generally do not have a publicly-available market price. For such investments, the completion of a recent purchase or sale of an identical or similar investment is often the most objective determination of fair value. While not exact, valuation procedures are also able to provide estimates or identify likely ranges that a reasonable counterparty would pay for such assets. Management values private investments as follows:
  - (a) For investments in real estate and infrastructure, assets are primarily valued based on observable pricing for similar investments and by estimating the present value of projected cash flows generated by the investment using a risk-adjusted discount rate and, where appropriate, risk-adjusted capitalization rates. Discount rates, capitalization rates and projected cash flows are based on internal assumptions and external inputs.
  - (b) For private equity investments, assets are primarily valued by applying earnings multiples and in consideration of movements in market multiples and recent transactions.
  - (c) For non-operating and startup directly-held private investments, assets are measured at fair value. However, recognizing the higher uncertainty and risk associated, these investments may be measured at cost as the best measurement of fair value until such time as the fair value is reliably measurable or until stabilized operations are achieved.
  - (d) For private fund investments, where AC's ability to access information on underlying individual fund investments is restricted, such as under the terms of a limited partnership agreement, the investment's value is equal to the value provided by the fund's general partner unless there is a specific and objectively verifiable reason to vary from the value provided.
  - (e) For private debt and mortgages, assets are primarily valued using discounted cash flows based on current market yields and comparable securities, as applicable.

For each significant private investment, Management engages accredited, independent external valuation experts to assess the reasonableness of the investment's valuation, at least once every three years. Where independent external valuation experts complete the valuation, Management reviews the valuation techniques applied and assumptions used to ensure that they are reasonable and supportable based on current market conditions and industry practice.

## **DERIVATIVE FINANCIAL INSTRUMENTS**

Derivative financial instruments are financial contracts, the value of which are derived from changes in prices of underlying assets or indices. Derivative transactions are conducted in over-the-counter markets directly between two counterparties or are cleared through clearinghouses, or on regulated exchange markets. AC uses derivative financial instruments to manage the Primary Plan's asset mix and to assist in managing the exposure to market risk by increasing or decreasing foreign currency, interest rates, credit or price risk, without directly purchasing or selling the underlying assets or currencies.

The fair value of derivative contracts are presented in the Consolidated Statement of Financial Position. These fair values represent the cost of replacing all outstanding contracts under current market conditions. Contracts with a positive fair value are recorded as derivative assets in Investment-Related Assets, and contracts with a negative fair value are recorded as derivative liabilities in Investment-Related Liabilities. Management nets both legs of a swap contract into one unit of measurement.

### **NET INVESTMENT INCOME (LOSS)**

Investment Income includes accrued interest, dividends and net real estate operating income. Realized gains and losses on the disposal of investments and unrealized gains and losses in the fair value of investment assets and liabilities are recognized in Net Investment Income (Loss).

Net Investment Income (Loss) is recognized as interest and net real estate operating income is earned; as dividends or distributions are declared; as investments are disposed of and as estimates of fair values change.

### **TRANSACTION AND PURSUIT COSTS**

Transaction and pursuit costs, which include broker commissions, legal and other professional fees incurred as a part of the due diligence of a potential or completed transaction, are expensed to Net Investment Income (Loss) as incurred.

### **EXTERNAL MANAGER FEES**

The base fees payable to external managers for managing certain of AC's investment portfolios are recognized in Investment Management Services in Note 12 - *Pension Administrative and Investment Management Expenses* as incurred. Performance fees, which are contractually due to external managers for superior investment returns, and fees for pooled funds, where AC's investment return from the fund is net of fees, are expensed directly to Investment Income in Note 8 - *Net Investment Income (Loss)* as incurred.

### **INVESTMENT LIABILITIES**

Investment liabilities include commercial paper, term notes, and other debt obligations with recourse to AC. These obligations are issued by OMERS Finance Trust (OFT), an entity whose beneficiaries are subsidiaries of AC, and by entities in which AC has invested. Investment liabilities also include the obligations in respect of securities sold short and securities sold under repurchase agreements. For securities sold under repurchase agreements, AC sells securities and simultaneously agrees to buy them back at a specified price at a future date.

Investment liabilities are financial instruments and are stated at fair value. The fair value of investment liabilities is estimated using discounted cash flows based on current market yields, except for items that are short-term in nature, for which cost plus accrued interest approximates fair value. AC's own credit risk is considered when estimating the fair value of investment liabilities.

Liabilities incurred by entities in which AC has invested are netted against investment assets, even when the investment is in an entity over which AC has effective control or can exercise significant influence, except for those liabilities which have recourse to AC.

### **PENDING TRADES**

Pending trades include accrued receivables and payables from unsettled transactions.

The fair values of amounts receivable and payable from pending trades approximate their carrying amounts due to their short-term nature.

### **FOREIGN CURRENCY TRANSLATION**

Certain investment assets and liabilities are denominated in foreign currencies. The fair values of such investment assets and liabilities are translated into Canadian dollars at the year-end foreign exchange rate. Unrealized foreign exchange gains and losses arising from this translation are included in Net Gain (Loss) on Investment Assets and Liabilities in Net Investment Income (Loss). When an investment denominated in a foreign currency is sold, the realized foreign exchange gain or loss is also recognized in

Net Gain (Loss) on Investment Assets and Liabilities, based on the foreign exchange rate at the settlement date.

Income and expenses are translated into Canadian dollars at the exchange rates prevailing on the dates of the transactions.

### **ACCRUED PENSION OBLIGATION**

The value of the accrued pension obligation of the Primary Plan's defined benefit component is based on an actuarial valuation prepared by an independent firm of actuaries. The accrued pension obligation is measured using the Projected Benefit Method Prorated on Services, in accordance with accepted actuarial practice in Canada using actuarial assumptions and methods adopted by AC for the purpose of establishing the long-term funding requirements of the Primary Plan. The actuarial valuation included in the Consolidated Financial Statements is consistent with the valuation used for funding purposes.

The AVC obligation represents the Primary Plan's liability in respect of the AVC component of the Primary Plan and equals members' AVC contributions plus (if positive) or minus (if negative) the prorated, full-year net investment rate of return earned by the defined benefit component of the Primary Plan over the period of time that the AVC contributions have been invested.

The valuation methodology used to estimate the accrued pension obligation of the RCA is developed on a basis consistent with the accrued pension obligation of the Primary Plan's defined benefit component, while recognizing the difference in the tax treatment of the plans' assets.

The AVC obligation and the accrued pension obligation of the RCA are separate from the accrued pension obligation of the Primary Plan's defined benefit component.

### **ACTUARIAL VALUE OF NET ASSETS AND ACTUARIAL VALUE ADJUSTMENT**

The actuarial value of net assets for the Primary Plan is used to assess the funded position of the Primary Plan, including the determination of minimum contributions required under the PBA.

The actuarial value adjustment to the fair value of net assets is the cumulative amount of unrecognized net investment returns. In each year, a new balance is added equal to the net investment return above or below the actuarial smoothing rate in effect for that year; this amount is then recognized over a five-year period, starting with the year in which the net investment return is earned. The actuarial smoothing rate applied to net investment returns recognized in years prior to 2021 is the nominal discount rate in effect at the end of the previous year. The actuarial smoothing rate applied to net investment returns recognized in years beginning 2021 is the estimated future long-term median market rate of return.

The fair value of net assets available for benefits is adjusted by the actuarial value adjustment to arrive at the actuarial value of net assets. The actuarial value adjustment is constrained such that the resulting actuarial value of net assets is no more than 15% different from the fair value of net assets.

### **(DEFICIT) SURPLUS**

For presentation in the financial statements, the (Deficit) Surplus of the Primary Plan is based on the difference between the fair value of the Primary Plan's net assets available for benefits and the Primary Plan's accrued pension obligation. For funding purposes, the Primary Plan's (deficit) surplus is based on the difference between the Primary Plan's actuarial value of net assets and the Primary Plan's accrued pension obligation.

For presentation in the financial statements, the (Deficit) Surplus of the RCA is based on the difference between the fair value of RCA net assets available for benefits and the RCA's accrued pension obligation.

**CONTRIBUTIONS**

Contributions from employers and active members are recorded on an accrual basis. Service purchases including leaves of absence, conversion of normal retirement age and transfers from other pension plans are recorded, and service is credited, when the purchase amount is received. Contributions for AVCs are recorded as received.

**BENEFITS**

Benefit payments are recorded as they become due. Commuted value payments and transfers to other pension plans are recorded in the period in which AC is notified of the request. Accrued benefits for active members are recorded as part of the accrued pension obligation.

**ADMINISTRATIVE EXPENSES**

Administrative expenses are incurred for pension administration, investment management and corporate services. Administrative expenses are recorded on an accrual basis. Pension administration expenses include expenses to provide direct services to OMERS Pension Plans members and employers. Investment management expenses include expenses for managing OMERS Pension Plans investments. Corporate services expenses primarily include corporate information systems, accounting, risk management, human resources, legal and other governance expenses incurred to support either the pension administration or the investment management functions. These are allocated between pension administration or investment management expenses based on an estimate of the use of resources.

**NEW ACCOUNTING PRONOUNCEMENTS**

During 2023, amendments were issued to Section 4600 which are effective for annual periods beginning on or after January 1, 2024. These amendments have not been adopted early by AC for the December 31, 2023 reporting period and are not expected to have a material impact on the Consolidated Financial Statements.

## Note 3

### Investments

#### A. Investments at Fair Value and Cost

Investments and investment-related assets and liabilities at fair value and cost by asset class are as follows:

As at December 31,	2023		2022	
	Fair Value	Cost	Fair Value	Cost
<b>Fixed Income</b>				
Inflation-linked bonds	\$ 3,332	\$ 3,187	\$ 2,670	\$ 2,442
Canadian nominal bonds and debentures	9,367	9,230	9,714	10,032
Non-Canadian nominal bonds and debentures	3,823	3,795	4,108	4,287
Private debt and mortgages <sup>(i)</sup>	11,520	11,637	10,599	10,739
Total Fixed Income	28,042	27,849	27,091	27,500
<b>Equities</b>				
Canadian public equities	1,613	1,609	2,270	2,090
Non-Canadian public equities	16,045	15,720	14,332	14,272
Total Public Equities	17,658	17,329	16,602	16,362
Private Equities <sup>(i)(ii)</sup>	32,672	24,691	29,484	22,944
Total Equities	50,330	42,020	46,086	39,306
<b>Real Assets</b>				
Infrastructure investments	30,937	29,575	29,742	28,779
Real Estate investments	22,586	21,507	24,633	20,672
Total Real Assets	53,523	51,082	54,375	49,451
<b>Short-Term Instruments</b>				
Cash and short-term deposits <sup>(iii)</sup>	18,457	18,477	25,837	25,845
Total Investments	150,352	139,428	153,389	142,102
<b>Investment-Related Assets</b>				
Investment receivables	546	546	553	553
Deferred, prepaid and other assets	58	58	54	54
Derivatives	766	72	496	250
Pending trades	93	93	642	642
Total Investment-Related Assets	1,463	769	1,745	1,499
<b>Investment-Related Liabilities</b>				
Investment liabilities (note 4)	(18,870)	(19,069)	(25,894)	(26,305)
Derivatives	(241)	(14)	(1,087)	(92)
Pending trades	(243)	(243)	(114)	(114)
Total Investment-Related Liabilities	(19,354)	(19,326)	(27,095)	(26,511)
<b>Net Investment Assets</b>	<b>\$ 132,461</b>	<b>\$ 120,871</b>	<b>\$ 128,039</b>	<b>\$ 117,090</b>

(i) The 2022 reported amounts for royalty agreements with a fair value and cost of \$1,644 and \$1,445, respectively, were reclassified from Private Equities to Private debt and mortgages with no impact to Net Investment Assets. This reclassification has been updated throughout Note 3, where appropriate. As at December 31, 2023, royalty agreements had a fair value and cost of \$2,473 and \$2,279, respectively.

(ii) Includes venture capital investments of \$1,895 (December 31, 2022: \$1,956) and resource properties of \$nil (December 31, 2022: \$nil).

(iii) Includes restricted cash of \$351 (December 31, 2022: \$391).

## B. Investment Fair Value Hierarchy

Investment assets and liabilities are measured at fair value based on inputs from one or more levels of a fair value hierarchy as follows:

- **Level 1:** Fair value is based on unadjusted quoted prices in active markets for identical assets or liabilities. Level 1 primarily includes publicly-listed equity investments, cash and derivative contracts traded on a public exchange.
- **Level 2:** Fair value is based on valuation methods that make use of inputs, other than quoted prices included in Level 1, that are observable by market participants either directly through quoted prices for similar but not identical assets, or indirectly through observable market information used in valuation models. Level 2 primarily includes short-term deposits, debt securities and derivative contracts not traded on a public exchange, and investment-related liabilities, including debt and securities sold under repurchase agreements.
- **Level 3:** Fair value is based on valuation methods whose significant inputs are based on unobservable market data. Level 3 primarily includes private market investments such as real estate, infrastructure, private equity, private debt and mortgages.

(a) Net investment assets are categorized into the fair value hierarchy as follows:

As at December 31,					2023
		Level 1	Level 2	Level 3	Total
Fixed Income	\$	–	\$ 16,522	\$ 11,520	\$ 28,042
Public Equity		17,286	–	372	17,658
Private Equity		–	–	32,672	32,672
Infrastructure		–	–	30,937	30,937
Real Estate		–	–	22,586	22,586
Short-Term Instruments		4,847	13,610	–	18,457
Investment-Related Assets		42	1,421	–	1,463
Investment-Related Liabilities		(373)	(18,981)	–	(19,354)
<b>Net Investment Assets</b>	<b>\$</b>	<b>21,802</b>	<b>\$ 12,572</b>	<b>\$ 98,087</b>	<b>\$ 132,461</b>

As at December 31,					2022
		Level 1	Level 2	Level 3	Total
Fixed Income	\$	–	\$ 16,492	\$ 10,599	\$ 27,091
Public Equity		16,371	–	231	16,602
Private Equity		–	–	29,484	29,484
Infrastructure		–	–	29,742	29,742
Real Estate		–	–	24,633	24,633
Short-Term Instruments		3,052	22,785	–	25,837
Investment-Related Assets		16	1,729	–	1,745
Investment-Related Liabilities		(52)	(27,043)	–	(27,095)
<b>Net Investment Assets</b>	<b>\$</b>	<b>19,387</b>	<b>\$ 13,963</b>	<b>\$ 94,689</b>	<b>\$ 128,039</b>



(b) The following table presents the changes in Level 3 investments for the year ended December 31, 2023:

	Fair Value Dec 31, 2022	Included in Net Investment Income (Loss)	Transfers In <sup>(i)</sup>	Transfers Out <sup>(i)</sup>	Purchases	Sales and Return of Capital <sup>(ii)</sup>	Fair Value Dec 31, 2023	Unrealized Gains (Losses) Attributable to Investments in the Year <sup>(iii)</sup>
Fixed Income	\$ 10,599	\$ 767	\$ —	\$ —	\$ 3,179	\$ (3,025)	\$ 11,520	\$ (224)
Public Equity	231	24	—	—	159	(42)	372	(7)
Private Equity	29,484	1,783	—	(60)	4,040	(2,575)	32,672	931
Infrastructure	29,742	1,726	—	—	2,217	(2,748)	30,937	107
Real Estate	24,633	(1,325)	60	—	1,462	(2,244)	22,586	(2,015)
<b>Total</b>	<b>\$ 94,689</b>	<b>\$ 2,975</b>	<b>\$ 60</b>	<b>\$ (60)</b>	<b>\$ 11,057</b>	<b>\$ (10,634)</b>	<b>\$ 98,087</b>	<b>\$ (1,208)</b>

The following table presents the changes in Level 3 investments for the year ended December 31, 2022:

	Fair Value Dec 31, 2021	Included in Net Investment Income (Loss)	Transfers In <sup>(iv)</sup>	Transfers Out <sup>(iv)</sup>	Purchases	Sales and Return of Capital <sup>(ii)</sup>	Fair Value Dec 31, 2022	Unrealized Gains (Losses) Attributable to Investments in the Year <sup>(iii)</sup>
Fixed Income	\$ 10,751	\$ 912	\$ —	\$ (537)	\$ 4,855	\$ (5,382)	\$ 10,599	\$ 146
Public Equity	224	16	—	—	—	(9)	231	7
Private Equity	23,975	4,097	60	(17)	4,998	(3,629)	29,484	3,059
Infrastructure	29,691	3,457	—	—	3,852	(7,258)	29,742	1,130
Real Estate	23,604	3,024	—	(60)	3,048	(4,983)	24,633	1,908
<b>Total</b>	<b>\$ 88,245</b>	<b>\$ 11,506</b>	<b>\$ 60</b>	<b>\$ (614)</b>	<b>\$ 16,753</b>	<b>\$ (21,261)</b>	<b>\$ 94,689</b>	<b>\$ 6,250</b>

(i) Transfers out of Private Equity include an investment transferred into Real Estate.

(ii) Includes realized foreign exchange gains and losses.

(iii) Separately identifies unrealized gains (losses) that are also included in the 'Included in Net Investment Income (Loss)' column.

(iv) Transfers out of Real Estate include an investment transferred into Private Equity. Transfers out of Fixed Income include investments where observable market inputs became available.

### (c) Fair Value Assumptions and Sensitivity

Level 3 investment assets and liabilities are valued using models whose significant inputs are based on unobservable market data. The significant valuation input for infrastructure investments and private debt, which is included in fixed income, is the discount rate. Significant valuation inputs for real estate investments are the discount rate and the terminal capitalization rate. In each case, the discount rate is composed of two elements: a risk-free rate, which is the return that would be expected from a secure, liquid, virtually risk-free investment, such as a high quality government bond; and a risk premium. The risk premium is estimated from, where observable, implied values of similar publicly-traded investments or sales of similar investments or assets. If such information is not available, the risk premium is estimated at a level that compensates for the incremental amount of risk associated with a particular investment. The selected discount rates and terminal capitalization rates are chosen to be consistent with the risk inherent in the stream of cash flows to which they are applied.

Significant valuation inputs for private equity investments are earnings before interest, taxes, depreciation and amortization (EBITDA) multiples. All else being equal, higher multiples equate to higher fair values, and vice versa.

The following table presents the sensitivity of Level 3 investment valuations to reasonably possible alternative assumptions for asset categories where such reasonably possible alternative assumptions would change the fair value significantly. These sensitivities are hypothetical and should be used with caution. The impact to the valuation from such changes to the significant input has been calculated independently of the impact of changes in other key variables. In actual experience, a change in one significant input may result in changes to a number of underlying assumptions which could amplify or reduce the impact on the valuation.

As at December 31,			2023		2022
	Significant Inputs	Range of Inputs	Change in Significant Inputs	Change in Net Investment Assets	Change in Net Investment Assets
Fixed Income	Discount rate	3.8% - 26.1% (2022: 3.8% - 24.0%)	+/- 50 bps	\$ -/+119	\$ -/+72
Private Equity	EBITDA multiple	4.5X - 21.0X (2022: 4.5X - 21.5X)	+/- 0.50x	+/-1,070	+/-865
Infrastructure	Discount rate	7.5% - 15.8% (2022: 7.0% - 15.8%)	+/- 25 bps	-/+1,895	-/+1,545
Real Estate	Discount rate	5.1% - 12.6% (2022: 4.4% - 10.0%)	+/- 25 bps	-/+642	-/+701
Real Estate	Terminal capitalization rate	3.5% - 9.4% (2022: 3.0% - 8.5%)	+/-25 bps	-/+937	-/+1,099

The above sensitivity analysis excludes fund investments totaling \$9,181 (December 31, 2022: \$8,128) for which AC does not have access to the underlying investment information. For those investments, fair values are equal to the values provided by the fund's general partner, unless there is a specific and objectively verifiable reason to vary from the value provided.

### C. Significant Investments

Individual investments with either a fair value or cost exceeding one per cent of the fair value or cost, respectively, of total net investment assets are as follows:

As at December 31,		2023			2022		
	Number of Investments	Fair Value	Cost	Number of Investments	Fair Value	Cost	
Public Investments	2	\$ 2,195	\$ 2,700	7	\$ 13,154	\$ 13,254	
Private Investments	24	41,784	33,622	20	34,621	28,021	
<b>Total</b>	<b>26</b>	<b>\$ 43,979</b>	<b>\$ 36,322</b>	<b>27</b>	<b>\$ 47,775</b>	<b>\$ 41,275</b>	

Public investments in the table above include an interest in an integrated logistics company and certain fixed income investments.

Private investments in the table above include:

- ownership interests in Ares AO Middle Market Credit LP Fund, Associated British Ports, BridgeTex, Bruce Power, Caliber Collision Centers, Community Veterinary Partners, Deutsche Glasfaser, Ellevio, Epiq, Inmar Inc., Leeward Renewable Energy, LifeLabs, London City Airport, ONCOR, Premise Health, Puget Energy, Thames Water, The Kenan Advantage Group, Inc., Transgrid, TurnPoint Services, VTG AG, and XpFibre; and
- real estate ownership interests in IDI Logistics and Yorkdale Shopping Centre.

The effective date of the most recent valuations for the above listed investments was December 31, 2023.

## D. Derivative Financial Instruments

The following table summarizes AC's use of derivatives. Notional values represent economic exposure, and are the contractual amounts to which a rate or price is applied for computing the cash flows to be exchanged. These notional values are used to determine the gains (losses) and fair values of the derivative contracts; they are not recorded as assets or liabilities in the Consolidated Statement of Financial Position. Notional values do not necessarily represent the amount of potential market risk or credit risk arising from derivatives.

As at December 31,	2023						2022		
	Notional Value	Fair Value		Notional Value	Fair Value		Notional Value	Fair Value	
		Assets	Liabilities		Assets	Liabilities			
<b>Fixed Income</b>									
Interest Rate Contracts									
Swaps	\$ 168	\$ 1	\$ —	\$ 225	\$ 11	\$ —	\$ —	\$ —	(2)
Futures	1,283	1	—	2,602	1	—	—	—	(1)
Total Interest Rate Contracts		2	—		12	—	—	—	(3)
Credit Contracts									
Swaps	5,075	3	(2)	10,467	—	—	—	—	—
Swaptions									
- purchased	—	—	—	435	1	—	—	—	—
Total Credit Contracts		3	(2)		1	—	—	—	—
Total Fixed Income		5	(2)		13	—	—	—	(3)
<b>Equities</b>									
Equity Contracts									
Swaps	3,744	96	(35)	14,286	158	—	—	—	(329)
Futures	5,710	1	(14)	3,786	5	—	—	—	(11)
Options									
- written	2,802	—	(10)	3,326	—	—	—	—	(54)
- purchased	1,593	38	—	4,278	159	—	—	—	—
Total Equity Contracts		135	(59)		322	—	—	—	(394)
Commodity Contracts									
Swaps	49	—	(1)	—	—	—	—	—	—
Futures	1,761	3	(15)	1,449	10	—	—	—	(7)
Total Commodity Contracts		3	(16)		10	—	—	—	(7)
Total Equities		138	(75)		332	—	—	—	(401)
<b>Foreign Exchange Contracts</b>									
Forwards	27,822	622	(164)	32,043	142	—	—	—	(683)
Options									
- written	123	—	—	791	—	—	—	—	—
- purchased	127	1	—	2,558	9	—	—	—	—
Total Foreign Exchange Contracts		623	(164)		151	—	—	—	(683)
<b>Total</b>	<b>\$</b>	<b>766</b>	<b>\$ (241)</b>	<b>\$</b>	<b>496</b>	<b>\$</b>	<b>(1,087)</b>		

## E. Investment Risk

AC's primary long-term investment risk is that the value of its assets and the capacity of those assets to generate investment income is insufficient to meet pension obligations. AC's future pension obligations are the basis for establishing its long-term investment objectives, combined with an assessment of associated risks.

The AC Board of Directors (the Board), through its Investment Committee, determines the acceptable level of investment risk to be taken. This Committee or, if established by the Board, an ad hoc Asset-Liability Study Committee, reviews and recommends the long-term asset mix to the Board for approval. Primary accountability for managing risk, within the Board's authorized parameters, is delegated by the Board to the Chief Executive Officer, who further delegates the responsibility to business leaders. The Chief Risk Officer is responsible for implementing the Board-approved risk management mandate, including the development of associated policies and limits, and providing independent enterprise-wide oversight of business activities. Accountability for managing investment risks remains with the business units and functions responsible for making investment decisions.

AC's investments are diversified across major asset classes. Investment teams execute specific strategies designed to achieve return objectives that reflect both the opportunity and the risk associated with those asset classes. The methods and factors used in the measurement or assessment of investment risk are reviewed on an ongoing basis.

AC manages market, credit and liquidity risk as follows:

### a) Market Risk

Market risk is the risk that the fair value of an investment is impacted by changes in market variables such as foreign exchange rates, interest rates, equity prices, commodity prices, credit spreads and other variables. For derivative instruments, market risk arises from potential adverse changes in the value of derivative instruments as a result of changes in any of the aforementioned variables.

Investment teams measure, manage and monitor market risks to ensure the risks taken are commensurate with their expected returns. The investment teams monitor key market risk metrics such as volatility, drawdown, interest rate sensitivity, duration, credit spread risk, credit ratings, and foreign exchange exposures to assess the sensitivity of the total portfolio to each type of market risk. For investment teams who invest in public equities and certain fixed income, actions may be taken to adjust portfolio exposures if risk sensitivities exceed the desired level. At the security level, the investment teams develop fundamental or quantitative models to help assess the expected value of each security. When the observed price significantly deviates from a security's expected value, the portfolio manager may take action to reduce or increase position sizes.

*(i) Foreign Exchange Rates*

AC pays pensions in Canadian dollars and manages a highly diversified portfolio of long-term investments, many of which are denominated in foreign currencies. AC centrally manages the strategy for foreign currency and assumes certain foreign exchange risks, measuring and considering them in the context of overall portfolio objectives, alongside other investment related risks discussed elsewhere. Net investment assets by currency exposure, after the impact of currency hedging, are as follows:

As at December 31,	2023		2022	
Currency	Fair Value By Currency		Fair Value By Currency	
	Net Exposure	% of Total	Net Exposure	% of Total
United States Dollar	\$ 48,084	36 %	\$ 37,632	30 %
Euro	7,628	6	5,268	4
British Pound Sterling	7,198	5	5,554	4
Australian Dollar	3,638	3	3,078	2
Hong Kong Dollar	1,466	1	2,347	2
Indian Rupee	1,283	1	2,042	2
All Other	3,690	3	4,172	3
<b>Total Foreign Currency Exposure</b>	<b>72,987</b>	<b>55</b>	<b>60,093</b>	<b>47</b>
Canadian Dollar	59,474	45	67,946	53
<b>Total</b>	<b>\$ 132,461</b>	<b>100 %</b>	<b>\$ 128,039</b>	<b>100 %</b>

*Foreign Currency Sensitivity*

After giving effect to the impact of foreign currency hedges and holding constant all other variables and underlying values, a five per cent increase or decrease in the value of the Canadian dollar against all foreign currencies, to which OMERS is exposed, would result in an approximate \$3,649 (December 31, 2022: \$3,005) decrease or increase in AC's net investment assets as shown below:

As at December 31,	2023		2022	
Currency	Change in Unrealized Loss/Gain		Change in Unrealized Loss/Gain	
	United States Dollar	\$ -/+ 2,404		\$ -/+ 1,882
Euro	-/+ 381		-/+ 263	
British Pound Sterling	-/+ 360		-/+ 278	
Australian Dollar	-/+ 182		-/+ 154	
Hong Kong Dollar	-/+ 73		-/+ 117	
Indian Rupee	-/+ 64		-/+ 102	
All Other	-/+ 185		-/+ 209	
<b>Total</b>	<b>\$ -/+ 3,649</b>		<b>\$ -/+ 3,005</b>	

*(ii) Interest Rate Risk*

AC's primary exposure to interest rate changes in its investment assets relates to capital deployed in fixed income products, which include bonds and debentures, private debt and mortgages, as well as a variety of indirectly managed interest-bearing investments in private portfolios and interest rate swaps. AC's exposure to interest rate changes in its investment liabilities relates primarily to term notes. Investments with fixed rates of interest will decrease in market value while liabilities with fixed rates of interest will increase in market value as interest rates rise, and vice versa.

*Sensitivity to changes in interest rates*

AC's exposure to a 50 basis point increase (decrease) in interest rates on instruments directly impacted by interest rate changes, with all other variables held constant, would result in an approximate decrease (increase) in the value of directly managed fixed income investments and interest rate swaps, net of term note liabilities of \$325 (December 31, 2022: \$181). This would be recognized as a change in unrealized loss (gain) within Net Investment Income (Loss).

### (iii) Price Risk

Price risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices (other than those arising from foreign currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument, its issuer or factors affecting similar financial instruments traded in the market.

AC invests in publicly-traded equities to achieve capital gains, income through dividends, or both over time. These investments are exposed to price risk and volatility. Investments in publicly-traded equities are actively managed with due regard for risk and return objectives through country-, sector- and entity-specific analyses as well as through diversification.

AC's investment in publicly-traded equities is achieved through both physical holdings and derivative exposures. A ten per cent increase (decrease) in the aggregate value of these public equities would result in an approximate increase (decrease) in public equity exposures and an unrealized gain (loss) of \$2,664 (December 31, 2022: \$2,995).

AC's investments in private equity, infrastructure, real estate, private debt and mortgages are also subject to price risk. Values are impacted by a number of variables as described in Note 3B - *Investment Fair Value Hierarchy*.

AC is also subject to price risk through changes in credit spreads on its fixed income investments and term note liabilities. A 50 basis point increase (decrease) in the credit spreads of these interest bearing instruments would result in an approximate net decrease (increase) in the value of fixed income investments and term note liabilities, and a net unrealized loss (gain) of \$260 (December 31, 2022: \$103).

## b) Credit Risk

Credit risk is defined as the financial loss that results from the failure of a counterparty to honour its contractual obligations. AC is subject to credit risk primarily in connection with issuers or guarantors of securities, debtors, structured securities, derivatives, repurchase agreements and securities lending arrangements. Credit risk for uncleared over-the-counter (OTC) derivatives is mitigated through the exchange or posting of margin. Credit risk for cleared OTC derivative contracts and futures contracts is typically minimal, as the counterparty is an exchange or central clearing counterparty which is designed for reducing counterparty risk and improving financial system stability. For these trades, initial margin is posted and margin receivables and payables are settled daily.

To manage counterparty credit risk, AC:

- requires collateral from its counterparties in certain circumstances, as outlined in contractual arrangements;
- limits how much exposure it has with individual counterparties;
- regularly performs financial analysis of its counterparties, which includes reference to credit rating agencies and other relevant external sources. AC only trades OTC derivatives with high quality counterparties;
- estimates ratings using an internal rating process, if no rating is available from selected reputable credit rating agencies for credit investments; and
- enters into enforceable master netting agreements.

*(i) Credit Quality*

The credit ratings for fixed income and short-term instruments are set out in the table below:

As at December 31,							2023
	Sovereign Governments	Provincial Governments	Corporate	Total	% of Total		
AAA	\$ 9,832	\$ —	\$ 8	\$ 9,840	21 %		
AA	6,581	—	11,985	18,566	40		
A	—	—	1,252	1,252	3		
BBB	—	—	4,341	4,341	9		
Below BBB	—	—	7,835	7,835	17		
Unrated	—	—	4,665	4,665	10		
<b>Total</b>	<b>\$ 16,413</b>	<b>\$ —</b>	<b>\$ 30,086</b>	<b>\$ 46,499</b>	<b>100 %</b>		

As at December 31,							2022
	Sovereign Governments	Provincial Governments	Corporate	Total	% of Total		
AAA	\$ 9,686	\$ —	\$ 4	\$ 9,690	18 %		
AA	15,022	60	11,001	26,083	49		
A	—	—	1,444	1,444	3		
BBB	95	—	4,186	4,281	8		
Below BBB	—	—	7,498	7,498	14		
Unrated	—	—	3,932	3,932	8		
<b>Total</b>	<b>\$ 24,803</b>	<b>\$ 60</b>	<b>\$ 28,065</b>	<b>\$ 52,928</b>	<b>100 %</b>		

Unrated securities in the table above relate to private real estate debt and mortgages with a weighted average loan-to-value ratio at the time of issuance of no greater than 75% and agreements that entitle AC to receive royalties on sales of established pharmaceutical products.

*(ii) Margin and Collateral*

AC is a counterparty to financial instruments that are subject to margin arrangements. AC pledges and receives collateral consisting of securities and in some cases cash, in the ordinary course of managing net investments. AC has enforceable contractual rights to realize upon collateral and to set-off against amounts owing under financial contracts following a counterparty default or other termination right. Additional collateral is exchanged if the value of the collateral falls below a predetermined level, based on the value of the underlying transaction(s) or interest, and the value of the collateral posted. Specifically:

- In the case of OTC derivatives, variation margin collateral is collected from and provided to counterparties according to the Credit Support Annex (CSA), which forms part of International Swaps and Derivatives Association (ISDA) Master Agreements. Initial margin collateral is pledged to and provided by counterparties, as required by ISDA initial margin credit support or collateral transfer documentation (IM CSA). Initial margin collateral is held by third party custodians in segregated accounts.
- In the case of prime brokerage and securities borrowing, collateral is exchanged to the full extent of the liability with the counterparty, with a borrower required to pledge marketable securities or cash of higher value than the securities borrowed as collateral. AC does not recognize any securities borrowed as its investment assets because the risks and rewards of the securities remain with the lender.

AC enters into securities repurchase transactions under Global Master Repurchase Agreements (GMRA), whereby AC sells securities to counterparties and simultaneously agrees to buy them back at a predetermined price in the future. Collateral is exchanged between the counterparties based on the current value of the securities sold under the agreements. AC does not derecognize any securities sold because the associated risks and rewards remain with AC.

AC is permitted to sell or repledge collateral in the absence of default, with the exception of initial margin on OTC derivatives. The equivalent cash or securities must be returned to the counterparty should the counterparty demand a return of collateral. The fair value of collateral sold or repledged is \$nil (December 31, 2022: \$nil).

The fair value of collateral pledged and received, as well as securities sold under repurchase agreements is as follows:

As at December 31,	2023	2022
Derivative-related		
Collateral received	\$ 503	\$ 911
Collateral pledged	181	2,195
Securities borrowing		
Collateral pledged	1,246	1,346
Securities sold under repurchase agreements		
Gross amounts of securities sold under repurchase agreements	4,064	12,503
Collateral pledged	4,069	12,512

### *(iii) Right of Netting and Offset*

AC is a counterparty to financial instruments that are subject to netting and offset arrangements. AC enters into enforceable master netting agreements, such as ISDA Master Agreements, GMRA and securities lending agreements. Under these agreements, following a counterparty's event of default or other early termination event, AC is entitled to liquidate transactions under each of the above derivative, repurchase and securities lending arrangements and to net amounts payable under all transactions under that agreement, provided that in the case of bankruptcy or insolvency of the counterparty, AC's actions are subject to applicable bank recovery and resolution regulations and bankruptcy stays. Master netting agreements might include contractual rights of set-off, enforceable following the occurrence of an event of default or other termination event, that might allow, in certain circumstances, AC or its counterparty to set-off amounts owing under one agreement against amounts owed under another agreement, on a counterparty by counterparty basis. In the Consolidated Statement of Financial Position, financial instruments are not offset, as a party's rights of offset across agreements are conditional.

Certain financial transactions, such as derivative transactions, involve a legally enforceable right to offset the recognized amounts and to settle payments on a net basis, or to realize upon an asset and settle a liability simultaneously. Financial assets and liabilities that are offset are reported as a net amount in the Consolidated Financial Statements.

AC may not be permitted to net and set-off upon the default of a clearer in respect of exchange traded derivatives and cleared OTC derivatives. In the Consolidated Statement of Financial Position, financial instruments are not offset where the rights of offset are conditional.



In the following table, the Net amount presents the effect of the amounts that do not qualify for offsetting but which are subject to conditional netting arrangements or similar arrangements, including ISDA Master Agreements, GMRA, security lending agreements and any related rights to financial collateral:

As at December 31,							2023
	Gross amounts of recognized Financial Instruments	Less: Amounts offset in Consolidated Financial Statements	Net amounts presented in Consolidated Financial Statements	Related amounts not set off in the Consolidated Statement of Financial Position		Net amount	
				Amounts subject to netting arrangements	Financial collateral (received) pledged		
Financial Assets							
Derivative assets	\$ 766	\$ –	\$ 766	\$ (185)	\$ (430)	\$ 151	
<b>Total Financial Assets</b>	<b>\$ 766</b>	<b>\$ –</b>	<b>\$ 766</b>	<b>\$ (185)</b>	<b>\$ (430)</b>	<b>\$ 151</b>	
Financial Liabilities							
Derivative liabilities	\$ (241)	\$ –	\$ (241)	\$ 185	\$ 15	\$ (41)	
Securities sold short	(926)	–	(926)	–	926	–	
Securities sold under repurchase agreements	(4,064)	–	(4,064)	–	4,064	–	
<b>Total Financial Liabilities</b>	<b>\$ (5,231)</b>	<b>\$ –</b>	<b>\$ (5,231)</b>	<b>\$ 185</b>	<b>\$ 5,005</b>	<b>\$ (41)</b>	
As at December 31,							2022
	Gross amounts of recognized Financial Instruments	Less: Amounts offset in Consolidated Financial Statements	Net amounts presented in Consolidated Financial Statements	Related amounts not set off in the Consolidated Statement of Financial Position		Net amount	
				Amounts subject to netting arrangements	Financial collateral (received) pledged		
Financial Assets							
Derivative assets	\$ 496	\$ –	\$ 496	\$ (351)	\$ (9)	\$ 136	
<b>Total Financial Assets</b>	<b>\$ 496</b>	<b>\$ –</b>	<b>\$ 496</b>	<b>\$ (351)</b>	<b>\$ (9)</b>	<b>\$ 136</b>	
Financial Liabilities							
Derivative liabilities	\$ (1,087)	\$ –	\$ (1,087)	\$ 351	\$ 168	\$ (568)	
Securities sold short	(1,013)	–	(1,013)	–	1,013	–	
Securities sold under repurchase agreements	(12,503)	–	(12,503)	–	12,503	–	
<b>Total Financial Liabilities</b>	<b>\$ (14,603)</b>	<b>\$ –</b>	<b>\$ (14,603)</b>	<b>\$ 351</b>	<b>\$ 13,684</b>	<b>\$ (568)</b>	

### c) Liquidity Risk

Liquidity risk is the risk that AC will encounter difficulty in meeting cash flow obligations as they come due. AC may use repurchase agreements, derivative contracts, securities lending and securities borrowing arrangements to gain exposure to equities, fixed income, credit, commodities and currency. Using these instruments increases AC's collateral requirements and liquidity risk.

AC has developed forward-looking liquidity risk and cash flow models to periodically assess its liquidity position. AC also maintains a portfolio of highly marketable assets that could be sold or funded on a secured basis to generate liquidity. AC monitors its liquidity position to ensure sufficient liquid assets are available to meet cash and collateral requirements and other obligations.

As at December 31, 2023, AC maintained \$24,220 of liquid assets comprised of \$18,457 cash and short-term deposits, \$3,332 inflation-linked bonds, \$6,500 Canadian and United States government securities, all net of \$4,069 pledged collateral (December 31, 2022: \$23,071 of liquid assets comprised of \$25,837 cash and short-term deposits, \$2,670 inflation-linked bonds, \$7,076 Canadian and United States government securities, all net of \$12,512 pledged collateral).

*(i) Terms to Maturity*

The term to maturity of AC's derivative and non-derivative liabilities is as follows:

As at December 31,	2023				2022			
	Within 1 Year	1 to 5 Years	Over 5 Years	Total	Within 1 Year	1 to 5 Years	Over 5 Years	Total
Debt (undiscounted principal and interest (re)payments)	\$ 4,311	\$ 6,515	\$ 4,861	\$ 15,687	\$ 3,720	\$ 6,573	\$ 3,321	\$ 13,614
Securities sold short	351	526	49	926	158	448	407	1,013
Securities sold under repurchase agreements	4,064	—	—	4,064	12,503	—	—	12,503
Payables and other liabilities	820	—	—	820	936	—	—	936
<b>Total</b>	<b>\$ 9,546</b>	<b>\$ 7,041</b>	<b>\$ 4,910</b>	<b>\$ 21,497</b>	<b>\$ 17,317</b>	<b>\$ 7,021</b>	<b>\$ 3,728</b>	<b>\$ 28,066</b>

AC's derivative liabilities with a fair value of \$241 (December 31, 2022: \$1,087) and notional value of \$16,502 (December 31, 2022: \$41,703) are all due within 1 year.

Other liabilities included in the Consolidated Statement of Financial Position of \$307 (December 31, 2022: \$354) are due within 1 year.

*(ii) Commercial paper*

OFT is authorized to issue up to an equivalent of \$5,000 (December 31, 2022: \$5,000) in commercial paper, which is unconditionally and irrevocably guaranteed by AC. As directed by the OMERS Investment Risk Policy, total debt with recourse to AC cannot exceed 10 per cent of total Net Investment Assets (gross of total Debt). Commercial paper of \$1,812 was issued as at December 31, 2023 (December 31, 2022: \$1,618).

Commercial paper generally has short-term maturities, and the requirement to repay this debt at maturity increases liquidity risk. OFT manages this risk by maintaining a high credit rating and a \$4,300 (December 31, 2022: \$3,900) revolving credit facility with a syndicate of well-capitalized banks to backstop the commercial paper program and to use for other general corporate purposes.

## Note 4

### Investment Liabilities

AC's investment liabilities are as follows:

As at December 31,	2023	2022
Debt	\$ 13,060	\$ 11,442
Securities sold short	926	1,013
Securities sold under repurchase agreements	4,064	12,503
Payables and other liabilities	820	936
<b>Total</b>	<b>\$ 18,870</b>	<b>\$ 25,894</b>

Total debt with recourse to AC is comprised of the following:

As at December 31,	2023			2022		
	Fair Value	Cost	Weighted Average Interest Rate	Fair Value	Cost	Weighted Average Interest Rate
<b>Real Estate</b>						
Credit facilities	\$ 271	\$ 271	6.00 %	\$ 419	\$ 419	4.66 %
<b>Infrastructure</b>						
Secured debt	453	157	5.79	519	411	3.83
<b>OMERS Finance Trust</b>						
Commercial paper <sup>(i)</sup>	1,812	1,812	4.93	1,618	1,618	4.26
Term notes	10,366	10,845	2.70	8,886	9,510	1.85
Credit facility <sup>(ii)</sup>	158	155	4.44	—	—	—
<b>Total</b>	<b>\$ 13,060</b>	<b>\$ 13,240</b>	<b>3.21 %</b>	<b>\$ 11,442</b>	<b>\$ 11,958</b>	<b>2.39 %</b>

(i) As at December 31, 2023, commercial paper outstanding has maturities from January 3, 2024 to February 29, 2024 with interest rates ranging from 4.03% to 5.68%.

(ii) \$4,300 revolving credit facility matures on November 13, 2026.

OFT is authorized to issue term notes, which are unconditionally and irrevocably guaranteed by AC. As at December 31, 2023, term notes totaling \$10,366 are outstanding (December 31, 2022: \$8,886) and details are shown in the table below:

Maturity	Original Term	Currency	Principal Amount	Coupon
May 2, 2024	5 years	USD	1,250 USD	2.500%
May 13, 2025	5 years	EUR	1,000 EUR	0.450%
March 26, 2026	5 years	USD	1,000 USD	1.100%
April 21, 2027	7 years	CAD	1,250 CAD	1.550%
April 20, 2028	5 years	USD	1,000 USD	4.000%
May 14, 2029	10 years	CAD	1,000 CAD	2.600%
April 19, 2032	10 years	USD	600 USD	3.500%
November 15, 2033	10 years	USD	1,000 USD	5.500%
April 19, 2052	30 years	USD	500 USD	4.000%

## Note 5

### Amounts Payable Under Contractual Agreements

Amounts payable under contractual agreements are comprised of two balances:

- (i) AC invests funds on behalf of certain parties under contractual agreements (collectively, the Administered Funds) and may recover expenses for administering such funds. Administered Funds are adjusted for income (loss) based on their proportionate share of the Primary Plan's net investment income. These funds would become payable upon receipt of notice to AC, in accordance with the terms of the agreements.
- (ii) Through its subsidiary OMERS Investment Management Inc., AC established investment arrangements (OMERS Return Agreements) that provide eligible clients with access to the performance of all or parts of the annual investment return of the Primary Plan. The amounts due under the OMERS Return Agreements are adjusted for income (loss) based on an investment return equal to part of the Primary Plan's return. The term to maturity for the amounts due is \$168 within 1 year, \$399 within 1 to 5 years, and \$1,581 over 5 years.

Amounts payable under contractual agreements are comprised of the following:

As at December 31,	2023	2022
Administered Funds	\$ 1,881	\$ 1,807
OMERS Return Agreements	2,148	2,168
<b>Amounts payable under contractual agreements</b>	<b>\$ 4,029</b>	<b>\$ 3,975</b>

## Note 6

### OMERS Primary Pension Plan

A summary of the Financial Statements of the Primary Plan is as follows:

#### STATEMENT OF FINANCIAL POSITION

As at December 31,	2023	2022
Net Assets Available for Benefits	\$ 128,614	\$ 124,206
Accrued Pension Obligation and (Deficit) Surplus		
Defined benefit component		
Accrued pension obligation	\$ 134,574	\$ 128,789
(Deficit) Surplus		
Funding deficit	(4,202)	(6,678)
Actuarial value adjustment to net assets	(3,369)	578
	<b>(7,571)</b>	<b>(6,100)</b>
Additional Voluntary Contributions component obligation	1,611	1,517
<b>Total Primary Plan Accrued Pension Obligation and (Deficit) Surplus</b>	<b>\$ 128,614</b>	<b>\$ 124,206</b>

**STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS**

For the year ended December 31,	2023	2022
Statement of Changes in Net Assets		
Net investment income (loss)	\$ 5,587	\$ 4,924
Contributions	5,091	4,593
Benefits paid	(6,147)	(5,926)
Pension administrative expenses	(123)	(112)
<b>Total Increase</b>	<b>4,408</b>	<b>3,479</b>
Net Assets Available for Benefits, Beginning of Year	124,206	120,727
<b>Net Assets Available for Benefits, End of Year</b>	<b>\$ 128,614</b>	<b>\$ 124,206</b>

**Accrued Pension Obligation of the Defined Benefit Component**

The accrued pension obligation is the actuarial present value of pension obligations of the Primary Plan in respect of benefits accrued to date for all active and inactive members. This obligation is measured using the same actuarial assumptions and methods as are used for determining the Primary Plan's minimum funding requirements as set out under the PBA. As the experience of the Primary Plan unfolds, and as underlying conditions change over time, the actual value of accrued benefits payable in the future could be materially different from the recorded actuarial present value.

AC used the Projected Benefit Method Prorated on Services for the actuarial valuation and Towers Watson Canada Inc. performed the actuarial valuation. Under the PBA, an actuarial valuation report prepared by an independent external actuarial firm must be filed with FSRA at least once every three years. A Primary Plan valuation report was last filed for the December 31, 2021 year-end.

The following are the primary economic actuarial assumptions used in the actuarial valuation of the Primary Plan as at December 31:

Actuarial Assumptions	2023	2022
Assumed rate of long-term inflation	2.00	2.00
Real discount rate	3.75	3.75
<b>Nominal discount rate</b>	<b>5.75 %</b>	<b>5.75 %</b>

An adjustment for the assumed short-term inflation rate was introduced in the actuarial valuation as at December 31, 2022 to incorporate the expected continuation of an elevated rate of price inflation in Canada. The cost of living adjustments reflecting inflation assumptions used in the actuarial valuation as at December 31, 2022 were 5.50% for the year 2024, 3.00% for the year 2025, and 2.00% for the years 2026 and beyond. The assumed cost of living adjustments were updated as at December 31, 2023: 3.00% for the year 2025, 2.50% for the year 2026, and 2.00% for years 2027 and beyond. A 0.50% increase (decrease) in the cost of living adjustments for the year 2025 and 2026 (with no change in other assumptions) would result in an approximate increase (decrease) in the accrued pension obligation of \$700.

Member-specific assumptions are also used to estimate the amount and timing of future benefits to be paid to members and beneficiaries, including pensionable earnings increases and demographic assumptions such as patterns of early retirement. A detailed experience study was conducted in 2023 to compare actual experience against our actuarial assumptions. AC's external actuaries have provided their opinion that assumptions adopted are appropriate for valuing the Primary Plan's accrued pension obligation.

Based on the findings of the study, the assumed real rates of increases of pensionable earnings (i.e., increase in excess of the assumed long-term inflation rate) were updated as follows:

	2023								2022	
	NRA60 <sup>(i)</sup>		NRA65 <sup>(i)</sup>		NRA60 <sup>(i)</sup>		NRA65 <sup>(i)</sup>		Before 2023	After 2022
	Before 2029	After 2028	Before 2029	After 2028	Before 2023	After 2022	Before 2023	After 2022		
Assumed real rate of pensionable earnings increases (weighted average of a table of age related increases)	2.9%	1.9%	2.3%	1.3%	1.8%	1.9%	1.1%	1.2%		
Rate of pensionable earnings increases (assumed rate of long-term inflation plus real rate of pensionable earnings increases)	4.9%	3.9%	4.3%	3.3%	3.8%	3.9%	3.1%	3.2%		

(i) Members with a Normal Retirement Age of 60 and 65 years of age respectively.

The study also resulted in changes to the mortality rates, retirement rates and termination rates among other assumptions.

The following table provides the sensitivity of the accrued pension obligation to (i) changes in the nominal discount rate, and (ii) changes in the assumed real rate of pensionable earnings increases. A 50 basis point change in the following assumptions (with no change in other assumptions) would have the following approximate effects on the accrued pension obligation:

As at December 31,	2023	2022
Nominal discount rate		
Decrease in assumption	\$ 9,800	\$ 9,700
Increase in assumption	(8,700)	(8,600)
Real rate of pensionable earnings increases		
Decrease in assumption	(1,800)	(2,000)
Increase in assumption	1,900	2,100

The accrued pension obligation as at December 31, 2023 takes into account known changes in the Primary Plan membership up to October 29, 2023, actual inflationary increases to pension payments and deferred pension payments to be implemented as at January 1, 2024, and estimated pensionable earnings and credited service accruals in 2023.

The Primary Plan's financial position is summarized as follows:

As at December 31,	2023	2022
Primary Plan fair value of net assets available for benefits	\$ 128,614	\$ 124,206
Less: Additional Voluntary Contribution net assets	1,611	1,517
Defined benefit net assets available for benefits	127,003	122,689
Less: Actuarial value adjustment	(3,369)	578
Actuarial value of net assets available for benefits	130,372	122,111
Less: Defined Benefit accrued pension obligation	134,574	128,789
Funding (deficit) of actuarial value of net assets available for benefits over accrued pension obligation	(4,202)	(6,678)
Actuarial value adjustment to net assets available for benefits	(3,369)	578
<b>(Deficit) Surplus of net assets available for benefits over accrued pension obligation</b>	<b>\$ (7,571)</b>	<b>\$ (6,100)</b>

## Actuarial Value of Net Assets of the Defined Benefit Component

The change in the actuarial value adjustment is as follows:

For the year ended December 31,	2023	2022
Expected interest on beginning actuarial value adjustment <sup>(i)</sup>	\$ 46	\$ 203
Current year returns above (below) the actuarial smoothing rate not recognized in the year <sup>(i)</sup>	(3,371)	(2,397)
Prior years' returns (above) below the actuarial smoothing rate recognized in the year	(622)	(290)
(Decrease) Increase in actuarial value adjustment	(3,947)	(2,484)
Actuarial value adjustment, beginning of year	578	3,062
<b>Actuarial value adjustment, end of year</b>	<b>\$ (3,369)</b>	<b>\$ 578</b>

(i) Based on the actuarial smoothing rate in effect during the year of 7.97% (2022: 6.63%).

The unrecognized net investment returns are presented in the table below by the initial year they were earned and by the years in which they are expected to be recognized from 2024 through 2027. These amounts accrete annually at the actuarial smoothing rate which is 7.83% for 2024. In the table below we assume the smoothing rate is unchanged through 2027.

Initial Year Earned	Actuarial Smoothing Rate in Effect for the Year	Actuarial Value Adjustment as at Dec. 31, 2023	Unrecognized Excess of (Shortfall in) Investment Returns to be Recognized				Actuarial Value Adjustment as at Dec. 31, 2022
			2024	2025	2026	2027	
2019	6.00 %	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,337
2020	5.90 %	(2,293)	(2,472)	—	—	—	(4,247)
2021	6.78 %	4,236	2,284	2,462	—	—	5,885
2022	6.63 %	(1,941)	(698)	(752)	(811)	—	(2,397)
2023	7.97 %	(3,371)	(909)	(980)	(1,057)	(1,139)	—
		\$ (3,369)	\$ (1,795)	\$ 730	\$ (1,868)	\$ (1,139)	\$ 578

The actuarial value adjustment is constrained such that the resulting actuarial value of net assets is no more than 15% different from the fair value of net assets. As at December 31, 2023 and December 31, 2022 this constraint had no impact on the actuarial value adjustment.

## Note 7

### Retirement Compensation Arrangement

As the RCA is not a registered pension plan, a 50 per cent refundable tax is levied under the ITA on all contributions made to the RCA as well as on investment income received and on net realized investment gains. The refundable tax earns no investment income for the RCA; it is refunded on the basis of one dollar for every two dollars of realized losses or benefits paid out.

The pension benefits provided by the RCA are not fully funded but are funded on a modified pay-as-you-go basis in order to minimize the impact of the 50 per cent refundable tax. Contributions to the RCA are based on the top-tier Primary Plan contribution rates applied to contributory earnings over a defined earnings threshold, which was (in dollars) \$181,591 for 2023 (2022: \$180,944). The defined earnings threshold is actively managed and monitored in such a way that current and future contributions to the RCA, together with the existing RCA fund balance and future investment earnings, are expected to be sufficient to provide for projected benefit payments and expenses over the 20-year period following each annual valuation date. Benefits in excess of the maximum amounts payable from the Primary Plan as allowed by the ITA are paid from the RCA.

A summary of the financial statements for the RCA is as follows:

### STATEMENT OF FINANCIAL POSITION

As at December 31,	2023	2022
Net Assets Available for Benefits	\$ 200	\$ 176
Accrued Pension Obligation and (Deficit) Surplus		
Accrued pension obligation	\$ 1,314	\$ 1,235
(Deficit) Surplus	(1,114)	(1,059)
<b>Accrued Pension Obligation and (Deficit) Surplus</b>	<b>\$ 200</b>	<b>\$ 176</b>

### STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

For the year ended December 31,	2023	2022
Net investment income (loss)	\$ 19	\$ (12)
Contributions	41	31
Benefits paid	(36)	(34)
Administrative expenses	–	(1)
<b>Total Increase (Decrease)</b>	<b>24</b>	<b>(16)</b>
Net assets available for benefits, beginning of year	176	192
<b>Net assets available for benefits, end of year</b>	<b>\$ 200</b>	<b>\$ 176</b>

The accrued pension obligation of the RCA incorporates distinct actuarial assumptions for pensionable earnings increases, mortality rates and retirement rates reflecting the recent experience of its membership and future expectations. The nominal discount rate used for the RCA as at December 31, 2023 is 3.10% (December 31, 2022: 3.10%), which reflects the expected long-term return on the long-term asset mix of the RCA, including the effect of the 50 per cent refundable tax.

The assumed real rate of increases of pensionable earnings (i.e., increase in excess of the assumed long-term inflation rate) were last updated in 2023 and are as follows:

	2023				2022	
	NRA60 <sup>(i)</sup>		NRA65 <sup>(i)</sup>		NRA65 <sup>(i)</sup>	
	Before 2023	After 2022	Before 2023	After 2022	Before 2023	After 2022
Assumed real rate of pensionable earnings increases (weighted average of a table of age-related increases)	2.9%	2.3%	2.5%	2.6%	1.6%	1.7%
Rate of pensionable earnings increases (assumed rate of long-term inflation plus real rate of pensionable earnings increases)	4.9%	4.3%	4.5%	4.6%	3.6%	3.7%

(i) Normal Retirement Age of 60 and 65 years of age respectively.

A 50 basis point change in the following assumptions (with no change in other assumptions) would have the following approximate effect on the accrued pension obligation:

As at December 31,	2023	2022
Nominal discount rate before reflecting the 50 per cent refundable tax		
Decrease in assumption	\$ 59	\$ 56
Increase in assumption	(55)	(53)
Real rate of pensionable earnings increases		
Decrease in assumption	(74)	(76)
Increase in assumption	137	175



## Note 8

### Net Investment Income (Loss)

The OMERS Pension Plans' net investment income (loss) by asset class is as follows:

For the year ended December 31,		2023		2022		
	Investment Income	Net Gain (Loss) on Investment Assets and Liabilities <sup>(ii)</sup>	Net Investment Income (Loss) <sup>(i)</sup>	Investment Income	Net Gain (Loss) on Investment Assets and Liabilities <sup>(ii)</sup>	Net Investment Income (Loss) <sup>(i)</sup>
<b>Fixed Income</b>						
Inflation-linked bonds	\$ 14	\$ 85	\$ 99	\$ 12	\$ 81	\$ 93
Nominal bonds and debentures	386	482	868	233	(614)	(381)
Private debt and mortgages <sup>(iv)</sup>	944	(140)	804	763	242	1,005
Total Fixed Income	1,344	427	1,771	1,008	(291)	717
<b>Equities</b>						
Canadian public equities	74	103	177	115	(164)	(49)
Non-Canadian public equities	285	914	1,199	254	(2,101)	(1,847)
Public Equities	359	1,017	1,376	369	(2,265)	(1,896)
Private Equities <sup>(iv)</sup>	570	1,101	1,671	759	3,206	3,965
Total Equities	929	2,118	3,047	1,128	941	2,069
<b>Real Assets</b>						
Infrastructure investments	1,549	164	1,713	1,345	1,846	3,191
Real Estate investments <sup>(iii)</sup>	737	(2,193)	(1,456)	840	1,995	2,835
Total Real Assets	2,286	(2,029)	257	2,185	3,841	6,026
<b>Short-Term Instruments</b>						
Cash and short-term deposits	527	(54)	473	181	132	313
<b>Derivatives</b>						
	–	1,250	1,250	–	(3,471)	(3,471)
<b>Investment liabilities</b>						
	(349)	(113)	(462)	(171)	412	241
<b>Total Investment Income (Loss)</b>	<b>\$ 4,737</b>	<b>\$ 1,599</b>	<b>\$ 6,336</b>	<b>\$ 4,331</b>	<b>\$ 1,564</b>	<b>\$ 5,895</b>
Less: Income credited under contractual agreements			118			290
Less: Investment management expenses (note 12)			612			693
<b>Net Investment Income (Loss)</b>			<b>\$ 5,606</b>			<b>\$ 4,912</b>

(i) Net Investment Income (Loss) includes interest, dividends and net real estate operating income, net of external manager performance and pooled fund fees of \$83 (2022: \$37).

(ii) Net Gain (Loss) on Investment Assets and Liabilities is net of transaction and pursuit costs of \$121 (2022: \$526) and includes net realized gains of \$2,029 (2022: \$451) from foreign exchange and sale of assets.

(iii) Net real estate operating income includes operating expenses (net of property management income) of \$130 (2022: \$66). The total audit costs are \$7 (2022: \$5).

(iv) The 2022 reported amounts for royalty agreements with a Net Investment Income (Loss) of \$345 were reclassified from Private Equities to Private debt and mortgages with no impact to Total Investment Income (Loss).

## Note 9

### Investment Returns

AC investment returns are calculated using a time-weighted rate of return formula in accordance with industry standard methods, using the following principles:

- Returns are calculated as the percentage of applicable income to the fair value of the applicable net assets during the period.
- Fair value is determined as described in Note 2.
- Income is determined as described in Notes 2 and 8.
- The OMERS Primary Plan return includes all investments.

The percentage returns for the years ended December 31 are as follows:

For the year ended December 31,	2023	2022
OMERS Primary Plan		
Total Gross Return	5.09 %	4.75 %
Returns applicable to OMERS Return Agreements		
OMERS Infrastructure	5.98 %	12.01 %
Oxford Properties	(6.87)%	9.38 %

The above OMERS Primary Plan return and OMERS Infrastructure return are before the impact of base and performance fees paid to external fund managers and before investment management expenses. The OMERS Primary Plan net return after all investment costs for the year ended December 31, 2023 was 4.6% (December 31, 2022: 4.2%).

## Note 10

### Contributions

For the year ended December 31,	2023	2022
Current year required contributions <sup>(i)</sup>		
From employers	\$ 2,439	\$ 2,207
From members	2,439	2,207
	4,878	4,414
Transfers from other pension plans	65	47
Past service contributions from members	82	80
Past service contributions from employers	16	15
Defined benefit contributions	5,041	4,556
AVC contributions received	91	68
<b>Total contributions <sup>(ii)</sup></b>	<b>\$ 5,132</b>	<b>\$ 4,624</b>

(i) Current year service contributions are funded equally by employers and active members. For NRA 65 members, the 2023 contribution rate was 9.0% (2022: 9.0%) of earnings up to \$66,600 (2022: \$64,900) and 14.6% (2022: 14.6%) of earnings above that level. For NRA 60 members, the 2023 contribution rate was 9.2% (2022: 9.2%) of earnings up to \$66,600 (2022: \$64,900) and 15.8% (2022: 15.8%) of earnings above that level.

(ii) As at December 31, 2023, OMERS had 1,047 employers (December 31, 2022: 1,037). OMERS has a process which reconciles contributions for each employer on a member by member basis. This detailed process ensures that contributions are consistent with member information supplied by the employers.

## Note 11

### Benefits

For the year ended December 31,	2023	2022
Retirement benefits	\$ 5,437	\$ 4,943
Disability benefits	30	29
Death benefits	112	137
Transfers to other pension plans	124	104
Commutated value payments	414	682
Defined benefits paid	6,117	5,895
AVC benefits paid	66	65
<b>Total benefits paid</b>	<b>\$ 6,183</b>	<b>\$ 5,960</b>

## Note 12

### Pension Administrative and Investment Management Expenses

#### A. PENSION ADMINISTRATIVE EXPENSES

For the year ended December 31,	2023	2022
Salaries, incentives and benefits	\$ 79	\$ 72
Technology and systems development	24	20
Premises and equipment	7	6
Professional services and fees <sup>(i)</sup>	7	10
Travel and communication	6	5
<b>Total Pension Administrative Expenses</b>	<b>\$ 123</b>	<b>\$ 113</b>

#### B. INVESTMENT MANAGEMENT EXPENSES

For the year ended December 31,	2023	2022
Salaries, incentives and benefits <sup>(ii)</sup>	\$ 424	\$ 504
Technology and systems development	40	42
Premises and equipment	36	30
Professional services and fees <sup>(i)</sup>	41	44
Travel and communication	28	27
Investment management services	55	51
Other (income) expenses	(12)	(5)
<b>Total Investment Management Expenses</b>	<b>\$ 612</b>	<b>\$ 693</b>

(i) Professional services and fees include external audit costs of \$4 (2022: \$4).

(ii) Net of management fees of \$45 (2022: \$41) earned from portfolio investments.

## Note 13

### Related Party Disclosures

AC's related parties include employers whose employees are members of the Primary Plan, SC, key management personnel (defined below) and investments in which AC has a controlling interest. Transactions with related parties include the following through AC's investment in real estate:

- AC paid property taxes to municipal employers of \$146 (2022: \$140), obtained development permits from municipal employers of \$11 (2022: \$35) and paid utility payments to utility employers of \$33 (2022: \$28). The amounts of property taxes paid and services purchased were based on normal levies by the individual municipal employers and were consistent with those that would be paid by a non-related party. The utility payments made to utility employer entities were based on normal usage and rates that would be paid by a non-related party.
- AC earned rental revenue from investee entities of \$19 (2022: \$20). The amounts of rental revenue earned were based on normal levies to the individual investee entities and were consistent with those that would be paid by a non-related party.
- AC has entered into a lease arrangement with an agency of a municipal employer, whose employees are members of the Primary Plan. The terms of the lease are at fair market value and consistent with those that would be paid by a non-related party.

### KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel consist of members of AC's Board of Directors and those senior executives responsible for planning and directing the activities of AC. Compensation of key management personnel is as follows:

For the year ended December 31,	2023	2022
Salaries, short-term employee benefits and termination benefits	\$ 13	\$ 10
Post-employment benefits	1	1
Other long-term benefits	11	10
<b>Total</b>	<b>\$ 25</b>	<b>\$ 21</b>

Other than the above, AC had no other transactions with key management personnel during the year.

## Note 14

### Capital

AC defines its capital as the funded status (deficit or surplus) of each of the OMERS Pension Plans. The funded status of the OMERS Pension Plans is discussed in Note 6 and Note 7.

AC's objective is to ensure that the Primary Plan's defined benefit component is funded sufficiently to address a variety of funding risks that could reasonably arise over the long term. We aim to achieve this level of funding through managing investments; through setting the discount rate used in the actuarial valuation; and through assisting SC in its management of the Primary Plan's contribution rates and benefits.

Investments (Note 3), the use of derivatives (Note 3D) and leverage (Note 4) are based on asset mix and risk management policies and procedures. AC has a risk framework which describes overall risk-management governance and details the structure for categorizing risks to which the organization is exposed. This complements policies such as the Funding Policy, Statement of Investment Beliefs, Statement of Investment Authorities and Statement of Investment Policies & Procedures (SIP&P).

As the Primary Plan's administrator, AC has adopted a SIP&P for the Primary Plan, which sets investment objectives, guidelines and benchmarks used in investing the Primary Plan's assets, permitted categories of investments, asset-mix diversification and rate of return expectations. The SIP&P also establishes long-term strategic asset mix ranges and targets by asset class. The actual asset mix at December 31, 2023 was within the long-term asset mix ranges. The SIP&P was originally established in 1989 and is reviewed and approved annually by the Board. The SIP&P effective for the year ended December 31, 2023, was amended on December 8, 2022, with an effective date of January 1, 2023; it was subsequently amended on August 17, 2023, and became effective from that date.

For the RCA, current and projected future contributions are determined annually so that the current RCA fund and future expected investment earnings should be sufficient to pay projected benefits and expenses over the 20-year period following each actuarial valuation date.

The RCA investments are based on an asset mix and SIP&P separate from those of the Primary Plan. The RCA SIP&P was originally established in 2007 and is reviewed and approved annually by the Board. The SIP&P effective for the year ended December 31, 2023 was last amended on December 8, 2022 with an effective date of January 1, 2023.

The Primary Plan's AVC component accrued pension obligation is based on AVC contributions and net investment rates of return of the defined benefit component of the Primary Plan; as such, it does not have a (deficit) surplus position.

The Supplemental Plan has no members, net assets or accrued pension obligations. The Supplemental Plan SIP&P effective for the year ended December 31, 2023, was amended on December 8, 2022, with an effective date of January 1, 2023; it was subsequently amended on August 17, 2023, and became effective from that date.

## Note 15

### Segment Information

AC's reporting segments are the asset classes defined in the Primary Plan's SIP&P. Management uses the SIP&P asset classes to assess AC's investment diversification, risk management and performance.

#### A. Investments at Fair Value by Segment

As at December 31,	2023	2022
<b>Fixed Income</b>		
Bonds	\$ 9,418	\$ 8,946
Credit	23,872	20,312
	<b>33,290</b>	<b>29,258</b>
<b>Equities</b>		
Public Equity	17,454	16,308
Private Equity	25,052	23,215
	<b>42,506</b>	<b>39,523</b>
<b>Real Assets</b>		
Infrastructure	27,959	26,311
Real Estate	19,374	21,202
	<b>47,333</b>	<b>47,513</b>
<b>Cash and Funding</b>	<b>7,376</b>	<b>9,963</b>
<b>Total Investments</b>	<b>\$ 130,505</b>	<b>\$ 126,257</b>
Reconciliation to Investments by asset class (note 3A)		
OMERS Return Agreements	2,148	2,168
RCA <sup>(i)</sup>	114	101
Other	(306)	(487)
<b>Net Investment Assets (note 3A)</b>	<b>\$ 132,461</b>	<b>\$ 128,039</b>

(i) Excludes refundable tax account.

#### B. Net Investment Income (Loss) by Segment

For the year ended December 31,	2023	2022
<b>Fixed Income</b>		
Bonds	\$ 536	\$ (385)
Credit	1,952	900
	<b>2,488</b>	<b>515</b>
<b>Equities</b>		
Public Equity	2,701	(4,299)
Private Equity	922	2,613
	<b>3,623</b>	<b>(1,686)</b>
<b>Real Assets</b>		
Infrastructure	1,468	2,908
Real Estate	(1,512)	2,628
	<b>(44)</b>	<b>5,536</b>
<b>Cash and Funding</b>	<b>(400)</b>	<b>632</b>
	<b>5,667</b>	<b>4,997</b>
Less: Administered Funds	80	73
<b>Total Primary Plan</b>	<b>5,587</b>	<b>4,924</b>
Add: RCA	19	(12)
<b>Net Investment Income (Loss) (note 8)</b>	<b>\$ 5,606</b>	<b>\$ 4,912</b>

## Note 16

### Guarantees, Commitments and Contingencies

AC enters into guarantees, commitments and contingencies in the normal course of business.

Guarantees are provided to third parties with respect to certain investments. The maximum amount payable under guarantees, standby letters of credit and contingent amounts payable provided as part of investment transactions was \$1.7 billion as at December 31, 2023 (December 31, 2022: \$2.3 billion).

As at December 31, 2023, future financial commitments relating to the acquisition, development and refurbishment of investments include \$3.5 billion (December 31, 2022: \$3.2 billion) which is expected to be due within one year and \$10.2 billion (December 31, 2022: \$11.7 billion) which is expected to be due after one year. Future financial commitments relating to funds managed by third parties and private debt investments are \$3.9 billion (December 31, 2022: \$3.6 billion) and are payable on demand, subject to the terms and conditions of each agreement.

AC indemnifies its directors, officers, certain employees, its business units and certain others in connection with proceedings against them to the extent that these individuals are not covered under another arrangement. In addition, AC may in certain circumstances in the course of investment activities agree to indemnify a counterparty. Under the terms of such arrangements, AC may be required to compensate these parties for costs incurred as a result of various contingencies such as changes in laws and regulations or legal claims. The contingent nature of the liabilities in such agreements and the range of indemnification prevent AC from making a reasonable estimate of the maximum amount that would be required to pay such indemnifications.

As at December 31, 2023, AC was involved in certain litigation and claims. The outcome of such litigation and claims is inherently difficult to predict; however, in the opinion of Management, any liability that may arise from such contingencies would not have a material adverse effect on the Consolidated Financial Statements.

## Note 17

### Events After the Reporting Period

On January 25, 2024, OFT issued term notes of €750 (fair value of \$1,091), which are unconditionally and irrevocably guaranteed by AC. These term notes have a coupon rate of 3.125% on a 5 year term with a maturity date of January 25, 2029.

*Report of*  
**The Human Resources  
Committee and Compensation  
Discussion & Analysis**





### Members in 2023

Monty Baker (Chair)	Paul Elliott (reassigned May 17, 2023)
Bill Butt	David Tsubouchi (reassigned May 17, 2023)
Diane Kazarian	John Armstrong (appointed August 18, 2023)
Rajiv Silgado	George Cooke (ex officio)
Kevin Skerrett	

Our Human Resources Committee (HR Committee) assists the AC Board in meeting its fiduciary oversight and related obligations with regard to: (i) attracting, engaging and retaining excellent leadership at the senior executive level who are committed to the AC Mission Statement, Core Values and Leadership Principles; (ii) overseeing a robust succession management process for the position of Chief Executive Officer (CEO) and the C-Suite executives; and (iii) overseeing CEO performance, compensation and compensation policies.

In 2023, the HR Committee's work included:

- oversight of an annual performance assessment process for the CEO;
- making recommendations to the AC Board on compensation for the CEO;
- reviewing the candidates for CEO and C-Suite executive succession as part of the succession management process, including discussion of development plans;
- reviewing compensation awards for the C-Suite executives;
- reviewing performance assessments for the C-Suite executives;
- reviewing the People Strategy, including talent management, performance frameworks, wellness, inclusion and diversity, and employee surveys;
- approving compensation plans to ensure appropriate strategic linkages and risk mitigation;
- approving compensation-related disclosure in public documents; and
- continued focus on HR governance matters, including compensation reporting.

### Independent Compensation Adviser

The HR Committee engages an independent compensation adviser to provide advice and assistance in executing its responsibilities. Since 2016, Hugessen Consulting (Hugessen) has been directly retained and instructed by, and reports directly to, the HR Committee. All work is pre-approved by the HR Committee, and Hugessen did not provide any non-Board-approved services to the organization during 2023.

During 2023, the independent adviser's scope of services included the following:

- i. supporting the HR Committee in reviewing CEO pay and performance outcomes;
- ii. providing independent executive compensation advice pertaining to the CEO and C-Suite executives (i.e., compensation philosophy, comparator groups, competitive pay positioning and pay mix);
- iii. ensuring the HR Committee understood and was comfortable with the current compensation program for the CEO and C-Suite executives;
- iv. providing counsel to the HR Committee on any recommendations made by Management;
- v. reviewing proposals for new compensation plan designs; and
- vi. assisting with any other items that the HR Committee requested.

While the HR Committee considers the information provided by Hugessen and the recommendations it makes, any decisions regarding compensation and incentive plan design are made by, and are the responsibility of, the AC Board on the recommendation of the HR Committee.

The HR Committee has sole authority to approve the amount of the independent compensation adviser's fees. Executive compensation-related fees paid to our adviser in 2023 reflect the services as described above. The following table outlines the fees paid for services provided in 2023 and 2022:

Adviser	Executive Compensation-Related Fees		All Other Fees	
	2023	2022	2023	2022
Hugessen Consulting	\$72,250	\$118,157	Nil	Nil

## HR Committee Composition and Meetings

Members of the HR Committee are appointed by the AC Board from among the Board's members and are independent of Management. Collectively, HR Committee members have skills, knowledge and experience in investment management, pensions, economics and public policy, executive leadership and strategy, risk management, talent management and executive compensation. The HR Committee had five regular meetings during 2023 to review key items according to its mandate and annual work plan. At the invitation of the Chair of the HR Committee, members of Management, including the CEO and the HR Committee's independent adviser, attended the meetings. At each meeting, there was an *in camera* session without Management present.

## Chair of the Human Resources Committee Letter to Plan Members

### 2023 YEAR IN REVIEW

The Human Resources team had an exceptional year in 2023, delivering against each of our People Strategy priorities during periods of significant leadership and organizational changes and challenging market conditions. They elevated how they are using data and insights to anticipate the needs of teams and leaders, refined, built, and delivered best-in-class people solutions for the enterprise, and measured and demonstrated the impact the core programs are having. They partnered closely with the Executive

Leadership Team, utilizing all facets of the Human Resources team, to onboard executives into significant leadership roles (most notably the Chief Investment Officer, the Oxford Executive Chair, and the EVP, Global Head of Infrastructure) and worked with them to assess and build their teams and organizational structure to ensure they were set up for success. They also made important talent upgrades within the Human Resources team to elevate their performance and the support they provide to the enterprise, all while strengthening engagement across the team.

## People Strategy

In 2023, the Human Resources team continued to progress the People Strategy on four main goals that directly align with the OMERS 2025 Strategy and the CEO's priorities of People, Relationships, Brand, Culture and Future. These goals remain as:

1. Growing Our Culture: Being fiercely competitive yet incredibly humble by sharing our common values.
2. Becoming a Leading Employer: Attracting diverse global talent to succeed now and in the future.
3. Investing in Our People: Providing opportunities for our people to develop and grow.
4. Creating a Rewarding Employee Experience: Providing our people with the best environment to succeed.

They supported these goals in various ways in 2023, including:

- Continued meaningful investment in the growth of leaders through a multi-pronged approach of proprietary learning programs, including launching a new internally delivered 360 assessment tool to provide leadership capability insights to leaders;
- Focused the annual talent review cycle on building talent from within, enhancing talent conversations, and building strong succession plans for critical roles;
- Launched a new values-based employee recognition program, highlighting those who drive a culture of inclusivity, empower others, seek continuous feedback to influence their growth, and deliver solutions that drive outcomes for the enterprise;
- Continued to drive the inclusion and diversity (I&D) strategy across the enterprise, including resetting the I&D council to deepen exposure below the Executive Leadership Team level, encouraging leaders to participate in deeper and meaningful ways across the diverse global workplace, and evolving the calibre of the employee speakers series with support from all the employee resource groups (ERGs);
- Offered unique opportunities to support the holistic well-being of employees, including a health and wellness biometric screening clinic pilot and virtual education sessions on topics of mental health and neurodiversity; and
- Championed OMERS external brand through the application of culture-focused workplace awards and a refresh of the OMERS career, Glassdoor, and Indeed pages.

Also notable in 2023 was the appointment of Ralph Berg to the position of Chief Investment Officer (CIO), effective April 1, 2023. Mr. Berg is a globally recognized senior executive with more than 25 years of investment industry experience and has a proven track record of strong investment performance. He previously led the OMERS Infrastructure team from 2015 to 2020. During his tenure, OMERS Infrastructure became a global

leader in that asset class, and by the end of 2020, billions of dollars were added to OMERS AUM due to his leadership. Most recently, Mr. Berg was charged with leading the OMERS Capital Markets team from 2021 up until his appointment to CIO in 2023. While leading OMERS Capital Markets, the team delivered an outstanding two-year investment return during an extremely challenging investment environment. As importantly, he established a great culture and followership. Mr. Berg is based in the United Kingdom, providing strong executive talent and presence in that market, which enhances OMERS competitive standing as a global organization. As CIO, Mr. Berg is responsible for global investment strategy and capital allocation across all OMERS investment activities.

## Compensation Governance and Risk

OMERS compensation plans are designed to align with the business strategy of attracting, engaging and retaining high-performing people who contribute to our long-term success. OMERS delivers clear, competitive compensation plans that reward performance and align with local markets. They ensure the plans also continue to reflect leading governance principles by incorporating risk considerations. This allows the HR Committee to appropriately reward behaviours consistent with the desired risk culture. The aim is to achieve a balance between risk and reward so that employees are aligned with the long-term investment strategy of OMERS.

OMERS compensation plans are aligned to the interests of Plan members and sponsors. The AC Board has the discretion to withhold or grant awards to reflect significant unexpected or unusual events. It also has the ability to clawback any variable compensation or other long-term compensation awarded in the event of a material misrepresentation of results in the prior three years. To ensure long-term sustainability and the creation of long-term value, a significant portion of total compensation is deferred and aligned with enterprise-wide performance measures over the deferral period.

## Compensation Highlights

The following factors influenced year-end compensation awards:

- Investment return performance is measured by the annual Primary Plan net absolute return against an annual return range which produces an annual multiplier; the annual multipliers are then averaged over a five-year period.
- OMERS strategies and teams delivered a Primary Plan net absolute return of 4.6%. This return fell short of the Primary Plan net absolute return target of 7.0%. As a result, the 2023 annual multiplier was below target. The primary factors that explain this year's returns are presented on [page 6](#) of this Annual Report.
- Including the 2023 annual multiplier along with the annual multipliers for the prior four years and then averaging over the five-year period, investment return performance resulted in a five-year average annual multiplier of 100% for that portion of the CEO and the other Named Executive Officers' balanced scorecards.

The Total Rewards programs are reviewed regularly to ensure they remain effective. To that end, two new long-term compensation programs were created to reward long-term investment performance. Performance Share Units (PSU) were first introduced in 2022 and awarded primarily to select high-potential investment talent, and Fund Return Units (FRU) were introduced in 2023 and awarded to the CEO. Both programs set a high standard on performance and will only pay out if prescribed return hurdles are achieved, aligning performance with the long-term sustainability of the Plan. More details on these programs are disclosed in the section [Elements of Executive Compensation](#).

## Conclusion

OMERS continues to dedicate significant attention to talent management, ensuring that they have the right people in the right roles to deliver long-term value for Plan members. They are confident that their approach to compensation attracts and engages a talented workforce through strong governance practices while achieving the appropriate balance between protecting against incenting excessive risk-taking and paying for performance.

Our HR Committee remains committed to a pay-for-performance approach, being a leader in compensation governance and providing clear and transparent disclosure to Plan members, employers, sponsors and other stakeholders.

Finally, I want to take a moment to recognize the significant contributions of my predecessor, Monty Baker, whose tenure concluded in December. Over his 12 years of service on the AC Board, including nine years as the Chair of the HR Committee, he has played an instrumental role in shaping OMERS into what it is today. A man of strong principles, his forward-thinking vision and remarkable drive steered this committee through a crucial stage in our evolution, demonstrating both courage and thoughtful tact. The HR Committee collectively extends our heartfelt thanks for his tireless efforts and dedication. I am honoured to step into the role of Chair of the HR Committee, and I sincerely pledge to bring my full commitment to ensure this committee's continued success and advancement.



**John Armstrong**

2024 Chair of the Human Resources Committee

# Compensation Discussion and Analysis

This Compensation Discussion and Analysis section describes our executive compensation program and awards for the Named Executive Officers, which include the CEO, Chief Financial & Strategy Officer and the three highest-paid C-Suite executives who are direct reports of the CEO.

## Approach to Compensation

OMERS is committed to a pay-for-performance approach for all employees. To achieve this, the compensation programs are designed to incent the right behaviour in the delivery of our business objectives within the appropriate risk parameters.

## Compensation Principles

The executive compensation program is based on the following principles:

- **Driven.** Driven by the pension promise putting the best interests of Plan members and sponsors at the heart of everything we do; linking investment and human capital strategy to how people are rewarded.
- **Clear.** Clearly anchor performance expectations to rewards levels. Simple and transparent in our design and communication.
- **Flexible.** Be flexible to compete in our relevant talent markets and reflect the needs of our various business units; within one framework, as makes business sense.
- **Competitive.** For expected levels of performance, provide a level of total compensation (salary, incentives, and pension and benefits) competitive with our relevant talent markets.
- **Long-term.** Consider the long-term sustainability of OMERS. Emphasize retention of the best talent to deliver consistent, superior results.

## Elements of Executive Compensation

Executive compensation for 2023 consists of the following elements:

- base salary;
- variable compensation – comprising short-term incentives (STIP) and long-term incentives (LTIP);
- other long-term compensation – comprising Performance Share Units (PSU) and Fund Return Units (FRU); and
- benefit and retirement programs.

Compensation Element	Description	Compensation Type
Base Salary	Based on market benchmarking and reviewed annually.	Fixed
Short-Term Incentives (STIP)	Based on business and individual performance against pre-established objectives. Payment of STIP awards occurs annually following the end of the fiscal year.	Variable (At-Risk)
Long-Term Incentives (LTIP)	Based on business and individual performance against pre-established objectives. LTIP awards are deferred and paid out 26 months after the end of the year in which they are awarded. Payment of LTIP awards is determined by applying a performance factor adjustment based on the OMERS Primary Plan's two-year net returns following the year of the award.	Variable (At-Risk)
Performance Share Units (PSU)	Aims to align and reward high-potential investment talent for achieving long-term Business Unit investment returns. PSUs are granted as a dollar target and are deferred and paid out 26 months after the end of the year in which they are awarded. Payment related to a PSU is determined based on the participant's three-year forward-looking Business Unit net absolute returns compared against various Business Unit Performance Hurdles, resulting in a multiplier ranging from 0% to 200% of the PSU grant value. If the minimum Performance Hurdle is not met, payout is nil. If the maximum Performance Hurdle is met, payment is capped at 200% of the PSU grant value.	Variable – Selective (At-Risk)
Fund Return Units (FRU)	Aims to align and reward the OMERS CEO for achieving long-term OMERS Primary Plan returns. FRU awards are deferred and paid out 50 months after the end of the year in which they are awarded. Payment related to an FRU award is determined based on the 5-year compounded annual investment return on a notional investment in the OMERS Primary Plan (mirroring the investment return the participant would have earned had they held such a notional investment), conditional on the achievement of a pre-determined Performance Hurdle. If the Performance Hurdle is not met, payout is nil. The fair value at grant is determined using a valuation methodology that considers the time horizon, the risk-free rate of return, volatility, and the Performance Hurdles.	Variable – Selective (At-Risk)
Benefits and Retirement Programs	Includes vacation, life and disability insurance, health and dental benefits, and retirement programs.	Fixed

## Design of the Executive Compensation Plan

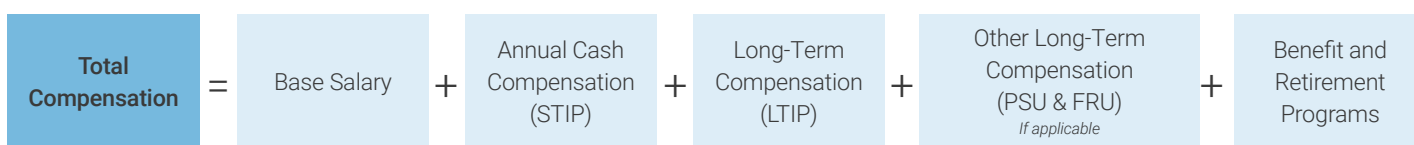
The CEO, Chief Financial & Strategy Officer and other Named Executive Officers participate in the Executive Compensation Plan. There are four key steps in determining annual variable compensation awards under the Executive Compensation Plan:

<b>Step 1</b>	Establish target total compensation
<b>Step 2</b>	Establish balanced scorecards
<b>Step 3</b>	Evaluate performance
<b>Step 4</b>	Determine variable compensation awards

The first two steps take place at the beginning of the plan year and establish the foundation through setting target compensation and performance objectives. Steps three and four occur at the end of the year when performance is measured against objectives and final awards are determined.

### Step 1 Establish target total compensation

Target total compensation is determined at the beginning of the year, upon hire, or with changes in roles or responsibilities.



For all executives, target total compensation is reviewed annually as well as at the time of any material change in roles. Our philosophy is to set target total compensation to reflect the 60th percentile of the competitive market, on average. Targets for an individual executive may be positioned above or below the 60th percentile to reflect experience, potential, performance or other factors specific to the executive or role.

The HR Committee, with the advice from its independent adviser, reviews target total compensation for C-Suite executives, while the AC Board of Directors approves the CEO’s target total compensation based on the HR Committee’s recommendation.

### Step 2 Establish balanced scorecards

At the beginning of the year, a balanced scorecard is established for each participant, made up of their key objectives, and is used to assess performance at the end of the year. The balanced scorecard includes performance against net absolute returns and other key priorities.

The table below outlines the rationale for the inclusion of each performance measure.

Performance Measure	Rationale	2023 Weighting			
		CEO	Chief Investment Officer	Chief Financial & Strategy Officer	Other Senior Executives
Investment Returns	Net absolute returns aligning executives with the interests of Plan members.	40%	50%	35%	35%
Key Strategy Execution and Leadership Objectives	Strategic initiatives aligning executives on collaborative enterprise and divisional priorities. Leadership objectives aligning executives with their impact on talent and culture.	60%	50%	65%	65%

The CEO approves the objectives for each member of the C-Suite, which are reviewed by the HR Committee. The HR Committee will recommend the annual balanced scorecard for the CEO to the AC Board of Directors for approval.

**Step 3** Evaluate performance

Following the end of the year, performance is assessed for each member of the C-Suite, which determines each individual’s balanced scorecard factor within a range of 0% to 200%. The AC Board of Directors evaluates the performance of the CEO. Commentary on 2023 performance for the CEO is discussed in the section [Compensation of the CEO](#).

**Step 4** Determine variable compensation awards

At the end of the year, individual variable compensation awards are determined as outlined below:

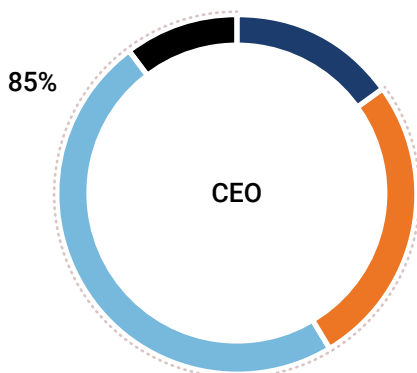
<b>Variable Compensation Award</b>	=	<b>Variable Compensation Target</b>	X	<b>Balanced Scorecard Factor</b>
		STIP + LTIP		0%–200%

Final awards may range between 0% and 200% of target. The HR Committee, with advice from its independent adviser, reviews all variable compensation awards for the C-Suite executives, while the AC Board of Directors approves the CEO’s annual awards based on the HR Committee’s recommendation. Once a participant’s variable compensation awards are determined, 35% is paid in cash (STIP) and 65% is deferred (LTIP). Notwithstanding the above, the AC Board has the ability to apply discretion to ensure compensation outcomes align to OMERS compensation principles.

**2023 TARGET COMPENSATION MIX**

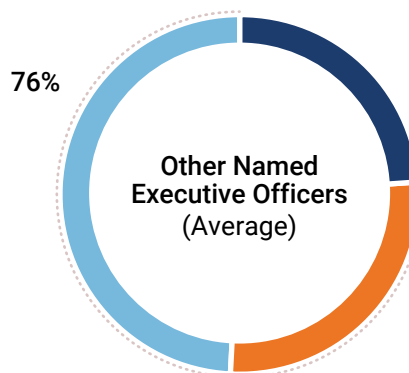
Aligned with OMERS pay-for-performance approach, total compensation for C-Suite executives primarily comprises variable compensation tied to investment and individual performance.

The majority of compensation for the CEO and the Named Executive Officer positions is variable and at-risk, as outlined in the following charts.



**Target Compensation Mix**

● Base salary	15%
● Short-term incentive	26%
● Long-term incentive	48%
● Fund Return Unit	10%



**Target Compensation Mix**

● Base salary	24%
● Short-term incentive	27%
● Long-term incentive	49%



## COMPARATOR GROUPS USED TO SET COMPETITIVE PAY

OMERS has identified comparator groups for its various businesses in setting competitive compensation to closely reflect the marketplace. The comparator groups include Canadian pension peers, large financial services organizations, and global investment management firms, where applicable. The comparator groups are reviewed on a regular basis by the HR Committee.

Typical considerations include other organizations that compete for similar talent, industry-specific organizations, or organizations with similar objectives. OMERS reviews compensation levels of comparable positions and assesses relative performance, size, geographical scope and complexity.

## Compensation Governance

This section outlines key governance-related features to help ensure that compensation aligns with the short- and long-term interests of our Plan members.

OMERS Features	Description
<b>Board Discretion</b>	The AC Board may make the decision to withhold awards of any variable compensation, including the short-term and long-term incentive payments, and other long-term compensation, including PSU and FRU payments, to reflect significant unexpected or unusual events as defined by OMERS at its sole discretion.
<b>Clawback</b>	All variable compensation awards and other long-term compensation awards, whether paid or unpaid, are subject to a clawback in the event of a material misrepresentation or financial restatement of results, within a 36-month look-back period. In the event of a material misrepresentation or financial restatement, the HR Committee will determine the extent of the clawback (i.e., who, on an individual or plan basis, will be impacted and to what extent) based on the specific circumstances.

## ALIGNMENT TO FINANCIAL STABILITY BOARD PRINCIPLES FOR EFFECTIVE GOVERNANCE OF COMPENSATION

The HR Committee has taken steps to further strengthen our approach to compensation, including incorporating the Financial Stability Board (FSB) Principles for Sound Compensation Practices and the associated Implementation Standards. These principles and standards, established in 2009, are intended to ensure effective governance of compensation, alignment of compensation with prudent risk-taking, effective supervisory oversight and stakeholder engagement in compensation. OMERS continues to adhere to these FSB principles and will continue to review our adherence on an annual basis.

## Compensation of the CEO

This section examines the 2023 performance and resulting compensation for the CEO.



### Blake Hutcheson

Chief Executive Officer  
OMERS Administration Corporation

## 2023 PERFORMANCE

A balanced scorecard was established for Mr. Hutcheson based on performance achieved against the Primary Plan net absolute return (40%) and execution against his strategic CEO priorities (60%) which include measures

that are not related to financial performance.

The AC Board assessed Mr. Hutcheson's 2023 performance against the following key non-financial individual objectives:

### Leadership:

- Lead the enterprise with integrity, drive, conviction and both realism and optimism.
- Connect our regional executives with each other to drive collaboration globally.
- Make sure our leadership team supports our agenda and setting of goals.
- Show leadership across the industry.

### People:

- Ensure we have the right people and the right structure leading all key areas globally.
- Continue to build trusted relationships within our teams, breaking down internal silos.
- Leverage people data to inform decisions on our employee experience.
- Support our people in their growth and development and building long-term careers.

### Culture:

- Foster a culture aligned with the OMERS and Oxford purpose and vision.
- Champion our values and leadership capabilities.
- Cultivate a world-class and rewarding employee experience.

- Deliver against Inclusion & Diversity and Growth and Development goals.
- Embed wellness practices into our organization to foster a culture promoting well-being.
- Reinforce the importance of positive results with the appropriate risk management mindset.

### Brand, Communication, Relationships:

- Act as the brand protector and ambassador for OMERS and Oxford globally.
- Continue to drive our key messages internally and externally.
- Foster trusted relationships with key stakeholders and significant counterparties.
- Grow our geopolitical footprint and relationships globally.
- Establish our clear commitment to Environment, Social and Corporate Governance (ESG) and roll this out across the platform.

### Future:

- Make go-forward decisions that advance our strategic priorities.
- Drive investment, operational excellence and innovation.
- Engage in the execution of our balance sheet operating model.
- Communicate and openly support the need to take a long-term perspective.

- Continue to incorporate our sustainable investing principles.
- Support the Sponsors Corporation with Plan de-risking.

## TOTAL COMPENSATION AWARDS

When determining compensation awards, the HR Committee aims to ensure there is a strong link between compensation and performance achieved. In determining Mr. Hutcheson's annual variable compensation awards for 2023, the AC Board assessed his performance against specific objectives that were agreed upon by the AC Board at the beginning of the year and that are consistent with the market-tested CEO compensation model utilized for several years at OMERS.

Given that the 2023 Primary Plan net absolute return was below our Primary Plan net absolute return target, the 2023 annual multiplier was below target. The five-year average multiplier for investment return performance was 100% for that portion of Mr. Hutcheson's balanced scorecard.

In respect of key strategic priorities, Mr. Hutcheson had an outstanding year driving numerous initiatives forward, notably:

- Setting a balanced tone for the organization that speaks to unwavering confidence in our people and business strategy, despite a weakened economy and ongoing global conflicts;
- Ensuring we have the right leadership in place for key roles across the enterprise by executing several strategic changes to leadership positions, most notably: a new Chief Investment Officer, Chief Risk Officer, Executive Chair of Oxford, Global Head of Infrastructure, Global Head of Ventures, Global Head of Total Portfolio Management, Global Head of Treasury, and Global Head of Technology, Data and Security;
- Restructuring the Capital Markets business to better align OMERS core asset classes, shifting it into three distinct Business Units: Global Equities, Global Credit, and Global Multi-Asset Strategies;
- Progressing our sustainable investing program by continuing to contribute to innovative global decarbonization efforts and launching our integrated

Climate Action Plan, which consolidates all we are doing on climate change and announces supplementary commitments beyond our existing portfolio carbon reduction goals;

- Developing a new Discount Rate Strategy which will strengthen our funding approach and improve OMERS sustainability, affordability and meaningfulness; and supporting the Sponsors Corporation through its Plan Risk Assessment;
- Completing an Asset-Liability Study resulting in a new strategic target asset mix that demonstrates lower expected volatility and similar future expected returns;
- Successfully executing the organizational strategy resulting in operational enhancements across all divisions;
- Launching our annual employee experience survey where 93% of OMERS employees shared their feedback on a range of topics;
- Connecting throughout the year with a variety of OMERS employees, stakeholders, member employers, global government officials, and dignitaries at a range of events and conferences, forums, speaking engagements, and internal leadership programs across Ontario and throughout our global regions;
- Sponsoring our first-ever annual recognition program where colleagues can recognize each other for demonstrating OMERS core values of Inclusion, Integrity, Humility and Excellence in the workplace;
- Continuing to drive momentum and focus on our inclusion and diversity goals as co-chair of the I&D council, including resetting the council to deepen exposure below the Executive Leadership Team level to bring diverse business leaders to the table from across the enterprise; and
- Continuing to focus and invest in our people and culture resulting in several accolades, most notably in Great Place to Work awards (Best Workplaces in Canada, Best Workplaces in Financial Services and Insurance, Best Workplaces in Ontario).

Given the outstanding strategic execution and leadership demonstrated against the CEO priorities, a performance score of 200% was awarded on that portion of Mr. Hutcheson's balanced scorecard.

As a result, the AC Board approved a total variable compensation performance factor of 160%, which translated in the actual awards shown below.

Compensation Element	Target	Award
2023 Salary	\$600,000	\$600,000
2023 Short-Term Incentive	\$1,015,000	\$1,624,000
2023 Long-Term Incentive	\$1,885,000	\$3,016,000
2023 FRU	\$400,000	\$400,000
<b>Total</b>	<b>\$3,900,000</b>	<b>\$5,640,000</b>

## Summary Compensation Table

The table below represents disclosure of the compensation paid to or earned by each Named Executive Officer, represented in their local currency, during the three most recently completed financial years.

Name and Principal Position	Year	Currency	Salary	Non-Equity Incentive Compensation			Pension Contribution <sup>2</sup>	All Other Compensation	Total
				Short-Term Incentive Plan (STIP)	Long-Term Incentive Plan (LTIP) <sup>1</sup>	Other Long-Term Compensation (PSU & FRU)			
<b>Blake Hutcheson<sup>3</sup></b> CEO	<b>2023</b>	<b>CAD</b>	<b>600,000</b>	<b>1,624,000</b>	<b>3,016,000</b>	<b>400,000</b>	<b>64,336</b>	<b>87,018</b>	<b>5,791,354</b>
	2022	CAD	600,000	1,542,800	2,865,200		62,693	86,770	5,157,463
	2021	CAD	565,000	1,549,380	2,877,420		59,506	87,082	5,138,388
<b>Jonathan Simmons<sup>4</sup></b> Chief Financial & Strategy Officer	<b>2023</b>	<b>CAD</b>	<b>450,000</b>	<b>643,125</b>	<b>1,194,375</b>		<b>62,587</b>	<b>1,112</b>	<b>2,351,199</b>
	2022	CAD	450,000	644,228	1,196,423		62,276	1,112	2,354,039
	2021	CAD	450,000	686,525	1,274,975		59,506	1,393	2,472,399
<b>Ralph Berg<sup>5</sup></b> Chief Investment Officer	<b>2023</b>	<b>GBP</b>	<b>500,000</b>	<b>1,391,250</b>	<b>2,583,750</b>		<b>4,205</b>	<b>19,941</b>	<b>4,499,146</b>
	2022	GBP	450,000	1,944,000	1,944,000	1,000,000	0	23,825	5,361,825
	2021	GBP	450,000	2,004,000	3,004,000		0	22,863	5,480,863
<b>Bob Aziz</b> Chief Operating Officer	<b>2023</b>	<b>CAD</b>	<b>450,000</b>	<b>569,625</b>	<b>1,057,875</b>		<b>64,154</b>	<b>48,890</b>	<b>2,190,544</b>
	2022	CAD	450,000	542,973	1,008,378		62,645	48,890	2,112,886
	2021	CAD	450,000	595,437	1,105,812		59,506	49,171	2,259,926
<b>Michael Kelly</b> Chief Legal & Sustainability Officer	<b>2023</b>	<b>CAD</b>	<b>400,000</b>	<b>483,525</b>	<b>897,975</b>		<b>62,588</b>	<b>20,035</b>	<b>1,864,123</b>
	2022	CAD	400,000	471,713	876,038		58,853	20,035	1,826,639
	2021	CAD	400,000	515,375	957,125		57,593	20,284	1,950,377

1 2021, 2022 and 2023 amounts shown represent the LTIP awards reflecting the Named Executive Officer's balanced scorecard performance for each calendar year.

2 Reflects matching pension contributions that OMERS makes on behalf of employees. Pension contributions are based on capped pensionable earnings, as described in the Pension Plan Benefits table later in this report. Mr. Berg's pension contributions reflect matching contributions to a defined contribution pension plan in the United Kingdom based on specific plan provisions.

3 Mr. Hutcheson received an FRU award of \$400,000 in 2023. Based on the valuation methodology employed, the underlying notional investment that this award represents is \$2,675,585. This award vests over five years and will result in payment in the first quarter of 2028, contingent on whether the applicable Performance Hurdle is met.

4 Mr. Simmons received a one-time 2021 STIP award of \$87,500 and a one-time 2021 LTIP award of \$162,500 in 2021 for extraordinary personal contributions and to recognize his expanded leadership responsibilities for Asset Liability Management and Strategy.

5 Mr. Berg was appointed Chief Investment Officer on April 1, 2023. Mr. Berg's 2023 total compensation is the equivalent of \$7,563,064 when converted to Canadian dollars using the December 31, 2023 foreign exchange rate of 1.6810. Mr. Berg's 2021 and 2022 compensation is reflective of his previous role as EVP & Global Head of Capital Markets. In 2022, he received a 2022 PSU award of £1,000,000 as a high-potential investment leader and in recognition of extraordinary individual performance. This award vests over three years and will result in a payment in the first quarter of 2025, contingent on whether the Business Unit Performance Hurdles are met. In 2021, he received a one-time 2021 LTIP award of £1,000,000 as part of his transition to the role of EVP & Global Head of Capital Markets.

## Incentive Plan Awards Table

The following table presents the outstanding deferred awards and the forecasted future payouts for each Named Executive Officer, represented in their local currency.

The PSU for Mr. Berg does not vest until December 31, 2024, at which point it will be compared against various Business Unit Performance Hurdles. Therefore, the payout value is not yet determined.

The FRU for Mr. Hutcheson does not vest until December 31, 2027, at which point it will be conditional on the achievement of a pre-determined Performance Hurdle. Therefore, the payout value is not yet determined.

Name	Currency	Type of Award	Year	Award Value <sup>1</sup>	Vesting Date	Payout Value <sup>2</sup>
<b>Blake Hutcheson</b> <sup>3</sup> CEO	CAD	LTIP	2023	3,016,000	December 31, 2025	3,498,560
		LTIP	2022	2,865,200	December 31, 2024	3,209,024
		LTIP	2021	2,877,420	December 31, 2023	3,136,388
		FRU	2023	400,000	December 31, 2027	Not yet determined
<b>Jonathan Simmons</b> <sup>4</sup> Chief Financial & Strategy Officer	CAD	LTIP	2023	1,194,375	December 31, 2025	1,385,475
		LTIP	2022	1,196,423	December 31, 2024	1,339,994
		LTIP	2021	1,274,975	December 31, 2023	1,389,723
<b>Ralph Berg</b> <sup>5</sup> Chief Investment Officer	GBP	LTIP	2023	2,583,750	December 31, 2025	2,997,150
		LTIP	2022	1,944,000	December 31, 2024	2,196,720
		LTIP	2021	3,004,000	December 31, 2023	3,454,600
		PSU	2023	1,000,000	December 31, 2024	Not yet determined
<b>Bob Aziz</b> Chief Operating Officer	CAD	LTIP	2023	1,057,875	December 31, 2025	1,227,135
		LTIP	2022	1,008,378	December 31, 2024	1,129,383
		LTIP	2021	1,105,812	December 31, 2023	1,205,335
<b>Michael Kelly</b> Chief Legal & Sustainability Officer	CAD	LTIP	2023	897,975	December 31, 2025	1,041,651
		LTIP	2022	876,038	December 31, 2024	981,163
		LTIP	2021	957,125	December 31, 2023	1,043,266

1 2021, 2022 and 2023 amounts shown represent the LTIP awards reflecting the Named Executive Officer's balanced scorecard performance for each calendar year. PSU awards and FRU awards are not impacted by balanced scorecard performance for each calendar year.

2 2021, 2022 and 2023 amounts shown represent the LTIP award value adjusted by the Primary Plan performance factor. Mr. Berg's 2021 and 2022 amounts shown represent the LTIP award value adjusted by a cumulative Primary Plan and Business Unit performance factor, in connection with his previous role as EVP & Global Head of Capital Markets.

3 Mr. Hutcheson received a 2023 FRU award of \$400,000 in 2023. Based on the valuation methodology employed, the underlying notional investment that this award represents is \$2,675,585. This award vests over five years and will result in payment in the first quarter of 2028, contingent on whether the applicable Performance Hurdle is met.

4 Mr. Simmons received a one-time 2021 LTIP award of \$162,500 for extraordinary personal contributions and to recognize his expanded leadership responsibilities for Asset Liability Management and Strategy.

5 Mr. Berg's 2021 and 2022 awards are reflective of his previous role as EVP & Global Head of Capital Markets. In 2022, he received a 2022 PSU award of £1,000,000 as a high-potential investment leader and in recognition of extraordinary individual performance. This award vests over three years and will result in a payment in the first quarter of 2025, contingent on whether the Business Unit Performance Hurdles are met. In 2021, he received a one-time 2021 LTIP award of £1,000,000 as part of his transition to the role of EVP & Global Head of Capital Markets.

## Pension Plan Benefits

The following section describes the OMERS Pension Plans in which some of the Named Executive Officers participate:

<b>Pension Formula</b>	Two percent (2%) of “best five” earnings multiplied by years of credited service (maximum of 35 years) less 0.675% of “best five” earnings capped at the five-year average YMPE (Year’s Maximum Pensionable Earnings, as set by the Canada Pension Plan).
<b>“Best Five” Earnings</b>	The highest average of five consecutive years of contributory earnings. Contributory earnings are capped, as follows: <ul style="list-style-type: none"> <li>• Cap on incentive pay: Post-2010 earnings are capped at 150% of contributory earnings calculated before incentive pay.</li> <li>• 7x YMPE Cap: Total contributory earnings are limited to seven times the YMPE (applies to all earnings if the member enrolled on/after January 1, 2014, and to post-2015 earnings if the member enrolled before January 1, 2014).</li> </ul>
<b>Normal Retirement Age</b>	65
<b>Early Retirement</b>	Plan members are eligible to retire early when they reach age 55. Each member’s unreduced date is the earliest of the date the member attains their 90 Factor (age and qualifying service), attains 30 years of qualifying service or turns age 65. If a member retires before their unreduced date, there is a 5% reduction factor per year short of their unreduced date.
<b>Form of Pension</b>	The pension is paid monthly for the life of the member, with 66 $\frac{2}{3}$ % of the member’s pension amount continuing to a surviving spouse after the member’s death.

## Termination Benefits

The treatment under each of the termination scenarios is governed by the terms of the 2023 Executive Compensation Plan, which are summarized in the following table:

	Short-Term Incentive Plan	Long-Term Incentive Plan	Performance Share Units	Fund Return Units
<b>Resignation</b>	Forfeited	Forfeited	Forfeited	Forfeited
<b>Retirement</b> (as defined by the Compensation Plan)	Entitled to a partial award, prorated to reflect the period of active employment	Outstanding awards will continue to mature in normal course	Outstanding awards will continue to mature in normal course	Outstanding awards will continue to mature in normal course
<b>Termination without Cause</b>	Entitled to a partial award, prorated to reflect the period of active employment	Entitled to a partial award, prorated to reflect the period of active employment	Forfeited	Entitled to a partial award, prorated to reflect the period of active employment
<b>Termination with Cause</b>	Forfeited	Forfeited	Forfeited	Forfeited



# *Financial Statements* **OMERS Sponsors Corporation**

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# Independent auditor's report

To the Board of Directors of OMERS Sponsors Corporation

## Opinion

We have audited the financial statements of OMERS Sponsors Corporation (the "SC"), which comprise the statement of financial position as at December 31, 2023, and the statements of operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the SC as at December 31, 2023, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

## Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the SC in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our audit opinion.

## Other information

Management is responsible for other information. The other information comprises the information, other than the financial statements and our auditor's report thereon, included in the OMERS 2023 Annual Report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or other appears to be materially misstated.

The OMERS 2023 Annual Report is expected to be made available to us after the date of the auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

## Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.





In preparing the financial statements, management is responsible for assessing the SC's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the SC or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the SC's financial reporting process.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- a. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- b. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the SC's internal control.
- c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the SC's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the SC to cease to continue as a going concern.
- e. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*BDO CANADA LLP*

Chartered Professional Accountants, Licensed Public Accountants

Oakville, Ontario

February 22, 2024

# Statement of Financial Position

(in Canadian dollars)		
As at December 31,	2023	2022
<b>Assets</b>		
Current		
Cash	\$ 5,554	\$ 17,242
OMERS Administration Corporation receivable (Note 3)	1,308,222	715,198
Prepaid expenses and other assets	78,358	79,547
	1,392,134	811,987
Non-current		
OMERS Administration Corporation receivable (Note 3)	642,410	312,249
<b>Total Assets</b>	<b>2,034,544</b>	<b>1,124,236</b>
<b>Liabilities</b>		
Current		
Accounts payable and accrued liabilities	1,312,753	731,417
Deferred revenue	78,358	79,547
	1,391,111	810,964
Non-current		
Accounts payable and accrued liabilities	642,410	312,249
<b>Total Liabilities</b>	<b>2,033,521</b>	<b>1,123,213</b>
<b>Net Assets</b>		
Excess of revenues over expenses from operations		
Balance at beginning of year	1,023	1,023
Current year	–	–
Excess of revenues over expenses from operations, Balance at end of year	1,023	1,023
<b>Total Net Assets</b>	<b>\$ 2,034,544</b>	<b>\$ 1,124,236</b>

The accompanying notes are an integral part of these financial statements.

These financial statements were approved by the Board of Directors on February 22, 2024.  
Signed on behalf of the Board of OMERS Sponsors Corporation

**Barry Brown**  
Chair, SC Board

**Peter Derochie**  
Chair, SC Audit & Human  
Resources Committee

# Statement of Operations

(in Canadian dollars)

**For the year ended December 31,**
**2023**
**2022**
**Revenues**

OMERS Administration Corporation expense reimbursement (Note 3)	\$ 4,837,951	\$ 4,473,499
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**Expenses**

Staff compensation	3,345,877	3,128,603
Legal	187,460	89,684
Audit	18,080	19,323
Professional advisors	95,530	192,086
Subscriptions, memberships and licenses	67,171	59,873
Other administrative	27,038	27,344
Insurance	104,490	104,490
Board remuneration (Note 4)	883,114	780,649
Board education and conferences (Note 4)	39,879	41,310
Board expenses (Note 4)	69,312	30,137

	<b>4,837,951</b>	<b>4,473,499</b>
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**Excess of Revenues Over Expenses from Operations**

	\$ —	\$ —
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The accompanying notes are an integral part of these financial statements.

# Statement of Cash Flows

(in Canadian dollars)

For the year ended December 31, 2023 2022

**Cash was provided by (used in):**

**Operating Activities**

Changes in non-cash working capital accounts

OMERS Administration Corporation receivable	\$	(923,185)	\$	191,951
Prepaid expenses and other assets		1,189		2,289
Accounts payable and accrued liabilities		911,497		(181,854)
Deferred revenue		(1,189)		(2,289)

<b>Increase/(Decrease) in cash</b>		<b>(11,688)</b>		<b>10,097</b>
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Cash - Beginning of Year		<b>17,242</b>		7,145
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<b>Cash - End of Year</b>	<b>\$</b>	<b>5,554</b>	<b>\$</b>	17,242
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The accompanying notes are an integral part of these financial statements.

# Notes to Financial Statements

(in Canadian dollars)

## Nature of Operations

The OMERS Sponsors Corporation (SC) is a corporation without share capital under the Ontario Municipal Employees Retirement System Act, 2006 (OMERS Act). The SC is the sponsor of the OMERS Pension Plans (OMERS Pension Plans or Plans) as defined in the OMERS Act. The OMERS Pension Plans are administered by OMERS Administration Corporation (AC) and include the OMERS Primary Pension Plan (Primary Plan), the Retirement Compensation Arrangement (RCA), and the OMERS Supplemental Pension Plan for Police, Firefighters and Paramedics (Supplemental Plan). The SC is responsible for making decisions about the design of the Primary Plan, the RCA, and the Supplemental Plan, amendments to those plans, setting contribution rates, and deciding whether to file actuarial valuations more frequently than is required under the *Pension Benefits Act* (Ontario) (PBA).

## Note 1

### Significant Accounting Policies

#### a) BASIS OF ACCOUNTING

These financial statements have been prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNPO).

#### b) REVENUE RECOGNITION

AC expense reimbursement is recorded as revenue as the expenses are incurred in accordance with the joint SC/AC protocol. Amounts received in advance of revenue recognition are treated as deferred revenue.

#### c) USE OF ESTIMATES

The preparation of the financial statements is in conformity with Canadian ASNPO which require management to make estimates and assumptions that affect the reported values of assets and liabilities, income and expenses, and related disclosures. Actual results could differ from these estimates.

#### d) FINANCIAL INSTRUMENTS

##### Measure of Financial Instruments

The SC initially measures its financial assets and liabilities at fair value and subsequently measures all its financial assets and liabilities at cost or amortized cost less impairment.

Financial assets measured at amortized cost are cash and AC receivable. Financial liabilities measured at amortized cost are accounts payable and accrued liabilities.

The SC has no financial assets measured at their fair value and has not elected to carry any financial assets or liabilities at fair value.

##### Impairment

Financial assets are tested for impairment when events or circumstances indicate possible impairment. Write-downs, if any, are recognized in excess (deficit) of revenues over expenses and may be subsequently reversed to the extent that the net effect after the reversal is the same as if there had been no write-down. There are no impairment indicators in the current year.

**e) INCOME TAX STATUS**

The SC is tax exempt under the Income Tax Act.

## Note 2

**Bank Operating Facility**

The SC maintains an unsecured, uncommitted overdraft facility (demand Operating Overdraft Facility) with a major bank in the amount of \$1,000,000; advances would bear interest at the Prime Rate per annum. Access to the overdraft facility was not required in 2023.

## Note 3

**Related Party Transactions**

During 2023, the SC received expense reimbursements of \$4,837,951 (2022: \$4,473,499) from the AC of which \$1,950,632 (December 31, 2022: \$1,027,447) was receivable at year-end.

The transactions are in the normal course of operations and are measured at the exchange amount.

The amounts due from related parties are non-interest bearing, unsecured and have no specific terms of repayment.

## Note 4

**Board Remuneration and Expenses**

Board remuneration and board education and conferences, and board expenses are in accordance with SC By-law No. 6.

## Note 5

**Financial Instruments**

The SC is exposed to various risks through its financial instruments. The following provides a summary of the SC's exposure to risk as at December 31, 2023:

**a) CREDIT RISK**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The SC is exposed to credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations; if there is a concentration of transactions carried out with the same counterparty; or of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions. The SC's main credit risk relates to its AC receivable. The AC receivable is due from an organization with a high-quality credit rating and therefore there is limited credit risk associated with this financial instrument. There have not been any changes in this risk from the prior year.

**b) LIQUIDITY RISK**

Liquidity risk is the risk that the SC will encounter difficulties in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the SC will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a

financial asset. The SC is exposed to this risk mainly in respect to its accounts payable and accrued liabilities. The SC manages this risk by managing its working capital, ensuring that sufficient credit is available. There have not been any changes in this risk from the prior year.

**c) MARKET RISK**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk, and price risk. The SC is not exposed to significant market risk. There have not been any changes in this risk from the prior year.

# Reference

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## Independent practitioner's limited assurance report on select performance metrics of OMERS Administration Corporation (OMERS) as included in the OMERS 2023 Annual Report

To the Board of Directors and Management of OMERS

We have undertaken a limited assurance engagement on the select performance metrics detailed in Exhibit 1 below (the select performance metrics) and as presented in OMERS 2023 Annual Report for the year ended December 31, 2023 (OMERS Annual Report).

### Management's responsibility

Management is responsible for the preparation of the select performance metrics in accordance with the applicable criteria established in Exhibit 2 (the applicable criteria). Management is also responsible for such internal control as management determines necessary to enable the preparation of the select performance metrics that are free from material misstatement, whether due to fraud or error.

### Our responsibility

Our responsibility is to express a limited assurance conclusion on the select performance metrics based on the evidence we have obtained. We conducted our limited assurance engagement in accordance with Canadian Standard on Assurance Engagements (CSAE) 3000, *Attestation Engagements Other than Audits or Reviews of Historical Financial Information* and CSAE 3410, *Attestation Engagements on Greenhouse Gas Statements*. These standards require that we plan and perform this engagement to obtain limited assurance about whether the select performance metrics are free from material misstatement.

A limited assurance engagement involves performing procedures (primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures) and evaluating the evidence obtained. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users of our report. The procedures are selected based on our professional judgment, which includes identifying areas where the risks of material misstatement, whether due to fraud or error, in preparing the select performance metrics in accordance with the applicable criteria are likely to arise.

The extent of our procedures included but was not limited to inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records. Given the circumstances of the engagement, in performing the procedures listed above we:

- Reviewed the OMERS methodology and evaluated whether OMERS methods for determining the boundaries and quantification of the select performance metrics were appropriate and consistent with the applicable criteria.
- Through inquiries, obtained an understanding of the OMERS control environment and the information systems relevant to the select performance metrics quantification and reporting. Our procedures did not evaluate the design of particular control activities, obtain evidence about their implementation or test their operating effectiveness.
- Evaluated whether OMERS methods for developing estimates are appropriate and consistently applied.



- Reviewed relevant documents and records to reconcile the select performance metrics data for a limited sample of assets. The sample included items selected across all the in-scope assets. The data inputs that were tested for each item included: total greenhouse gas emissions, enterprise value, market value, apportioning factor, and revenue. The testing of these data inputs entailed the reconciliation of the data back to supporting OMERS files, third party data providers and, where available, public records.
- Reviewed the select performance metrics disclosure in the OMERS 2023 Annual Report to ensure consistency with our understanding and procedures.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and, consequently, the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

The select performance metrics have been prepared in accordance with the applicable criteria prepared by OMERS management to report to the Board of Directors. As a result, the select performance metrics may not be suitable for another purpose. Our report is intended solely for OMERS. We acknowledge the disclosure of our report, in full only, by OMERS at its discretion, without assuming or accepting any responsibility or liability to any third party in respect of this report.

## Our independence and quality management

We have complied with the relevant rules of professional conduct/code of ethics applicable to the practice of public accounting and related to assurance engagements, issued by various professional accounting bodies, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Canadian Standard on Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, which requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## Inherent limitations

Emissions data is subject to inherent limitations given the nature and the methods used for determining such data. The selection of different but acceptable measurement techniques can result in materially different measurements. The precision of different measurement techniques may also vary.

## Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that OMERS select performance metrics are not prepared, in all material respects, in accordance with the applicable criteria.

*PricewaterhouseCoopers LLP*

**Chartered Professional Accountants**

Toronto, Ontario  
February 23, 2024

## Exhibit 1

Our limited assurance engagement was performed on the following select performance metrics:

Performance Metrics	Reporting Period	Results
<b>Portfolio Carbon Footprint</b>		
Weighted Average Carbon Intensity (WACI)	December 31, 2022	90 tCO <sub>2</sub> e/\$M revenue
Carbon Footprint	December 31, 2022	30 tCO <sub>2</sub> e/\$M invested
Absolute Emissions	December 31, 2022	3,381,652 tCO <sub>2</sub> e
	December 31, 2020	5,124,998 tCO <sub>2</sub> e
	December 31, 2019	4,586,547 tCO <sub>2</sub> e

## Exhibit 2

### Select performance metrics and criteria

Performance Metrics	Description	Applicable Reporting Criteria and Scoping
<b>Portfolio Carbon Footprint</b>		
Weighted Average Carbon Intensity (WACI)	<p>Portfolio's exposure to carbon-intensive companies, expressed in Metric tonnes CO<sub>2</sub>e/\$M revenue for the year ending December 31, 2022.</p> <p>Scope 1 and Scope 2 GHG emissions are allocated based on portfolio weights (the value of the investment relative to the portfolio value at the measurement date). Gross values are used.</p>	<ul style="list-style-type: none"> <li>Management's internally developed criteria as outlined in the Climate-Related Disclosures, Metrics &amp; Targets disclosures of the OMERS Annual Report.</li> <li>The Global GHG Accounting and Reporting Standard Part A: Financed Emissions Second Edition developed by the Partnership for Carbon Accounting Financials (PCAF).</li> <li>The Greenhouse Gas Protocol, A Corporate Accounting and Reporting Standard Revised Edition.</li> </ul> <p>The asset classes included in scope are: Public and private equity holdings, corporate bonds, credit holdings, infrastructure and real estate holdings. The following instruments and investment types are not in scope: cash, short-term notes, currency instruments, short positions, interest rate swaps, commodities, external funds and government securities.</p>
Carbon Footprint	<p>Absolute Emissions for a portfolio normalized by the market value of the portfolio, expressed in Metric tonnes CO<sub>2</sub>e/\$M invested for the year ended December 31, 2022.</p> <p>Scope 1 and Scope 2 GHG emissions are allocated to investors based on an equity ownership approach as described under methodology for Total Carbon Emissions. The portfolio value on the measurement date is used to normalize the data.</p>	
Absolute Emissions	<p>The absolute GHG emissions associated with the measured portfolio, expressed in Metric tonnes CO<sub>2</sub>-equivalent (tCO<sub>2</sub>e) for the years ended December 31, 2019, 2020, and 2022.</p> <p>Scope 1 and Scope 2 GHG emissions are allocated to investors based on an enterprise value approach.</p>	

# OMERS SPONSORS CORPORATION BOARD REMUNERATION AND EXPENSES

	2023		2022	
	Remuneration <sup>(i)</sup> (iii)	Expenses <sup>(ii)</sup>	Remuneration	Expenses
Brown, Barry (Chair)	\$114,000	—	\$79,000	\$692
Axford, Dan (Vice-Chair)	79,000	9,644	53,000	564
Biro, Frederick <sup>(v)</sup>	—	—	46,000	3,667
Cananzi, Max <sup>(iv)</sup> <sup>(v)</sup>	59,000	6,674	46,000	20,205
Chan, Jason <sup>(v)</sup>	—	—	11,500	—
Cubitt, Garry <sup>(v)</sup>	51,000	7,942	—	—
Derochie, Peter <sup>(iv)</sup>	59,000	27,220	53,000	6,994
Love, Marianne <sup>(v)</sup>	51,000	2,737	46,000	9,788
Marks, Scott <sup>(v)</sup>	51,000	9,386	46,000	11,972
Maugeri, Domenic <sup>(v)</sup>	51,000	872	17,250	—
McConville, Mary	51,000	3,582	53,000	—
Pennachetti, Joe <sup>(iv)</sup>	59,000	7,953	53,000	2,108
Ramagnano, Frank <sup>(v)</sup>	51,000	5,442	99,000	4,148
Sahli, Sandra <sup>(v)</sup>	51,000	10,556	46,000	6,698
Volpe, Giulia <sup>(iv)</sup> <sup>(v)</sup>	59,000	4,319	46,000	1,576
Weatherup, John	51,000	—	46,000	—
Other Expenses <sup>(vii)</sup>	46,114	12,864	39,899	3,033
<b>Total</b>	<b>\$883,114</b>	<b>\$109,191</b>	<b>\$780,649</b>	<b>\$71,445</b>

(i) Remuneration is in accordance with By-law No. 6.

(ii) Includes reimbursement for normal out-of-pocket business expenses including education and meeting expenses incurred in conducting SC business. Total expenses are reviewed by the Audit & Human Resources Committee.

(iii) All Directors are paid an annual technology allowance in the amount of \$4,000 to cover all equipment and line charges required to review electronic Board Materials.

(iv) Committee Chairs:

M. Cananzi (Human Resources and Compensation Committee); P. Derochie (Plan Design Committee); J. Pennachetti (Audit Committee); and G. Volpe (Corporate Governance Committee)

(v) Member Changes:

- M. Cananzi appointed to the Board effective January 1, 2022;
- J. Chan formally ceased participation on the Board as of March 9, 2022;
- F. Biro retired from the Board as of December 31, 2022;
- M. Love retired from the Board as of December 31, 2023;
- S. Sahli retired from the Board as of December 31, 2023.
- S. Marks appointed to the Board effective January 11, 2022;
- D. Maugeri appointed to the Board effective August 16, 2022;
- G. Cubitt appointed to the Board effective January 1, 2023;
- F. Ramagnano retired from the Board as of December 31, 2023;

(vi) In accordance with By-Law No. 6, the Board Member has directed their compensation to their appointing organization.

(vii) Other expenses include Board meeting expenses not allocated by individual and benefits (Canada Pension Plan contributions and Employer Health Tax).

## 2023 OMERS SPONSORS CORPORATION BOARD/COMMITTEE MEETINGS

Director	SC Board Meetings <sup>(i)</sup> (19)		Audit Committee (4)		Corporate Governance Committee (11)		Human Resources and Compensation Committee (4)		Plan Design Committee (9)		Joint Council (6)		Committees (Total)		All Meetings		Other Events and Meetings <sup>(ii)</sup>		All Events and Meetings <sup>(ii)</sup>		Education Days <sup>(iv)</sup>	
	Attended	%	Attended	%	Attended	%	Attended	%	Attended	%	Attended	%	Attended	%	Attended	%	Attended	%	Attended	%	Attended	%
Brown, Barry (Chair) <sup>(iii)</sup>	19	100	11		4		9		6		30/30	100	49/49	100	7		7		56			
Axford, Dan (Vice-Chair) <sup>(iii)</sup>	19	100	4	6 <sup>(v)</sup>	4		9		5		24/25	96	43/44	98	17		17		60			
Cananzi, Max	19	100	4		4		9		9		17/17	100	36/36	100	5		5		41			18
Cubitt, Garry	18	95	4		4		9		9		13/13	100	31/32	97	4		4		35			2
Derochie, Peter	17	89	4		9		9		9		13/13	100	30/32	94	6		6		36			6
Love, Marianne	18	95	9		3		9		9		21/24	88	39/43	91	2		2		41			
Marks, Scott	17	89	4		11		9		9		24/24	100	41/43	95	7		7		48			11
Maugeri, Domenic	17	89	3		3		8		8		14/17	82	31/36	86	4		4		35			
McConville, Mary	18	95	4		10		4		9		23/24	96	41/43	95	4		4		45			
Pennachetti, Joe	18	95	4		11		9		9		24/24	100	42/43	98	7		7		49			
Ramagnano, Frank	16	84	4		6		9		6		25/30	83	41/49	84	5		5		46			3
Sahli, Sandra	18	95	11		4		9		9		24/24	100	42/43	98	7		7		49			
Volpe, Giulia	19	100	11		11		9		9		20/20	100	39/39	100	9		9		48			2
Weatherup, John	18	95	9		9		9		9		18/20	90	36/39	92	4		4		40			
<b>Overall Attendance</b>		<b>94%</b>		<b>96%</b>		<b>90%</b>		<b>93%</b>		<b>99%</b>		<b>95%</b>		<b>95%</b>					<b>95%</b>			

(i) These reflect SC Board meetings and strategic planning sessions which SC Board Directors were expected to attend.

(ii) Directors attended additional 'Other' meetings and events, such as the spring information meeting, joint education sessions with AC, new board member orientation, ad hoc meetings of special committees and attendance at committee meetings of which they are not members.

(iii) In addition to chairing the SC Board meetings, the Chair is an ex-officio member of the CGC and HRCC, and the Vice-Chair is an ex-officio member of the Audit Committee.

(iv) Education days refer to the actual number of days Directors spent at education programs or pension-related conferences and exclude travel time.

(v) Vice-Chair is not a member of the CGC. He participated in AC Board nominee and SC Board appointee interviews that were conducted by the CGC.

# OMERS ADMINISTRATION CORPORATION BOARD REMUNERATION AND EXPENSES

	2023		2022	
	Remuneration <sup>(i)</sup> (iii)	Expenses <sup>(ii)</sup>	Remuneration	Expenses
Cooke, George (Chair)	\$199,000	\$2,858	\$189,000	\$891
Arab, Susan <sup>(iv)</sup>	62,780	5,596	—	—
Armstrong, John <sup>(iv)</sup>	89,000	14,996	79,000	25,808
Baker, Monty	106,500	1,402	94,000	—
Butt, William (Bill)	106,500	3,245	94,000	—
Elliott, Paul	106,500	3,865	88,825	11,243
Fenn, Michael	89,000	3,918	79,000	—
Figueiredo, Karen <sup>(iv)</sup>	89,000	66	49,359	21,753
Fischer, Debbie <sup>(iv)</sup>	—	—	79,000	—
Hutchinson, Laurie <sup>(iv)</sup>	—	—	22,500	210
Inskip, Cliff	89,000	2,684	79,000	—
Kazarian, Diane <sup>(iv)</sup>	89,000	4,831	—	—
Mueller, Charlene <sup>(iv)</sup>	5,933	—	79,000	—
Silgado, Rajiv	89,000	305	79,000	9,549
Skerrett, Kevin <sup>(iv)</sup>	89,000	6,070	79,000	—
Somerville, Penny	106,500	338	94,000	—
Tsubouchi, David	99,865	5,951	79,000	—
Wu, Yung	89,000	5,985	79,000	—
Other Expenses <sup>(v)</sup>	—	45,797	—	21,176
<b>Total</b>	<b>\$1,505,578</b>	<b>\$107,907</b>	<b>\$1,342,684</b>	<b>\$90,630</b>

(i) Remuneration of the Directors of the AC Board is in accordance with the Director Remuneration Policy effective January 1, 2023.

(ii) Includes reimbursement for normal out-of-pocket business expenses including education and meetings expenses incurred on behalf of AC. These expenses are reported to the Audit & Actuarial Committee annually.

(iii) All Directors are paid an annual technology allowance in the amount of \$4,000 to cover all equipment and line charges required to review electronic Board materials.

(iv) Member Changes:

- J. Armstrong and K. Skerrett appointed to the Board effective January 1, 2022;
- L. Hutchinson retired from the Board on April 1, 2022;
- K. Figueiredo appointed to the Board effective May 19, 2022;
- D. Fischer retired from the Board as of December 31, 2022;
- D. Kazarian appointed to the Board effective January 1, 2023;
- C. Mueller retired from the Board as of January 25, 2023; and
- S. Arab appointed to the Board effective April 18, 2023.

(v) Other Expenses include AC Board meeting and AC/SC Joint Session expenses not allocated by individual.

## 2023 OMERS ADMINISTRATION CORPORATION BOARD/COMMITTEE MEETINGS

Director <sup>(i)</sup>	Overall Attendance													
	AC Board (12)	Audit & Actuarial Committee (8)	Governance & Risk Committee (8)	Human Resources Committee (5)	Investment Committee (7)	Member Services Committee (2) <sup>(iii)</sup>	Appeals Committee (1)	Asset-Liability Study Committee (4) <sup>(ii)</sup>	Joint Council (6)	Committees (Total) Eligible	All Meetings Attended/ Eligible	Scheduled Meetings <sup>(iv)</sup> Attended/ Eligible		
	Attended	%	Attended	%	Attended	%	Attended	%	Attended	%	Attended	%		
Arab, Susan <sup>(v)</sup>	8/9	89	4/4		2				6/6	100	14/15	93	7/8	88
Armstrong, John <sup>(vi)</sup>	12	100	8	1/1	7				16/16	100	28/28	100	17/17	100
Baker, Monty	9	75	8	5	5	2			15/15	100	24/27	89	15/16	94
Butt, William (Bill)	12	100		5	7		4		16/16	100	28/28	100	16/16	100
Cooke, George (Chair) <sup>(vi)</sup>	12	100	8	5	7	2	4	6	41/41	100	53/53	100	26/26	100
Elliott, Paul <sup>(vi)</sup>	12	100	8	3/3		2	4	6	24/24	100	36/36	100	14/14	100
Fenn, Michael <sup>(vi)</sup>	12	100	4/4		7	2			13/13	100	25/25	100	13/13	100
Figueiredo, Karen	12	100	8	8		2	4	1	21/21	100	33/33	100	16/16	100
Inskip, Cliff	12	100	8	8	6		4		18/19	95	30/31	97	15/15	100
Kazarian, Diane	12	100	8	5					13/13	100	25/25	100	16/16	100
Silgado, Rajiv	12	100		5	7				12/12	100	24/24	100	16/16	100
Skerrett, Kevin	12	100	8	5		4	4		17/17	100	29/29	100	16/16	100
Somerville, Penny	12	100	8		7		4	6	25/25	100	37/37	100	16/16	100
Tsubouchi, David <sup>(vi)</sup>	12	100	8	3/3		2			14/14	100	26/26	100	14/14	100
Wu, Yung	12	100		7		7			14/15	93	26/27	96	15/15	100
<b>Overall Attendance</b>		<b>98%</b>	<b>100%</b>	<b>98%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>99%</b>	<b>98%</b>	<b>99%</b>	<b>99%</b>	<b>99%</b>

(i) AC Directors also attended other discretionary meetings such as the Annual Meeting, Joint Sessions with SC, Sponsor and Stakeholder Forums, and in-house education sessions.

(ii) The Asset-Liability Study Committee was established effective January 27, 2023 and disbanded effective August 16, 2023.

(iii) The Member Services Committee was established effective May 18, 2023.

(iv) Scheduled meetings are regularly scheduled Board and Committee meetings which exclude special meetings called on short notice.

(v) S. Arab appointed to the Board effective April 18, 2023.

(vi) Committee membership changes:

- M. Fenn left the Governance & Risk Committee to join the Member Services Committee effective May 18, 2023;

- P. Elliott and D. Tsubouchi left the Human Resources Committee to join the Member Services Committee effective May 18, 2023; and

- J. Armstrong became a member of the Human Resources Committee effective August 16, 2023.

(vii) The Board Chair is an ex officio member of the Appeals, Audit & Actuarial, Governance & Risk, Human Resources, Investment, and Member Services Committees.

# TEN-YEAR FINANCIAL REVIEW

(millions of Canadian dollars)	2023	2022 <sup>(ii)</sup>	2021	2020	2019	2018	2017	2016	2015	2014
<b>As at December 31,</b>										
<b>Net Assets Available for Benefits</b>										
Public equities, Fixed income, and Short-term instruments	64,157	69,530	57,452	51,806	50,757	45,272	56,870	49,572	43,631	47,300
Private equities	32,672	29,484	25,365	20,811	22,561	20,246	10,759	10,981	11,482	8,767
Infrastructure investments	30,937	29,742	29,691	28,678	25,292	20,796	18,053	17,443	16,349	14,401
Real estate investments	22,586	24,633	23,604	18,316	20,497	22,110	15,470	15,084	27,642	22,253
	<b>150,352</b>	<b>153,389</b>	<b>136,112</b>	<b>119,611</b>	<b>119,107</b>	<b>108,424</b>	<b>101,152</b>	<b>93,080</b>	<b>99,104</b>	<b>92,721</b>
Other investment assets	1,463	1,745	1,177	2,189	1,749	2,780	3,978	5,063	1,062	1,017
Investment liabilities	(19,354)	(27,095)	(12,850)	(13,185)	(8,616)	(10,923)	(7,175)	(10,254)	(20,534)	(19,490)
Net investment assets	132,461	128,039	124,439	108,615	112,240	100,281	97,955	87,889	79,632	74,248
Non investment assets (liabilities)										
Amounts payable under contractual agreements	(4,029)	(3,975)	(3,771)	(3,401)	(3,485)	(3,247)	(3,138)	(2,896)	(2,719)	(2,397)
Other net assets	382	318	251	361	625	405	381	367	332	245
<b>Net Assets Available for Benefits</b>	<b>128,814</b>	<b>124,382</b>	<b>120,919</b>	<b>105,575</b>	<b>109,380</b>	<b>97,439</b>	<b>95,198</b>	<b>85,360</b>	<b>77,245</b>	<b>72,096</b>
<b>Accrued Pension Obligation and (Deficit) Surplus</b>										
<b>Primary Plan</b>										
Defined benefit component										
Accrued pension obligation	134,574	128,789	119,342	111,820	106,443	99,058	93,614	86,959	81,924	76,924
(Deficit) Surplus										
Funding deficit	(4,202)	(6,678)	(3,131)	(3,211)	(3,397)	(4,191)	(5,403)	(5,720)	(6,977)	(7,078)
Actuarial value adjustment of net assets available for benefits	(3,369)	578	3,062	(4,444)	4,928	1,401	6,008	3,379	1,718	1,771
	(7,571)	(6,100)	(69)	(7,655)	1,531	(2,790)	605	(2,341)	(5,259)	(5,307)
Additional Voluntary Contributions component pension obligation	1,611	1,517	1,454	1,235	1,244	1,023	817	595	445	360
Accrued Pension Obligation and (Deficit) Surplus of the Primary Plan	128,614	124,206	120,727	105,400	109,218	97,291	95,036	85,213	77,110	71,977
<b>Retirement Compensation Arrangement</b>										
Accrued pension obligation	1,314	1,235	1,144	1,152	928	851	813	739	679	619
(Deficit) Surplus	(1,114)	(1,059)	(952)	(977)	(766)	(703)	(651)	(592)	(544)	(500)
Accrued Pension Obligation and (Deficit) Surplus of the Retirement Compensation Arrangement	200	176	192	175	162	148	162	147	135	119
<b>Accrued Pension Obligation and (Deficit) Surplus</b>	<b>128,814</b>	<b>124,382</b>	<b>120,919</b>	<b>105,575</b>	<b>109,380</b>	<b>97,439</b>	<b>95,198</b>	<b>85,360</b>	<b>77,245</b>	<b>72,096</b>



(millions of Canadian dollars) For the year ended December 31,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Changes in Net Assets Available for Benefits</b>										
<b>Net assets available for benefits, beginning of the year</b>	<b>124,382</b>	120,919	105,575	109,380	97,439	95,198	85,360	77,245	72,096	65,081
<b>Changes Due to Investment Activities</b>										
Total investment income (loss)	<b>6,336</b>	5,895	17,536	(2,700)	12,362	2,957	10,477	8,575	5,441	7,082
Investment management expenses	<b>(612)</b>	(693)	(657)	(276)	(581)	(540)	(409)	(427)	(351)	(384)
Income credited under contractual agreements	<b>5,724</b>	5,202	16,879	(2,976)	11,781	2,417	10,068	8,148	5,090	6,698
<b>Net Investment Income (Loss)</b>	<b>(118)</b>	(290)	(442)	(25)	(326)	(212)	(333)	(292)	(306)	(222)
<b>Changes Due to Pension Activities</b>	<b>5,606</b>	4,912	16,437	(3,001)	11,455	2,205	9,735	7,856	4,784	6,476
<b>Contributions</b>										
Current year required contributions	<b>4,878</b>	4,414	4,276	4,186	4,054	3,988	3,858	3,690	3,650	3,515
Other contributions	<b>254</b>	210	252	229	295	382	335	275	230	171
<b>Total Contributions</b>	<b>5,132</b>	4,624	4,528	4,415	4,349	4,370	4,193	3,965	3,880	3,686
<b>Benefits</b>										
Benefits paid	<b>(5,467)</b>	(4,972)	(4,602)	(4,315)	(3,910)	(3,574)	(3,293)	(3,041)	(2,826)	(2,616)
Transfers, commuted value and other benefit payments	<b>(716)</b>	(988)	(914)	(810)	(736)	(703)	(712)	(585)	(621)	(450)
<b>Total Benefits Paid</b>	<b>(6,183)</b>	(5,960)	(5,516)	(5,125)	(4,646)	(4,277)	(4,005)	(3,626)	(3,447)	(3,066)
<b>Assumption of City of Toronto Pension Plans</b>	<b>—</b>	—	—	—	973	36	—	—	—	—
<b>Pension Administrative Expenses</b>	<b>(123)</b>	(113)	(105)	(94)	(190)	(93)	(85)	(80)	(68)	(81)
<b>Net Assets Available for Benefits, End of Year</b>	<b>128,814</b>	124,382	120,919	105,575	109,380	97,439	95,198	85,360	77,245	72,096
<b>Nominal Discount Rate</b>										
Primary Plan	<b>5.75 %</b>	5.75 %	5.75 %	5.85 %	5.90 %	6.00 %	6.00 %	6.20 %	6.25 %	6.50 %
Retirement Compensation Arrangement	<b>3.10 %</b>	3.10 %	3.10 %	3.15 %	3.15 %	3.15 %	3.15 %	3.15 %	3.15 %	3.25 %
<b>Net Return</b>										
<b>Primary Plan - Defined Benefit Component</b>										
Time weighted return on market value	<b>4.6 %</b>	4.2 %	15.7 %	(2.7)%	11.9 %	2.3 %	11.5 %	10.3 %	6.7 %	10.0 %
Absolute return target	<b>7.0 %</b>	7.2 %	6.6 %	6.9 %	7.5 %	7.3 %	7.3 %	7.9 %	7.8 %	7.7 %
<b>Primary Plan - Additional Voluntary Contribution Component</b>										
Time weighted return on market value	<b>4.6 %</b>	4.2 %	15.7 %	(2.7)%	11.9 %	2.3 %	11.5 %	10.3 %	6.7 %	10.0 %
<b>Retirement Compensation Arrangement Investment Fund <sup>(i)</sup></b>										
Time weighted return on market value	<b>18.6 %</b>	(10.4)%	20.7 %	11.6 %	20.9 %	(1.6)%	13.1 %	7.8 %	12.5 %	14.5 %
Benchmark	<b>19.0 %</b>	(10.1)%	20.5 %	12.6 %	21.5 %	0.1 %	12.8 %	8.7 %	12.2 %	14.6 %

(i) Excludes the RCA refundable tax balance with the Canada Revenue Agency.

(ii) Certain comparative figures have been revised to conform to the current year's presentation.



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