



Ontario Pension Board
2024 Annual Report

Table of Contents

1	Letter from the Board Chair
3	Letter from the President and CEO
6	Management's Discussion & Analysis
53	Board of Directors
59	Five-Year Review
60	Appendix: Progress Against 2023-24 Government Priorities
64	Key Performance Indicators and Metrics
67	Actuaries' Opinion to the Directors of the Ontario Pension Board
68	Management's Responsibility for Financial Reporting
69	Independent Auditor's Report
72	Statements of Financial Position
73	Statements of Changes in Net Assets Available for Benefits
74	Statements of Changes in Pension Obligations
75	Notes to the Financial Statements
116	Directory of Key Personnel
117	Glossary

Letter from the Board Chair

2024 was a pivotal year for the Ontario Pension Board (OPB), as the Board and Management remained focused on positioning the organization for a stable and sustainable future. This commitment was evident across several key initiatives, including executive leadership transition, advancing our long-term Funding Response Plan, refining our investment asset allocation, and progressing our pension modernization efforts. The steps we took in 2024 have strengthened our foundation, positioning us well for both the near term and the future. I would like to take a moment to highlight each of these areas.

Our **executive succession plan** was successfully executed in 2024. Darwin Bozek, whom we selected in 2023, joined OPB in early 2024 and was officially appointed as our new President and CEO in August. He has already demonstrated strong leadership, deep pension expertise, and extensive public sector experience. His commitment to client service excellence and his results-oriented approach are serving us well as we navigate today's challenges and prepare for the future. Upon assuming the President and CEO role, Darwin appointed Mila Babic as Executive Vice-President and Chief Client Services Officer and Marc Rondeau as Executive Vice-President and Chief Pension Officer, completing this plan.

I would also like to acknowledge and thank Mark Fuller for his many years of dedicated service and leadership as OPB's President and CEO. In 2024, he worked closely with Darwin to ensure a smooth and effective transition. Under his leadership, OPB has fostered a strong, positive culture and built an engaged team committed to delivering outstanding client service and upholding the pension promise.

On behalf of the Board, I extend our deepest appreciation for his invaluable contributions.

The Board provided critical oversight and support in the development of the **Funding Response Plan**, a key initiative aimed at strengthening our funding. Following an experience study and a comprehensive review of long-term funding options, we approved final recommendations in late 2024. The implementation of this plan will have a positive impact on our funding status.

At the same time, the Investment Committee partnered closely with management and the Investment Management Corporation of Ontario (IMCO) to complete an Asset/Liability (A/L) study. Working with IMCO, we reviewed capital market assumptions, assessed various asset classes and modelled potential asset mix outcomes. This work culminated in the approval of a new **Strategic Asset Allocation** (SAA) for the investment of the PSPP funds. In 2025, we will begin implementing this strategy, positioning us for stronger long-term returns.

Additionally, we continued to advance the multi-year pension modernization project. The Board supported management in conducting thorough due diligence on a new pension administration system and finalized the selection of a retirement planning tool. Throughout this process, we benefited from the expertise of an independent advisor with deep business transformation and technology knowledge, ensuring informed decision making.

Our Board also underwent renewal and change, reinforcing our ability to deliver on our mandate effectively and to set our governance structure up for the future.

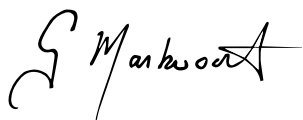
We were pleased to welcome a new director, Tom Valks, to the Board. Tom is a seasoned business professional with extensive experience in pension fund management and institutional investing. He recently retired as Chief Investment Officer of the University of Ottawa Pension Fund and has held leadership roles at Canada Mortgage and Housing Corporation. A Chartered Financial Analyst and Chartered Professional Accountant, he brings well-rounded expertise to the Board.

In addition, we appointed Richard Nunn as Vice-Chair. Having served as Chair of the Investment and Audit Committees, Richard demonstrates strong leadership and governance expertise. His experience will be invaluable in this new role as we continue to strengthen our governance framework.

Lastly, we undertook a recruitment and selection process to identify and recommend two skilled new Board members to our Government Sponsor. Subject to the standard government appointee confirmation process, we anticipate those appointments in early 2025 and look forward to working with our renewed Board and senior leadership team to advance our work to protect the pension promise.

On behalf of the Board, I want to express my sincere gratitude to the entire OPB team. Your unwavering commitment to our vision and mission has been truly commendable. In a year of significant transition, you have embraced new leadership, upheld a positive organizational culture and remained focused on delivering exceptional client service. Your dedication is the foundation of our success and we thank you for your continued efforts.

Looking ahead, we remain confident in our direction and excited about the opportunities that lie ahead.

A handwritten signature in black ink, appearing to read "Geri Markvoort", with a stylized flourish at the end.

Geri Markvoort
Board Chair

Letter from the President and CEO

2024 was a year of new beginnings and plenty of hard work, with a significant look towards the future of OPB and the Public Service Pension Plan (PSPP). After a smooth and successful transition period, I officially took on the role as OPB's new President and CEO in August 2024 and it's nothing short of an honour to be leading this organization into its next chapter.

Funding

The OPB team did a lot of heavy lifting to address Plan funding in 2024. A core foundation of OPB's pension promise is sustainability, which helps to set the Plan up for stability and success, now and into the future. Like many of our peer plans, PSPP members are living longer – and receiving pensions on average five years longer than they were 20 years ago. The PSPP has also recently weathered a challenging investment environment. As we do periodically, we didn't hesitate to undertake some significant work to address those challenges, and in doing so, we developed a Funding Response Plan including a Contribution Rate Adequacy Study, Experience Study and Asset/Liability (A/L) study, which helped us formulate our new Strategic Asset Allocation (SAA).

This work not only allowed us to forge a path forward in our pension promise, but it also solidified our partnership with our Sponsor and our investment manager, IMCO.

Client Service Excellence

OPB is known for our history of strong client service excellence and that continued in 2024. Our *Advise and Protect* model continued to flourish, with our Advisors providing the expertise, information, services and tools our members need to make sound financial and pension-related decisions.

We faced some unique challenges and opportunities in 2024, including the work to reflect pension updates due to retroactive salary adjustments, including those as a result of the repeal of Bill 124. Through it all, our Client Services teams persevered and continued to provide pension service excellence amid above-normal volumes.

Pension Modernization

Another prong of our sustainability work is around the evolution of the pension administration tools that we offer to our clients, stakeholders, and staff for efficient and accurate information processing.

In 2024, we made significant headway in our modernization. We selected the vendor for our new Retirement Planner, which will move into the implementation phase in 2025. I cannot underestimate the dedication and commitment of our pension modernization team and the time and effort they have given to this project. They have ensured that we are diligent and focused on finding the tools that are the best fit for what we need. Though we had hoped to select our new pension administration system in 2024, additional time allowed our team to make certain that we select a system that will be right for OPB now and in the future - making staff more efficient and offering improvements to the client experience.

Our Team

With our employees in mind, engagement was a recurring theme in 2024. We conducted an employee engagement survey that had a 95% participation rate, which provided us with a wealth of information about the perspectives of our staff. For example, 83% of staff said they liked working for OPB and 81% said they were committed to the organization. In 2025, we'll do more work on our values and culture to ensure that our staff continue to feel heard and supported and that OPB remains an employer of choice. We also introduced our employee value proposition statement and revamped our website's Careers page and our [LinkedIn](#) profile, setting ourselves up well to attract and retain top talent.

On a more personal level, I was proud to host my "Dialogues with Darwin" sessions throughout the fall of 2024 with all OPB's departments. It was so fulfilling to engage with our staff to learn more about them, the work they do and what drives them every day. It was also great to share more about myself and my leadership style and discuss ideas to support our new strategic planning to take place in 2025.

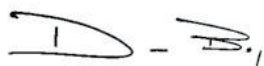
Succession

My transition to OPB has been a blast. I made sure to do my homework before joining and I'm happy to say that everything has checked out. OPB has such a strong culture and I felt welcomed within it from day one. The organization and the Board made sure that my transition was a smooth one, which was a testament to both the Board's thorough transition plan and management's support and openness. In 2024, we appointed Marc Rondeau as the new EVP and Chief Pension Officer, and Mila Babic as the new EVP and Chief Client Services Officer.

I'd like to thank both Mark Fuller and Peter Shena for their previous leadership at OPB, which set the stage for the work I'm fortunate to do today. My transition to OPB was as easy as it was thanks to them, and I wish them both the best in their well-deserved retirements.

I'd also like to thank Geri Markvoort, OPB's Board Chair, and the Board at large, for creating a transition plan that was clear, detailed and seamless. The Board's work was lauded by the executive recruitment firm they partnered with in this search and I am lucky to have experienced it.

Finally, thank you to OPB's staff, our clients and stakeholders. I'll say it again: it is an honour to be working with and for you, leading OPB into the future. We've got a lot of work to do and a lot to look forward to and I'm excited to be part of the team.



Darwin Bozek
President and CEO

Management's Discussion & Analysis

Our mission: Ensure the pension promise is secure and sustainable.

Our vision: OPB is a premier pension delivery organization and a trusted advisor to all our stakeholders, whose effectiveness delivers sustainability for the PSPP.

At OPB, we refreshed and strengthened our Vision 2025 statement, prioritizing our strategic focus on the financial security and soundness of the PSPP for all members.

Our purpose

Reassuring things happen when we look after each other and work together in common cause. Over the course of their working lives, our public-servant clients support strong and sustainable communities across Ontario. We understand the importance of helping others build toward a strong and sustainable future.

Through our *Advise and Protect* mission, we assist our clients to effectively plan for a retirement with security and dignity – a retirement in which they can thrive and continue contributing to their communities. Our team of diverse professionals supports every stage of our clients' careers, ensuring the pensions they have earned are protected along the way through strategic and prudent fiscal oversight.

Our commitment is to be there.

There for life.

Introduction

We are focused on protecting the long-term financial health of the Plan, not just for our 100,000 current members, but for members who may join well into the future. We are vigilant in managing the key risks facing the Plan and we incorporate risk management in our pension administration activities and the oversight of our investments.

Pensions are funded through a combination of investment income and contributions made by members, employers and the Plan Sponsor (the Government of Ontario).

IMCO manages Plan assets on a cost-recovery basis. As the administrator of the PSPP, and in line with our fiduciary duties, OPB continues to:

- own PSPP assets and be responsible only for PSPP liabilities;
- set our Strategic Asset Allocation (SAA), which IMCO implements; and
- set our Statement of Investment Policies and Procedures (SIP&P), with which IMCO must comply.

As an agency of the Government of Ontario, OPB has an obligation to effectively manage costs. More importantly, we have a bigger responsibility to manage costs as a trust/fiduciary role. We operate within the objectives and guidelines on transparency established by the government. This report reflects how OPB met and progressed against government priorities set out for OPB in the 2023-24 Annual Letter of Direction. For more information, please refer to the Appendix starting on page 60.

This MD&A provides management’s analysis of how the Plan performed in the past year, its financial condition and its prospects. It supplements the information provided in the financial statements.

Overview

This table presents 2024 highlights. See the relevant performance sections in this annual report for detailed discussion of the factors affecting our performance.

Performance Area	2024 Results	Why It Matters
Executive succession accomplishment	- Announced the retirement of two senior leaders, the CEO and Chief Pension Officer (CPO). - Announced the appointment of a new President and CPO who subsequently stepped into the CEO role. - Announced that two senior executives would move into new roles: Executive Vice-President and CPO, and Executive Vice-President and Chief Client Services Officer.	The OPB Board and executive team took a thoughtful and deliberate approach to planning and communicating leadership changes, including retaining an executive search firm to seek qualified candidates, ensuring a successful transition. The change in organizational structure was the result of an in-depth analysis of two distinct roles: - managing the financial health of the Plan, so it remains sustainable over the long term; - providing outstanding pension administration services to members, employers, and stakeholders.

Performance Area	2024 Results	Why It Matters
Plan funding	- The Plan's funded status modestly increased to 86%. - Funding Response Plan was developed.	The Funding Response Plan consisted of several studies with a goal of improving the Plan's funded health and ensuring the PSPP's long-term sustainability.
Investments	2024 net return of 8.1%, which was well above the Plan's discount rate, but underperformed the benchmark return of 11.0%. - Net assets of \$34.1 billion.	Inflation moderated in 2024 and short-term interest rates declined, but mid-to-long term rates were largely unchanged. Public and private equity strategies returned positive results, while the Global Real Estate strategy was negatively affected by soft conditions for commercial real estate and the slow post-pandemic return to the office.
Client service	- Enrolled 6,200 new members, increasing our contributing membership by 4.8% through organic membership growth. - CEM Benchmarking ranked OPB second in our peer group for Client Service and seventh globally out of 48 participating pension systems. - Overall client satisfaction rating of 8.6/10. - Satisfaction with Advisory Services rating of 9.0/10.0.	Continued to focus on delivering superior client service to help members understand the value of the Plan, make well informed decisions and plan for retirement. Continued to explore and implement digital services. Expanded access to Advisory Services and informational resources, such as pre-retirement webinars.

Performance Area	2024 Results	Why It Matters
Modernization	- Completed the selection of a vendor for a new Retirement Planner, expected to launch in 2025. - Procurement for a new pension administration system (PAS) nearing completion, with vendor selection and implementation planning beginning in spring 2025.	We must advance business operations using new, more modern technology standards that support a faster, more efficient service delivery.
Workplace culture	- We committed to undertake a workplace culture assessment throughout 2025. - We provided opportunities for teams to engage directly with the CEO. - We conducted a comprehensive employee engagement survey with a 95% response rate and showed an overall engagement rate of 86.3%. - We advanced diversity, equity and inclusion (DEI) through inaugural DEI newsletters produced by our employee DEI Advisory Council. - We expanded the gender and title options available in our systems for clients and provided gender diversity training for employees. - OPB executive leadership and staff participated in the Toronto Pride Parade for the first time.	We value our differences and strive to create a welcome and safe space for all. This strong culture creates a workspace that fosters engagement, improves retention and drives organizational success by ensuring a positive, inclusive and high-performing environment. By doing so, we are supporting an inclusive work environment for our employees, clients and stakeholders. We encourage, include and respect diverse voices in our business.

Performance Area	2024 Results	Why It Matters
Financial management	Overall expense ratio was 62 basis points (or 62 cents per \$100 of average net assets available for benefits) excluding expenses netted against investment returns.	Through disciplined cost management, we met our objective of keeping the ratio at or below 66 basis points.

PLAN SUSTAINABILITY

Last year was a year of analysis to ensure OPB set up the Plan for future success. These elements included development of a robust Funding Response Plan, in partnership with both IMCO and the Plan Sponsor, that consisted of several studies with a goal of restoring the Plan's funded status and ensuring the PSPP's long-term sustainability.

We conducted an Experience Study for the PSPP. The study allowed OPB to provide the Plan Sponsor with an understanding of the PSPP's member activity and experience and how that impacts the Plan's funding situation. The results of the study helped us to strengthen the Plan's actuarial assumptions to support accuracy of reporting and impact on liabilities, helped us to understand risks and identified emerging Plan experience trends.

We completed an Asset/Liability (A/L) study with IMCO, our investment manager. Insights from the A/L study contributed to the new SAA establishment. As OPB's investment performance has drifted below benchmark recently and given we last reviewed our SAA in 2020, we worked with IMCO in 2024 to refresh our SAA with a view to delivering stronger returns within a target risk level that are less susceptible to individual asset class or market segment risks. We responded to the challenging investment environment by accelerating the timing of our SAA review and worked closely with IMCO to assess what was needed to achieve sustainable long-term performance that is aligned with our goals.

The Plan's year-end funded ratio was 86%, an increase from 2023, on a financial statement basis.

The investment portfolio generated a return of 8.1%, up from an investment return of 3.1% in 2023. In addition, our returns were well above the discount rate of 6.25% required to fund the Plan.

The cost-of-living adjustment (COLA) for PSPP retired members and survivors in 2024 was 4.8% and the COLA for 2025 that was announced in November 2024 is 2.7%.

To support the long-term financial health of the Plan, OPB filed the December 31, 2022, funding valuation with the provincial pension regulator in 2023.

The *Pension Benefits Act* (PBA) requires pension plan administrators to file a funding valuation report at least once every three years and a filed valuation that contains a shortfall must include a plan to discharge that shortfall. Having filed the December 31, 2022 valuation, we are not required to file another valuation until 2025. This timing allows Plan assets to recover from short-term market weakness and allows OPB to consider options to ensure the long-term financial sustainability of the Plan.

Under PBA funding rules, movements in long-bond yields have a pronounced impact on Plan liabilities. According to the PBA, we must first calculate Plan liabilities without any margin in the discount rate and then add an explicit reserve, called a Provision for Adverse Deviation (PfAD). This provision is based on our target asset mix and the yields of the Government of Canada long bonds on the valuation date.

Key Assumptions

OPB adheres to a robust funding policy, which guides decisions around Plan design, funding and valuation assumptions.

In conducting funding valuations, some of the key analyses and assumptions we make in consultation with our actuaries include:

- expected investment return;
- expected rate of inflation;
- expected salary increases and increases in government limits and benefits;
- the projected number of member retirements;
- members' age at retirement; and
- member life expectancy.

DISCOUNT RATE

The discount rate is a key assumption used to calculate the present value of the future pensions expected to be paid by the Plan (the liabilities). A pension payment that is expected to be made in 20 years is "discounted" back to today's dollars at the discount rate. Over the long term, investment returns on the Plan's assets must equal or exceed the discount rate – otherwise, pension costs will grow faster than the value of the assets, which produces a shortfall.

Setting a realistic discount rate is a critical aspect of managing the long-term financial health of a defined benefit pension plan.

Changes to the discount rate impact the Plan's projected liabilities: a lower discount rate means higher Plan liabilities and vice versa. The discount rate therefore affects the Plan's funded status and can influence decisions about contribution rates and pension benefits.

We use a rigorous process to establish our "best estimate" of the discount rate, by considering reasonable expectations for investment returns, the current economic environment and outlook plus a cushion for unanticipated events (known as a margin).

Our long-term inflation assumption, based on the inflation underlying long-term Government of Canada bond yields, remained at 2.00%. The nominal discount rate increased to 6.25% from 6.20%. The effective nominal discount rate, after considering the impact of the PfAD, was 5.75%, resulting in an effective real discount rate (the effective nominal discount rate, less our inflation assumption) of 3.75% consistent with the effective real discount rate of 3.75% for 2023.

MEMBER LONGEVITY

The most significant demographic challenge facing the Plan, reflecting similar demographic trends in society, is that members are living longer and collecting pensions for longer periods.

For example, a 62-year-old member who retired in 2002 would be expected to receive their pension for 21.4 years. However, by December 2024, a member retiring at the same age would be expected to receive their pension for 26.7 years – an increase of over five years.

We closely monitor demographic trends in our membership and may adjust our funding assumptions or recommend changes to Plan funding, to ensure that the Plan remains financially healthy.

Managing Funding Risk

We must ensure the Plan can withstand periodic downturns in investment returns as well as the demographic challenge noted above (members collecting benefits for longer periods).

OPB regularly updates our assumptions to reflect actual experience.

We regularly conduct studies, which help us to ensure that the Plan's funding structure is robust, capable of withstanding challenges and designed to provide consistent support for the long term. We completed a Funding Response Plan in 2024 and presented it to the Plan Sponsor.

Asset mix is a critical driver of investment returns and risk. At OPB, our SAA sets out the Board's target investment allocations (weights) to each major asset class. The SAA is intended to provide the best chance of earning the risk-adjusted returns needed for the long-term health of the Plan. Our investment manager, IMCO, implements the SAA.

Our role as the administrator of the Plan is to focus on the long term. We have weathered challenging situations in the past and expect to do so again in the future.

FINANCIAL POSITION

There are two ways to value the Plan’s assets and liabilities, each with a distinct purpose.

Funding valuation: OPB conducts actuarial valuations of the Plan on a regular basis. The actuarial valuation for funding purposes is to ensure there are sufficient assets to meet the Plan’s pension obligations. It is also used to determine contributions to the Plan. A funding valuation provides a best estimate of the Plan’s accrued pension liabilities. OPB made assumption changes for the December 31, 2023 funding valuation that reflect Plan experience revealed in the experience study. Those changes increased the Plan’s liabilities.

Financial reporting: In determining the surplus or deficit position of the Plan for financial reporting purposes, OPB uses the latest actuarial funding valuation and extrapolates the pension obligations to the financial statement date. We then compare the extrapolated liabilities to the market value of assets on the financial statement date. The assumption changes in the December 31, 2023, valuation flowed through to the December 31, 2024 financial statement valuation. The impact of those changes was offset by the investment return that was in excess of the discount rate.

Valuation Type	Purpose and Description
Funding basis	Pension plans are legally required to file a funding valuation with the Financial Services Regulatory Authority (FSRA) once every three years. A funding valuation is used by the Plan Sponsor to make decisions about contribution rates and benefit levels. In 2023, OPB filed an actuarial valuation of the Plan as at December 31, 2022. For purposes of the funding valuation, asset returns and losses relative to the discount rate are smoothed over a three-year period. The funding shortfall of \$2.33 billion that existed at the end of 2022 is being amortized by special payments by the Plan Sponsor. The December 31, 2022, actuarial valuation for funding purposes assumed an inflation rate of 2.00% with an indexation reserve included for short-term inflationary impacts. The nominal discount rate used in the filed funding valuation was 6.10%, and after considering the impact of the PfAD, the effective nominal discount rate was 5.64%.

Valuation Type	Purpose and Description
Financial statements	For the purpose of the financial statements, the Plan's liabilities were calculated as at December 31, 2023 and extrapolated to December 31, 2024. The extrapolated liabilities were compared with the market value of assets as of December 31, 2024. By this calculation, the financial statements funding ratio increased to an estimated 86%, compared to 85% in 2023. The estimated shortfall was \$5.61 billion, compared to \$5.62 billion at the end of 2023. The smoothing method used in the actuarial funding valuation is not applied in financial reporting.

The Retirement Compensation Arrangement (RCA) is a separate trust. As a result, the net assets available for benefits and accrued benefits and deficit of the RCA are not included in this annual report.

SERVICE EXCELLENCE

At OPB, the pension promise goes beyond simply paying pensions and processing transactions. With our *Advise and Protect* model, we offer the expertise, information, services and tools our members need to make sound pension decisions in the context of their unique financial needs and retirement goals.

We met the challenge of dramatically increased service demands over the past several years and the impact of transitioning to a hybrid work model. Membership in the Plan has grown by 11% in the past two years, through regular membership growth and plan consolidations.

In 2024, we enrolled approximately 6,200 members through organic membership growth. It marked the third year in a row in which our enrolment numbers were significantly higher than the average in previous years of 3,000 to 4,000 new members. The gain in enrolments was coupled with high demand for other services. With 84% of our incoming calls answered within 30 seconds, response times remain high relative to industry norms and contribute to strong client satisfaction scores. Our most recent ranking from CEM Benchmarking and our yearly client satisfaction scores were consistent with 2023 satisfaction scores.

To maintain OPB's high level of pension and retirement expertise, all Client Service Advisors have the Certified Financial Planner® (CFP) designation and our Client Care Centre staff are required to maintain either a Registered Retirement Consultant® (RRC) or a Registered Retirement Analyst® (RRA) designation. These requirements align with OPB's *Advise and Protect* model.

We have revamped our four-day PSPP Fundamentals training program for new employees, which has received excellent feedback from the staff. We have begun development of an e-learning platform for staff to house our pension education and onboarding modules, which will support the organization in the years to come.

Client Service Performance

At OPB, we offer a wide array of proactive services to support clients through life and career changes. We also provide personalized Advisory Services tailored to each member's unique financial needs and retirement goals.

We successfully completed 17,500 client transactions in 2024, compared to an all-time high of 18,733 in 2023, and responded to almost 58,000 incoming client calls.

METRICS

We measure our service by two key metrics: our CEM Benchmarking service score and ranking, and our client satisfaction survey score.

In the CEM Benchmarking survey for 2023, reported in mid-2024, OPB was ranked second in our peer group for client service – consistent with 2022's results. The survey also ranked OPB seventh globally out of 48 participating global pension systems, compared to eighth in the previous survey.

Our overall client satisfaction score, as measured by an independent external survey firm, was 8.6 in 2024, level with 8.6 for 2023. Our Advisory Services scored 9.0 out of 10, consistent with 2023 satisfaction scores. We worked closely with our employers in 2024 to support unprecedented changes to member data and contribution reporting and achieved an employer satisfaction score of 8.1, compared to 8.4 in 2023. This decrease is reflective of new and increasing contribution reporting complexities and workload pressures for OPB. Similar pressures were experienced by employers relating to greater retroactive salary adjustments, Bill 124 wage reopeners, Long Term Income Protection (LTIP) contribution complexities and higher staff turnover.

What We Did	Why It Matters
Earned a total service score of 88 out of 100 from CEM Benchmarking, ranking OPB second among Canadian peer pension plans.	We are consistently recognized as a world-class service leader.
Met online and in person with over 3,800 (2,800 in 2023) members to help them navigate key pension and retirement decisions.	We provide expert, unbiased advice on how pension benefits fit into members' larger financial picture.
Answered 84% of Client Care Centre calls within 30 seconds (90% in 2023). Average call response time was 24 seconds (14 seconds in 2023).	We are committed to maintaining excellent service to members, even as Plan membership grows and demand for our service increases.

ADVISORY SERVICES

We lead the industry in being the only defined benefit (DB) pension plan that employs in-house experts with the CFP designation. Our CFPs help inform decision making and provide retirement planning advice to members. In 2024, 3,800 members met 1-on-1 with our CFP's online and in person to help them make informed pension and retirement decisions. This was an increase of 30% over the prior year. We returned to pre-pandemic advisory engagement levels enabled through greater stability in staffing levels and focus on client decision-making support for Legal Aid Ontario consolidation members.

Feedback from members who have used our Advisory Services and tools continues to be very positive. In 2024, clients ranked our Advisory Services as 9.0 out of 10.0.

We also have RRC and RRA certified staff in our Client Care Centre providing frontline support for incoming calls and general inquiries. RRC and RRA programs are offered by the Canadian Institute of Financial Planning.

EDUCATING OUR MEMBERS

OPB's client education sessions have evolved in recent years, from providing basic information about the Plan and its value to helping members improve their retirement knowledge and financial literacy.

We continue to offer advisory articles in our newsletters and website to help active and retired members better understand personal finance topics such as savings, tax considerations, debt and budgeting.

We also provide tailored financial and retirement planning sessions designed to get members engaged earlier in retirement planning. Our broader education efforts include comprehensive financial advisory workshops for members across the stages of their careers.

We expanded access to pre-retirement webinars for members approaching retirement to understand what they need to consider and how best to prepare.

In 2024, we launched open session education webinars to clients through the e-services portal to coincide with Financial Literacy Month in November, rather than requiring them to wait for their employer to organize a session. Throughout November and December, 822 attendees registered for these open sessions.

We hosted a total of 151 (79 in 2023) presentations (webinars and in-person events) that reached 8,349 members in 2024 (our highest on record), an increase of more than 2,500 compared to 5,785 in 2023. These sessions were rated “very good” or “excellent” by 94% of the participants.

We updated our Multi-Year Accessibility Plan (MYAP) for 2025–2027, holding direct consultations with members with disabilities and accessibility needs to gain valuable insights on how we can improve our service to them and reduce barriers to access. Our new plan will be posted in 2025.

Upon the repeal of Bill 124, which had capped salary wages for public sector workers at 1% for three years, OPB worked closely with employers to receive updated salary information for members. This includes the impact of additional pension contributions for retroactive wage adjustments.

We launched a project to support the repeal of Bill 124-related enhancements to improve data and entitlement processing efficiency and support client service delivery in 2025. We expect to finish processing this data and updating client records by spring 2025 and will follow with the recalculation of affected client entitlements, including paying retroactive pension adjustments for retired members by the end of 2025.

DIGITAL AND ONLINE SERVICES

In the financial services industry today, clients expect to access information about their accounts and execute simple transactions online anywhere and anytime. OPB has an array of secure, accessible and efficient online self-service options for clients and employers, and we plan to add additional online self-service transactions and tools as we progress through our modernization program.

In 2024, we advanced business activities for the organization under new, more modern technology standards, supporting a faster delivery of service.

We improved information security for our members’ data without adding significant burden to staff. As part of this initiative, we improved our capabilities in privileged access management and identity and access management, which will simplify and streamline such functions as onboarding and offboarding staff.

We started careful planning for the use of artificial intelligence (AI) in our systems and operations, so we have a balanced approach to efficiency, continuous advancement and improvements to the client experience, while not introducing unnecessary risks in security and privacy.

Our online member portal allows members to choose their communication preference for Retired Member Statements (RMS) and Annual Pension Statements (APS). In 2024, we delivered 92% of APS digitally to Active members, compared to 93% in 2023. Over time, we plan to expand the number of documents available for paperless delivery.

Among active Plan members, 58% were registered for e-services at the end of 2024, an increase from 52% in 2023. Among retired members, 44% were registered, up from 39% in 2023. We expect these rates to continue growing as we add new functionality, tools and features, and promote the benefits of registration to our members.

Members continued to use our digital and online services to seek information and conduct self-service transactions. Our e-services traffic rose 8% from the previous year to 138,083 logins in 2024. Greater use of online self-services is expected to free up OPB's resources to meet the growing demand for our Advisory Services.

STAKEHOLDER ENGAGEMENT

OPB works closely with the Plan Sponsor to ensure that it has the information needed on issues to make decisions that impact the Plan. We also conduct regular and ongoing discussions with bargaining agent groups to keep them informed about the health of the Plan and emerging trends and issues, and to ensure they understand the value of the Plan.

We believe defined benefit plans are the most effective approach in achieving retirement income, while still being affordable to both employers and employees. We also believe that, as an attractive part of a total compensation package, defined benefit plans can help public sector employers attract and retain key talent.

Of those members, 72% opted to buy back their former defined contribution service. We prepared for system changes and are planning for the future implementation of Plan changes for First Nations Officers and Civilians.

OPB's third-party administration responsibilities have grown in recent years. In 2024, we provided education and information for members who joined the PSPP from Legal Aid Ontario who are in the process of completing a buyback. As the administrator for the Provincial Judges Pension Plan (PJPP), we developed and launched a new bilingual website for the judicial membership.

In 2024, we also facilitated 27 training sessions for PSPP employers.

Overall, transactions through the employer portal declined 7% from 2023, to a total of 13,938 transactions.

INVESTMENTS

Our long-term pension obligations drive OPB's investment strategy and decisions.

Since 1990, approximately two-thirds of pension payments have come from investment returns, so strong investment performance is critical to the long-term health of the Plan.

OPB's strategic long-term approach to investing is shaped by two key objectives:

- securing and maintaining the pension benefits promised to members; and
- maintaining affordable contribution rates for members and participating employers.

Starting in 2017, IMCO assumed responsibility for managing OPB's investment portfolio in accordance with OPB's comprehensive investment policies, including our SIP&P and our SAA.

IMCO provides us with a comprehensive investment management solution, including best-in-class advice on portfolio construction, cost-efficient access to a diverse range of asset classes managed by strong internal and external investment management teams, leading risk management capabilities and superior reporting on investment performance.

Working with IMCO

IMCO is executing strategies that OPB would not have been able to do on its own and this allows OPB to sharpen our focus on service to existing and new Plan members.

An Investment Management Agreement (IMA) between OPB and IMCO governs our relationship and focuses largely on investment-related matters. A Service Level Agreement (SLA) sets out a framework for dealing with matters such as reporting and expected service levels. An Implementation and Support Agreement (ISA) covers operating and governance matters such as IMCO corporate policies, asset pool development, budgeting and cost management.

OPB has a monitoring program to ensure that IMCO is prudently managing Plan assets and investment risk on behalf of OPB and our members, in accordance with all relevant investment strategies and policies. To also ensure we are receiving good value for money, we regularly assess the fees we pay to IMCO in multiple contexts, such as year-over-year changes and long-term trends, as well as costs compared to relevant peers.

COLLABORATION

IMCO is our exclusive investment manager and we have developed a strong and constructive relationship over the past several years. OPB maintains an open line of communication with IMCO executives, while our Investment Committee receives regular updates on key investment developments. OPB and IMCO are aligned on our long-term investment approach to service OPB's long-term liabilities. IMCO's investment strategies are designed to protect the sustainability of the Plan over time.

Strategic Asset Allocation (SAA)

Asset mix is the most important driver of investment performance. At OPB, asset mix is defined in our SAA, which sets out the target long-term allocations (weights) to each major asset class.

The SAA is developed to meet the Plan's long-term funding objectives, while managing investment risk through diversification across asset classes.

OPB worked with IMCO in 2024 to conduct a comprehensive Asset/Liability (A/L) study to review and refresh our SAA with a view to delivering stronger returns that are less susceptible to individual asset class or market segment risks, all while remaining within a target risk level. We also expect this new SAA will provide OPB with:

- better diversification across asset classes;
- increased access to liquidity;
- the ability to improve the funding ratio of the Plan; and
- support for the PSPP's long-term funding objectives.

The table below illustrates the Plans' previous and new long-term SAA target weights, as well as the actual mix at December 31, 2024.

Asset Class	Previous Long-Term Target	Dec. 31, 2024 Actual	New Long-Term Target
Portfolio Leverage	(10%)	(5.6%)	(10%)
Money Market	1%	0.2%	1%
Long Government Bonds (Canada and U.S.)	12.5%	12.4%	16%
Inflation-Linked Government Bonds	12.5%	12.3%	11%
Global Credit	13%	12.4%	12.5%
Canadian Public Equities ¹	2.5%	2.8%	–
Global Public Equities ¹	14%	13.6%	–
EM Public Equities ¹	5.5%	5.2%	–
Public Equities (ACWI)			27%
Real Estate (Net of Debt)	15%	14.9%	12.5%
Infrastructure	14.5%	14.8%	15%
Private Equity	12.5%	14.7%	15%
Public Market Alternatives	7%	2.3%	0%
Total	100.0%	100.0%	100.0%

1 Canadian, Global and Emerging Markets Public Equities will transition to merge into Public Equities (ACWI) with a new long-term target of 27.0%.

Note: Totals may not add up to 100% due to rounding.

Key Developments in 2024

IMCO reached a major milestone in 2024 with the completion of its client asset pooling strategy. Real estate was the final strategy pooled, adding to private equity, global credit, infrastructure and public equities pools that were launched in prior years.

This is a significant step in advancing IMCO's mandate of providing public sector institutions with access to world-class, multi-strategy investment management services in a cost-effective manner.

Pooling client assets allows IMCO to increase its operational efficiency on behalf of all clients, including OPB. Together with increased internalization of investment management, the pooling of assets will help deliver lower costs to IMCO's clients over the long term. This is important to OPB and Plan members because lower costs improve net returns.

We worked closely with IMCO on an A/L study to review our SAA, which we typically undertake every three to five years. The study projects the Plan's assets and liabilities under diverse economic and capital markets scenarios with the goal of optimizing our long-term asset mix. This work ensures we understand the range of investment strategies available to the Plan, and their expected returns and risks, and enables us to develop the optimal combination of asset classes to reflect our current return objectives and risk tolerance. An up-to-date projection of cash flows into and out of the Plan was an important input into the A/L analysis.

IMCO's Strategic Plan

IMCO's Five-Year Strategic Plan for the period 2023-2027 builds on the progress it has made since inception in 2017. The Plan focuses on fulfilling IMCO's fundamental purpose - to provide compelling investment management solutions and Advisory Services to the public sector in Ontario, so they can meet their financial obligations on a long-term and sustainable basis.

IMCO's Strategic Plan contains four elements:

1. **Investment Excellence:** Enhancing investment capabilities, especially in areas where it has real advantages and can generate outperformance.
2. **Client Success:** Being a trusted advisor and providing clients with the counsel they need to fulfil their roles as fiduciaries for long-term liabilities.
3. **Culture Evolution:** Building a purpose-driven culture that is nimble, empowered, innovative and caring.
4. **Cost-efficient Operations:** Evolving operational capabilities to achieve investment excellence and high levels of client service in a cost-effective manner.

As stated in the plan, IMCO's focus areas include enhancing its strategic asset allocation capabilities; increasing internal asset management in private markets; establishing environmental, social and governance (ESG) leadership in strategic areas, such as the global energy transition; and pursuing greater investment innovation.

Sustainable Investing

OPB and IMCO believe that sustainable investing is synonymous with responsible, long-term investing. Since its inception, this belief has been at the core of IMCO's investment approach to ensure the long-term viability of client assets. IMCO incorporates ESG factors into its investment analysis and decision making to help manage business risks and pursue opportunities.

IMCO's 2023 Sustainability Report, released in September 2024, outlined IMCO's activities and progress over the year, including its updated sustainability beliefs and sustainable investing strategy.

Among the highlights, IMCO reported that it:

- Grew the proportion of investments in climate solutions to 11.5% of its portfolio, toward its 2030 target of deploying 20% of its portfolio in climate solutions.
- Approved over \$1.6 billion in clean energy transition assets, bringing the running total to \$2.1 billion, marking progress toward its goal of deploying \$5 billion in clean energy transition investments by 2027.
- Achieved an estimated 44% reduction in its portfolio's financed Scope 1 and Scope 2 greenhouse gas emission intensity from the 2019 baseline, toward a target of 50% reduction in financed emission intensity by 2030.
- Participated in 10 long-term collaborative engagements with investee companies, coalitions and external managers on climate action, human capital and governance topics.
- Voted on more than 25,000 items at 2,000-plus public company meetings.
- Supported 72% of environment-related shareholder proposals and 79% of social-related shareholder proposals at public company meetings.
- Was named a Greater Toronto Top Employer for 2024 by Canada's Top 100 Employers.

IMCO's report reflects the fundamental role sustainability plays in managing long-term investment returns and risks. It also includes IMCO's climate disclosures, in line with the Task Force on Climate-related Financial Disclosures (TCFD). More information can be found in the report at imcoinvest.com.

OPB’s 2022–2023 ESG Report, released in spring 2024, discusses our views and actions on ESG and climate matters. Read our report and periodic updates at [OPB.ca](https://www.opb.ca).

IMCO provided US\$250 million in structured financing to Scala Data Centers, the leading hyperscale sustainable data center platform in Latin America. IMCO’s contribution was part of a total of US\$500 million in structured financing, which also included US\$250 million from Coatue Tactical Solutions. The funds will be used to accelerate Scala’s expansion across Latin America to support the compounding growth of cloud and AI. In addition, Scala will continue to invest in technology innovation and maintain its commitment to sustainability.

INVESTMENT PERFORMANCE

In 2024, the Plan’s investments produced a one-year net return of 8.1% (net of external investment management and custodial fees and OPB’s operating expenses). This compared to an investment return of 3.1% in 2023.

The portfolio return underperformed our benchmark, which had a return of 11.0%.

However, the 2024 investment return was well above our discount rate, which is the long-term investment return identified by the Plan’s actuary as required to keep the Plan financially healthy.

Rates of Return

OPB’s compounded rates of net investment return for the one-year, five-year, 10-year and since-inception periods ending December 31, 2024 are as follows:

	1-year	5-year	10-year	Since Inception
Total Fund return	8.1%	3.8%	5.3%	7.5%
Benchmark return	11.0%	4.3%	5.7%	7.4%

Note: Returns are net of all Plan administration and investment management expenses.

Since pensions are accrued and paid out over decades, pension plans need to take a long-term perspective. The PSPP is a mature plan, which means we have a lower risk appetite than some other pension plans in Canada. Our objective is to generate stable, long-term investment returns within an acceptable risk framework. To achieve this, our investment manager minimizes unrewarded risk, reduces total risk, uses fundamental research and analysis to make investment decisions and sources diversified investment opportunities that provide predictable cash flow.

On a 10-year basis, our compounded annualized return of 5.3% has underperformed the portfolio benchmark return by 38 basis points.

Highlights of Investment Results

OPB's investment portfolio earned a one-year net return of 8.1%, compared to an investment return of 3.1% in 2023.

Inflation moderated in 2024, with corresponding cuts to the Bank of Canada's key lending rate totaling 175 basis points over the year. Short-term Canadian government bond yields decreased sharply, while long-term yields ended the year slightly higher. Equity markets, particularly in the U.S., performed well in response to easing inflation and lower interest rates, which lower corporate borrowing costs and support economic growth. Markets also saw investor enthusiasm around AI and the resilience of the U.S. economy.

OPB's portfolio is highly diversified, which means a decline in one asset class is often offset by better results in others. The performance of the Public and Private equity strategies made the most significant positive impact on the Total Fund returns. However, the Global Real Estate strategy continued to perform relatively poorly as it faced challenges pertaining to the office component where valuations continued to be affected by the slow post-pandemic return to the office. In addition, government bonds generated modest returns as yields changed little over the year.

Asset Class Returns and Benchmarks

The aggregate performance of all asset classes determines our overall Plan return.

A comparison of the 2024 versus 2023 asset class returns is shown below. For public markets, the returns provided are before the inclusion of external investment management fees, custodial fees and IMCO's management fees. For private markets, the returns provided are after the inclusion of external investment management fees, but before custodial fees and IMCO's management fees.

At the total Plan level, the impact of external investment management fees (including public markets), custodial fees, IMCO's management fees, and OPB's pension administration expenses equated to 0.62% in 2024, and was unchanged from 2023.

The benchmarks are defined in the Plan's SIP&P and IMCO's Investment Policy Statements. Benchmarks enable us to determine the relative performance ("value add") for each asset class. Cash and equivalents, government fixed income and inflation-linked bonds are passively managed with the objective to closely track their respective benchmarks. All other asset classes are actively managed.

Asset Categories	Benchmark	2024		2023	
		Actual	Benchmark	Actual	Benchmark
Cash and Equivalents	FTSE Canada 91-Day T-Bill	4.8%	4.9%	4.5%	4.7%
Total Portfolio Leverage	Custom Benchmark	(4.9%)	(4.7%)	(4.8%)	(4.8%)
Government Long-Term Fixed Income	FTSE Canada Long Government Bond	0.4%	0.2%	9.0%	8.8%
Inflation-Linked Bonds	Custom Benchmark	0.2%	0.2%	1.5%	1.2%
Global Credit	Custom Benchmark	8.9%	8.3%	8.5%	8.8%
Canadian Equities	S&P/TSX Composite Index	24.6%	21.7%	14.2%	11.8%
Global Equities	MSCI World Index (C\$)	26.9%	29.7%	21.6%	20.8%
Emerging Markets Equities	MSCI Emerging Equity Index (C\$)	15.2%	17.3%	7.8%	6.9%
Public Market Alternatives	Custom Benchmark	6.5%	6.0%	1.8%	6.5%
Real Estate	Custom Benchmark	1.1%	1.7%	(15.8%)	(12.4%)
Infrastructure	Custom Benchmark	8.8%	16.4%	7.0%	2.4%
Private Equity	Custom Benchmark	14.6%	18.0%	3.5%	12.7%

Fixed Income

Government Fixed Income – A portion of Plan assets are invested in government bonds to diversify the overall portfolio, provide liquidity and offset the changes in the value of the Plan's liabilities. The portfolio, which includes nominal and inflation-linked bonds, provided a one-year return of 0.4% for long-term fixed income (a return of 9.0% in 2023) and 0.2% for inflation-linked bonds (a return of 1.5% in 2023). The year-end market value at December 31, 2024, was \$8.4 billion, versus \$7.6 billion at the end of 2023.

The Plan had a material allocation to Canadian real-return bonds (RRBs). Following the Government of Canada's decision to stop issuing RRBs in 2023, we started to transition our allocation to U.S. Treasury Inflation Protected Securities (TIPS). TIPS provide portfolio diversification and inflation-hedging benefits, while preserving the core liquidity of our bond portfolio.

Both the nominal and inflation-linked strategies are managed passively, with the objective of matching the benchmark return after costs. They did so effectively in 2024.

Global Credit – A portion of Plan assets are invested in a globally diversified portfolio of public and private credit securities to capitalize on market opportunities and gain exposure to a range of credit strategies. In 2024, the Global Credit portfolio returned 8.9% on a currency-hedged basis (vs. a return of 8.5% in 2023), with a year-end market value of \$4.3 billion (\$3.6 billion in 2023). This return was above the benchmark return of 8.3%.

Global credit markets continued to perform well in 2024, supported by the move away from near-zero central bank policy interest rates since 2022 and a market with a continued appetite for risk. This led to historical spread tightening, particularly among lower-rated credits.

The Plan's portfolio return was driven by satisfactory performance across a range of market segments. In particular, the internally managed loan portfolio generated strong absolute and relative returns. Public credit also produced solid absolute performance.

In 2024, IMCO made considerable progress in internalizing management of the portfolio. By the end of the year, this portion stood at 21%, compared to 9% at the end of 2023 – tracking well towards the 30% internalization goal over the next few years. The internally managed assets are well diversified across credit segments, industries, and geographies.

Public Equities

A portion of Plan assets are invested in public equities to enhance long-term returns and these investments are expected to generate higher returns than the Fund benchmark return over the long term. Public equities continued their upward climb, fueled by AI-driven optimism and fading recessionary risks. Financial stocks also had an excellent year, supported by strong earnings momentum and expectations of deregulation.

There are three components to the portfolio.

- The **Canadian equity portfolio** returned 24.6% in 2024, compared to a return of 14.2% in 2023. The year-end market value of the portfolio was \$0.9 billion, compared to \$0.8 billion at the end of 2023.
- The **Global equity portfolio** generated a return of 26.9% in 2024, compared to a return of 21.6% in 2023. The year-end market value of this portfolio was \$4.3 billion, compared to \$3.6 billion at the end of 2023.
- The **Emerging Markets equity portfolio** return was 15.2%, compared to a return of 7.8% in 2023. This portfolio's year-end market value was \$1.8 billion, compared to \$1.7 billion at the end of 2023.

The Public Equities portfolio generated strong absolute returns and was the key performance driver of the total portfolio return in 2024. Global equities outperformed other asset classes due to the high returns from U.S. equities, particularly the "Magnificent Seven" mega-cap technology stocks (i.e., Alphabet, Amazon, Apple, Meta Platforms, Microsoft, NVIDIA, Tesla).

While the Public Equities portfolio performed well due to the technology stocks just mentioned, those conditions made it challenging to outperform the benchmark as those same stocks, which were all in the U.S., made up a sizeable proportion of the benchmark index. In Canadian dollar terms, the S&P 500 had its fourth highest calendar return in 35 years.

To mitigate the underperformance against benchmarks, IMCO implements a portfolio completion overlay strategy that brought its total exposure to the Magnificent Seven stocks closer to the benchmark weights without altering exposures at the individual strategy levels.

Another detractor to performance last year was an investment in Swedish electric vehicle battery maker, Northvolt, which filed for Chapter 11 bankruptcy protection at the end of the year and resulted in the investment being written down in value to zero by year-end. However, the impact of Northvolt's decline in value was more than offset by another of IMCO's investments in the Fundamental Equity component of the Public Equities strategy: CoreWeave, a graphics processing infrastructure supplier to AI developers. By the end of 2024, CoreWeave was valued at more than three times the initial investment due to robust growth in AI demand and new data centres.

Real Estate

A portion of Plan assets is invested in real estate to generate cash flows, deliver stable returns and obtain a partial hedge against inflation. These characteristics are a good match for the Plan's long-term pension liabilities.

OPB's Real Estate portfolio comprises:

- direct and indirect holdings in quality Canadian office and retail properties;
- direct and indirect holdings in international real estate; and
- a modest investment in mortgages.

The real estate portfolio generated a return of 1.1% in 2024, compared to a loss of 15.8% in 2023. Real estate results are presented net of financing, as OPB previously issued private bonds to finance the addition of high-quality real estate assets.

The market value of the real estate portfolio at year-end 2024, net of the market value of the bonds issued by OPB, was \$5.1 billion, compared to \$5.0 billion in 2023.

Although components of the real estate portfolio began to generate better returns, many commercial real estate assets, particularly the office sector, continued to face a challenging environment, affected by trends toward remote work. In accordance with its valuation policies, IMCO wrote down the value of certain properties and divested other properties. It also reoriented the strategy toward assets that are expected to be less susceptible to these challenges and exhibit strong fundamentals well into the future. This involves reducing exposure to the office and retail sectors in favour of sectors like multi-residential, industrial and life sciences.

In 2024, IMCO expanded its global footprint in the life sciences property sector, aligning with its strategy to globally diversify the portfolio, while capitalizing on the strength of this burgeoning sector. Within life sciences, IMCO is focused on innovation hubs for research, care, pharmaceutical development, and technology providers. For example, IMCO completed an acquisition of a £17-million co-investment with Breakthrough Properties in Trinity House, a lab-enabled development near Oxford University, and numerous life science companies in the United Kingdom. The project benefits from a shortage of quality facilities in the "Golden Triangle" life science market centred on the cities of Oxford, Cambridge and London.

IMCO is also growing its Real Estate Investment Trust (REIT) strategy to continue capitalizing on the relative value between public and private markets. This approach allows the investment team to exploit market opportunities and optimize the investment portfolio for better returns.

In addition, IMCO's first greenfield net-zero greenhouse gas emissions building in Laval, Quebec, achieved Canada Green Building Council's Zero Carbon Building Design Certification. The 300,000-square-foot industrial project is fully leased.

Through its longstanding strategic partnerships with global real estate developer, Tishman Speyer, and life science investment firm Bellco Capital, IMCO committed US\$325 million to the Breakthrough Life Science Property Fund, focusing on delivering high-performing buildings with leading sustainability features in growing life sciences markets with limited supply attributes.

IMCO has fostered a productive partnership with the fund, co-investing in life science property developments in Boston, MA; San Diego, CA; and Oxford, U.K.

Infrastructure

A portion of Plan assets are invested in a diversified infrastructure portfolio, which owns assets that provide essential services such as telecommunications, transportation and utility assets. These holdings tend to provide predictable and ongoing cash flow, stable returns during periods of equity market volatility and some degree of inflation protection. Over the long term, these characteristics provide a good hedge against the Plan's pension liabilities.

The infrastructure portfolio generated a 2024 return of 8.8%, compared to 7.0% in 2023, but underperformed its benchmark. Strong benchmark performance was driven by returns in publicly listed utilities and midstream energy companies, which benefited from falling interest rates and improving demand. The portfolio had a year-end market value of \$5.0 billion (\$4.3 billion at the end of 2023).

Encouraged by several factors, including a more accommodating Federal Reserve and AI-driven optimism in 2024, institutional investors returned to the infrastructure market towards the end of the year after a sharp drop-off in activity in 2023. IMCO was able to capitalize on this rebound in demand to sell some assets at attractive values. 2024 also marked the first full year of IMCO's revised infrastructure investment strategy focused on markets benefiting from global decarbonization and digitalization. IMCO looks for attractively priced, long-term contracted revenues within its target markets of digital infrastructure, regulated utilities, and clean energy. Investor interest in these target markets was strong in 2024, as markets began to realize the magnitude of demand for global digital infrastructure. This, coupled with the re-industrialization of Western economies and the electrification of heat and transport, created knock-on growth in utilities, energy transportation and clean energy sectors.

In August, IMCO led a €2.1 billion recapitalization of euNetworks, bringing in more investors and enhancing the value of this Western European fibre network provider.

In September, IMCO made its first investment in Latin America with Scala Data Centers, a leading hyperscale data centre platform based in Brazil. Latin America has high population growth and lagging digital technology adoption, offering many investment opportunities.

Private Equity

Another component of the Plan's assets is invested in private equity, which consists of investments in private companies or entities that are not publicly traded on a stock exchange, targeting capital appreciation over the mid-to-long term. Private equity is not as liquid as public equities and returns are expected to be higher to compensate for the added liquidity risk. With OPB's long-term investing horizon, private equity is an important source of returns and diversification.

Our Private Equity portfolio returned 14.6% in 2024, compared to 3.5% in 2023. The portfolio had a year-end value of \$5.0 billion (\$5.0 billion in 2023).

Private equity markets remained slow for most of 2024, hampered by persistently high long-term interest rates and above-trend inflation, as well as broad macroeconomic and geopolitical uncertainty. A lack of transaction volume reduced liquidity for investors, impacting many limited partners' ability to deploy capital. Despite a rise in the cost of capital and reduced liquidity in the market, valuations for quality assets remained high. In addition, activity picked up near year-end as macro uncertainty subsided and interest rates in Europe and North America started to decline.

IMCO continued to work with strategic partners to deploy capital into high-quality assets and diversify the portfolio across investment vintage years, sectors and geographies.

The secondary market remained active throughout the year, supported by record levels of capital waiting to be deployed or 'dry powder.' This enabled IMCO to complete its first secondary sale of fund holdings, which reduced its holding of fee-carrying investments not aligned with long-term goals and freed up capital for more strategic investments.

During the year, IMCO made eight direct investments across a range of sectors and geographies. It made commitments to two existing strategic partners specializing in North American middle and upper-middle markets, as well as a new strategic partner focused on technology.

Public Market Alternatives

Public market alternatives (PMA) is an actively managed strategy that aims to provide exposure to a range of opportune and diversified investments in niche markets that are uncorrelated to many other asset classes. Its objective is to enhance risk-adjusted returns of our overall Plan assets. This portfolio produced a 2024 return of 6.5% (versus 1.8% in 2023), and the year-end market value was \$0.8 billion (\$2.2 billion in 2023).

For the first three quarters of 2024, hedge funds performed better than global investment-grade debt but below global equities. Equity strategies were the strongest performers within the hedge fund universe. Event-driven and credit strategies also performed well, supported by the change in interest rates and the expected large volume of maturing corporate debt.

At a strategic level, IMCO decided to wind down PMA as a stand-alone asset class in 2024 in response to changing market dynamics. OPB made an allocation to PMA in 2021 at a time when there was a market for low-return, uncorrelated assets. However, by 2023, the end of the “lower-for-longer” interest rate environment began to undermine the value proposition of many low-returning PMA instruments.

Investment Risk Management

Our agreement with IMCO states that IMCO will manage investment risk in accordance with the PBA’s standard of care and best practices for Canadian public sector managers.

As such, investment risk management is integrated into all investment activities and decision making at IMCO. Our investment manager has governing rules, risk committees, structures and processes to effectively manage risk. Investment risk includes risks such as market, credit, counterparty, climate, liquidity and concentration.

OPB’s Chief Investment Officer (CIO) and other executives, and OPB’s Investment Committee, have regular dialogue with IMCO about the investment risks pertaining to OPB’s investment portfolio. IMCO measures, monitors, manages and communicates investment risks on behalf of clients using approaches and metrics that are relevant for each asset class and the total portfolio.

IMCO takes steps to identify and manage climate change risks and opportunities to enhance long-term, risk-adjusted returns. This includes continuously evaluating and improving processes around governance, strategy and advocacy.

Investment Outlook

As part of our disciplined, long-term approach to managing the financial health of the Plan, we tested our economic and demographic assumptions in developing a refreshed SAA, which we believe will help deliver strong returns within a targeted risk level.

While inflation moderated in 2024 and short-term interest rates declined, mid- to long-term rates did not necessarily follow suit, remaining relatively flat. We expect some potential interest rate volatility going into 2025. Inflation moved toward central banks' targets last year, but markets pared back expectations of rate cuts heading into 2025 amid signs of resilient economic activity and stubborn price pressures.

Geopolitical risks include uncertainty surrounding the trade and immigration policies of the incoming U.S. administration, the continuing war in Ukraine, conflict in the Middle East and U.S.-China tensions. Against this backdrop, deglobalization is accelerating due to supply chain disruptions and rising economic competition among global powers.

This trend is expected to intensify further with U.S. President Donald Trump's isolationist preference, threats of tariffs and the so-called 'America First' strategy. The U.S., along with governments worldwide, are also adopting interventionist policies to reshape socioeconomic dynamics. At the same time, the rapid adoption and integration of AI technology across markets and industries signals a transformative era, creating new investment opportunities. In addition, institutional interest in private markets continues to rise, which should bode well for long-term investors focused on value creation.

Given the uncertainties mentioned above, we continue to see a challenging environment for investment returns in the next several years. While inflation has moved more in line with central bank target ranges, we expect it will be modestly elevated going forward vs. the past 10 to 20 years.

PENSION MODERNIZATION

Our pension modernization program is a business transformation program enabled by technology, which will advance client and stakeholder experiences and generate business efficiencies. This comprehensive program is designed to enhance our digital services for clients and mitigate the future risk posed by our legacy systems as they near end-of-life. It will allow us to further improve our operational effectiveness, while fully supporting our Advisory Services model and providing our clients with the tools they require to make sound decisions about their pension.

Our multi-year roadmap identifies and prioritizes the parts of our pension business processes and systems that must be modernized to support critical business priorities and our hybrid workplace.

Our pension modernization program made considerable progress in 2024 on this key piece of our future.

Recent Timeline

2024: The procurement for our new pension administration system (PAS) was nearing completion by year-end and we selected the vendor for our Retirement Planner.

2025 (planned): Launch the new Retirement Planner, select the vendor for our new PAS and work with the selected vendor to develop a multi-year implementation plan.

New Retirement Planner

OPB's Retirement Planner helps members create an effective plan for their retirement by helping them understand how their pension fits into their overall financial picture, including their projected retirement expenses, so they can make well-informed decisions about their pension throughout their career. Members can use the tool on their own through the e-services member portal or book a 1-on-1 session with one of our Advisors, who can use the Retirement Planner to build a robust retirement plan that reflects a member's financial and personal circumstances and goals.

While the current planner is comprehensive, it requires considerable manual effort to capture the necessary information required to produce a retirement plan. In addition, our in-depth research gave us insight on how members move through their retirement planning journey; one of the main takeaways was that members want a simple retirement planning experience.

In early 2024, OPB issued an RFP for a long-term strategic partner who could offer a retirement planning tool that will support improving member engagement with retirement planning and make it easier for our Certified Financial Planners® to build effective retirement plans for members. We completed the selection of a vendor and expect to launch the new Retirement Planner in 2025.

The new system will have several advantages. For instance, data will be integrated from our system into the retirement planner, so members will be able to rework estimates and save information. Both Advisors and members will have access to it to help each other develop retirement planning more effectively.

Pension Administration System (PAS)

Building on our decision to procure and implement a commercial off-the-shelf (COTS) solution for the core PAS functionality, we made progress on the procurement for our new PAS.

A cross-functional team participated in a comprehensive evaluation process. The team reviewed the responses to select the vendor that best meets OPB's long-term needs and provides us with flexibility to continue to improve our client experience as their needs and the pension industry changes.

While due diligence and staffing changes resulted in some modest delays to timelines, we expect to select the vendor in spring 2025, with detailed solution analysis and planning for our systems implementation to begin immediately.

We documented our interim data migration strategy and defined our source data template constructs with the final strategy to be completed once a vendor is selected as part of discovery and solutions analysis.

We captured our data integration in its current state. We drafted a plan for future data integration to inform implementation of the system.

In 2025, we plan to analyze the configuration and customization changes that would be required to meet our Plan rules, legislative needs, risk tolerance and client experience approach.

The new pension administration solution will include regular upgrades to maintain technical 'currency' and offer greater automation, enhancing the efficiency of our business operations.

Pension Modernization: Looking Ahead

We continue to manage risk in our modernization program by thoughtfully pacing and sequencing our projects and rollout in manageable phases. The year 2025 will see data initiatives and testing strategy, prioritized to align to PAS implementation requirements.

After selecting a vendor in 2025, we will focus on our core pension administration needs. These “must-haves” include:

- A Business Rules engine that stores our Plan provisions and assumptions, to enable us to improve process consistency and efficiency.
- Calculator functionality that will consolidate the capabilities of many legacy tools and enable staff and members to easily calculate all pension options available, as well as other retirement funding combinations, and positions us to provide more digital services in the future.
- More agile document creation capabilities to capture and present the entitlement information and options to members.
- Business process management capabilities (workflow systems) that support staff in managing client inquiries and enhance timely service delivery.

WORKPLACE CULTURE

We are committed to our organizational purpose statement, our values and our employee value proposition. These distinguish OPB in the marketplace, demonstrate our strong culture and inspire current and future employees.

Our purpose statement and values below affirm for staff the “how and why” of our work as they deliver our mission. Our purpose is also embedded in our outward-facing activities, through our website ([OPB.ca](https://www.opb.ca)), and on our [LinkedIn](#) page. We want job candidates to understand the type of organization we are, and we want clients – individual public servants and their employers – to understand that everything we do is meant to support them.

We also launched a full, comprehensive employee engagement survey in fall 2024, which saw a record staff participation rate of 95%. We leveraged a new survey provider to conduct our latest comprehensive employee engagement survey. Though we recognized this would result in a new methodology of surveying and shift in results reporting, we are very pleased with the level of staff engagement, particularly given 2024 was a year of significant change and one during which we continued to welcome many new staff and leaders. Results of the survey showed an overall engagement score of 86.3%.

Our Purpose

Reassuring things happen when we look after each other and work together in common cause. Over the course of their working lives, our public-servant clients support strong and sustainable communities across Ontario. We understand the importance of helping others build toward a strong and sustainable future.

Through our *Advise and Protect* mission, we assist our clients to effectively plan for a retirement with security and dignity – a retirement in which they can thrive and continue contributing to their communities. Our team of diverse professionals supports every stage of our clients' careers, ensuring the pensions they have earned are protected along the way through strategic and prudent fiscal oversight.

Our commitment is to be there. There for life.

Our Values

Client & Stakeholder Commitment: We are committed to delivering exceptional client and stakeholder experiences.

Diversity, Equity and Inclusion: We value our differences, creating safe spaces for all as we work in collaboration, leveraging everyone's unique talents and life experiences, and interacting with respect, empathy and compassion.

Innovation & Continuous Learning: We are a high-performing organization with a can-do attitude that pursues continuous improvement, learning, growth and achievement.

Trust & Transparency: We act with integrity, communicating with honesty and transparency to have meaningful interactions and foster trust.

Accountability: We each take accountability. Together, we protect the pension promise through advocacy and the effective and efficient delivery of services that support and protect the financial well-being of our clients.

Diversity, Equity and Inclusion (DEI)

OPB is dedicated to keeping DEI at the forefront of the work we do. Fostering a culture of equity, inclusiveness, and psychological safety is critical, because we recognize that diversity promotes innovation, productivity, and growth. Our commitment to advancing DEI helps us to best serve our stakeholders while protecting the future of the PSPP and empowering our employees.

We continue to advance DEI through a variety of actions that support an inclusive work environment for our employees, clients, and stakeholders. For example, in 2024, our Diversity, Equity and Inclusion (DEI) Advisory Council, made up of a diverse cross-section of OPB employees, produced its first two newsletters focused on DEI issues. The newsletters share council updates and news, OPB's DEI Action Plan and resources for continued DEI knowledge and awareness. The Council is guided by the action plan, which recommends opportunities for education and training, opportunities to develop greater awareness and cultural appreciation, and ongoing commitment to sharing progress and information.

OPB expanded the gender and title options available in its systems for clients, provided gender diversity training for employees and communicated the updates to members through various mediums.

OPB executive leadership and staff participated in the Toronto Pride Parade for the first time in June, demonstrating support for 2SLGBTQIA+ employees and families and for our diverse client communities.

We shared information and resources on a variety of DEI-related topics throughout the year, such as International Women's Day, International Day of Pink (a day in April that raises awareness about bullying and discrimination against 2SLGBTQIA+ people), Black History Month, National Indigenous History Month and National Day for Truth and Reconciliation. We shared awareness of the International Day of Persons with Disabilities in December, established by the U.N. to advocate for the rights of people with disabilities and raise awareness about the challenges they face. Accessibility is an important focus for OPB. We are committed to making our services accessible and inclusive and complying with the *Accessibility for Ontarians with Disabilities Act*. Our goal is for members to be able to access their pension payments, benefits, and communications with ease.

The OPB Board receives regular updates from management on our DEI progress.

Attracting and Retaining Talent

OPB continues to identify ways to face the challenges of an increasingly competitive labour market to attract and retain the skilled talent we need to manage the Plan and serve our members most effectively.

We took several actions in 2024 to address this:

- We launched a new Careers page on [OPB.ca](https://www.opb.ca) and refreshed our [LinkedIn](#) page to reflect the new employee value proposition (EVP) introduced in 2024 to support our recruitment and retention efforts and contribute to the ongoing development of our workplace culture.
- The reimagined page provides prospective employees with a better understanding of the OPB staff experience, including DEI, with a goal of helping to improve attraction and retention. In terms of attracting people to our page, we are a top employer on [LinkedIn](#).
- To give new employees the comprehensive knowledge required to meet the needs of Plan members, we continued to evolve our pension fundamentals program. This four-day onboarding program educates new (and existing) employees on the various features of the PSPP. We also began development of an e-learning platform for staff to house our pension education and onboarding modules. This platform will ensure an engaging and timely onboarding employee experience, which will play a critical role in providing new (and existing) staff with a valuable and informative start at OPB.

OPB continues to align with the Ontario Public Service (OPS) remote work policy. Some roles are required to be on site more frequently, depending on position requirements.

Employee health and wellness continues to be a focus for OPB. We engaged staff through regular town halls, virtually and in-person, about a range of topics. We surveyed staff to obtain feedback and suggestions for town halls, resulting in the inclusion of keynote speakers focused on wellness at our two in-person town halls. We also shared a variety of wellness resources with staff throughout the year.

We conducted gender diversity training with all staff before introducing the gender and new title options in our systems.

We launched a leadership development program for people managers that covered several topics and exercises on how managers can best support, coach and empower their teams.

RISK MANAGEMENT

OPB's risk framework is set out in our Governance, Risk and Compliance Policy, which establishes core functions and responsibilities for managing risk.

Our approach to risk management is to assess strategic and operational mission-critical risks and to take actions that mitigate or limit downside risk exposures. In a rapidly changing environment characterized by technological disruption, geopolitical instability, cyber-threats and changing societal demands, risk management is critical in enabling OPB to meet its responsibilities to Plan members and other stakeholders.

Enterprise Risk Management

The goal of Enterprise Risk Management (ERM) is to enable OPB to make good decisions in the face of uncertainty, evolving external information or circumstances, and competing demands.

While OPB tries to anticipate material risks, unforeseen and unprecedented events will occur. We've matured our ERM program to ensure significant current and emerging risks and opportunities are identified and managed; appropriate risk mitigations are developed and implemented; regular monitoring is conducted to evaluate the mitigation measures; and risk activities are reported on a regular basis.

OPB adopts an enterprise-wide approach that involves all areas of our organization and all levels of staff. Our goal is to ensure key risks are identified in a timely manner and managed within acceptable levels.

CATEGORIES OF ENTERPRISE RISK

Our ERM program provides a consistent framework to evaluate and manage the uncertainty that will naturally arise from administering a major defined benefit pension plan.

We segment enterprise risks into three principal categories:

1. **Strategic** – These are risks taken to pursue and capture long-term value for the Plan. They represent the risks with the highest overall potential to affect achievement of OPB's objectives. These risks are actively managed by ensuring that the development of corporate strategy is aligned with OPB's risk profile.
2. **Operational** – These are risks that arise from day-to-day business, emergency planning and project processes. In the normal course of service delivery, we face threats and vulnerabilities. To manage these risks, operational risk management is embedded at the business unit level through awareness training and targeted assessments.
3. **Emergent** – These are primarily external and uncontrollable trends that may impact OPB over a long-term horizon. Routine surveillance of emerging trends allows us to assess the business impact of threats and opportunities presented by changes in the external environment.

2024 DEVELOPMENTS

In 2024, our key focus was to continue to maintain a strong risk culture within the organization. We achieved this by strengthening our operational resilience and business continuity plans; further maturing our cyber, privacy and information security posture; and enhancing efforts to maintain employee health, safety and well-being.

We made substantial progress in identifying opportunities to embed risk management practices into business processes; facilitating the proactive identification, assessment and mitigation of risks; and enabling decision-makers to make risk-informed decisions. Our overarching goal is to foster a culture of risk awareness that enhances resilience of our everyday business activities and facilitates achievement of our long-term strategic goals.

To build a stronger ERM foundation, we took the following steps in 2024:

1. Enhanced OPB's risk identification and risk assessment capabilities by conducting a comprehensive review of key implemented risk controls and Key Risk Indicators (KRI), improving the accuracy of residual risk assessments, facilitating better risk prioritization and identifying opportunities to create future risk controls, as needed.
2. Advanced work on refreshing OPB's Risk Appetite Statements (RAS) to align with our refreshed set of values. This will ensure risk-taking activities are aligned with OPB's strategic objectives, helping to balance growth opportunities with acceptable levels of risk. These statements will also guide decision-making processes, making them risk-informed and consistent. Lastly, it will enhance overall organizational governance by providing clear guidelines on risk management, maintaining accountability and transparency.
3. Continued to work on refreshing OPB's ERM framework materials that outline principles, processes and practices for managing risk across the organization. This work will help enhance our ERM governance structure.
4. Continued to evolve the pension modernization risk program to ensure that risks are identified, assessed, mitigated, monitored and reported in a timely manner.
5. Regularly met with various teams, people managers and project managers to identify and assess risks and strategies, and discuss systemic or current issues.
6. Continued to evolve our emerging trends scan to better understand and prepare for any impacts on either current or future business needs.

Throughout the year, our ERM team focuses its effort on building a risk-aware culture by creating opportunities to learn about risk management and key emerging trends, both global and local in nature. We do this by utilizing our Global Risk Institute's membership to conduct bespoke sessions and risk workshops. October is Risk Awareness Month. During this time, all OPB staff are given access to virtual risk workshops, where they can learn about topics including risk identification, risk assessment and mitigation, project risk management, decision making, strategy planning and psychology of risk. We also maintain a risk library, with books on varying topics on risk management, and share curated materials on risk management to help elevate staff knowledge on this topic.

Key Risks and Mitigation Activities

Our top three risks and mitigation activities are as follows.

1. **Plan sustainability.** Defined benefit pension plans face the risk that they may be unable to meet all current and future obligations while remaining affordable over the long term. We conduct numerous studies and analyses to better understand the funding risks facing the Plan and take actions to mitigate those risks.
2. **Investment performance.** We rely on our investment manager, IMCO, to execute OPB's SAA with the objective of achieving performance that can meet or exceed our target returns. We have a monitoring program to oversee our relationship with IMCO. We receive regular reporting on requirements under the IMA, IMCO's risk management activities and fund performance. See the "Investments" section for more information on investment risk management.
3. **Modernization of core systems.** Pension modernization presents a significant opportunity, while at the same time introducing enterprise-wide, program-level risks, such as unexpected program costs or delays, breakdowns in change management and data governance processes or failure to deliver expected outcomes. Our pension modernization program will update our service offerings, introduce efficiencies and address at-risk legacy technology. We address potential risks by using a combination of our enterprise program management framework and a deliberate, incremental and modular approach to pension modernization.

OPERATIONAL RISK MANAGEMENT

Operational risk management (ORM) provides a practical, business objective-based approach to identifying, assessing, mitigating and continuously reporting on risk inherent in OPB's day-to-day operations. ORM focuses on how we apply management controls in areas such as compliance and conduct, business continuity, project delivery and service quality.

SYSTEMS RISK

We regularly review our IT systems for operational performance and scalability to meet future requirements. We also work very closely with our managed service providers, IT advisors and independent research firms.

OPB's information technology and security infrastructure remained strong and digital enhancements are ongoing. Security education and awareness measures continued with organization-wide phishing exercises and online information security training on a regular basis.

LEGAL RISK

Occasionally, OPB is involved in legal actions arising from the ordinary course of business. All significant legal matters are reported to the Audit Committee of the Board of Directors.

INTERNAL AUDIT

We routinely conduct internal audits of key business functions and operational processes. The internal audit function reports to the Board of Directors through the Audit Committee. The annual internal audit plan is approved by the Audit Committee.

PRIVACY PROTECTION

OPB recognizes the importance of protecting the privacy of its members, stakeholders and employees. Safeguarding personal information in our care is core to the trusted delivery of our mandate. In 2024, we continued to enhance key internal controls to support ongoing transparency, risk mitigation and efficiency in the collection and use of personal information in increasingly complex digital environments. Our Privacy team maintains an organization-wide program to ensure ongoing expert advice, training, awareness and vigilance in the handling and use of personal information, and the application of privacy-by-design principles.

INFORMATION SECURITY AND COMPLIANCE

Like other public institutions and financial services organizations, OPB carefully manages risks related to information/cybersecurity and compliance. We continue to invest in and monitor controls. We also maintain an enterprise-wide compliance program, using a combination of policy training and ongoing review of reputational reporting and attestations.

PROJECT DELIVERY

A large program or individual projects can introduce both business and financial risks. We monitor projects using governance processes and regular reporting. This helps provide assurance that internal controls and project procedures are being followed. We also conduct project-specific risk assessments throughout a project's life cycle to identify and mitigate potential uncertainties, threats and vulnerabilities.

In 2024, we continued to enhance our program management capabilities in support of the pension modernization program. We also started a careful assessment of the use of AI in various functions, to prevent the introduction of unnecessary risks in security and privacy.

FINANCIAL MANAGEMENT

OPB is committed to efficient management and to offering value-added service at a cost-effective price. As an agency of the Province of Ontario, we operate in an environment of cost constraint and we judiciously manage the Plan's expenses.

To efficiently manage the Plan, we routinely:

- focus on priorities and work smart;
- re-engineer and redeploy resources where it makes sense to do so;
- enhance our abilities, through staffing and training, to perform more value-added services in-house rather than pay premiums in the open markets; and
- increase our digital offerings.

Our overall consolidated (investments and pension administration) expense ratio for 2024 was 0.62% (or 62 cents per \$100 of average net assets available for benefits), consistent with 0.62% in 2023.

Our objective is to keep our consolidated expense ratio at or below 66 basis points, with OPB's operating expenses at or below 18 basis points and IMCO costs at or below 50 basis points, which we accomplished in 2024.

Managing Costs

At OPB, we are committed to disciplined cost management and we strive to stay within budgeted expenses each year.

Our goal is to ensure we spend strategically where it is in the best interests of our members and stakeholders. The Plan's expenses are a combination of investment management costs and operating costs for pension administration.

Investment Fees – IMCO incurs investment management and custodial fees on OPB's behalf. In addition, a share of the cost of IMCO's operations is charged to OPB on a cost-recovery basis. In 2024, these two costs were 0.45% (or 45 cents per \$100 of average net assets available for benefits), compared to 0.46% (46 cents per \$100 of average net assets available for benefits) in 2023. These fees are deducted from total investment income.

Operating Expenses – OPB has direct operating expenses, which are the internal costs associated with managing the pension plan, pension administration and investment monitoring/oversight activities. These costs were 0.17% (or 17 cents per \$100 of average net assets available for benefits) in 2024, compared to 0.16% (16 cents per \$100 of average net assets available for benefits) in 2023.

The above sets of costs add up to a 0.62% expense ratio in 2024, consistent with 0.62% in 2023.

CONTRIBUTIONS

Contribution rates for the PSPP are set by the *Public Service Pension Act, 1990* (PSP Act). They are adjusted as needed to keep pension benefits affordable and sustainable over the long term.

As of April 1, 2021, members contributed 7.4% of their salary below the Year's Maximum Pensionable Earnings (YMPE) and 10.5% of their salary above the YMPE (which was \$68,500 for 2024 and is \$71,300 for 2025). Employers contribute a matching amount.

Ontario Provincial Police (OPP) officers in the PSPP are required to contribute additional amounts to fund the 50/30 unreduced early retirement provision and the enhanced earnings component of the benefit formula (average annual earnings based on highest 36 consecutive months for officers and highest 48 consecutive months for civilians). The contribution rates for OPP officers are 9.7% of salary up to the YMPE and 12.8% of salary above the YMPE. For OPP civilians, the contribution rates are 8.545% of salary up to the YMPE and 11.645% of salary above the YMPE. These contribution rates are matched by the employer.

During 2024, contributions for all OPB members and employers totaled \$1.445 billion, compared to \$1.325 billion in 2023.

PENSIONS PAID

OPB made pension payments totaling \$1.74 billion in 2024, up from \$1.62 billion in 2023.

The increase is partly attributable to a 4.8% inflation protection adjustment (Escalation Factor) that was applied to pensions on January 1, 2024. The remainder is attributable to increases in the average pension amounts and the number of new retired members.

STAFFING

OPB has taken a measured and incremental approach over the period to request, through the approved business planning process, the necessary resources to respond to a number of evolving needs and Plan Sponsor-initiated directives and requests.

This request included resourcing requirements to continue the effective and efficient delivery of our operational mandate while also responding to high client service demands. The need for additional specialized expertise and resources in areas such as enterprise risk management, technology and data has risen in recent years, and our minimally augmented complement is supporting our ability to address the growing demands of our operations, including the complex onboarding of new public sector employers for greater efficiency, as well as the evolving needs of clients and stakeholders.

This expansion has also led to new priorities and a corresponding increase in workload, requiring additional personnel to ensure continued growth, operational effectiveness, innovation, and the ability to meet strategic and legislative objectives effectively and efficiently. Our complement has and will continue to align to our Business Plan.

OPB Full-Time Equivalents (complement)

	2021	2022	2023	2024
Total complement	203	208	227	239

OPB Executives

	2021	2022	2023	2024 ¹
Total complement	7	7	8	7

1 At the end of 2024, OPB's long-tenured CEO & CPO retired, with new incumbents overlapping with the two existing incumbents to support a measured executive succession transition period. As at December 31, the permanent executive complement was seven individuals.

Executive Compensation

OPB recognizes compensation as a key component in achieving its long-term strategies and organizational effectiveness. As an agency of the Government of Ontario, OPB is committed to providing excellent service and value for money to our clients and stakeholders, while operating in a public sector fiscal environment.

Executive compensation is carefully overseen and approved by the Board's Human Resources Committee and follows the Province's direction on broader public sector wages. Effective February 28, 2018, OPB implemented its Executive Compensation Program, which is compliant with Ontario regulation 3014/16: Executive Compensation Framework, introduced in September 2016. The regulation sets out how all employers designated under the *Broader Public Sector Executive Compensation Act, 2014*, including OPB, must establish and publish compensation programs for executives. Executives receive an annual base salary that is within the salary range assigned for the corresponding classification. In addition to base salary, executives are eligible to participate in the annual compensation plan (short-term incentive). OPB conducts annual performance reviews for executives which contribute to the determination of the performance-based incentive program. OPB regularly participates in third-party external compensation surveys and typically trends below peers.

Base salaries and incentive pay for executives in designated positions are within OPB's approved Executive Compensation Program. Regulation 406/18: Compensation Framework, was introduced on August 13, 2018 and sets out new requirements for compensation for those in designated executive positions. OPB is in compliance with the regulation.

The table below sets out the compensation for the President & CEO and the other named senior executives at the year ended December 31. The figures in the table include the components of compensation and the total compensation (excluding only retirement benefits) paid to the listed executives.

For the year ended December 31	Year	Base Salary ¹	Short-Term Incentive ²	Taxable Benefits & Allowances ³	Total
President & CEO ⁴	2024	\$ 467,375	\$ 234,149	\$ 524	\$ 702,048
Executive Vice-President & Chief Client Services Officer ⁵	2024	\$ 298,993	\$ 126,176	\$ 347	\$ 425,516
Chief Financial Officer ⁶	2024	\$ 247,094	\$ 101,502	\$ 299	\$ 348,895
	2023	\$ 224,919	\$ 82,066	\$ 266	\$ 307,251
Chief Investment Officer	2024	\$ 338,836	\$ 144,500	\$ 389	\$ 483,725
	2023	\$ 338,836	\$ 133,344	\$ 389	\$ 472,569
Executive Vice-President & Chief Pension Officer ⁵	2024	\$ 297,270	\$ 128,570	\$ 347	\$ 426,187

1 Base salary is based upon amounts paid during the year. In 2023 and 2024, there were 26 bi-weekly pays.

2 Short-term incentive earned is paid in March of the following year and is within the established Executive Compensation Envelope as per Regulation 406/18: Compensation Framework.

3 Includes life insurance. There are no car allowances or other perquisites.

4 The current incumbent was appointed President & Chief Pension Officer, effective February 1, 2024, and President & CEO, effective August 6, 2024. Amounts shown in 2024 reflect part of the year as President & CPO and the rest of the year as President & CEO. The transition to CEO was in support of the executive succession plan put in place for the retirements of OPB's previous CPO and CEO. The previous executives were on payroll for 2024 through the transition to retirement.

5 The current incumbents in the Executive Vice-President & Chief Client Services Officer position and Executive Vice-President & Chief Pension Officer position were appointed to their new positions effective August 6, 2024, and were not previously listed key executives. Amounts shown in 2024 include pro-rated salary at that level.

6 The current incumbent was appointed to Chief Financial Officer, effective July 21, 2023. Amounts shown in 2023 reflect part of the year as Vice-President, Finance and the rest of the year as CFO.

The above-noted senior executives are entitled to pension benefits on their base salary from both the PSPP and the Retirement Compensation Arrangement (RCA). Having the executives as members of the same pension plans as the clients that they serve builds strong alignment.

In 2024, with the retirement of the former CEO and CPO, only the Chief Technology Officer will continue to accrue service in a Supplementary Executive Retirement Plan (SERP), which provides retirement benefits equal to 2% of the best five-year average annual award of short-term incentive plan (STIP) compensation for a year of service with OPB. There is no service accrued in the SERP for years other than during their employment time with OPB. The maximum inflation protection adjustment to the SERP benefit in any year is limited to 2.5%. All the other provisions of the SERP mirror the provisions of the PSPP. The SERP is an unregistered arrangement that is non-contributory and not funded. The SERP program has not been extended to any new executive. In accordance with Government of Ontario directives, OPB executives do not receive any perquisites, such as automobile entitlements or allowances, club memberships, personal use equipment or personal services.

GOVERNANCE

A robust governance structure keeps OPB strong and is the foundation of our continued success. OPB's governance structure meets – and in many cases exceeds – industry standards and best practices. In short, it ensures that we are always protecting and promoting the best interests of the Plan and its beneficiaries.

A series of documents define our organizational structure, roles and responsibilities, and governance practices. Collectively referred to as the Governance Documents, these documents include a Statement of Governance Principles, a General By-law, and a Code of Conduct and Ethics.

Our Governance Documents draw a clear link between responsibility and accountability; set expectations for ethical behaviour as it relates to decision making and stakeholder engagement; and entrench conflict-of-interest guidelines. They also ensure rigorous compliance with regulatory requirements and establish a well-defined system of checks and balances on all power and authority.

Role of the Board

OPB's Board of Directors holds the ultimate responsibility for the Plan's stewardship. The Board has delegated to management the responsibility for the day-to-day operations required to administer the Plan and manage the Fund.

The Board has also delegated specific responsibilities to five committees of the Board: the Governance, Investment, Audit, Pensions, and Human Resources committees.

The Board retains overall responsibility for supervision of OPB's business affairs. For example, it:

- approves OPB's strategic plan, business plan and budget;
- ensures that management has identified and is managing risks;
- approves any recommendations made to the Plan Sponsor regarding Plan amendments and funding;
- conducts performance and compensation reviews for the President & CEO;
- oversees management, which is responsible for monitoring IMCO and reporting to the Board on IMCO's performance;
- approves the SAA, which drives investment management asset mix decisions;
- conducts an annual review of OPB's Statement of Investment Policies & Procedures;
- approves non-ministerial appointments to the IMCO board of directors;
- approves material amendments to investment management and service agreements;
- supervises and approves all audit and risk management matters;
- ensures that management maintains a culture of integrity;
- is accountable for CEO succession and supporting senior executive leadership succession;
- monitors talent management and employee engagement;
- monitors client service; and
- monitors compliance with OPB's governance documents, including government directives and policies.

In fulfilling their duties, members of the Board are directly accountable to:

- the Plan's beneficiaries (i.e., active and retired members);
- Financial Services Regulatory Authority of Ontario (the organization that oversees registered pension plans in Ontario); and
- the Government of Ontario.

IMCO is OPB's sole and exclusive investment manager, managing the investment and reinvestment of the Fund. It also acts as OPB's non-exclusive investment advisor. The Board has delegated to management (primarily to the CIO) the responsibility to monitor, assess and report on IMCO in respect of its investment products, returns and risk management, and performance in fulfilling its duties, responsibilities, and obligations.

Sustainability issues are a strong focus for the Board and management as OPB continues to strengthen practices and collaborate with peers. A Board-approved policy for sustainable investment issues articulates how OPB addresses these issues, including climate risk. IMCO has committed to reach net-zero greenhouse gas emissions by 2050 or sooner, has published interim targets to reach this goal, and is disclosing climate risks in alignment with the Task Force on Climate-related Financial Disclosures (TCFD). OPB published its second report, now known as a Sustainability Report, in April 2024, available at [OPB.ca](https://www.opb.ca).

OPB is consistently recognized as an example of good governance within Ontario's public service. The Board is committed to maintaining a best-in-class governance model and ensuring OPB can continue to drive innovation and build a strong, sustainable future for all PSPP stakeholders.

The Board and its committees and respective working groups met a total of 62 times in 2024.

LEADERSHIP SUCCESSION

The year saw a carefully planned and executed executive transition plan, which provided appropriate time for executive recruitment and knowledge transfer, effective risk management, and continuity of operational excellence.

On February 1, 2024, Darwin Bozek joined OPB in the transitional role of President and CPO, succeeding Peter Shena, who took on the role of Chief Transition Officer.

Darwin worked with Peter and President and CEO Mark Fuller to gain a deep understanding of the PSPP, OPB's strong workplace culture, how OPB protects the pension promise, and its industry-leading advisory approach to delivering services and retirement planning support to its members.

One of Darwin's key priorities in this period was leading the permanent recruitment for OPB's new CPO.

There has been significant work increase in the role of the CPO, resulting from OPB's Plan consolidation and growth strategy. Additionally, the pension modernization program is a substantial undertaking to ensure we deliver both operational efficiencies and an enhanced experience for our clients and employees.

These two distinct areas of the pension business each needed dedicated senior executive leadership and oversight, which required a change in our organizational structure.

In July, we announced that Senior Vice-President, Plan Management Marc Rondeau would take on the role of Executive Vice-President and CPO. In his new role, Marc's responsibilities include leadership of OPB's strategic plans, plan funding and growth, external communications, policy, pension legal and advocacy, actuarial services, and education and stakeholder relations as well as regulatory affairs. Marc also works closely with our investment team on engagement and oversight of our investment and asset manager, IMCO.

We also announced that Senior Vice-President of Client and Advisory Services Mila Babic would become Executive Vice-President and Chief Client Services Officer. In her new role, Mila sets the strategic direction for client experience and service delivery, Advisory Services, and client and employer data management. In addition, Mila oversees the pension administration team, which is responsible for delivering exceptional client service to our membership. Mila also sets the strategic business direction and leads OPB's multi-year pension modernization program in partnership with Valerie Adamo, our Chief Technology Officer.

With both appointments effective August 6, we were fortunate to have two senior executives with the experience, business acumen, stakeholder management expertise, and deep knowledge necessary to support our continued success. Being able to draw from our internal leadership talent is incredibly valuable.

Effective August 6, Darwin took on the role of President and CEO, succeeding Mark Fuller upon his retirement and completing our planned leadership succession. Peter Shena fulfilled the role of Chief Transition Officer and retired in 2024.

Board of Directors

Effective governance and oversight demand a committed board with the right mix of skills and expertise to govern effectively.

In addition, Board members must continue to develop skills to ensure that the Board collectively is well equipped to govern in a rapidly changing world. The Board invites external experts to present education sessions to the Board and management throughout the year. In 2024, the Board invited subject matter experts to provide sessions on topics including ESG, Responsible Investing (RI) and corporate social responsibility (CSR), developing an AI strategy, liquidity management, public sector ethics and the impact of AI on the workforce.

OPB board members are appointed by the Ontario Lieutenant Governor in Council.

There were notable changes to the Board in 2024, including:

- Tom Valks – appointed May 30, 2024
- Richard Nunn – appointed Vice-Chair December 3, 2024

Biographies of all Board members as of December 31, 2024 are below.

BOARD MEMBERS

Geri Markvoort (Chair)

Geri Markvoort is a retired senior human resources executive, with more than 40 years' experience in large, complex organizations. She has aligned the delivery of human resources with the needs of business in various sectors (natural resources, manufacturing, banking and professional services). Significant organizational change, global service models, total rewards delivery, effective client relationships and the evolution of the human resources function have challenged and engaged her throughout her career. A passionate champion for change and strong human resources leadership, Geri's board experience has included governance roles as Chair of the Board of Governors, George Brown College; Chair of the Board, Dress for Success Toronto; and board member of Lawn Summer Nights and the Cystic Fibrosis Toronto Chapter. Geri holds the ICD.D designation from the Institute of Corporate Directors.

Richard Nunn (Vice-Chair)

Richard Nunn has been involved in senior governance roles in the public sector for over 20 years, serving as a Governor at the University of Toronto from 2004–2013 and as Chair of the Governing Council between 2011–2013. He is currently a director of Halton Health Care and served as Chair of the Board between 2019–2023. He is currently Chair of University of Toronto Asset Management Corporation (UTAM), which manages assets on behalf of the University of Toronto. He is also a Council member of the Institute of Chartered Accountants in England and Wales (ICAEW), an international accounting organization based in London.

Richard retired as a partner from Deloitte in 2023 having completed a 34-year career in professional accounting. He led the Financial Services Audit and Assurance practice for Canada and served on the Global Financial Services Audit leadership team. He specialized in banking, asset management and pension industries while at Deloitte, serving some of the largest organizations including RBC, Ontario Teachers' Pension Plan and the Public Sector Pension Plan Investment Board.

Richard is a past member of the OSFI Advisory Committee and a past Chair of the Panel Auditors' Committee of the Investment Industry Regulatory Organization.

Richard holds a degree in Banking and Finance from Loughborough University in the U.K. Richard was appointed to the ICAEW Board in 2024 and holds the ICD.D designation from the Institute of Corporate Directors.

Dave Bulmer

Dave Bulmer is the President and Chief Executive Officer of AMAPCEO – Ontario's Professional Employees (15,000 members) and has been since 2015. He previously held the offices of Chief Financial Officer, Board Chair, Director-at-Large, Finance Committee Chair and Pension Committee Chair. His home position in the Ontario Public Service is within the Emergency Health Services Branch of the Ministry of Health. Dave has attained the ICD.D designation from the Institute of Corporate Directors at Rotman School of Management, and he has completed SHARE's Pension Investment and Governance certification and Trustee Master Class certification. Dave lectures on labour relations at several Ontario universities and is a long-time community activist who has volunteered his time as a coach in elite-level sports and as a volunteer with PFLAG and Crohn's & Colitis Canada.

Earl Dumitru

Earl Dumitru has been a legal and policy advisor with the Government of Ontario for more than 20 years. He brings breadth and depth in legal practice attained in increasingly complex and senior portfolios under five governments with diverse missions. Some notable files include liability reform, amendments to the *Class Proceedings Act*, developing a new *Legal Aid Services Act*, agency and industry governance, and oversight of capital projects. Earl has also served on the Board of the Association of Law Officers of the Crown (ALOC) for over 10 years and was President of ALOC from 2014–2018. As President, his responsibilities included collective bargaining, managing staff, budgets and audits, day-to-day operations, and developing a sustainable organization capable of meeting its fiduciary responsibilities to its members. Earl holds the ICD.D designation from the Institute of Corporate Directors.

Shawn Leis

Shawn Leis is the Executive Officer – Finance at Ontario Provincial Police Association. His career spans more than 25 years, including senior financial and operational leadership roles at several manufacturing companies, a sawmill distribution company and a sub-prime automotive financing company. Shawn is a part-time finance instructor at Georgian College and serves as Treasurer on the Georgian Bay Cancer Support Centre. Past board experience includes Penetang Minor Hockey (four years), school board trustee (eight years), church trustee (eight years) and church stewardship (14 years). He attended the University of Waterloo to obtain an Honours Degree in Co-op Accountancy Studies and subsequently earned a CPA designation, as well as a master's degree in management. Shawn also completed four modules of the Director's College at DeGroote School of Business and holds the ICD.D designation from the Institute of Corporate Directors.

Geoffrey Melbourne

Geoffrey Melbourne is a Partner and Toronto Wealth Practice Leader with Mercer. As an experienced actuary, retirement consultant and client relationship manager, Geoffrey has more than 30 years of experience advising clients on pension plan strategies, plan design, plan governance and administration, and merger and acquisition due diligence. He is Chair of the Project Oversight Group at the Canadian Institute of Actuaries (CIA) for the update of Canadian Pensioners' Mortality, a member of the Actuarial Profession Oversight Board, and is a trustee at Wycliffe College. He is passionate about supporting colleagues and clients in optimizing their potential. Geoffrey is a Fellow of the Canadian Institute of Actuaries and a Fellow of the Society of Actuaries. He holds a BSc in Mathematics from the University of the West Indies and the ICD.D designation from the Institute of Corporate Directors.

Suzann Pennington

Suzann Pennington is a retired senior finance executive with over 30 years' experience in strategic planning, complex investments, M&A, risk management and ESG in public and private companies. As Managing Director and Chief Investment Officer of CIBC Global Asset Management, Suzann was responsible for over \$110 billion in financial assets. She has held several senior finance positions including Vice President of Mackenzie Financial and was a founding partner of a mutual fund company. Suzann holds a Bachelor of Mathematics degree from the University of Waterloo, a Chartered Financial Analyst designation, and holds the ICD.D designation from the Institute of Corporate Directors.

Tom Valks

Antonius ("Tom") Valks is a seasoned business professional with more than 30 years of institutional investment and pension fund experience. He retired in 2024 as Chief Investment Officer of the University of Ottawa Pension Fund and Investment Management. In that role, he managed all aspects of the pension fund, as well as the endowment portfolios and other investments. His career also includes senior investment and leadership roles with Canada Mortgage and Housing Corporation where he managed the asset allocation and private market investments for its pension fund and insurance portfolios. Earlier in his career, he managed U.S. and global equity portfolios with Montrusco Bolton and its predecessor firm, Bolton Tremblay. Tom is a Chartered Financial Analyst and a Chartered Professional Accountant. He holds a bachelor's degree from the HEAO-School in the Netherlands.

BOARD TERMS AND REMUNERATION

Appointee Name	Appointment Start Date	Appointment End Date	Position	2024 Total Remuneration
Geri Markvoort	1/5/2015	1/2/2026	Chair of the Board	\$95,976
Richard Nunn	7/13/2023	7/12/2026	Vice-Chair	\$50,809
Suzann Pennington	6/25/2020	8/16/2025	Member	\$43,660
Dave Bulmer ¹	11/16/2016	11/15/2025	Member	-
Shawn Leis ¹	3/4/2022	3/3/2025	Member	-
Geoffrey Melbourne	12/22/2021	12/21/2024	Member	\$48,144
Earl Dumitru ¹	7/9/2020	8/16/2025	Member	-
Tom Valks	5/30/2024	5/29/2027	Member	\$23,128

1 Members employed by the Government of Ontario or employed by bargaining agents who receive their normal salaries while participating as an OPB Board member do not receive any additional compensation.

The Management Board of Cabinet Agencies & Appointments Directive (the “Directive”) sets out the principles and high-level criteria for the compensation of Board members. By *Order in Council 1150/2007*, the per diem compensation rates payable to OPB Board members are set at the rates payable to appointees to Regulatory and Adjudicative Agencies specified in the Directive, as may be amended from time to time. The current per diem compensation rates payable to the Chair, the Vice-Chair and members are:

Chair: \$744

Vice-Chair: \$583

Member: \$472

The number of days compensated is based upon attendance at Board and management meetings as well as preparation, training and debriefing activities.

2024 ACTIVITIES

In 2024, there were six meetings of OPB’s Board of Directors.

Appointee Name	2024 Board Meeting Attendance
Geri Markvoort	6 of 6 meetings
Richard Nunn	6 of 6 meetings
Suzann Pennington	6 of 6 meetings
Dave Bulmer	6 of 6 meetings
Shawn Leis	6 of 6 meetings
Geoffrey Melbourne	6 of 6 meetings
Earl Dumitru	6 of 6 meetings
Tom Valks ¹	4 of 4 meetings

1 Indicates new director appointed mid-year.

Five-Year Review

(in millions of dollars)	2024	2023	2022	2021	2020
Opening net assets	\$ 31,738	\$ 31,031	\$ 33,834	\$ 31,000	\$ 29,338
Investment income (loss)	2,594	955	(2,560)	2,871	2,052
Contributions	1,445	1,325	1,245	1,496	1,106
Transfers from other plans	262	265	254	134	90
	4,301	2,545	(1,061)	4,501	3,248
Pension payments	1,737	1,625	1,496	1,427	1,368
Terminations	159	162	200	196	177
Operating expenses	54	51	46	44	41
	1,950	1,838	1,742	1,667	1,586
Closing net assets	\$ 34,089	\$ 31,738	\$ 31,031	\$ 33,834	\$ 31,000
Annual net rate of return	8.1%	3.1%	(7.8%)	9.4%	7.0%

Appendix: Progress Against 2023-24 Government Priorities

The chart below lists the action items of the government’s priorities from the 2023-2024 Letter of Direction. The Key Activities & Results Achieved column details OPB’s successes with these initiatives in 2024.

Letter of Direction: Action Items	Key Activities & Results Achieved
1. Competitiveness, Sustainability and Expenditure Management	To guide Plan sustainability, OPB developed a Funding Response Plan including a Contribution Rate Adequacy Study, Experience Study and Asset/Liability (A/L) study, which helped us formulate our new Strategic Asset Allocation (SAA). This work not only allowed us to forge a path forward in our pension promise, but it also solidified our partnership with our Sponsor and our investment manager, the Investment Management Corporation of Ontario (IMCO). Please see page 10 for further details. OPB maintains prudent expenditure management. The overall expense ratio was 62 basis points (or 62 cents per \$100 of average net assets available for benefits) excluding expenses netted against investment returns; employing disciplined cost management, OPB met the objective of keeping the ratio at or below 66 basis points. Please see page 10 for further details.
2. Transparency and Accountability	OPB displays transparency and accountability in our financial reporting by using accounting policies that are in accordance with Canadian accounting standards for pension plans. OPB’s systems of internal control and supporting procedures are maintained to provide assurance that transactions are authorized, assets are safeguarded against unauthorized use or disposition, and proper records are maintained. OPB’s Audit Committee reviews the financial statements in detail with management and the external auditors before such statements are recommended to the Board for approval. Please see page 67 for further details. Further details on OPB’s transparency and accountability are found in the Independent Auditor’s Report on page 69. OPB’s approach to governance is found on page 49.

Letter of Direction: Action Items	Key Activities & Results Achieved
3. Risk Management	OPB employs various methods to manage and mitigate risk. In 2024, OPB conducted a comprehensive review of key implemented risk controls and Key Risk Indicators (KRI), improving the accuracy of residual risk assessments, facilitating better risk prioritization and identifying opportunities to create future risk controls, as needed. OPB also continued to evolve the pension modernization risk program to ensure that risks are identified, assessed, mitigated, monitored and reported in a timely manner. Please see pages 40–43 for further details.
4. Workforce Management	To strengthen and support its workforce in 2024, OPB launched a full, comprehensive employee engagement survey in fall 2024, which saw a record staff participation rate of 95%. Results of the survey showed an overall engagement score of 86.3%. Please see page 36 for further details. OPB also introduced the new employee value proposition (EVP) in 2024 to support recruitment and retention efforts and contribute to the ongoing development of our workplace culture. Please see page 39 for further details. To successfully onboard new staff and support development of current staff, OPB continued to evolve our pension fundamentals program and began development of an e-learning platform for staff to house our pension education and onboarding modules. Please see page 39 for further details. OPB continues to align with the Ontario Public Service (OPS) remote work policy.

Letter of Direction: Action Items	Key Activities & Results Achieved
5. Diversity and Inclusion	OPB's commitment to advancing diversity, equity and inclusion (DEI) helps us to best serve our stakeholders while protecting the future of the PSPP and showing support for our diverse client communities. OPB's dedication for a safe and inclusive workplace community is also supported through our DEI Advisory Council. The Council is guided by the action plan and recommends opportunities for education, cultural appreciation, and the sharing of progress and information. In 2024, the Council produced its first two newsletters focused on DEI issues; OPB staff also participated in the Toronto Pride Parade for the first time in June. OPB also displayed this support for Plan members by expanding the gender and title options available in its systems for clients, providing gender diversity training for employees and communicating the updates to members through various mediums. Please see page 38 for further details.
6. Data Collection	As part of its pension administration system (PAS) modernization initiative, OPB initiated a data migration strategy in advance of final vendor selection. Please see page 35 for further details.

Letter of Direction: Action Items	Key Activities & Results Achieved
7. Digital Delivery and Customer Service	To ensure that Plan members are offered services that are current with technology, OPB completed the selection of a vendor for an online retirement planning tool that will support improving member engagement with retirement planning and is expected to launch in 2025. Please see page 34 for further details. The new pension administration solution will include regular upgrades to maintain technical ‘currency’ and offer greater automation, enhancing the efficiency of our business operations. Please see page 35 for further details. OPB advanced business activities for the organization under new, more modern technology standards, including providing open session education webinars to clients through the e-services portal. Please see page 17 for further details.

Key Performance Indicators and Metrics

OPB has adopted several key performance indicators (KPIs) to measure progress as we execute our strategies. The KPIs represent the outcomes relating to the Plan that are most important to the Plan stakeholders. The KPIs are set forth in the following table.

Business Objective	Defined Output	Performance Metric	2024 Outcome	Discussion of Outcome
Investment execution	OPB's investment return vs. the Strategic Asset Allocation benchmark	Outperformance, after fees, of Fund benchmark return over rolling five-year periods	Investment return was 20 bps below the benchmark return	Performance monitoring and investment strategy reviews occurred throughout 2024
Investment risk management	OPB's active risk	Total fund volatility vs. benchmark over past five years	The rolling five-year tracking error of the Plan was in line with the limit for the previous SAA until the end of the year when it moved slightly over	Risk was regularly monitored and only moved above the targeted limit at the end of 2024 due to changes to OPB's SAA. We expect to adjust the targets for the tracking error as we transition to a new SAA in 2025.
Plan Sponsor service	Completion of sponsor requests	Successfully meets Plan Sponsor requirements/ requests that arise during the year	Responded to Plan Sponsor requests on IB changes, Bill 124, LTIP changes, and new employers (BOF, FN Policing)	Successfully met
Member and pensioner service	Overall satisfaction with client services	8.7 or higher	8.6	Slightly below performance benchmark target
Employer service	Employer satisfaction scores	8.5 or higher	8.1	Below performance benchmark target
Digital services	Total member, deferred and pensioner portal registrations	Members: 29,000 or higher Pensioners: 17,900 or higher Deferred: 3,200 or higher	Members: 29,700 Pensioners: 18,700 Deferred: 3,600	Exceeded registration targets

Business Objective	Defined Output	Performance Metric	2024 Outcome	Discussion of Outcome
Business Plan achievement	Advancement of strategies and initiatives (both planned and emergent)	Substantial delivery/ achievement of Business Plan initiatives	Substantial achievement of initiatives outlined in the 2024 Business Plan, including many emergent initiatives	One new and six carry-over initiatives from 2023 were added to 20 proposed in the 2024 Business Plan. While there was substantial completion of 2024 initiatives, there were some in-progress initiatives that have carried over to early 2025.
Managing to budget	Actual versus budgeted expenses	Within budget	2024 actual operating expenses were 0.1% under budget	Achieved performance target
Managing change	Management adapts and responds to emerging priorities through the year	Substantial management through change	Managed through significant organizational changes	Successfully managed succession and organizational changes, pension modernization planning, and other changes
Employee engagement	Undertake a full organizational employee engagement survey Evolve OPB's purpose statement and employee value proposition into key HR programs	80% or higher on organizational engagement 87% or higher response rate Substantial achievement	95% response rate and 86.3% average engagement	Exceeded and met targets
Diversity, equity and inclusion (DEI)	Achievement of 2024 key DEI commitments, including: •Progressing OPB's DEI Advisory Council's roadmap •Continued evolution of formal and informal learning	Substantial achievement/ delivery of 2024 DEI initiatives Inclusion index of 75% or more	86% overall inclusion driver	Exceeded target and substantial progress against DEI commitments

Business Objective	Defined Output	Performance Metric	2024 Outcome	Discussion of Outcome
Cost-efficiency	Expense management ratios (cost per net assets available for benefits): 1. OPB operating expenses 2. IMCO costs 3. Consolidated	1. 18 basis points or lower 2. 50 basis points or lower 3. 66 basis points or lower	1. 17 basis points for operating expenses 2. 45 basis points for IMCO costs 3. 62 basis points for consolidated expenses	Expense management ratios are below target
Financial health of PSPP	Level of, and year-over-year change in, going concern funded status	Maintain or improve going concern funded status	In 2024, the funded status of the Plan has improved from 85% to 86%	The implementation of our new Funding Response Plan will have a positive impact on our funding status

Actuaries' Opinion to the Directors of the Ontario Pension Board

Aon was retained by the Ontario Pension Board ("OPB") to prepare the following actuarial valuations of the Public Service Pension Plan ("PSPP"):

- An actuarial valuation prepared on a funding basis as at December 31, 2023, as described in Note 11 of these financial statements, prepared in accordance with the *Public Service Pension Act* and applicable pension legislation.
- The actuarial valuation prepared on a funding basis as at December 31, 2023 was then rolled forward to December 31, 2024 to determine the pension obligations as at December 31, 2024 for financial statement purposes.

The actuarial valuation of the PSPP prepared on a funding basis as at December 31, 2023 was based on membership data provided by OPB as at December 31, 2023.

We have prepared a valuation of the liabilities as of December 31, 2023 on the basis of the accounting methodology required by the CPA Canada Handbook, Section 4600, as disclosed in Note 11, and extrapolated the liabilities to December 31, 2024. The valuation and extrapolation were based on assumptions that reflect OPB's best estimates of future events as of December 31, 2024 such as future rates of inflation, future retirement rates and future rates of return on the pension fund. The valuation reflects Ontario Regulation 250/18 that requires the funding of a reserve in the plan, referred to as a Provision for Adverse Deviation ("PfAD"). The amounts are set out in the statement of changes in pension obligations.

We hereby certify that, in our opinion:

- The data provided to us by OPB as of December 31, 2023 is sufficient and reliable;
- The actuarial assumptions used are appropriate for the purposes of each valuation; emerging experience differing from the assumptions will result in gains or losses which will be revealed in future valuations; and
- The methods used are appropriate for purposes of each valuation and are consistent with the applicable regulatory requirements.

Our valuations have been prepared, and our opinions given, in accordance with accepted actuarial practice.

AON



Allan H. Shapira

Fellow of the Canadian Institute of Actuaries

March 6, 2025



Andrew Hamilton

Fellow of the Canadian Institute of Actuaries

Management's Responsibility for Financial Reporting

The financial statements of the Ontario Pension Board ("OPB") have been prepared by management, which is responsible for the integrity and fairness of the data presented. The accounting policies followed in the preparation of these financial statements are in accordance with Canadian accounting standards for pension plans. Of necessity, many amounts in the financial statements must be based on the best estimates and judgment of management with appropriate consideration as to materiality. Financial information presented throughout this annual report is consistent with the financial statements.

Systems of internal control and supporting procedures are maintained to provide assurance that transactions are authorized, assets are safeguarded against unauthorized use or disposition, and proper records are maintained. The system includes careful hiring and training of staff, the establishment of an organizational structure that provides for a well-defined division of responsibilities and the communication of policies and guidelines of business conduct throughout OPB.

The Board of Directors (the "Board") is ultimately responsible for the financial statements of OPB. OPB's Audit Committee assists in this responsibility by reviewing the financial statements in detail with management and the external auditors before such statements are recommended to the Board for approval. The Audit Committee meets regularly with management and the external auditors to review the scope and timing of audits, to review their findings and suggestions for improvements in internal control, and to satisfy themselves that their responsibilities and those of management have been properly discharged.



Darwin Bozek
President & Chief Executive Officer

March 6, 2025



Armand de Kemp
Chief Financial Officer

Independent Auditor's Report

To the Directors of Ontario Pension Board

Opinion

We have audited the financial statements of Ontario Pension Board ("OPB"), which comprise the statement of financial position as at December 31, 2024, the statement of changes in net assets available for benefits and statement of changes in pension obligations 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 OPB as at December 31, 2024, and the changes in its net assets available for benefits and the changes in its pension obligations for the year then ended in accordance with Canadian accounting standards for pension plans.

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 OPB 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 for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing OPB'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 OPB or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing OPB'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:

- 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.
- 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 OPB'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 OPB'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 OPB to cease to continue as a going concern.
- 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.

Ernst + Young LLP

Toronto, Canada
March 6, 2025

Chartered Professional Accountants
Licensed Public Accountants

Statements of Financial Position

As at December 31
(in thousands of dollars)

	2024	2023
Assets		
Cash	\$ 8,851	\$ 11,606
Investments (Note 4)	36,024,628	34,002,798
Investment-related assets (Note 4)	169,810	298,466
Contributions receivable		
Members	52,674	37,732
Employers	69,901	52,568
Accounts receivable and prepaid expenses (Note 16)	7,175	9,752
Capital assets, net (Note 10)	261	218
Total assets	36,333,300	34,413,140
Liabilities		
Investment-related liabilities (Note 4)	2,164,537	2,609,154
Accounts payable and accrued charges	79,500	65,892
Total liabilities	2,244,037	2,675,046
Net assets available for benefits	34,089,263	31,738,094
Pension obligations, excluding PfAD	37,188,240	35,211,893
Provision for Adverse Deviation (PfAD)	2,509,370	2,150,576
Pension obligations (Note 11)	39,697,610	37,362,469
Deficit	\$ (5,608,347)	\$ (5,624,375)

See accompanying notes

On behalf of the Board:



Geri Markvoort
Chair, Board of Directors



Richard Nunn
Chair, Audit Committee

Statements of Changes in Net Assets Available for Benefits

For the year ended December 31
(in thousands of dollars)

	2024	2023
Net assets available for benefits, beginning of year	\$ 31,738,094	\$ 31,031,247
Increase in net assets		
Net investment income (Note 6)	2,593,793	955,392
Contributions (Note 12)		
Members	608,164	509,178
Employers and sponsor	837,307	815,426
Transfer of service from other plans (Note 15)	261,804	265,151
Increase in net assets	4,301,068	2,545,147
Decrease in net assets		
Retirement pension benefits	1,736,502	1,624,965
Termination and other benefits (Note 14)	159,040	162,109
Operating expenses (Note 13)	54,357	51,226
Decrease in net assets	1,949,899	1,838,300
Change in net assets available for the year	2,351,169	706,847
Net assets available for benefits, end of year	\$ 34,089,263	\$ 31,738,094

See accompanying notes

Statements of Changes in Pension Obligations

For the year ended December 31
(in thousands of dollars)

	2024	2023
Pension obligations, beginning of year	\$ 37,362,469	\$ 34,992,688
Increase in pension obligations		
Interest on pension obligations (including PfAD)	2,299,912	2,117,413
Benefits accrued		
Service accrual (mid-year including PfAD)	971,101	875,846
Transfer of service from other plans (Note 15)	261,804	265,151
Prior service buybacks	128,430	84,082
Indexation loss	-	571,975
Net impact of change in assumptions other than discount rate (Note 11)	518,290	-
Net loss on PfAD	167,704	-
Other experience losses (Note 11)	110,728	312,174
Bill 124 remedies and related agreements loss (Note 11)	71,009	150,000
Reserve for future inflation	-	100,000
Total increase	4,528,978	4,476,641
Decrease in pension obligations		
Benefits paid	1,895,542	1,787,072
Net assumption gains	-	199,662
Indexation gain (Note 11)	62,930	-
Net impact of change in discount rate (Note 11)	235,365	-
Net gain on PfAD	-	120,126
Total decrease	2,193,837	2,106,860
Net increase in pension obligations	2,335,141	2,369,781
Pension obligations, end of year	\$ 39,697,610	\$ 37,362,469

See accompanying notes

Notes to the Financial Statements

Note 1: Public Service Pension Act

Effective January 1, 1990, the Province of Ontario (the "Province") enacted the *Public Service Pension Act R.S.O., 1990* ("PSP Act") to continue the pension plan for the employees of the Province and certain of its agencies. The terms of the Public Service Pension Plan ("PSPP" or the "Plan") are stated in Schedule 1 to the PSP Act. Ontario Pension Board ("OPB") is the administrator of the PSPP. The Government of Ontario is the sponsor of the PSPP (the "Plan Sponsor"), acting through the member of the Executive Council to whom the responsibility for the administration of the PSP Act is assigned under the *Executive Council Act, R.S.O., 1990*.

Note 2: Description of the Plan

The following is a brief description of the PSPP. For more complete information, reference should be made to the PSP Act.

GENERAL

The PSPP is a contributory defined benefit pension plan. Membership is mandatory for persons or classes of persons who satisfy the eligibility requirements provided in the PSP Act. Persons who are entitled, but not required, to join the Plan, including Deputy Ministers and contract employees, may elect to participate. Under the PSPP, both the members and the employers make contributions. The PSPP is registered with the Financial Services Regulatory Authority of Ontario ("FSRA"), and the Canada Revenue Agency (Registration Number 0208777) as a registered pension plan not subject to income taxes.

In 2015, the *Investment Management Corporation of Ontario Act* was proclaimed by the Province, creating the Investment Management Corporation of Ontario ("IMCO"), a new investment management entity providing investment management and advisory services to participating organizations in Ontario's broader public sector, with the ownership of the investment assets remaining with the participants. IMCO has responsibility for OPB's day-to-day investment management functions. OPB retains responsibility for setting its Strategic Asset Allocation ("SAA") of the Plan's investments and for oversight of IMCO.

RETIREMENT COMPENSATION ARRANGEMENT

Effective January 1, 2022, OPB was appointed the trustee of the Retirement Compensation Arrangement Trust Fund ("RCA"), which continues the Public Service Supplementary Benefits Account ("PSSBA"). The purpose of the RCA is to provide additional pension benefits to members and former members whose contributions and benefits under the PSPP are limited by the *Income Tax Act (Canada) R.S.C., 1985* ("ITA") and regulations under that Act. The right to Supplementary Benefits is effective January 1, 1992. The RCA is a separate trust arrangement

and is not governed by the *Pension Benefits Act* ("PBA") or the FSRA and is not a registered pension plan under the ITA. The RCA is governed by the *Public Service Pension Act*, the ITA and other applicable legislation.

As trustee, OPB acts as administrator of the RCA, trustee of the RCA assets and oversees the investments of the RCA. IMCO was appointed by OPB as investment manager for the RCA.

Governed by the RCA Plan Text, as set out in *Order in Council 1298/2021*, the RCA Trust Fund Agreement and the federal ITA, the RCA is supported by a trust agreement that is separate from the PSPP Fund. As a result, the RCA is therefore not included in these financial statements of the PSPP. The RCA assets are invested and accounted for separately from the PSPP, and the accrued pension obligation of the RCA is valued separately from the PSPP accrued pension obligations. Expenses for the RCA are paid from the RCA assets.

The Government of Ontario is the sponsor of the RCA and must, along with other employers of members, remit required contributions in respect of the RCA. A PSPP member must contribute to the RCA for that portion of their annual salary that exceeds the annual threshold that corresponds to the ITA benefit limit for that year.

FUNDING POLICY

The PSPP is a contributory defined benefit pension plan covering eligible employees of the Ontario Public Service and other designated employers. It is funded by contributions from members, deducted from their salaries and remitted by their employers, and by matching contributions from employers. The benefits and contribution rates of the PSPP are set, and may be amended, by the Plan Sponsor through an Order-in-Council.

CONTRIBUTIONS

The PSPP is integrated with the Canada Pension Plan ("CPP"). Contribution rates are 7.4% of the salary on which contributions are made up to the Year's Maximum Pensionable Earnings ("YMPE") and 10.5% of the salary above the YMPE. Employers contribute matching amounts.

Ontario Provincial Police ("OPP") officers are required to contribute an additional 2.3% of salary, which is matched by the employer. These additional contributions are used to fund an unreduced early retirement provision available to OPP officers meeting a minimum 50 years of age and 30 years of service and to fund the change in the final average salary to the best consecutive 36-month period. The contribution rates for OPP officers, inclusive of the additional 2.3% of salary, are 9.7% of the salary on which contributions are made up to the YMPE, and 12.8% of the salary above the YMPE. The contribution rates for OPP civilians ("OPPC"), inclusive of the additional 1.145% of annual salary, are 8.545% of the salary on which contributions are made up to the YMPE, and 11.645% of the salary above the YMPE. These additional contributions by OPPC and their employers are used to fund a Factor 85 unreduced early retirement benefit and to fund the change in the final best consecutive 48-month period, as described in Pensions below.

Contributions from members and employers, which are required contributions, are remitted to OPB. The portion of these contributions that exceeds the ITA limits is remitted to the RCA, separately administered by OPB and funds benefits previously paid from the PSSBA.

PRIOR SERVICE

When a member joins the PSPP, they may be able to transfer credit from a pension plan that has a transfer agreement with the PSPP or buy additional pension credit for an eligible period of prior service. The PSPP allows members to continue, if they choose, to earn pension credit when they go on an authorized leave of absence or qualify for Long Term Income Protection if contributions are continued.

PENSIONS

A pension is payable at age 65, based on the number of years of credit in the PSPP multiplied by 2% of the average annual salary during the best consecutive 60-month period, less an offset for integration with the CPP at age 65. An unreduced pension can be received before age 65 if the member's age and years of credit total 90 ("Factor 90") or when the member reaches age 60 and has 20 or more years of credit. If a pensioner does not qualify for an unreduced retirement, they can still retire as early as age 55 however their pension will be reduced to reflect the fact that they are starting it early and therefore likely to collect it longer. They can continue to work and contribute to the Plan after they turn 65 and build pension credit however must stop contributing to the Plan as of November 30th in the year in which they turn 71 and they must start collecting their pension no later than December of that year.

OPP officers are eligible for a pension payable based on the average salary during the best 36-month period. OPP officers are eligible for a 50/30 unreduced early retirement benefit if they reach at least 50 years of age with at least 30 years of pension credit. OPPC are eligible for a pension payable based on the average annual salary during the best 48-month period. Effective January 1, 2020, OPPC are eligible for a Factor 85 unreduced early retirement benefit if they reach an age-plus-pension credit totaling 85 years or more and retire as an OPP civilian.

DEATH BENEFITS

Upon the death of a member or pensioner, benefits may be payable to a surviving eligible spouse, eligible children, a designated beneficiary or the member's or retired member's estate.

DISABILITY PENSIONS

Based on meeting all eligibility criteria, a disability pension may be available to members with a minimum of 10 years of credit in the PSPP. The amount of the disability pension is dependent on years of credit and average annual salary.

TERMINATION PAYMENTS

Members terminating employment before age 55 who are eligible for a deferred pension may be entitled to transfer the commuted value of the pension to a locked-in registered retirement savings arrangement, to a life income fund, to another registered pension plan, or to purchase a life annuity.

TRANSFERS

Members joining the Plan may also be eligible to transfer their entitlement to/from another pension plan. OPB participates in transfer agreements with several public and private sector pension plans. Transfer agreements allow eligible members to move their pension credit from one participating plan to another. To be eligible for a transfer, there must be a transfer agreement or provision with the former pension plan, the transfer must be applied for within the time limit and the pension credit must still be in the former plan. OPB participates in the Major Ontario Pension Plans ("MOPPs") Pension Portability Agreement, the National Public Service Pension Transfer Agreement, the Ontario Public Service Employees Union Pension Plan ("OPSEU") transfer provision, and various bilateral Reciprocal Transfer Agreements ("RTAs").

INFLATION PROTECTION

Pension amounts are protected against inflation to help pensioners maintain their purchasing power throughout retirement through a cost-of-living adjustment. Current pensions and deferred pension benefits are increased for inflation based on the Consumer Price Index ("CPI") to a maximum of 8% in any one year. Any inflation above 8% in any one year is applied to increase the pension in subsequent years when the adjustment is less than 8%. Should the CPI be a negative number, pension amounts will remain unchanged.

Note 3: Summary of significant accounting policies

BASIS OF PRESENTATION

The financial statements are prepared in accordance with Canadian accounting standards for pension plans and present the financial statements of the PSPP as a separate entity independent of the employers, Plan Sponsor and Plan members.

In accordance with Section 4600, Pension Plans, of the CPA Canada Handbook – Accounting, Canadian accounting standards for private enterprises in Part II of the CPA Canada Handbook – Accounting have been chosen for accounting policies that do not relate to the investment portfolio or pension obligations to the extent that those standards do not conflict with the requirements of Section 4600.

All the entities that OPB has an ownership interest in, regardless of whether OPB can control or exercise significant influence, are investment assets which are presented on a non-consolidated basis.

All amounts are expressed in thousands of Canadian dollars, unless expressed otherwise.

Certain comparative amounts in the Statement of Financial Position and Note 6 – Net investment income (loss) have been reclassified to conform to the current year's presentation.

USE OF ESTIMATES

The preparation of financial statements in conformity with Canadian accounting standards for pension plans requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts on the statements of changes in net assets available for benefits and changes in pension obligations during the reporting period. Actual results could differ from those estimates. The most significant estimates affecting the financial statements relate to the determination of the pension obligations (Note 11) and the fair values of the Plan's Level 3 investments (Note 4b).

INVESTMENTS

Valuation

Investments are stated at their fair values, including accrued income. 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.

Fair value of financial instruments is determined as follows:

- i. Cash and cash in trust is recorded at cost, which approximates fair value.
- ii. Short-term money market investments such as commercial paper, T-Bills, banker's acceptances and certificate of deposits (excluding corporate bonds) are recorded at cost, with accrued interest or amortized discount or premium, which approximates fair value.
- iii. Repurchase agreements and reverse repurchase agreements are recorded at cost, which together with accrued interest or amortized discount or premium, approximates fair value.
- iv. Fixed income instruments and bonds are valued at quoted market prices where available. Where there are no quoted prices on an active market, fair value is determined using a variety of pricing methodologies including evaluated bid-ask pricing, evaluated broker pricing, discounted cash flows based on current market yields for comparable securities (e.g., similar credit ratings, duration, etc.), or calculated using discounted cash flows based on market yield curves and credit spreads of the issuer.
- v. Private debt is valued using discounted future cash flows based on year-end market yields and credit spreads of the issuer (e.g., similar credit ratings of the borrower or financial incentives associated with the instrument).

Private debt funds are valued using the most recently available financial information provided by the investment managers and adjusted for any relevant information during the interim period up to the reporting date.

- vi. Public equities are valued at quoted closing market prices in an active market where available. Where quoted market prices in an active market are not available, other industry pricing conventions that are used by market participants such as ask price are used to estimate the values.
- vii. Pooled funds are valued using the most recently available financial information including net asset values or estimates provided by IMCO.
- viii. Exchange-traded derivatives are valued at quoted closing market prices if actively traded. Over-the-counter derivative instruments for which there is no active market are valued using appropriate valuation models based on industry-recognized methodologies, including discounted cash flows, Black-Scholes pricing models and Monte Carlo simulation models. The inputs used in the valuation models depend on the type of the derivative and the nature of the underlying instrument and are specific to the instrument being valued. Inputs can include, but are not limited to, interest rate yield curves, foreign exchanges rates, dividend yield projections, commodity spot and forward prices, recovery rates, volatilities, spot prices and correlation.
- ix. Real estate investments are either wholly or partially owned, directly or indirectly.

Directly owned income-producing real estate properties and related investments are valued based on the appraisals performed by qualified independent appraisers, performed at least annually, with quarterly updates. The appraisals use industry accepted valuation methodologies, including discounted cash flows, capitalization of revenue, and other valuation techniques. Inputs can include, but are not limited to, discount rates and capitalization rates, unless in limited circumstances where an appraisal is not required in order to arrive at the fair value (e.g., assets acquired during the year where cost is determined to approximate fair value, or when an asset is in a sale process with a strong indicative price which the sale will be closed at).

Non-operating real estate investments, such as vacant land and real estate assets under construction, are carried at cost or their latest independently appraised values, plus any additional development costs incurred since the appraisal date until such time as a change in fair value can be supported by external evidence.

Real estate related investment funds are valued based on the most recent net asset values provided by investment managers and adjusted for any relevant information during the interim period up to the reporting date of these financial statements.

- x. Private equity investments are valued using independent valuations or the most recently available information and adjusted for any transactions during the interim period up to the reporting date based on industry accepted valuation methodologies, including discounted cash flows, market comparables, and other valuation techniques. Inputs can include, but are not limited to, discount rates, and multiples of revenue, EBITDA or earnings, unless in limited circumstances where valuation using a valuation technique is not required in order to arrive at fair value (e.g., assets acquired during the year where cost is determined to approximate fair value, or when an asset is in a sale process with a strong indicative price which the sale will be closed at).

Private equity related investment funds are valued based on the most recent financial information provided by investment managers and adjusted for any relevant information during the interim period up to the reporting date of these financial statements.

Net investment income (loss)

Investment transactions are recorded on the trade date. Interest is recognized on an accrual basis. Dividend income is recognized on the ex-dividend date. Distributions from investments in pooled funds and limited partnerships are recognized when declared by the fund managers and general partners. Since real estate is valued on a fair value basis, depreciation and amortization are not recorded. Interest on participating mortgages is accrued at the rate stated in the instrument, and any participation income is accrued based on an estimate of OPB's participation in the change in the estimated fair values of the properties.

Net investment income (loss) includes fair value changes. Fair value changes represent both realized and change in unrealized gains and losses. Realized gains or losses are recognized when OPB has transferred to the purchaser the significant risks and rewards of ownership of the investment, the purchaser has made a substantial commitment demonstrating its intent to honour its obligation, and the collection of any additional consideration is reasonably assured.

Investment management and related fees

Transaction costs are costs attributable to the acquisition, issue, or disposal of investments and are expensed as incurred. External investment management fees, custodial fees, and IMCO investment management fees are recognized on an accrual basis.

Transaction costs, external investment management fees and IMCO investment management fees are reported as a component of net investment income (loss).

Foreign currency translation

Foreign currency transactions impacting income and expenses are translated into Canadian dollars at the rates of exchange prevailing at the dates of the transactions. The fair values of investments and cash balances denominated in foreign currencies are translated at the rates

in effect at year-end. Realized exchange gains and losses from investment transactions are included in realized gains and losses at the time of sale of the investments. Unrealized exchange gains and losses from investment transactions are included in the change in unrealized gains and losses on investments.

PENSION OBLIGATIONS

Pension obligations are determined based on an actuarial valuation prepared by an independent firm of actuaries using an actuarial valuation report prepared for funding purposes. This valuation uses the projected benefit cost method pro-rated based on service and management’s best estimate of various economic and non-economic assumptions. The year-end valuation of pension obligations is based on data extrapolated to the current financial statement year-end date.

CASH

Cash includes balances in bank accounts held directly by OPB. Cash held by IMCO in trust for OPB is included in cash in trust under Investments.

CONTRIBUTIONS RECEIVABLE

Contributions due to the PSPP at year-end are recorded as contributions receivable. Transfers into the Plan and purchases of prior service are recorded after cash is received and the transfer or purchase transaction is completed.

RETIREMENT PENSION, TERMINATION AND OTHER BENEFITS

Retirement pension payments, commuted value transfers, refunds to former members, and transfers to other pension plans are recorded when paid.

CAPITAL ASSETS

Capital assets are carried at cost less accumulated depreciation. Depreciation is provided on a straight-line basis over the estimated useful lives of the capital assets as follows:

Computer equipment	3 years
Leasehold improvements	Remaining term of lease
Furniture and fixtures	10 years

NEW ACCOUNTING PRONOUNCEMENTS

Amendments to Section 4600, Pension Plans were issued in December 2022 and are effective for fiscal years beginning on or after January 1, 2024. The amendments did not have any impact on OPB’s financial statements.

Note 4: Investments

The Plan's investments consist of the following:

As at December 31 (in thousands of dollars)	2024 Fair Value	2023 Fair Value
Cash in trust and short-term investments (Note 4d)		
Canada	\$ 373,576	\$ 279,441
Global	5,791	14,335
	379,367	293,776
Fixed income		
Canada	4,266,214	5,554,406
Global	4,483,698	2,331,551
	8,749,912	7,885,957
Public equities	763	3,346
Pooled funds (Note 4h)	21,929,330	15,815,160
Real estate (net of financing) (Note 4e, 19)	4,695,603	4,956,160
Infrastructure (Note 4h)	-	11
Private equity	269,653	5,048,388
Total investments	36,024,628	34,002,798
Investment-related assets		
Pending trades	101,382	-
Derivatives receivable (Note 5a)	18,623	204,466
Reverse repurchase agreements	49,805	-
Pooled fund units receivable (Note 4h)	-	94,000
Total investment-related assets	169,810	298,466
Investment-related liabilities		
Pending trades	60,811	71,000
Repurchase agreements	1,968,381	2,532,878
Derivatives payable (Note 5a)	135,345	5,276
Total investment-related liabilities	2,164,537	2,609,154
Total net investments	\$ 34,029,901	\$ 31,692,110

a) INVESTMENT ASSET MIX

The Plan's actual and target investment asset mix is summarized below as at December 31:

	2024		2023		
	Asset Allocation %		Asset Allocation %		2024
	Total Plan ¹	Target ¹	Total Plan	Target	SIP&P Range
Asset categories¹					
Money market	0.2%	1.0%	0.2%	1.0%	0.0%–11.0%
Fixed income ²	37.1%	39.5%	35.6%	38.0%	19.5%–59.5%
Public equities ³	21.6%	27.0%	20.1%	22.0%	22.0%–32.0%
Real estate (net of financing) ⁴	14.9%	12.5%	15.8%	15.0%	7.5%–17.5%
Infrastructure ⁴	14.8%	15.0%	13.5%	14.5%	10.0%–20.0%
Private equity ⁴	14.7%	15.0%	15.9%	12.5%	10.0%–20.0%
Public market alternatives ⁵	2.3%	0.0%	6.8%	7.0%	0.0%
Total investments	105.6%	110.0%	107.9%	110.0%	
Portfolio leverage ⁶	(5.6)%	(10.0)%	(7.9)%	(10.0)%	(5.0%–15.0%)
Net investments	100.0%	100.0%	100.0%	100.0%	

1 The asset categories and asset allocations reflect the employment of portfolio leverage and allocations of derivative positions, pooled funds, investment-related receivables and investment-related liabilities.

2 Fixed income includes government nominal and inflation-linked bonds, publicly traded corporate bonds, privately held debt, and global credit pooled funds.

3 Public equities include pooled funds primarily investing in Canadian public equities, global public equities, and emerging markets public equities.

4 This asset category includes directly held investments and pooled funds.

5 Public market alternatives include pooled fund investing in a broad range of assets, including equities, fixed income, credit, and currencies, as well as derivatives, seeking to offer low correlation to public equities.

6 Portfolio leverage is the amount of borrowed funds and synthetic financing used to increase the amount of physical and synthetic invested assets, through derivatives, borrowed cash, repurchase agreements.

OPB's Statement of Investment Policies and Procedures ("SIP&P") was amended and effective on December 19, 2024. The SIP&P was updated for changes in the Strategic Asset Allocation ("SAA") and asset benchmarks. The SAA does not allocate any assets to pooled funds as an asset class, although pooled funds are used to achieve allocations to the investment categories indicated above. As at December 31, 2024 and 2023, the asset mix of the Plan's investments was within the target ranges as specified in the SIP&P as at the financial statement year end date, except that the allocation of public equities was slightly below the minimum of the target range as specified in the SIP&P effective as at December 31, 2024, although this is permitted following a change in the SAA.

b) FAIR VALUE HIERARCHY

Canadian accounting standards for pension plans require disclosure of a three-level hierarchy for fair value measurements based on the transparency of inputs to the valuation of an asset or liability as of the financial statement year-end date. The three levels are defined as follows:

Level 1: Fair value is based on quoted market prices in active markets for identical assets or liabilities. Level 1 assets and liabilities generally include equity securities traded in an active exchange market.

Level 2: Fair value is based on observable inputs other than Level 1 prices, such as quoted market prices for similar (but not identical) assets or liabilities in active markets, quoted market prices for identical assets or liabilities in markets that are not active, and other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities include debt securities with quoted prices that are traded less frequently than exchange-traded instruments and derivative contracts whose value is determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data. This category generally includes pooled funds; hedge funds; Government of Canada, provincial and other government bonds; Canadian corporate bonds; and certain derivative contracts.

Level 3: Fair value is based on non-observable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This category generally includes investments in real estate properties, infrastructure, private equity, and securities that have liquidity restrictions.

The following tables present the level within the fair value hierarchy for investments and derivatives, excluding pending trades, for which a fair value hierarchy is not required.

As at December 31, 2024 (in thousands of dollars)	Level 1	Level 2	Level 3	Total Fair Value
Financial assets				
Cash in trust and short-term investments				
Canada	\$ 31,406	\$ 342,170	\$ -	\$ 373,576
Global	5,791	-	-	5,791
Fixed income				
Canada	-	4,227,138	39,076	4,266,214
Global	-	4,178,865	304,833	4,483,698
Public equities				
Global	763	-	-	763
Pooled funds	-	7,793,535	14,135,795	21,929,330
Real estate	32,021	-	4,663,582	4,695,603
Private equity	102,002	-	167,651	269,653
Forwards	-	18,623	-	18,623
Reverse repurchase agreement	-	49,805	-	49,805
	\$ 171,983	\$ 16,610,136	\$ 19,310,937	\$ 36,093,056
Financial liabilities				
Repurchase agreements	\$ -	\$ 1,968,381	\$ -	\$ 1,968,381
Forwards	-	134,342	-	134,342
Futures	1,003	-	-	1,003
	\$ 1,003	\$ 2,102,723	\$ -	\$ 2,103,726

As at December 31, 2023 (in thousands of dollars)	Level 1	Level 2	Level 3	Total Fair Value
Financial assets				
Cash in trust and short-term investments				
Canada	\$ 3,189	\$ 276,252	\$ -	\$ 279,441
Global	14,335	-	-	14,335
Fixed income				
Canada	-	5,522,118	32,288	5,554,406
Global	-	2,040,036	291,515	2,331,551
Public equities				
Global	3,346	-	-	3,346
Pooled funds	-	8,254,488	7,560,672	15,815,160
Real estate	28,565	63,114	4,864,481	4,956,160
Infrastructure	-	-	11	11
Private equity	199,490	-	4,848,898	5,048,388
Forwards	-	195,317	-	195,317
Futures	9,149	-	-	9,149
	\$ 258,074	\$ 16,351,325	\$ 17,597,865	\$ 34,207,264
Financial liabilities				
Repurchase agreements	\$ -	\$ 2,532,878	\$ -	\$ 2,532,878
Forwards	-	5,276	-	5,276
	\$ -	\$ 2,538,154	\$ -	\$ 2,538,154

Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting period. During the year ended December 31, 2024 and 2023, there were no transfers between Level 1 and Level 2. Transfers in and out of Level 3 are shown in the Level 3 investment reconciliation on the next page.

c) LEVEL 3 INVESTMENT RECONCILIATION

The following tables present a reconciliation of Level 3 assets and liabilities measured at fair value.

(in thousands of dollars)	Fair Value as at January 1, 2024	Net Transfers In/(Out)	Acquisitions	Dispositions	Retirement of Debt	Fair Value Changes ^{1,2}	Fair Value as at December 31, 2024
Financial assets							
Fixed income							
Canada	\$ 32,288	\$ -	\$ 28	\$ (3,237)	\$ -	\$ 9,997	\$ 39,076
Global	291,515	-	2,554	(20,875)	-	31,639	304,833
Pooled funds	7,560,672	-	5,624,560	(762,389)	-	1,712,952	14,135,795
Real estate	4,864,481	-	439,085	(386,741)	-	(253,243)	4,663,582
Infrastructure	11	-	16	-	-	(27)	-
Private equity	4,848,898	-	29,959	(3,605,148)	-	(1,106,058)	167,651
	\$17,597,865	\$ -	\$ 6,096,202	\$(4,778,390)	\$ -	\$ 395,260	\$19,310,937

1 Fair value changes include \$264,369 realized losses and \$659,629 changes in unrealized gains.

2 During the year, some Private equity and Real estate assets were transferred to the Pooled funds at fair value and recorded an investment income (see Note 4h and Note 6).

(in thousands of dollars)	Fair Value as at January 1, 2023	Net Transfers In/(Out)	Acquisitions	Dispositions	Retirement of Debt	Fair Value Changes ³	Fair Value as at December 31, 2023
Financial assets							
Fixed income							
Canada	\$ 235,535	\$ -	\$ -	\$ (192,457)	\$ -	\$ (10,790)	\$ 32,288
Global	1,706,516	-	1,062,556	(2,357,023)	-	(120,534)	291,515
Public equities	6,223	-	-	(6,249)	-	26	-
Pooled funds	3,763,051	-	3,827,082	(343,370)	-	313,909	7,560,672
Real estate	5,789,778	-	1,017,329	(1,022,766)	250,000	(1,169,860)	4,864,481
Infrastructure	7,674	-	1,166	(63,092)	-	54,263	11
Private equity	3,933,728	-	946,075	(80,235)	-	49,330	4,848,898
	\$ 15,442,505	\$ -	\$ 6,854,208	\$(4,065,192)	\$ 250,000	\$ (883,656)	\$ 17,597,865

3 Fair value changes include \$57,547 realized gains and \$941,203 changes in unrealized losses.

d) CASH IN TRUST AND SHORT-TERM INVESTMENTS

The following table provides a breakdown of the cash in trust and short-term investments.

As at December 31 (in thousands of dollars)	2024	2023
Canada		
Cash in trust	\$ 31,406	\$ 3,189
Short-term notes and treasury funds	342,170	276,252
	\$ 373,576	\$ 279,441
Global		
Cash in trust	\$ 5,791	\$ 14,335

e) REAL ESTATE

The following table provides a breakdown of the real estate portfolio by its major components.

As at December 31 (in thousands of dollars)	2024	2023
Assets		
Wholly directly owned real estate	\$ 447,500	\$ 565,600
Partially owned investments ¹	5,519,403	5,690,087
Participating mortgages ²	192,610	165,539
Total assets	6,159,513	6,421,226
Liabilities		
Debentures ³	1,461,963	1,459,107
Other liabilities, net ⁴	1,947	5,959
Total liabilities	1,463,910	1,465,066
Net investment in real estate	\$ 4,695,603	\$ 4,956,160

1 Investments held through partially owned non-controlling co-ownerships, funds, or similar investment vehicles consist of real estate properties and any related assets and liabilities.

2 Participating mortgages are held directly by OPB.

3 The debentures represent securities issued by OPB Finance Trust and are guaranteed by OPB. See Note 9.

4 Working capital held in wholly owned real estate investments.

f) OFFSETTING FINANCIAL ASSETS AND LIABILITIES

The following table presents the financial instruments subject to enforceable master netting arrangements and other similar agreements but not offset. The Plan presents these financial instruments as a gross amount in the investment breakdown presented in Note 4. The column "net amount" shows the impact on the Plan's statement of financial position if all set-off rights were exercised.

2024				
As at December 31 (in thousands of dollars)	Gross Amounts Presented in the Statement of Financial Position	Related Amounts Not Offset		
		Amounts Subject to Master Netting Arrangements	Financial Collateral (Received)/ (Pledged) ¹	Net Amount
Financial assets				
Reverse repurchase agreements	\$ 49,805	\$ (49,805)	\$ -	\$ -
Derivatives	18,623	(2,464)	-	16,159
Securities lending ²	1,693,699	-	(1,693,699)	-
Total financial assets	\$ 1,762,127	\$ (52,269)	\$ (1,693,699)	\$ 16,159
Financial liabilities				
Repurchase agreements	1,968,381	(49,805)	(1,918,576)	-
Derivatives	135,345	(2,464)	(110,638)	22,243
Total financial liabilities	\$ 2,103,726	\$ (52,269)	\$ (2,029,214)	\$ 22,243

1 Refer to Note 8 for information relating to collateral received and pledged.

2 Included within fixed income investment assets in Note 4.

2023				
As at December 31 (in thousands of dollars)	Gross Amounts Presented in the Statement of Financial Position	Related Amounts Not Offset		
		Amounts Subject to Master Netting Arrangements	Financial Collateral (Received)/ Pledged ³	Net Amount
Financial assets				
Derivatives	\$ 204,466	\$ (798)	\$ (74,863)	\$ 128,805
Securities lending ⁴	131,269	-	(131,269)	-
Total financial assets	\$ 335,735	\$ (798)	\$ (206,132)	\$ 128,805
Financial liabilities				
Repurchase agreements	2,532,878	-	(2,530,735)	2,143
Derivatives	5,276	(798)	-	4,478
Total financial liabilities	\$ 2,538,154	\$ (798)	\$ (2,530,735)	\$ 6,621

3 Refer to Note 8 for information relating to collateral received and pledged.

4 Included within fixed income and public equity investment assets in Note 4.

g) SIGNIFICANT INVESTMENTS

The following table summarizes where the fair value of an individual investment, excluding derivatives, exceeds 1% of the fair value of the Plan. As at December 31, 2024, 1% of the Plan was approximately \$340,893 (2023: \$317,381).

As at December 31 (in thousands of dollars)	2024 Fair Value	2023 Fair Value
Fixed income		
Government of Canada Bond 2.75% 12/1/2055	-	326,874
Province of Quebec Bond 3.5% 12/1/2045	-	325,190
Pooled funds (Note 4h)	21,929,330	15,815,160
Real estate, gross of financing¹	3,936,800	3,772,402
Private equity²		
OPB (PE B) Limited	-	730,075
OPB Private Equity (KBI IX) Limited	-	641,556
OPB Private Equity 5 Limited	-	609,374
OPB Private Equity 3 Limited	-	489,738
OPB Private Equity 6 Limited	-	447,187
OPB (PE A) Limited	-	428,565
OPB Private Equity 8 Limited	-	409,485
OPB Private Equity 9 Limited	-	408,253

1 Includes the following holding companies in 2024 and 2023, which are 100% owned: OPB Realty Inc., OPB (TDC) Inc., OPB (Van Centre) Inc., OPB (155 Wellington) Inc., OPB Real Estate Investments Inc., OPB Real Estate Investments (US) 2 Ltd. and OPB Real Estate Investments (US) Limited. The last valuation of each real estate investment was as at December 31, 2024.

2 Investments owned by 100% OPB owned holding companies. In 2024, the assets in these companies were transferred into IMCO Private Equity LP (Note 4h).

h) POOLED FUNDS

A pooled fund unit gives its holder a proportionate share in the value of the net assets of the pooled fund. Each pooled fund has a specific mandate; however, the fund may hold cash, short-term investments, accrued interest income and pending trades of investments.

On June 30, 2023, IMCO restructured the IMCO Global Credit LP into the IMCO Global Credit pooled fund. On the execution of the pooled fund, there was an in-kind transfer of assets at fair value of cash and indirect and direct global credit investments held by OPB into the pooled fund. A fair value of \$2,421 million of assets was transferred into the pool and 20,589,659 units were issued to OPB in return.

On December 22, 2023, IMCO launched the IMCO Private Equity LP. During the year, there were three phases of in-kind transfers of assets at fair value of cash, direct and indirect private equity investments held by OPB into the pooled fund. A total fair value of \$4,793 million of most of the private equity assets held by OPB was transferred into the pool and 46,065,297 units were issued to OPB in return.

On October 1, 2024, IMCO launched the IMCO Real Estate LP. On the execution of this pooled fund, there was an in-kind transfer at fair value of cash, direct and indirect real estate investments held by OPB into the pooled fund. A fair value of \$408 million of assets held by OPB was transferred into the pool and 4,078,963 units were issued to OPB in return.

Fund	Investment Objective
IMCO Canadian Public Equity LP	To provide long-term growth through capital appreciation and dividend income by investing directly or indirectly in entities that are publicly traded in Canada and mostly based in Canada.
IMCO Global Public Equity LP	To provide long-term growth through capital appreciation and dividend income by investing directly or indirectly in entities that are publicly traded in developed market economies.
IMCO Emerging Markets Public Equity LP	To provide long-term growth through capital appreciation and dividend income by investing directly or indirectly in entities that are publicly traded in developing market economies.
IMCO Public Market Alternatives LP	To enhance risk-adjusted expected returns by providing exposure to alternative risk premiums and active investment mandates that offer low correlation with public equities.
IMCO Infrastructure LP	To generate long-term inflation linked total returns comprised of a combination of stable income yield and some capital appreciation over time by investing in a diversified portfolio of global infrastructure assets.
IMCO Global Credit LP	To invest in a globally diversified portfolio of public and private credit securities with an actively managed and return-seeking strategy adding value relative to its benchmark, while maintaining a long-term exposure to credit.
IMCO Private Equity LP	To generate long-term capital appreciation and outperform public equities by investing in a portfolio of primarily private operating companies, directly or indirectly, where strong value creation potential exists through strategic, operational and financial improvements.
IMCO Real Estate LP	To generate long-term inflation sensitive total returns comprised principally of stable and recurring annual cash flows, together with some capital appreciation over time by investing in a diversified portfolio of real estate investments.

(in thousands of dollars)	December 31, 2024		December 31, 2023	
	Ownership	Market Value	Ownership	Market Value
Fund				
IMCO Canadian Public Equity LP	64.20%	\$ 939,868	60.85%	\$ 804,970
IMCO Global Public Equity LP	27.72%	4,294,585	27.52%	3,597,032
IMCO Emerging Markets Public Equity LP	58.92%	1,764,992	59.33%	1,735,998
IMCO Public Market Alternatives LP	46.64%	794,090	46.13%	2,116,488
IMCO Infrastructure LP	44.54%	5,036,204	45.06%	4,259,920
IMCO Global Credit LP	47.08%	3,960,401	47.09%	3,300,752
IMCO Private Equity LP	53.12%	4,720,710	-	-
IMCO Real Estate LP	33.29%	418,480	-	-
Total pooled funds		\$ 21,929,330		\$ 15,815,160

Pooled Fund Units Receivable

The Plan had pooled fund units receivable of \$94,000 in the IMCO Infrastructure LP as at December 31, 2023, which was settled on January 2, 2024, in exchange for 907,600 units in the IMCO Infrastructure LP.

i) SENSITIVITY TO CHANGES IN ASSUMPTIONS

The following table presents the Plan's assets recognized at fair value and classified as Level 3, together with the significant inputs used in the valuation technique that are considered unobservable, and a range of values for those unobservable inputs. The range of values represents the highest and lowest inputs used in calculating the fair value. The change in significant inputs and increase or decrease to fair value illustrates the impact to fair value when the significant inputs are changed to reasonable alternative assumptions.

As at December 31, 2024 (in thousands of dollars)	Significant Unobservable Inputs	Range of Inputs	Change in Significant Inputs	(Decrease) Increase to Fair Value
Real estate	Discount rate	4.64% - 10.00%	+/- 0.25%	\$ (51,996) / 53,468

As at December 31, 2023 (in thousands of dollars)	Significant Unobservable Inputs	Range of Inputs	Change in Significant Inputs	(Decrease) Increase to Fair Value
Private debt	Discount rate	6.2% - 7.8%	+/- 0.25%	\$ (697) / 719
Private equity	EBITDA multiple ¹	7.6x - 28x	+/- 0.5x	(81,362) / 81,413
	P/E multiple ²	9.1x	+/- 0.5x	(12,035) / 12,036
Real estate	Discount rate	6.13% - 10.25%	+/- 0.25%	(63,228) / 64,686

1 EBITDA is defined as earnings before interest, taxes, depreciation, and amortization.

2 P/E is defined as price-to-earnings.

The above sensitivity excludes investment funds where fair values are based on net asset values reported by the general partners or external fund managers, unless there is a specific and objectively verifiable reason to vary from the value provided. In addition, it excludes investments where cost, direct comparisons or proceeds from sale is used as an approximation for fair value. For other investments included in Level 3 that were not sensitized, management's judgement is that changing one or more of the inputs to a reasonable alternative assumption would not change the fair value of the Plan significantly.

Note 5: Derivative contracts

Derivatives are financial or commodity contracts, whose market price, value, delivery obligations, payment obligations or settlement obligations are derived from, referenced to or based on, an underlying interest that may include stocks, bonds, commodities, currencies, interest rates and market indices. Derivative strategies can be implemented using a wide range of instruments including, but not limited to, forwards, futures, swaps and options.

Derivatives may be used for various purposes including to:

- Hedge (fully or partly) any investment risk, including market, interest rate, credit, liquidity or currency risk;
- Alter the risk and return profile of investments, replicate investments in the underlying assets or groups of assets (e.g., indices) so as to achieve some advantage of lower cost, transactional ease, or market exposure;
- Improve the efficiency of achieving investment objectives;
- Create unique risk and return payoffs; or
- Implement systematic and/or active (i.e., transient) leverage.

The Plan utilizes the following types of derivative contracts:

FUTURES CONTRACTS

Futures contracts are standardized agreements that can be purchased or sold on a futures exchange market at a predetermined future date and price specified at origination of the contract, in accordance with terms specified by the regulated futures exchange, and are subject to daily cash margining. These types of derivatives are used to efficiently modify exposures without purchasing or selling the underlying assets.

FORWARD CONTRACTS

Currency forward contracts are negotiated agreements between two parties to exchange a notional amount of one currency for another at an exchange rate specified at origination of the contract, with settlement at a specified future date. Currency forward contracts are used by OPB to modify currency exposure for both passive and active hedging.

SWAPS

In an interest rate swap, the parties exchange cash flows based on a notional principal amount (this amount is not actually exchanged) in order to hedge against interest rate risk.

In a total return swap, the total return from an asset is exchanged for another defined asset or portfolio of assets. This gives the party exposure to the underlying asset without having to expend the capital to hold it.

Credit default swaps are a type of credit derivative used to transfer credit risk of an underlying financial instrument or group of securities from one party to another. In a credit default swap, the buyer of the swap pays a regular premium to the seller in return for protection against any loss of the notional amount of the underlying securities if a credit event, such as a default, occurs.

OPTIONS

Options are contractual agreements under which the buyer has the right, but not the obligation, to either buy (call option) or sell (put option) an underlying asset at a predetermined price on or before a specified future date. Conversely, the seller has the obligation to sell (call option) or buy (put option) an underlying asset at a predetermined price if the option is exercised by the buyer on or before a specified future date.

a) DERIVATIVE NOTIONAL AND FAIR VALUES

The following schedule summarizes the notional amounts and fair values of the Plan's directly held derivative positions.

As at December 31 (in thousands of dollars)	Notional Value	2024				2023	
		Fair Value				Fair Value	
		Assets	Liabilities	Notional Value	Assets	Liabilities	
Equity							
Futures	\$ -	\$ -	\$ -	\$ 221,188	\$ 9,149	\$ -	
Currency							
Forwards	13,501,500	18,623	134,342	10,953,745	195,317	5,276	
Futures	69,192	-	1,003	-	-	-	
Total	\$ 13,570,692	\$ 18,623	\$ 135,345	\$ 11,174,933	\$ 204,466	\$ 5,276	

b) DERIVATIVE NOTIONAL VALUES BY TERM TO MATURITY

The maturities of the Plan's notional values for the Plan's derivative positions are as follows:

As at December 31 (in thousands of dollars)	2024				2023			
	< 1 year	≥ 1-3 years	> 3-5 years	Total	< 1 year	≥ 1-3 years	> 3-5 years	Total
Currency forwards	\$13,501,500	\$ -	\$ -	\$13,501,500	\$10,953,745	\$ -	\$ -	\$10,953,745
Currency futures	69,192	-	-	69,192	-	-	-	-
Equity futures	-	-	-	-	221,188	-	-	221,188
Total	\$13,570,692	\$ -	\$ -	\$13,570,692	\$11,174,933	\$ -	\$ -	\$11,174,933

Note 6: Net investment income (loss)

The Plan's net investment income (loss) is as follows:

For the year ended December 31 (in thousands of dollars)	2024			2023		
	Income ^{1,2}	Fair Value Changes ³	Investment Income (Loss)	Income ^{1,2}	Fair Value Changes ³	Investment Income (Loss)
Cash in trust and short-term investments						
Canada (Note 6a)	\$ 25,759	\$ 704	\$ 26,463	\$ 12,004	\$ (131)	\$ 11,873
Global (Note 6a)	62	(469)	(407)	130	(1,197)	(1,067)
	25,821	235	26,056	12,134	(1,328)	10,806
Fixed income						
Canada	170,808	(191,142)	(20,334)	219,613	164,415	384,028
Global	56,963	371,356	428,319	111,293	(59,427)	51,866
	227,771	180,214	407,985	330,906	104,988	435,894
Public equities						
Canada	-	-	-	155	(93)	62
Global	(2,635)	-	(2,635)	819	(3,570)	(2,751)
	(2,635)	-	(2,635)	974	(3,663)	(2,689)
Pooled funds (Note 6c)	305,956	2,994,301	3,300,257	132,088	1,204,899	1,336,987
Real estate	320,902	(278,381)	42,521	216,339	(1,225,752)	(1,009,413)
Infrastructure	667	(50)	617	55,148	794	55,942
Private equity	1,203,308	(1,203,545)	(237)	105,194	52,840	158,034
Reverse repurchase agreements	15,689	4,098	19,787	240	(58)	182
Repurchase agreements	(139,953)	(98,932)	(238,885)	(95,630)	30,459	(65,171)
Derivatives	-	(812,963)	(812,963)	-	180,144	180,144
Total investment income (loss)	\$1,957,526	\$ 784,977	\$ 2,742,503	\$ 757,393	\$ 343,323	\$ 1,100,716
Investment management and related fees (Note 6b)			(148,710)			(145,324)
Net investment income (loss)			\$ 2,593,793			\$ 955,392

1 Income includes interest on cash and short-term investments, fixed income and participating mortgages, dividend income on equities, and distributions from pooled funds and limited partnerships.

2 Net of management fees incurred on investments in real estate, infrastructure, private equity, and private debt that are deducted from the managed assets.

3 Includes realized losses of \$1,343,620 and change in unrealized gains of \$2,128,597 in 2024 (2023: realized losses of \$609,559 and change in unrealized gains of \$952,882).

a) CASH IN TRUST AND SHORT-TERM INVESTMENTS

Earnings from pooled short-term investment funds are included within short-term notes and treasury funds. Interest income from cash in trust and short-term investments is as follows:

For the year ended December 31
(in thousands of dollars)

	2024	2023
Canada		
Cash in trust	\$ 1,452	\$ 646
Short-term notes and treasury funds	24,307	11,358
	\$ 25,759	\$ 12,004
Global		
Short-term notes and treasury funds	62	130
	\$ 62	\$ 130

b) INVESTMENT MANAGEMENT AND RELATED FEES

The following table provides a breakdown of the investment management and related investment fees.

For the year ended December 31
(in thousands of dollars)

	2024	2023
IMCO management fees ¹	\$ 145,811	\$ 142,066
External investment management fees ²	1,771	2,585
Transaction costs ^{2,3}	254	375
Custodial fees ²	779	218
Other fees ^{2,4}	95	80
	\$ 148,710	\$ 145,324

1 IMCO management fees represent OPB's share of IMCO's operating expenses, which are charged back to its clients on a cost recovery basis.

2 The external investment management fees invoiced by third parties, custodial fees, other fees were paid by IMCO and reimbursed by OPB (Note 17).

3 Transaction costs consist primarily of commissions and fees on public equity and futures trades.

4 Other fees include professional services and CEM benchmarking fees.

c) POOLED FUNDS NET INVESTMENT INCOME (LOSS)

The following schedule summarizes the net investment income (loss) of the Plan's pooled funds:

For the year ended December 31
(in thousands of dollars)

	2024	2023
IMCO Canadian Public Equity LP	\$ 186,898	\$ 118,427
IMCO Global Public Equity LP	910,553	724,655
IMCO Emerging Markets Public Equity LP	245,994	172,064
IMCO Public Market Alternatives LP	220,830	(16,557)
IMCO Infrastructure LP	526,731	192,171
IMCO Global Credit LP	540,107	146,227
IMCO Private Equity LP	658,765	-
IMCO Real Estate LP	10,379	-
Total pooled funds net investment income (loss)	\$ 3,300,257	\$ 1,336,987

Note 7: Risk management

The Plan is subject to financial risks as a result of its investing activities that could impact its cash flows, income and assets available to meet benefit obligations. These risks include market risk (including interest rate risk, currency risk and other price risk), credit and counterparty risk, liquidity risk, and others as applicable. As Plan administrator, OPB is responsible for the management of the Plan and the policies that govern the Plan. OPB manages these risks in accordance with the SIP&P, which prescribes the SAA, performance measurement, permitted investments, shareholder rights and environmental, social and governance issues, conflicts of interest and related party transactions, and valuation of infrequently traded assets. OPB has delegated the investment of substantially all of the Plan assets to IMCO, which may further sub-delegate to other investment managers and service providers. IMCO must act in accordance with any written directions of OPB, certain specified policies of OPB, as well as all applicable IMCO policies. In investing the assets of the Plan, IMCO must comply with the SIP&P, IMCO's internal policies and all relevant laws and regulations.

MARKET RISK

Market risk is the risk that the fair value or future cash flows of an investment will fluctuate because of changes in market factors. Market risk comprises the following:

Interest rate risk

Interest rate risk refers to the effect on the fair value of the Plan's assets and liabilities due to fluctuations in market interest rates. The value of the Plan's investments is affected by changes in nominal and real interest rates. Pension liabilities are exposed to fluctuations in long-term interest rates and inflation.

Management

The Plan has established an asset mix policy that balances interest-rate-sensitive investments with other investments. OPB's fixed income investments, real estate debentures, interest rate derivatives, repurchase agreements and reverse repurchase agreements have exposure to interest rate risk. Duration and weighting for the fixed income portfolio are actively managed.

Measurement

Effective duration is a measure of the sensitivity of the price of a financial instrument to a change in interest rates. Given the effective duration of 9.6 years at December 31, 2024 (2023 - 12.3 years) and a total net fair value of \$9,755 million (2023 - \$7,485 million), a parallel shift in the interest rate curve of +/-1% would result in an approximate impact of +/- \$933 million (2023 - +/- \$947 million) on net investments with all other variables held constant. This calculation includes fixed income investments, real estate debentures, interest rate derivatives, repurchase agreements and reverse repurchase agreements. In practice, actual results may differ materially from this sensitivity analysis.

Currency risk

Currency exposure arises from the Plan holding foreign currency denominated investments and entering contracts that provide exposure to currencies other than the Canadian dollar.

Fluctuations in the value of the Canadian dollar against these foreign currencies can have an impact on the fair value of investments.

Management

Currency risk is managed by IMCO through currency hedging. Implementation of any currency hedging strategy is accomplished through the use of instruments such as forwards, futures, options, and swaps. The Plan also employed additional currency forwards to hedge a portion of indirect currency exposure through holding units of the pooled funds. The net exposure in the following table includes direct exposure at the Plan level as well as indirect exposure through the pooled funds.

Measurement

The impact to the Plan of a 5% absolute change in foreign exchange rates relative to the Canadian dollar are as follows:

As at December 31, 2024 (in thousands of dollars)	Gross Exposure	Currency Contracts Receivable	Currency Contracts Payable	Net Exposure	Impact of +/- 5% Change
U.S. dollar	\$ 3,534,401	\$ 1,347,043	\$(10,392,392)	\$ (5,510,948)	+/- \$275,547
Euro	663	5,440	(1,071,673)	(1,065,570)	+/- 53,279
Australian dollar	-	-	(430,738)	(430,738)	+/- 21,537
Pound sterling	-	317	(333,170)	(332,853)	+/- 16,643
Other	465	457	(32,816)	(31,894)	+/- 1,595
Total foreign	3,535,529	1,353,257	(12,260,789)	(7,372,003)	+/- \$368,600
Canadian dollar	30,610,091	12,146,655	(1,354,842)	41,401,904	
	\$ 34,145,620	\$ 13,499,912	\$(13,615,631)	\$ 34,029,901	

As at December 31, 2023 (in thousands of dollars)	Gross Exposure	Currency Contracts Receivable	Currency Contracts Payable	Net Exposure	Impact of +/- 5% Change
U.S. dollar	\$ 2,113,514	\$ 736,033	\$ (8,487,576)	\$ (5,638,029)	+/- \$281,901
Euro	1,951	6,812	(841,232)	(832,469)	+/- 41,623
Australian dollar	18	-	(408,843)	(408,825)	+/- 20,441
Pound sterling	2	1,152	(269,055)	(267,901)	+/- 13,395
Other	3,612	2,319	(8,813)	(2,882)	+/- 176
Total foreign	2,119,097	746,316	(10,015,519)	(7,150,106)	+/- \$357,505
Canadian dollar	29,382,972	10,206,494	(747,251)	38,842,215	
	\$ 31,502,069	\$ 10,952,810	\$ (10,762,770)	\$ 31,692,109	

Other price risk

Other price risk is the risk that the fair value of an investment will fluctuate because of changes in market prices other than those arising from foreign currency or interest rate risk, whether those changes are caused by factors specific to the individual investment or factors affecting all securities traded in the market.

Management

IMCO manages other price risk through diversification and regular monitoring of the performance of the Plan against approved benchmarks.

Measurement

An absolute change in the fair value of OPB's investments that are exposed to other price risk will have a direct proportional impact on the fair value of the investments. OPB's investments in public equities or pooled funds holding public equities have the most significant exposure to other price risk. The impact of a 10% absolute change in the price of an investment, holding all other variables constant, is 10% of the net exposure of the impacted investment, as follows:

(in thousands of dollars)			Change in Net Assets as at	
	Stock Market Benchmark	Change in Price Index	December 31, 2024	December 31, 2023
Canadian	S&P/TSX Composite TR Index	+/- 10%	+/- \$ 93,987	+/- \$ 80,497
Global	MSCI World ex Canada Net TR Index (C\$)	+/- 10%	+/- 464,356	+/- 367,399
Emerging	MSCI Emerging Markets Net TR Index (C\$)	+/- 10%	+/- 176,551	+/- 188,627
			+/- \$ 734,894	+/- \$ 636,523

The sensitivity analysis is performed using the total Plan actual investment asset mix weights summarized in Note 4a as at December 31, 2024 and 2023.

CREDIT AND COUNTERPARTY RISK

Credit risk is the risk of loss resulting from a borrower's failure to repay or meet contractual obligations. The Plan is exposed to credit risk through investments in fixed income instruments as there is a risk of default. Counterparty risk is the risk of loss arising from a counterparty defaulting on its obligations, the insolvency of a counterparty, or the risk of a market decline resulting from the deterioration in the credit quality of a counterparty. The Plan is exposed to counterparty risk through investments in derivatives, reverse repurchase agreements, and securities lending transactions.

Management

IMCO manages credit risk by creating a diversified portfolio of investments and employing a multi-sector strategy. In creating a diversified portfolio, IMCO will invest according to a risk strategy outlining specified target allocation ranges by risk strategy (i.e., investment grade), geographical focus and investment vehicle.

In mitigating counterparty risk, IMCO will initiate counterparty transactions with parties on its approved counterparty list, which meet a minimum credit rating requirement. IMCO is responsible for monitoring the credit ratings of counterparties and reviewing those who suffer a downgrade.

Derivatives

Counterparty risk from derivatives is managed through due diligence on potential counterparties, use of appropriate legal documentation such as International Swaps and Derivatives Association ("ISDA") master agreements, by imposing counterparty risk exposure limits, or by the use of a Credit Support Annex ("CSA") under an ISDA master agreement. IMCO maintains and reviews a list of approved counterparties which, at a minimum, have a long-term credit rating of A or higher as rated by S&P (or equivalent Moody's or Fitch long-term rating) and a short-term rating of A1 or higher as rated by S&P (equivalent Moody's or Fitch short-term rating). IMCO also reviews counterparties who suffer a credit rating downgrade, even if they continue to meet the minimum credit ratings noted and maintains and reviews counterparty exposure limits, considering current exposure, with limits commensurate with the credit rating of the counterparty. Liquidity and collateral management processes are also in place by IMCO. See Note 8 for details of collateral held or pledged pertaining to derivatives.

Reverse repurchase agreements

In a reverse repurchase agreement, OPB is the buyer/lender and gives a third party (the seller/borrower) cash in exchange for collateral and a promise to repurchase the assets in the future. Credit risk exists in a reverse repurchase agreement even if the collateral is of very high quality. There is a risk that the seller/borrower will not have sufficient funds to repay the loan (repurchase the securities) at the end of the term. To mitigate this risk, IMCO diversifies across no less than three counterparties, and has legal agreements that set out the remedies in the event of default and requires additional margin collateral to be exchanged if the value of the collateral increases or declines resulting in the loan being over or under collateralized.

Securities lending

On behalf of the Plan, IMCO may lend investments in accordance with its securities lending program. The IMCO securities lending program is managed pursuant to written agreements with securities lending agents. The securities lending agents shall have a minimum long-term credit rating of A, or equivalent, as rated by a recognized credit rating service. The lending agents monitor counterparty credit risk and collateral, negotiate individual callable loans, and charge competitive fees. The lending agent will also provide indemnification from losses due to factors such as a borrower default, failure of security recall, or operational and settlement risks. There is a maximum percentage of assets that may be on loan at any given time. All loans are secured by readily marketable securities having a market value greater than the outstanding market value of the loaned investments. The value of collateral held shall not be less than 102% of the market value of loaned securities and must be in the form of readily marketable securities. Securities on loan must be able to be recalled in sufficient time to permit timely delivery on trade settlement if the loaned securities are sold or timely delivery if the loaned security must be pledged as collateral. See Note 8 for collateral received pertaining to the securities lending program.

Measurement

Counterparty and credit risk exposure is measured by the fair value of contractual obligations less any collateral or margin received from the counterparties. The use of credit ratings allows the Plan to assess the creditworthiness of counterparties using an independent source. As at December 31, 2024, the Plan's greatest credit exposure to a single securities issuer is with the Government of United States in the form of interest-bearing securities for \$4.2 billion (2023 - with the Government of Canada for \$2.2 billion).

The credit risk exposure, without considering any collateral held, is as follows:

As at December 31 (in thousands of dollars)	2024 Total Risk Exposure	2023 Total Risk Exposure
Credit risk		
Fixed income		
AAA	\$ 5,320,620	\$ 4,649,617
AA	3,085,383	2,853,120
A	-	59,419
Not rated	343,909	323,801
Total fixed income	\$ 8,749,912	\$ 7,885,957
Short-term investments		
AAA	342,170	276,252
Total short-term investments	\$ 342,170	\$ 276,252
Counterparty risk		
Derivative assets		
AA	4,485	107,044
A	14,138	97,422
Total derivative assets	\$ 18,623	\$ 204,466
Reverse repurchase agreements		
A	49,805	-
Total reverse repurchase agreements	\$ 49,805	\$ -
Securities lending		
AA	84,307	42,884
A	1,607,793	87,415
Not rated	1,599	1,129
Total securities lending	\$ 1,693,699	\$ 131,428

Note 4f illustrates the maximum net exposure to counterparty risk in derivatives, repurchase agreements, reverse repurchase agreements and securities lending by summarizing the amount of collateral held or pledged as security and their financial effect to mitigate credit risk exposure.

LIQUIDITY RISK

Liquidity risk is the risk that the Plan has insufficient cash flows to meet its pension obligations and operating expenses as they become due. The typical cash requirements of the Plan are in the form of monthly retirement benefit payments as well as periodic termination and other benefit payments and expenses.

Management

OPB manages liquidity risk by maintaining a physical cash reserve and performing regular cash flow projections to ensure the Plan can meet obligations. Most cash requirements are typically met through member, employer, and Plan Sponsor contributions. Additional cash requirements can be met through investment liquidity. In January 2023, OPB entered into a new \$130 million overdraft credit facility to reduce potential liquidity risks and ensure client and operational disbursements are made in instances where there is a delay in funds made available from the investment portfolio.

IMCO manages liquidity risk by determining how much liquid assets should be maintained, the portion of liquid assets to be held as cash, day-to-day management of cash inflows and outflows, monitoring and reporting of measures including a liquidity coverage ratio and acknowledging and responding to crisis environment conditions. An IMCO liquidity committee is also responsible for overseeing a crisis environment plan and approving any breach remediation plans. A crisis environment condition is triggered by a drop in the S&P 500 of 10% (USD) over the prior week in conjunction with a drop of 15% over the prior month or as declared by the liquidity committee during periods of significant market stress.

Measurement

The remaining contractual maturities of the Plan's investment related liabilities are as follows:

	2024				
(in thousands of dollars)	< 1 year	≥ 1-5 years	> 5-10 years	> 10 years	Total
Debentures ¹	\$ -	\$ 1,000,000	\$ -	\$ 500,000	\$ 1,500,000
Derivatives payable	135,345	-	-	-	135,345
Repurchase agreements	1,968,381	-	-	-	1,968,381
Total	\$ 2,103,726	\$ 1,000,000	\$ -	\$ 500,000	\$ 3,603,726

1 Refer to Note 9 for additional information.

	2023				
(in thousands of dollars)	< 1 year	≥ 1-5 years	> 5-10 years	> 10 years	Total
Debentures ²	\$ -	\$ 1,000,000	\$ -	\$ 500,000	\$ 1,500,000
Derivatives payable	5,276	-	-	-	5,276
Repurchase agreements	2,532,878	-	-	-	2,532,878
Total	\$ 2,538,154	\$ 1,000,000	\$ -	\$ 500,000	\$ 4,038,154

2 Refer to Note 9 for additional information.

Note 8: Collateral

Collateral management is the process of exchanging collateral in the form of securities or cash transferred as security between two counterparties in financial transactions, such as Futures, Credit Default Swaps, Interest Rate Swaps, Currency Forwards, Repurchase Agreements, and Securities Lending. The collateral requirements for these financial transactions are governed by the terms of the negotiated CSA agreements, which outline permissible assets to pledge or receive as collateral, minimum transfer amounts and haircut schedules. The ultimate objective of collateral management is to mitigate counterparty credit risk exposure, described in Note 7.

DERIVATIVES

Initial margin for centrally cleared derivatives (Futures and Credit Default Swaps) is the minimum collateral required to be posted at the outset of a derivatives transaction and is typically based on a percentage of the notional contract value or a fixed amount based on the number of contracts. Non-centrally cleared derivatives (Currency Forwards or Interest Rate Swaps) are private deals governed by the terms of the ISDA and CSA agreement negotiated with each counterparty.

Securities pledged under derivatives arrangements continue to be recognized as OPB's investments, as OPB retains the risks and rewards associated with these securities. Securities received under derivative arrangements are segregated from OPB's investments and OPB has the obligation to return the collateral to the owner on termination of the agreement. OPB does not have the risk and rewards associated with these securities. Cash is not eligible collateral for non-centrally cleared derivatives.

SECURITIES LENDING

As outlined in Note 7, credit and counterparty risk, it is the responsibility of the securities lending agents to ensure all loans are secured by readily marketable securities collateral that have a market value in excess of the value of the loaned securities ("margin") in amounts that represent the greater of prevailing market practice and the minimum margin imposed by IMCO of 102%. Collateral received from brokers shall be delivered in the form of readily marketable securities, or such other forms of readily marketable securities, as IMCO deems appropriate and in which IMCO strategies are permitted to invest.

Securities loaned to third parties under lending arrangements continue to be recognized as OPB's investments as OPB retains the rewards and risks associated with these securities. Securities received as collateral from third parties are not recognized as OPB investments, as the rewards and risks have not been transferred.

REPURCHASE AND REVERSE REPURCHASE AGREEMENTS

Securities owned that are sold subject to a repurchase agreement are treated as collateral and not as sales and therefore continue to be recognized as OPB's investments with the amount of the repurchase agreement reflected as a liability. A reverse repurchase agreement is the purchase of a security at a specified amount with an agreement to resell the same or substantially identical security at a definite amount at a specific future date. For financial reporting, the transaction is treated as a receivable collateralized by the security purchased.

Permissible assets for collateral include, with some exceptions, Canadian Treasury Bills, Canadian Government and Provincial Bonds up to 35 years, Real Return Bonds, or other forms of collateral as agreed by both parties.

The fair value of collateral received and pledged as at December 31 is as follows:

(in thousands of dollars)	2024	2023
Derivatives¹		
Collateral received	\$ -	\$ 74,863
Collateral pledged	110,638	-
Securities lending¹		
Securities loaned	1,693,699	131,269
Collateral received ²	1,848,247	137,830
Repurchase agreements¹		
Associated liability from repurchase agreements	1,968,381	2,532,878
Net collateral pledged	1,973,374	2,530,735

1 Note 4f illustrates how OPB's net exposure on derivatives, securities lending, and repurchase agreements is reduced by collaterals.

2 Securities lending collateral received provides a 9% (2023 - 5%) cushion against the potential credit risk associated with these securities lending activities.

Note 9: Commitments and guarantees

As at December 31, 2024, OPB had unfunded commitments for certain private market investments of \$5,640 million (2023 - \$6,168 million).

OPB Finance Trust was established for the benefit of OPB and its related entities. It raises funds through the issuance of debentures. These debentures are recorded at fair value. The proceeds of the Series A, B, D, E and F debentures were loaned to several OPB wholly owned real estate subsidiaries. In turn, these real estate companies used the proceeds to repay amounts owed to OPB and/or to acquire real estate investments. The proceeds from the issuance of the Series C debentures were loaned to a real estate trust established for the benefit of OPB. OPB's real estate investments are shown net of the OPB Finance Trust debentures and any other financings specifically assumed by these real estate entities.

OPB has provided a guarantee for the payment of principal and interest on \$1,500 million in debentures that were issued by OPB Finance Trust. Four series of debentures were outstanding as at December 31, 2024:

1. \$350 million, Series A, 30-year debentures due 2042, with a 3.89% coupon payable semi-annually.
2. \$150 million, Series B, 50-year debentures due 2062, with a 3.87% coupon payable semi-annually.
3. \$250 million, Series E, 10-year debentures due 2026, with a 2.95% coupon payable semi-annually.
4. \$750 million, Series F, 10-year debentures due 2027, with a 2.98% coupon payable semi-annually.

In addition to the guarantee on the debentures, \$5.4 million in letters of credit is guaranteed by OPB as at December 31, 2024 (2023: \$7.3 million).

In January 2023, OPB entered into a \$130 million overdraft credit facility (Note 7). Each draw under the loan shall be repaid in full within two days. No amounts were drawn on this credit facility during 2024 or 2023.

The Plan leases its office premises with minimum future lease payments as follows:

(in thousands of dollars)	Minimum Lease Payments
2025	\$ 3,834
2026	3,834
2027-2029	11,660
Total	\$ 19,328

Note 10: Capital assets

Capital assets as of December 31 consist of the following:

(in thousands of dollars)	2024			2023		
	Cost	Accumulated Depreciation	Net Book Value	Cost	Accumulated Depreciation	Net Book Value
Computer equipment	\$ 5,031	\$ (4,861)	\$ 170	\$ 4,906	\$ (4,814)	\$ 92
Furniture and fixtures	2,130	(2,039)	91	2,118	(2,022)	96
Leasehold improvements	1,891	(1,891)	-	1,891	(1,861)	30
Total capital assets	\$ 9,052	\$ (8,791)	\$ 261	\$ 8,915	\$ (8,697)	\$ 218

Note 11: Pension obligations

FINANCIAL STATEMENT VALUATION

For the purposes of these financial statements, Aon, the Plan's actuary, used the funding valuation as at December 31, 2023 on the basis of the accounting methodology required by the CPA Canada Handbook – Accounting, Section 4600 and extrapolated those liabilities to December 31, 2024. The obligations as of December 31, 2023 have been extrapolated to December 31, 2024, based on the estimated service cost during the period, actual benefit payments, asset transfers from other plans, and prior service buybacks. The pension obligation, excluding PfAD, as at December 31, 2024 is \$37.2 billion (2023 – \$35.2 billion). The pension obligation, including PfAD, as at December 31, 2024 is \$39.7 billion (2023 – \$37.4 billion).

The other experience losses of \$0.1 billion (2023: \$0.3 billion) are primarily due to actual salary increases higher than expected, losses from retirement and mortality experience. Bill 124 remedies and related agreements loss of \$71 million is net of \$150 million reserve for Bill 124 remedies held as at December 31, 2023. As of December 31, 2024, no reserves are being held in respect of the impact of future Bill 124 remedies or other related agreements. The indexation gain of \$63 million (2023: loss of \$0.57 billion) is net of \$100 million reserve for future indexation held as at December 31, 2023 and a result of reflecting the actual cost-of-living adjustment of 2.70% effective January 2025.

During 2024, changes were made to actuarial assumptions to reflect updated capital market assumptions, the target asset mix and inflation plus productivity growth.

The actuarial assumptions used in determining the value of the pension obligations reflect management's best estimate of future economic and non-economic events. The primary economic assumptions as at December 31 are:

	2024	2023
Nominal discount rate before the application of the PfAD ¹	6.25%	6.20%
Real rate of return before the application of the PfAD ¹	4.25%	4.20%
PfAD, a percentage of non-indexed liabilities and service cost	8.28%	7.46%
Effective real discount rate ²	3.75%	3.75%
Indexation		
2024	-	4.80%
2025	2.70%	2.50%
2026 and thereafter	2.00%	2.00%
Salary increases³	2.75%	2.75%

1 Net of investment and operating expenses.

2 The effective real discount rate is the rate that includes the impact of a margin for adverse deviation, rather than splitting out the PfAD as a percentage of liabilities, as required by legislation.

3 Prior to promotional scale increases in salaries.

FUNDING VALUATION

An actuarial valuation prepared for funding purposes ("funding valuation") is used as the basis for funding, Plan design decisions and the periodic determination of the Plan's pension obligations. This funding valuation is based on methods required under the PSP Act and the PBA. The PBA and the ITA require that a funding valuation of the PSPP be completed and filed with the regulatory authorities at least every three years.

The most recent regulatory filing of a funding valuation was as at an effective date of December 31, 2022, which disclosed pension obligations of \$33,484 million, adjustments of \$2,493 million, and a funding shortfall of \$2,333 million on a going-concern basis. Adjustments include a provision for adverse deviation, prior year credit balance, and all solvency liability and solvency asset adjustments, where applicable. The actuarial cost method used was projected unit credit. The asset valuation method was the smoothed value of assets with investment gains and losses relative to the assumed rate of return recognized over three years. The funding valuation was prepared by Aon. The next actuarial valuation for the purposes of developing funding requirements must be prepared with an effective date no later than December 31, 2025.

Note 12: Contributions

The contribution requirements are set out in the PSP Act and summarized in Note 2. The Government of Ontario, as sponsor of the Plan, contributed \$293,628 in 2024 (2023 – \$263,184) in special payments towards the funding shortfall identified in the filed funding valuation as at December 31, 2022. In 2024, the Province made an additional contribution of \$nil (2023: \$29,040), which generated a prior year credit balance (“PYCB”) in the funding valuation. A PYCB can occur when a Plan Sponsor makes more than the minimum contribution.

For 2024 and 2023, the contributions to the Plan were made in accordance with the funding requirements as specified by the most recently filed actuarial funding valuation.

There was \$488 in required contributions past due as at December 31, 2024 (2023: \$300).

For the year ended December 31
(in thousands of dollars)

	2024	2023
Members		
Current service	\$ 483,513	\$ 428,744
Prior service	123,519	79,190
Long-Term Income Protection benefits	1,132	1,244
	608,164	509,178
Employers		
Current service	481,218	424,924
Prior service	4,911	4,892
Long-Term Income Protection benefits	25,250	21,838
	511,379	451,654
Sponsor		
Special payments	293,628	292,224
Additional current service	32,300	71,548
	325,928	363,772
Total contributions	\$ 1,445,471	\$ 1,324,604

Note 13: Operating expenses

For the year ended December 31
(in thousands of dollars)

	2024 ¹	2023 ¹
Staffing	\$ 30,867	\$ 29,108
IT and project management	13,073	12,794
Office premises and operations	5,994	5,302
Professional services	2,231	1,971
Depreciation	95	99
Staff development and support	420	491
Communications	781	567
Audit	630	597
Board remuneration	266	297
	\$ 54,357	\$ 51,226

1 Included in the above operating expenses are actuarial services provided to OPB amounting to \$892 (2023 - \$603) and external audit services provided to OPB amounting to \$273 (2023 - \$269).

Note: External audit services provided to and recorded by subsidiaries amounting to \$159 (2023 - \$180).

Note 14: Termination and other benefit payments

Terminations and other benefit payments consists of the following amounts:

For the year ended December 31
(in thousands of dollars)

	2024	2023
Transfers to other plans	\$ 62,847	\$ 36,848
Commuted value payments and death benefits	96,193	125,261
Total termination and other benefits	\$ 159,040	\$ 162,109

Note 15: Transfers of service from other plans

Transfers of service from other plans consists of the following amounts:

For the year ended December 31
(in thousands of dollars)

	2024	2023
Transfers from OPSEU Pension Plan	\$ 215,364	\$ 217,495
Transfers from MOPPs	40,707	42,599
Transfers from other plans	5,733	5,057
Total transfers of service from other plans	\$ 261,804	\$ 265,151

Note 16: Accounts receivable and prepaid expenses

Accounts receivable and prepaid expenses consists of the following amounts:

As at December 31 (in thousands of dollars)	2024	2023
Prepaid expenses	\$ 6,638	\$ 7,660
HST recoverable	197	1,414
Other receivables	340	678
Total accounts receivable and prepaid expenses	\$ 7,175	\$ 9,752

Note 17: Related party transactions

In the normal course of business, OPB transacted with various ministries, agencies and Crown corporations over which the Government of Ontario has control or significant influence. The Government of Ontario is the sponsor of the Plan. OPB purchased investments with IMCO, the Government of Ontario and related entities at normal commercial terms. As at December 31, 2024, OPB held Province of Ontario bonds valued at \$1,652 million (2023: \$1,188 million). Refer to Note 4h for details on IMCO pooled funds.

OPB provides additional employee benefit administrative services for the Province under Service Level Agreements. These services are all provided on a cost-recovery basis and have no net impact on OPB's operating expenses budget.

In 2018, IMCO entered into an arrangement to lease office space in a building partially owned by OPB and the lease commenced in 2021. The lease agreement was negotiated on an arm's length basis. As at December 31, 2024, OPB had funded capital expenditures in respect of capital assets at 16 York Street which are reported as prepaid expenses in the statement of financial position in the amount of \$5,467 (2023 - \$6,566).

OPB administers the PSPP, in which all eligible IMCO employees participate. In relation to this service, IMCO remits to OPB the employee contributions and employer matching portion. IMCO has been managing OPB's investment assets since July 2017. OPB pays its share of IMCO's operating and capital expenditures on a cost recovery basis (Note 6b). External investment manager and custodial fees are paid by IMCO on OPB's behalf.

Note 18: Capital management

The funding surpluses or deficits determined periodically through the funding valuations prepared by the independent actuary are defined as the Plan's capital. The actuary's funding valuation is used to measure the long-term health of the Plan. The objective of managing the Plan's capital is to ensure the Plan is funded to fully pay out the Plan's benefits. The funding valuation determines the annual minimum contribution levels to eliminate any shortfalls.

The Plan's SIP&P also provides guidance with respect to the investment of the Plan's assets (see Note 4a) to assist with the management of any funding excesses or shortfalls. The Plan's expected average annualized rate of return has been set in the SIP&P at approximately 7.0% (2023: 5.7%, net of expenses).

Note 19: Subsequent events

On January 2, 2025, direct and indirect real estate investments, in the amount of \$1.7 billion, were transferred in-kind into IMCO Real Estate LP managed by IMCO.

Directory of Key Personnel

Leadership Team:

Darwin Bozek
President & Chief Executive Officer

Marc Rondeau
Executive Vice-President & Chief
Pension Officer

Mila Babic
Executive Vice-President & Chief Client
Services Officer

Chris Kautzky
Chief Investment Officer

Valerie J. Adamo
Chief Technology Officer

Armand de Kemp
Chief Financial Officer

Jasmine Kanga
Chief Human Resources &
Corporate Services Officer

Mark J. Fuller
President & Chief Executive Officer –
retired in 2024

Glossary

Active risk: The volatility or fluctuations of portfolio returns compared to the portfolio benchmark.

Asset class: A group of securities that exhibit similar characteristics.

Asset mix: The categorization of asset classes within the pension plan portfolio (e.g., cash, Canadian equities, real estate, etc.). Each category is measured as a percentage of the total pension plan portfolio's fair value.

Assumptions: Estimates of what certain variables – such as interest rates, investment returns and mortality rates – will be in the future. Assumptions are used to estimate the future cost of pensions and the future value of pension assets.

Benchmark: A point of reference that is used to compare portfolio performance and risk. The S&P/TSX Composite Index is a commonly used benchmark to compare Canadian equity portfolio performance and risk. OPB's Strategic Asset Allocation (SAA) is a benchmark against which the overall Plan is assessed from a risk and return perspective.

CEM Benchmarking Inc.: An international pension administration benchmarking company.

Counterparty risk: The risk of a counterparty not fulfilling its contractual financial obligations.

Debenture: A long-term debt security normally yielding a fixed rate of interest, not secured against assets.

Discount rate: The expected rate of future investment return used to calculate the present value of pensions.

Funded status: A measure of the amount of assets the pension plan currently holds to pay out its future pension benefits (present value of projected future pension benefits). The funded status is regarded as the "health check" of a pension plan, and is determined by undertaking a funding valuation of the pension plan.

IMCO: Investment Management Corporation of Ontario.

Implementation and Support Agreement (ISA): The ISA deals with operating and governance matters such as employee transition in the short term, shared services, IMCO governance policies, and cost allocation and cost containment principles.

Investment Management Agreement (IMA): The IMA governs the investment management relationship between IMCO and OPB, and focuses largely on investment-related matters.

Options: Options are contractual agreements under which the buyer has the right, but not the obligation, to either buy (call option) or sell (put option) an underlying asset at a predetermined price on or before a specified future date.

Pension modernization: A program we are initiating to re-engineer our business processes and review and upgrade our pension administration system to allow us to meet the evolving needs of our clients and stakeholders, and ensure our technology remains current and secure.

PMA: Public market alternatives include a broad range of assets, including pooled funds, equities, fixed income, credit, and currencies, as well as derivatives, seeking to offer low correlation to public equities.

PSPP: The Public Service Pension Plan.

Responsible Investing (RI): The integration of environmental, social and governance (ESG) factors into the investment decision-making and monitoring process, which supports long-term investment performance.

Risk-adjusted return: A measurement used to analyze an investment's return based on how much risk is involved in producing that return. Risk-adjusted returns can be used to compare the return of a portfolio against a benchmark with a known return and risk profile.

Strategic Asset Allocation (SAA): A long-term strategy that involves setting target allocations of the Plan's asset mix with the purpose of achieving highest returns on investment to meet current and projected future pension benefits given the Plan's risk tolerance and investment horizon.

Total risk: The volatility or fluctuations of portfolio returns over a defined period of time.