Investing to make a mark

ONTARIO TEACHERS' PENSION PLAN

2024 Annual Report

Table of contents

About Ontario Teachers' Pension Plan

We deliver retirement security to

343,000

working members and pensioners.

We have

$266.3B[1]

in net assets.

We paid

$8.1B

in benefits to retired Ontario teachers and their beneficiaries.

We are a global, independent organization

Sponsors' role

Ontario Teachers' Federation (OTF) and the Ontario government are the plan's joint sponsors. Together, OTF and the Ontario government ensure the plan remains appropriately funded and decide:

- the contribution rate;
- member benefits, including inflation protection levels; and
- how to address any funding shortfall or surplus.

Board's role

Our board members are appointed by OTF and the Ontario government and they oversee the management of the pension fund and administration of the pension plan. Board members are required to:

- act independently of both the plan sponsors and management; and
- make decisions in the best interests of all plan beneficiaries.

Management's role

Management sets long-term investment and service strategies with three main responsibilities:

- investing assets in a manner to ensure the plan can pay present and future pensions;
- administering the plan and paying pension benefits to members and their survivors; and
- operating the business in line with the long-term enterprise strategy.

1 All figures as at December 31, 2024 and expressed in Canadian dollars unless otherwise noted.

Investing to make a mark

Our Purpose

Invest to shape a better future

Our Mission

Deliver outstanding service and retirement security for our members

Our Values

Performance-driven

Inclusive

Curious

Agile

Courageous

2024 year in review

$23.7B

in investment income

Remained

fully funded

for the 12th year in a row

9.4%

One-year total-fund net return

7.4%

10-year total-fund net return

($7.6B)

negative value add[1]

93%

members satisfied with the service they receive

1 Value add is the amount of return in excess of (below) benchmarks after deducting management fees, transaction costs and administrative costs allocated to the active programs (includes annual incentives but does not include long-term incentives).

Decreased portfolio carbon emissions intensity by

49%

since 2019, reaching our 2025 net-zero target a full year early[1]

$825K+

raised by employees for global causes

46%

of workforce identify as women

1 See our Portfolio Carbon Footprint accounting on page 40.

Some of our employees celebrating at the Pride Toronto parade


Instagrid, a European provider of portable battery systems

Vayda, a U.S.-based regenerative agriculture startup

Employees at the Toronto office's Make a Mark Day

> “I am pleased to report that the plan remains fully funded for the 12th consecutive year with a robust preliminary surplus of $29.1 billion, ensuring stability in contributions and benefits for members.”

Message from our Chair

I want to express my gratitude to the working and retired teachers of Ontario for their continued trust in the plan. For more than 30 years, we have remained focused on helping to ensure the plan is well funded and sustainable for our members now and for the years ahead. We continue to pursue this goal with dedication and care.

I am pleased to report that the plan remains fully funded for the 12th consecutive year with a robust preliminary surplus of $29.1 billion, ensuring stability in contributions and benefits for members. Our portfolio showed resilience in 2024, securing a 9.4% total-fund net return and ending the year with more than $266.3 billion in net assets. These results are a testament to the prudence of our investment strategy, the hard work of our teams, the plan's robust risk culture and sound governance practices.

Delivering excellence in member service

In addition to positive performance results, I am pleased to report that we have received excellent feedback from our members. On the service members receive, they say they feel confident when engaging with us and informed about their pension. They also cite the ease with which they can communicate with us. For the third consecutive year, 93% of members expressed satisfaction with the service we provide.

In 2024, our teams worked to improve self-service options and offer programs to educate members on their pension benefits. We will continue to integrate advancements in technology at the lowest possible cost to better understand and address our members' needs. We remain committed to engaging with our members in the methods best suited to them.

An evolving investing landscape

We were able to deliver positive performance and service excellence in a year marked by large shifts on the world stage. The global environment is shaping the investment landscape in unprecedented ways, with rising global conflicts, political shifts, economic disparities and policy changes. Most notably, the outcome of the U.S. election in 2024 has had broad implications for investors. In this economic environment, achieving the same level of returns that we have become accustomed to is more challenging and the expected rate of return is decreasing. As a long-term investor, we position ourselves for success now and in the future.

Board priorities

Adapting to the macro environment remains a top priority for the board. Organizations must continuously assess their position in response to shifting circumstances. This is especially true for an organization like ours, which manages more than a quarter-trillion dollars across five continents and in diverse sectors.

In 2024, we dedicated significant time supporting the senior management team in assessing the investing landscape and determining how the plan can evolve to both capture opportunities and mitigate risk. Building on a strong foundation and leveraging the advantages that have contributed to the plan's success – our scale, ability to invest strategically and long-term approach to investing – will position the plan well into the future. From this strong footing, we have provided guidance to the senior management team in their development of a go-forward strategy that identifies new opportunities for continued success. Our mission remains the same as it has since the pension plan was created: to ensure that the plan remains fully funded for the long term. We are confident in the senior management team's ability to execute on a strategy that we believe will mark the beginning of a new era of excellence for the plan.

Board update and renewal

As the board of your pension plan, we aspire to the highest standards of governance and integrity. We believe that renewal is a cornerstone of governing with excellence. As part of that commitment, we were pleased to welcome Jaqui Parchment, who joined our board in January 2025. Jaqui brings more than 35 years of business leadership experience, including through serving on a range of boards and employers on pension, investment and human capital issues.

Patti Croft retired from the board in 2024, after making positive contributions to best-in-class governance practices, recruitment and board renewal. I thank her for her commitment to serving capably on the board.

On behalf of the board, I would like to express my gratitude towards our sponsors – the Province of Ontario and Ontario Teachers' Federation – for their commitment to renewal and board member independence. Both the province and OTF have supported being at the forefront of good governance, which will serve our plan members, now and into the future.

Looking ahead

Change proved to be a constant in 2024 and we are prepared for even more change and uncertainty in 2025. The board has full confidence in Jo Taylor and executive management to navigate an unpredictable future. Together we will continue to work diligently to help ensure the plan remains resilient and well-funded for the long term.

It is an honour to serve you as chair of the board of Ontario Teachers' Pension Plan.

Steve McGirr
Chair

Our investment teams actively managed our portfolio and made attractive new investments across sectors in our strategic geographies. This generated investment income of $23.7 billion, representing a return net of costs of 9.4%.

Message from our CEO

My tenure as the President and CEO of Ontario Teachers' in the last five years has been marked by volatility, change, resilience and innovation. What has remained constant is our commitment to deliver retirement security for the educators we serve.

Driving performance

We worked methodically to deliver a better performance in 2024 compared to the previous year. Our investment teams actively managed our portfolio and made attractive new investments across sectors in our strategic geographies. This generated investment income of $23.7 billion, representing a return net of costs of 9.4%, growing our net assets to $266.3 billion. We generated good performance across most asset classes this year, with the best performing asset classes being venture growth, inflation sensitive, listed equities and credit. Private equity and infrastructure also generated positive returns in 2024.

Despite a relatively slow investment environment, we remained active in acquisitions. Examples would include co-leading the fundraising round of SmartHR, a leading cloud-native human resources management platform in Japan. We invested in Max Matthiessen, a leading financial services advisor for pensions, insurance and wealth management companies in the Nordics and set the terms to bring on an equity partner in Connexa which is New Zealand's largest mobile network. You can read more about our investments in digital infrastructure to support economic growth and innovation and expand access to critical services on page 58. On monetizations we successfully sold Shearer's Foods, a leading contract manufacturer and private label supplier serving the snack industry in North America.

Progress on the climate transition and our impact strategy

We continued to make steady progress in reducing the intensity of our carbon emissions from our investment portfolio. We are proud to report that we met our 2025 interim reduction target for these emissions against a 2019 baseline one year early, in fact achieving a 49% reduction over that timeframe against our target of 45%. This is an important milestone for us and a testament to the dedication of our investment teams and portfolio companies to helping address climate change.

At the same time, we continue to look for investment opportunities that will benefit from the transition to a low-carbon economy. Our venture growth team led the fundraising round for Instagrid in 2024, a European provider of high-performance portable battery systems, an electrified alternative to fossil fuel generators. You can read more about how we considered this energy transition investment and its impact on page 36. Going forward, the plan will continue to focus on opportunities to make a real-world impact by investing in the transition, which we see as a compelling investment opportunity.

In terms of our own activities, in early 2024 we moved into a new head office in Toronto. This vibrant workspace, which is owned and operated by our real estate subsidiary Cadillac Fairview, promotes flexibility, is more energy efficient than our prior location and is better situated in the downtown financial district. More details on how this space is driving collaboration and sustainability are shared on page 72.

In a year of significant community need, we were also pleased to make an impact in the communities where we live and work through generous employee donations. We raised more than $825,000 for over 500 organizations across 22 countries during the year through our OTPP Cares program. A significant proportion of our employees (approximately 74%) made a donation and more than 30% volunteered their time to support critical need areas such as food insecurity and access to school supplies for children in low-income communities.

Organizational enhancements

We continue to augment and adapt our team to meet new and emerging challenges and opportunities that we face. In 2024, we introduced a co-CIO model, with Gillian Brown and Stephen McLennan leading our investment activities. This new structure has helped to provide a better balance of focus and accountability in our core business.

At the same time, Jonathan Hausman was appointed Chief Strategy Officer. This is a new role designed to shape a renewed strategic vision for Ontario Teachers' over the coming years. We also appointed Mabel Wong as our Chief Financial Officer. Mabel oversees Ontario Teachers' Finance activities globally.

To further deepen our leadership capabilities and provide opportunities on our team, we elevated several colleagues to become investment department leaders, including Bernard Grzinic to oversee Capital Markets, Steve Saldanha to head Total Fund Management and Robert Sturgeon to lead Global Investment Strategy. Kevin Kerr was appointed to lead the Portfolio Solutions Group, a new department that will focus our value creation efforts and drive the predicted outcomes from the portfolio.

A look at 2025 and beyond

As we look ahead to 2025, a year that marks the 35th anniversary of Ontario Teachers', I am reminded of the remarkable journey we have taken since we were founded. We are proud of our strong track record since 1990 and we look forward to continuing to build on this legacy in the years to come.

As we enter this next chapter amidst a rapidly changing operating environment, our focus will resolutely remain to deliver strong performance while making disciplined investment choices. This focus is designed to ensure that the plan remains fully funded and meets the retirement needs of our members. I am proud to lead Ontario Teachers' and work alongside dedicated teams around the world. It is an honour to serve our province's working and retired teachers and drive the plan forward with the same dedication to excellence that has defined us for the last 35 years.

Jo Taylor
President and CEO

Our global leadership team

Meet our Executive Team, a group of seasoned professionals with diverse expertise. They set long-term investment and service strategies with a view to meeting current and future pension obligations, effectively administering benefits and aligning with our broader enterprise goals.

Jo Taylor
President and CEO

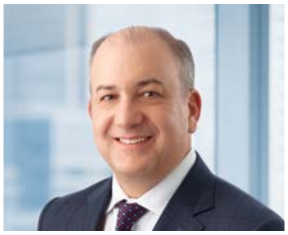
Gillian Brown
Chief Investment Officer, Public & Private Investments

Charley Butler
Chief Pension Officer

Sharon Chilcott
Chief of Staff, Office of CEO and Corporate Secretary

Jeff Davis
Chief Legal & Corporate Affairs Officer

Kathryn Fric
Chief Risk Officer



Jonathan Hausman
Chief Strategy Officer

Nick Jansa
Executive Managing Director, Europe, Middle East and Africa

Stephen McLennan
Chief Investment Officer, Asset Allocation

Beth Tyndall
Chief People Officer

Mabel Wong
Chief Financial Officer

Connexa, New Zealand's largest specialist mobile tower infrastructure company

01

Management discussion & analysis

ONTARIO TEACHERS' PENSION PLAN

Plan funding

The financial health of the plan

This section outlines recent funding valuations, assumptions and demographic and economic factors influencing plan funding decisions. A funding valuation assesses a pension plan's financial health on a specific date to determine if projected assets can cover all future pensions.

Funding highlights

$29.1 billion

Preliminary surplus

110%

Funding ratio

Pension funding sources since 1990

79.7%

Net investment income

10.6%[1]

Government/designated employer contributions

9.7%

Member contributions

1 The additional 0.9% includes original plan deficit funding and contributions related to conditional inflation protection.

Funding status as at January 1, 2025

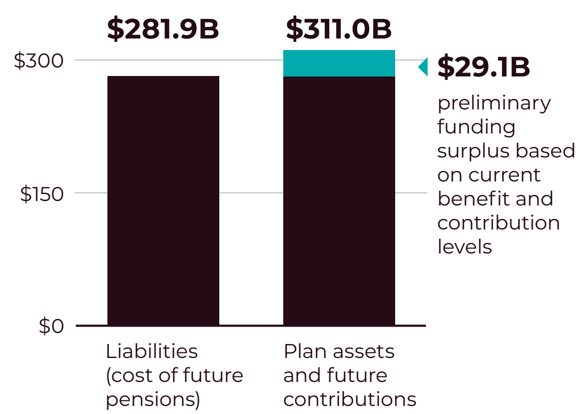
As at January 1, 2025, the plan had a preliminary surplus of $29.1 billion. A preliminary funding valuation means that the valuation has not been finalized or filed with the regulators. A finalized valuation as at January 1, 2025 is not required to be filed; however, the sponsors may choose to do so, in which case the report would have to be filed prior to the end of September 2025.

The plan sponsors are required to file a valuation with the regulators every three years. Since the sponsors filed the January 1, 2024 valuation, the next required funding valuation is at January 1, 2027.

Details are provided in the Funding Valuation Summary table on the next page.

FUNDING VALUATION

As at January 1, 2025



January 1, 2024 filed valuation

In 2024, Ontario Teachers' Federation and the Ontario government decided to file the January 1, 2024 funding valuation with the regulators. The $19.4 billion surplus was classified as a contingency reserve to help facilitate stability in members' contributions and benefits in case a future valuation shows a decline in assets and/or an increase in pension costs. Classifying the surplus as a contingency reserve can be thought of as a way of "saving for a rainy day."

FUNDING VALUATION SUMMARY
As at January 1 ($ billions)

	2025 (prelim.)	2024 (filed)	2024 (prelim.)
Net assets available for benefits	$ 266.3	$ 247.5	$ 247.5
Smoothing adjustment[1]	(5.5)	4.7	4.7
Value of assets	**$ 260.8**	**$ 252.2**	**$ 252.2**
Future basic contributions	50.2	50.3	50.4
Total assets	**$ 311.0**	**$ 302.5**	**$ 302.6**
Liabilities (cost of future pensions)	(281.9)	(283.1)	(283.5)
Surplus/contingency reserve[2]	**$ 29.1**	**$ 19.4**[3]	**$ 19.1**
Assumptions (percent)			
Long-term inflation rate	2.00	2.00	2.00
Real discount rate[4]	2.65	2.55	2.55
Nominal discount rate	4.70	4.60	4.60

1 The plan's funding valuations smooth asset gains and losses over a three-year period, with one-third of gains and losses being recognized immediately and the remaining two-thirds being recognized in equal installments over the following two years.

2 If the sponsors choose to file the valuation as at January 1, 2025, they will decide how to allocate the surplus, including whether or not to classify the surplus as a contingency reserve. The January 1, 2024 surplus was classified as a contingency reserve.

3 The $19.1 billion preliminary surplus as at January 1, 2024 increased to $19.4 billion after reflecting arbitrated wage agreements.

4 Real rate shown as the geometric difference between the discount rate and the inflation rate.

Actuarial assumptions

A funding valuation uses several actuarial assumptions to project the value of future pension plan liabilities and contributions. Using professional judgment, assumptions are made about anticipated future inflation rates, salary increases, retirement ages, life expectancy and other variables.

One of the most important assumptions in a funding valuation is the discount rate, which is crucial in assessing whether the pension plan has sufficient assets to meet its future pension obligations. It is used to calculate the present value of expected future pension benefits and contributions. Plan liabilities are sensitive to changes in the discount rate, with a lower rate resulting in increased liabilities and a higher rate resulting in decreased liabilities. The discount rate is a long-term assumption and is based on the expected rate of return on investments and considers interest rate trends, plan maturity, risk tolerance and major adverse events.

Taking into consideration directional trends in observed real yields over the last three years and their potential translation into higher expected returns, the board decided to increase the real discount rate by 0.1% to 2.65% for the January 1, 2025 preliminary valuation. At the same time, as we continue to live in an uncertain and unpredictable investment and geopolitical environment, the real discount rate continues to reflect prudent provisions to navigate headwinds posed by the plan's maturity, global economic challenges and an uncertain long-term outlook. The change in the real discount rate increased the preliminary surplus by $5.4 billion.

With respect to inflation, the board chose to hold the long-term inflation rate steady at 2.00%, consistent with the rate used for the January 1, 2024 valuation.

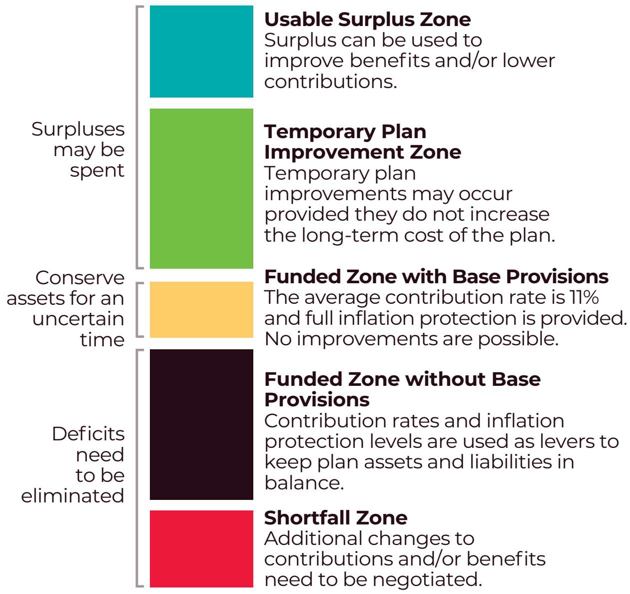
Regarding other non-economic assumptions, following a review of demographic experience, the board chose to make adjustments to assumptions relating to the rates of mortality, mortality improvement, withdrawal and reinstatement. These adjustments resulted in an increase in preliminary surplus of $3.7 billion.

Funding Management Policy (FMP)

The FMP is an important document that provides the sponsors with a guidance framework for decision making when there is a funding surplus or shortfall. A key component in the FMP is the concept of funding zones, each defined by a range. The funding zones provide a point of reference for whether action is required by the sponsors and, if so, guidance is provided on how to use any surplus funds or resolve any shortfall. Specifically, it is used to determine when it is possible or necessary to increase or decrease benefits, lower or raise contributions, or simply conserve assets for an uncertain time. The FMP outlines preferred mechanisms associated with its various funding zones and it is ultimately the sponsors' responsibility to decide what actions to take.

The FMP has important implications from an investment perspective, adding clarity to our strategic asset allocation decisions with a key focus on the plan's ability to absorb risk. In the absence of the FMP, this level of clarity would be challenging to achieve.

FUNDING MANAGEMENT POLICY ZONES



Intergenerational equity

The design and implementation of an innovative funding risk mitigant, conditional inflation protection (CIP), adds flexibility to the plan and promotes intergenerational equity. It recognizes and virtually neutralizes the impact of the changing ratio of active to retired plan members on the plan's funded status.

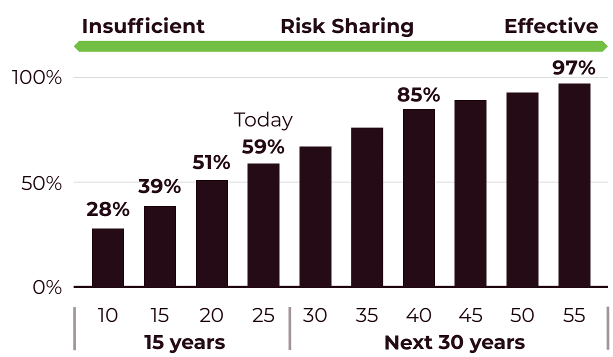
The plan sponsors introduced CIP in 2008, recognizing that if significant investment losses or a funding shortfall occurred, an increase in contribution rates alone was unlikely sufficient and increases would be borne solely by active plan members.

CIP allows flexibility in the amount of inflation increase provided to pensioners for benefits earned after 2009. The increase level is a sponsor decision conditional on the plan's funded status. Pension credit that members earned before 2010 remains fully indexed to inflation. Please view NOTE 4b to the consolidated financial statements for more details on how CIP works.

While promoting intergenerational equity, CIP is also an effective lever for mitigating funding risks. Over time, as the proportion of service that members have earned after 2009 continues to grow, the risk of significant investment losses or a funding shortfall is distributed more broadly among the membership – that is, the risk is shared by more members.

The graph below illustrates the increasing impact of CIP risk sharing over time. Over the next 15 years, the percentage of the plan's total liability subject to CIP will increase from 59% to 85%.

PERCENTAGE OF TOTAL LIABILITY SUBJECT TO CIP ON POST-2009 SERVICE



Note: The dates in the above table refer to January 1st of that year.

Stress resistant

As CIP applies to more pension beneficiaries, it will be able to absorb a greater loss, making it a more effective risk management tool.

For example, a deficit of $33 billion in 2034 could be absorbed by lowering inflation protection increases for benefits earned after 2009 from 100% to 82%. As another example, in the most extreme case, if CIP levels were lowered to 50% on benefits earned during 2010–2013 and 0% on benefits earned after 2013, this funding lever would be sufficient to absorb a 2034 asset loss of $121 billion.

	1990	2024	2034
Hypothetical plan deficit	$ 2B	$ 23B	$ 33B
Increase in contributions required to eliminate the hypothetical plan deficit	1.9%	5.4%	5.7%
Decrease in level of CIP required to eliminate the hypothetical plan deficit	n/a	27%	18%
Asset loss capable of being absorbed by fully invoked CIP	n/a	$ 59B	$ 121B

Approach to investing

Our investment strategy balances risk, plan assets and liabilities, with a long-term focus on generating returns to fund both current and future pensions. We integrate a bottom-up approach to asset selection with a top-down direction on portfolio construction and risk management.

Our competitive advantages

We are agile, innovative investors

with in-house expertise and responsive teams that make fast, transparent decisions that deliver stable returns.

We take a total-fund approach

leveraging our insights, partnerships and networks across asset classes and regions.

We have teams

that focus on making good investments and creating value within our portfolio to achieve attractive risk-adjusted returns over the long term.

We have deep knowledge and specialized expertise

in our networks in our focus sectors, sub-sectors and geographic regions.

We integrate environmental, social and governance factors

in the investment process, which supports long-term value creation and higher risk-adjusted returns to help pay pensions.

Gillian Brown
Chief Investment Officer,
Public & Private Investments

Stephen McLennan
Chief Investment Officer,
Asset Allocation

Q&A with our Chief Investment Officers

In January 2024, Ontario Teachers' appointed Gillian Brown and Stephen McLennan as Chief Investment Officers (CIOs), making them the fifth and sixth CIOs in the plan's history. This marked the first time the CIO responsibilities were shared between two individuals.

Now, one year into their roles, Gillian and Stephen share their perspectives on the progress made, focuses for the near term and opportunities they see in the years ahead.

Q: What stands out to you as you reflect on your first year as CIOs?

Stephen: Reflecting on the past year, three key things stand out. First, it was a year of significant volatility, particularly global events like the U.S. election at the close of 2024, which created an unpredictable and muted investment environment. Second, our portfolio's resilience by design played a crucial role in delivering strong performance in 2024, despite a rapidly changing and unpredictable landscape.

Finally, it was a year of growth and learning in our new roles and both Gillian and I had the opportunity to collaborate across teams at our global offices, deepening our insights and understanding. The support from our teams was invaluable and we saw strong capabilities not only within the investment team, but also across the organization broadly.

Gillian: We undertook some significant changes during the year. Notably, we established two new investment departments. First, as we announced last year, we formed an in-house real estate group. The team has had an active first year, shaping a revised real estate strategy and exiting some non-core holdings. We are confident that the new strategic direction will deliver success for our real estate asset class and help us build a more geographically and sectoral balanced real estate portfolio over time.

Additionally, we announced the formation of Portfolio Solutions, a new department which aims to elevate and align our value creation efforts across the portfolio. Portfolio Solutions will be accountable for monitoring and enhancing private asset performance, improving best-practice sharing across the fund and providing more centralized value creation oversight.

Q: How did the fund's portfolio perform in 2024?

Stephen: The plan saw good performance across most asset classes in 2024. Our teams worked to generate a 9.4% total-fund net return, which is in line with our returns since inception. We had contributions across asset classes, with particularly strong contributions from many asset classes ranging from venture growth, inflation sensitive, listed equities and credit. Our results were further buoyed by a foreign currency exchange gain of $6.9 billion, largely due to the strength of the U.S. dollar, where we have more than 30% of our assets. Overall, our portfolio demonstrated resilience and we remained well-positioned in a shifting investment landscape.

Q: How did the fund perform against its benchmarks?

Gillian: Our relative returns continued to be challenged last year. This was due to a combination of some asset under performance and some strong benchmark performance, as many of our asset classes are benchmarked against public market indices. We missed our benchmark by 3.5%, which resulted in negative value add of $7.6 billion. We are not where we aim to be in terms of performance. We are working with our portfolio companies to generate more value.

Q: Where is Ontario Teachers' focused in terms of value creation in the portfolio?

Gillian: Value creation – helping our portfolio companies become more profitable, grow quicker, or reposition themselves strategically – has always been a priority for Ontario Teachers'. The current environment, marked by an end to the secular tailwinds of low inflation and interest rates, presents significant challenges to strategies that have been very successful for us in the past. We have also seen fewer private asset transactions and slower volumes in the market.

We believe that value creation is essential to drive returns in this new environment and, as a result, have been even more intentional in driving improved business performance through focused value creation programs. The Portfolio Solutions team and the increased focus on value creation reflect our goal to create excellence in active management.

Q: How would you describe the outlook for 2025 and where do you see opportunities?

Stephen: The road ahead for the global economy and financial markets is uncertain, with the distribution of potential economic and asset market outcomes still wide and in large part dependent on global political developments. But we enter 2025 from a position of strength given our healthy funding surplus based on prudent assumptions, as well as our strong and experienced in-house investing teams and our network of high-calibre partners who can help us be smarter and capture the best opportunities. Given the uncertain outlook, we are focused on building a resilient portfolio that will be well prepared for shocks and opportunities.

Portfolio construction

Recognizing that asset-mix selection is an important driver of long-term performance, we devote considerable attention to constructing our portfolio and asset mix and the emphasis we place on each asset class and geography.

The investment team manages the asset mix under our total-fund strategy. They determine exposure to each asset class within ranges approved by the board.

In determining the ideal asset mix, Ontario Teachers' considers a variety of factors, including the desire to maintain stability in contribution and benefit levels, the demographics of the plan membership, the correlations between the plan's assets and liabilities and the goal of helping to ensure long-term stability for the plan.

Considering the factors listed above, our portfolio is intentionally designed to mitigate exogenous shocks and provide stable risk-adjusted returns over the long term.

As our investment departments overlap with several asset classes, we have provided a matrix illustrating their relationship.

MAPPING DEPARTMENTS TO ASSET CLASSES

INVESTMENT DEPARTMENTS / Asset classes	Equities	Capital Markets	Infrastructure & Natural Resources	Real Estate	Teachers' Venture Growth	Total Fund Management
Equity	●	●	●	●	●	●
Fixed income		●				●
Inflation sensitive			●			●
Real assets			●	●		
Credit	●	●	●		●	●
Absolute return strategies		●				●

Asset mix

Ontario Teachers' optimizes returns by evaluating the total fund and distributing capital across asset classes. One of our strengths is our ability to adjust the asset mix strategically and agilely to reflect market conditions.

Notable changes to the asset mix in 2024 include:

The equity asset class grew in 2024 to $108.2 billion (41%), up from $91.4 billion (37%) in the previous year. This was driven by an increased weighting to public equities as well as an increase in the value of equity assets. Allocation to private equity and venture growth areas were largely unchanged from the previous year.

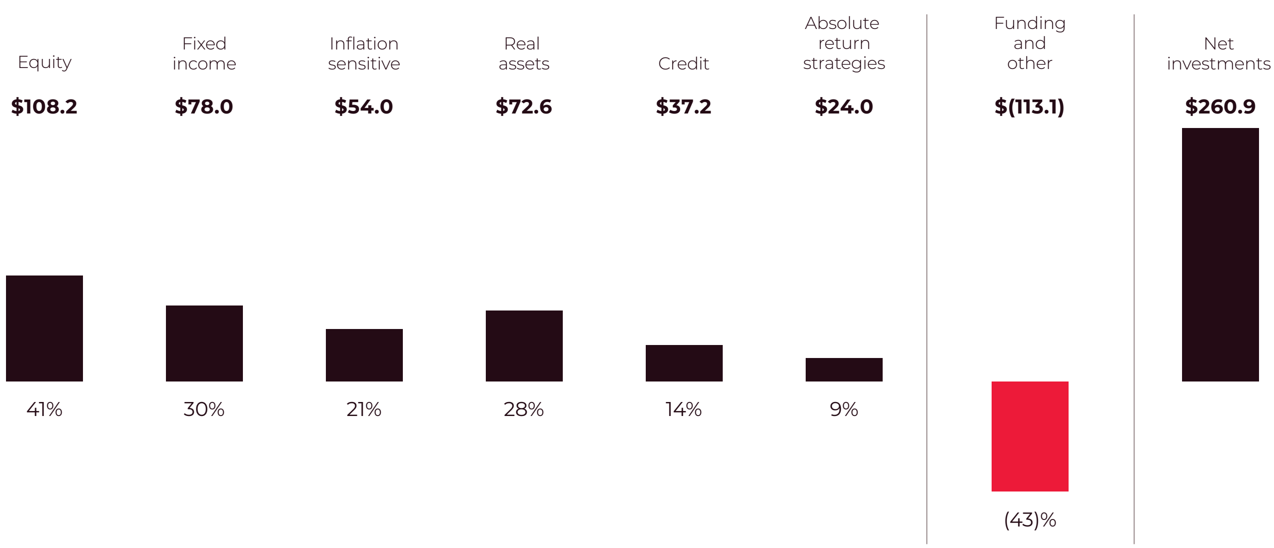
The inflation sensitive asset class grew to $54.0 billion (21%), up from $45.4 billion (19%) in the previous year. This was due largely to increased exposure to commodities and the increase in the value of inflation-sensitive assets.

The fixed income portfolio was valued at $78.0 billion (30%) at the end of 2024, compared to $94.9 billion (39%) at the end of 2023. The decrease in allocation to this asset class was primarily due to changes in the interest rate environment.

Capital allocated to Ontario Teachers' other asset classes was largely stable compared to the previous year.

NET INVESTMENTS[1]

As at December 31, 2024 ($ billions)



1 Comprises investments less investment-related liabilities. Total net assets of $266.3 billion at December 31, 2024 (2023 – $247.5 billion) include net investments and other net assets and liabilities of $5.4 billion (2023 – $3.6 billion).

DETAILED ASSET MIX
As at December 31

	2024		2023	
	Effective Net Investments at Fair Value ($ billions)	**Asset Mix %**	Effective Net Investments at Fair Value ($ billions)	Asset Mix %
Equity				
Public equity	**$ 37.4**	**14%**	$ 25.4	10%
Private equity	**60.4**	**23**	58.5	24
Venture growth	**10.4**	**4**	7.5	3
	108.2	**41**	91.4	37
Fixed income[1]	**78.0**	**30**	94.9	39
Inflation sensitive				
Commodities	**28.9**	**11**	22.2	9
Natural resources	**12.5**	**5**	11.4	5
Inflation hedge	**12.6**	**5**	11.8	5
	54.0	**21**	45.4	19
Real assets				
Real estate	**29.4**	**11**	28.2	12
Infrastructure	**43.2**	**17**	39.2	16
	72.6	**28**	67.4	28
Credit[1]	**37.2**	**14**	39.5	16
Absolute return strategies	**24.0**	**9**	19.5	8
Funding and other[2]	**(113.1)**	**(43)**	(114.2)	(47)
Net investments[3]	**$ 260.9**	**100%**	$ 243.9	100%

1 During 2024, investments of $10.1 billion formerly included in the Real-rate products were transferred to other investment strategies within Fixed income ($9.2 billion) and Credit ($0.9 billion). Prior period comparatives have been updated to conform to current year's presentation.

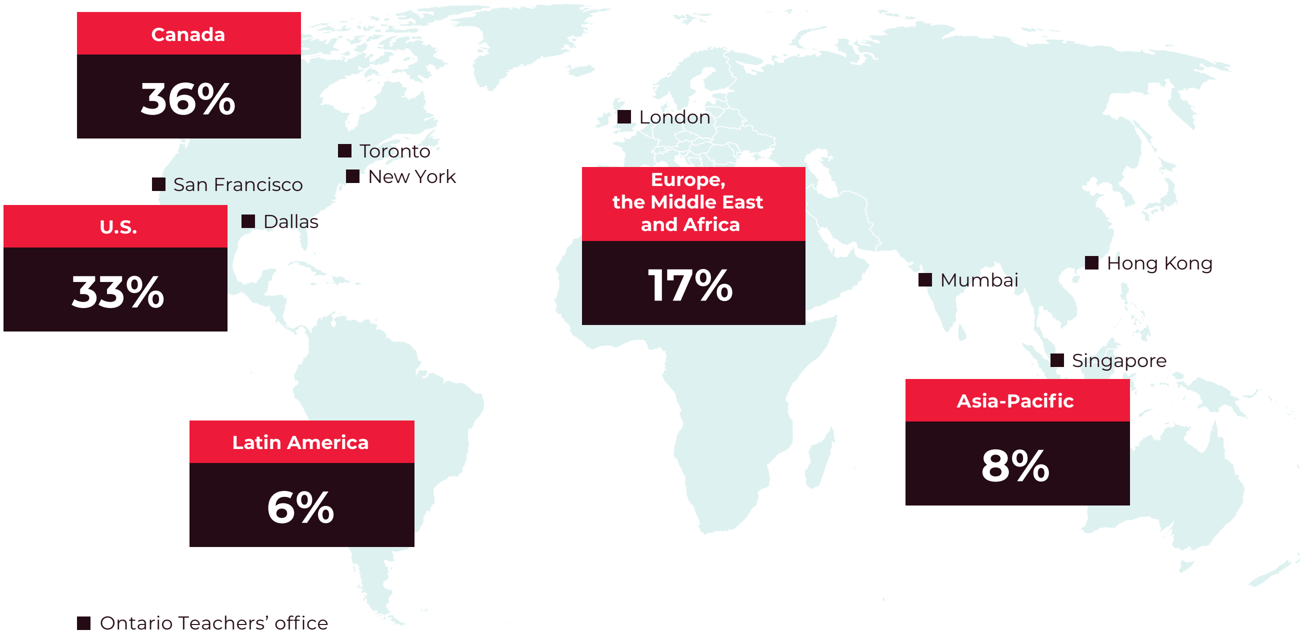
2 Includes funding for investments (term debt, bond repurchase agreements, implied funding from derivatives, unsecured funding and liquidity reserves) and overlay strategies that manage the foreign exchange risk for the total fund.

3 Comprises investments less investment-related liabilities. Total net assets of $266.3 billion at December 31, 2024 (2023 – $247.5 billion) include net investments and other net assets and liabilities of $5.4 billion (2023 – $3.6 billion).

Diversification

Diversification through portfolio construction spreads risk across time horizons, asset classes, geographies and sectors. This approach aims to achieve stable total-fund returns and perform well in various investment environments while reducing the impact of any individual investment loss on the overall fund.

GROSS INVESTMENTS BY GEOGRAPHY[1]
As at December 31, 2024



1 Percent of total gross fair value of investments based on country of primary listing, location of head office or location of property. Gross investments include securities sold but not yet purchased and exclude investment-related receivables and investment-related liabilities.

Global footprint

Our global presence is key to accessing top international opportunities and building a diversified portfolio that enhances resilience across time horizons. With teams operating in Canada, the United States, Latin America, Europe and Asia-Pacific, we focus on balancing growth and stability while leveraging local expertise to drive superior returns.

By collaborating with our portfolio companies, we continue to create value, strengthen operations and position our investments for sustainable growth. The following pages highlight key regional activities and achievements from the past year.

Canada

While we invest globally, Canada remains a cornerstone of our operations. With more than one third of our gross assets located in Canada, we are deeply rooted in our home country. Our local expertise enables us to identify opportunities that deliver strong, risk-adjusted returns while contributing to the Canadian economy.

Notable highlights over the year include:

- **Cadillac Fairview (CF)** expanded its residential rental portfolio with projects at CF Carrefour Laval in Québec, 750 Peel Street in Montréal and CF's third residential project at CF Carrefour Laval, a 366-unit development. With projects at CF Rideau in Ottawa and 750 Peel in Montréal, CF now has over 1,160 residential units under construction.
- Announced the signing of a definitive agreement to merge **Fairstone Bank of Canada** and **Home Trust Company**, creating a leading alternative lender to better serve Canadian customers.
- Supported **Alan**'s expansion into Canada through Teachers' Venture Growth (TVG). Alan's digital health platform, which integrates insurance, healthcare services and preventive care, marks its first entry into the market since our investment in 2022.

$110 billion

in gross investments in Canada

United States

The U.S. is one of Ontario Teachers' largest investment regions and has been a key driver of returns since 1990. Our diversified portfolio in the region spans all asset classes, reinforcing our commitment to the market.

Investment highlights this year included:

- Investment in **Omega Healthcare Management Services**, a leading technology-enabled healthcare management solutions provider.
- Investment in **Kong Inc.**, a leading developer of cloud API technologies; **Bilt Rewards**, the nation's largest loyalty program for home and neighbourhoods; and a follow-on investment in **Databricks**, a data and AI company.
- Successfully completed the sale of **Shearer's Foods**, a leading contract manufacturer and private label supplier in the snack industry across the U.S. and Canada.

$99 billion

in gross investments in the U.S.

Latin America

Ontario Teachers' has a long history of investing in the region, particularly Brazil, Chile, Mexico and Colombia. Our investments are primarily focused on infrastructure, natural resources and real estate.

Investment highlights this year included:

- Completed the sale of our entire stake in Brazilian mall operator **Multiplan**, generating approximately R$3.68 billion (US$660 million).

- Grupo Saesa, one of the largest electric utilities in Chile, concluded the onboarding and integration of **Enel Transmisión**, a portfolio of 683 kilometres of transmission lines and 57 substations. This marks an important milestone for Grupo Saesa, which has been an Ontario Teachers' portfolio company since 2008.

- **IDEAL**, a major player in infrastructure projects across Mexico, expanded its toll-road portfolio in 2024 by acquiring full ownership of two key roads along Mexico's east coast. Ontario Teachers' first invested with IDEAL (Impulsora del Desarrollo y el Empleo en América Latina, S.A.B. de C.V.) in 2016 with further investments in 2019, 2020 and 2022.

$17 billion

in gross investments in Latin America

Europe, the Middle East and Africa

We actively invest across asset classes in Europe, the Middle East and Africa (EMEA). In 2024, we continued to focus on driving value creation and actively managing our portfolio to strengthen performance and build better businesses. Our approach emphasizes collaboration with our portfolio companies to accelerate growth, enhance operations and deliver sustainable long-term value.

Notable portfolio highlights from the year include:

- Through our **Boreal IM joint venture**, we continued to expand our logistics portfolio across Europe, acquiring eight fully leased logistics assets in France and three warehouses in Germany, reinforcing our focus on high-demand sectors.

- Together with Partners Group and CDPQ, we successfully sold **Techem**, an international provider of digitally enabled solutions for the building ecosystem, as part of our ongoing efforts to realize value from our portfolio.

- We invested in **DeepL**, a leading language AI company committed to breaking down language barriers for businesses globally. We also invested in **Instagrid**, a European provider of portable battery systems, providing an alternative to off-grid power solutions with its innovative battery technology.

$51 billion

in gross investments in EMEA

Asia-Pacific

Asia-Pacific (APAC) remains a focus as we deepen our investment footprint. With a strategy centred on Australia, New Zealand, India, Japan and Korea, we are diversifying across asset classes, leveraging global expertise and tailoring strategies to local markets. Through strategic partnerships and a commitment to value creation, we continue to drive sustainable growth in this dynamic region.

Investment highlights this year included:

- We entered into an agreement to bring on CDPQ as an equity partner in **Connexa**, a leading designer, builder and operator of New Zealand's most comprehensive mobile tower infrastructure network.

- Investments in **Fleet Space Technologies**, Australia's leading space exploration company; **Mintifi**, India's leading supply chain financing platform; **Perfios**, India's leading B2B SaaS fintech company; and co-leading a fundraise for **SmartHR**, a leading cloud-native human resources management platform in Japan.

- Successfully concluded the first IPO for TVG investment **Pony.AI**, a leading competitor in the autonomous driving space, which was listed on NASDAQ in November.

- Acquired a significant minority stake in **Kogta Financial Limited**, a fast-growing, non-banking financial company (NBFC) specializing in the secured vehicle and micro, small and medium enterprises (MSME) financing space in India.

- Co-sponsored an InvIT, holding assets in the renewable energy space, called **Sustainable Energy Infra Trust (SEIT)**, with the Mahindra Group. SEIT is India's largest InvIT in the renewable energy space.

$25 billion

in gross investments in APAC

Connexa, New Zealand's largest specialist mobile tower infrastructure company

Funding for investments

The Funding for Investments allocation represents the net implicit funding for the overall asset mix. It includes exposures such as bond repurchase agreements used for managing day-to-day liquidity, implied funding from derivatives used to efficiently gain passive exposure in our asset mix, short-dated and term unsecured funding guaranteed by Ontario Teachers' and liquidity reserves. These activities resulted in a negative exposure for Funding for Investments in the overall asset mix, with the amount expected to vary from year to year based on the implementation of the asset mix.

The Funding for Investments allocation allows Ontario Teachers' to:

- Achieve the optimal overall risk-return profile for the investment portfolio;
- Obtain exposure to certain markets more efficiently;
- Increase our holdings of lower-risk asset classes that generate attractive risk-adjusted returns; and
- Maintain sufficient liquidity.

Ontario Teachers' is focused on diversifying our sources of investment funding, managing the cost and maturity profile of the plan's financial liabilities, maintaining a presence in key funding markets and supporting the overall management of the currency exposure of our global investment program.

Ontario Teachers' Finance Trust (OTFT), an independent entity, plays an important role in our overall strategy. OTFT issues commercial paper and term debt that is fully, unconditionally and irrevocably guaranteed by Ontario Teachers'. OTFT operates a global term-debt program with issuances in currencies such as USD, EUR, GBP and CAD. The OTFT program aligns well with the global nature of the overall investment portfolio. OTFT also issues green bonds, which diversify our investor base while supporting our efforts to capture upside from the energy transition while also having a positive impact through our activities.

Liquidity management

Liquidity and funding allow us to take advantage of investment opportunities, which is why they are carefully managed. Our Total Fund Management (TFM) department uses its holistic view of the portfolio to determine how resources can be effectively utilized to support liquidity and funding. This includes ensuring we have sufficient cash on hand to meet current liabilities and liquidity in place for disruptive market events.

Ontario Teachers' has a governance framework and reporting requirements for liquidity. We test our liquidity position daily through simulations of major market events and our board's Investment Committee receives regular updates on our liquidity position. We continuously monitor liquidity management practices, adapt and enhance the way that we manage, oversee, measure and report on liquidity and funding risks.

More information on our liquidity risk management is available in NOTE 2h to the consolidated financial statements and on our website.

Investment cost management

Ontario Teachers' is committed to cost effectiveness and believes costs should be managed and linked to the investment value creation process. Ontario Teachers' employs a pay-for-performance approach to compensation to ensure that pay reflects performance against corporate results and priorities. The board and management employ various tools to ensure that costs are appropriate and well-managed. Costs are also evaluated against peer plans on a regular basis by independent benchmarking studies.

The amount of invested capital, asset class weightings and investing style are factors that affect asset management costs. Generally, the absolute costs of management increase as more capital is invested.

Managing assets in-house, combined with our strategic partnership model with external managers, is a cost-effective means of implementing our investment strategies. However, our substantial investments in private assets and active management approach result in higher costs than if assets were deployed in lower-cost public securities and passive mandates. Ontario Teachers' also incurs costs to maintain international offices, which help us to attract talent and source and manage global investments.

We believe incurring these costs allows us to achieve greater risk-adjusted returns over the long term than if the plan's assets were invested passively.

The strategic planning process aligns costs with strategy and is approved annually by the board. Expense policies are in place to ensure costs incurred are appropriate and opportunities to improve asset management efficiency are regularly sought out.

Investment costs

Investment costs include administrative expenses, transaction costs and management fees. Total investment costs for 2024 equal $2,079 million (80 cents per $100 of average net assets), compared to $1,855 million in 2023 (75 cents per $100 of average net assets). This increase was primarily due to the timing of management fee payments and higher carried interest from investment realizations, partially offset by lower transaction costs resulting from fewer deals.

	2024		2023	
	$ Millions	**Cents per $100 of Average Net Assets**	$ Millions	Cents per $100 of Average Net Assets
Administrative expenses	**$ 885**	**34**	$ 829	34
Transaction costs	**320**	**12**	407	16
Management fees[1]	**874**	**34**	619	25
Total investment costs	**$ 2,079**	**80**	$ 1,855	75

1 Includes management fees of $598 million (2023 – $418 million) for Equities and $217 million (2023 – $143 million) for other asset classes incurred by the underlying fund investments of Ontario Teachers'. These accounts are included in Net Gain (loss) on Investments in NOTE 5 of the consolidated financial statements in accordance with the presentation described in NOTE 1a.

What is included in administrative expenses?
Investment administrative expenses include staff salaries, incentives and benefits, premises and equipment, professional and consulting services, information services, communication and travel and custodial, audit and board fees. Ontario Teachers' believes that certain investment programs can be most efficiently delivered using in-house talent. The costs related to employing in-house investment teams and associated supporting functions, such as legal, operations, technology and finance, represent the majority of administrative expenses.

Investment administrative expenses were $885 million (34 cents per $100 of average net assets), up from $829 million in 2023 (34 cents per $100 of average net assets). This increase in absolute administrative expenses was due to an increase in salaries, benefits, and annual incentives, mainly reflecting the establishment of an in-house real estate asset class group, which was partially offset by lower long-term incentives compared to the previous year. Premises and equipment were also up year-over-year due to higher real estate operation costs in Toronto and the regional offices.

What are transaction costs?
Transaction costs are those directly attributable to the acquisition or sale of investments. Due diligence and advisory services, in areas such as financial, legal, tax, regulatory and ESG, are the most significant transaction costs that support private asset transactions. In the case of public securities, transaction costs primarily consist of commissions.

Transaction costs were $320 million in 2024 (12 cents per $100 of average net assets), compared to $407 million (16 cents per $100 of average net assets) in 2023. The decrease in transaction costs was driven by lower investment activity compared to the previous year.

What are management fees?
Ontario Teachers' selectively allocates capital to key public and private market external managers to access specialized talent and investment opportunities where it is not cost-efficient or practical to do it in-house with internal talent. Through these relationships, Ontario Teachers' incurs both traditional management fees, which are typically based on the amount of capital allocated and performance-based fees, which are based on returns above a predetermined threshold and can vary significantly from year to year. Management fees also include incremental costs incurred with external parties that are directly attributable to existing investments and are not related to an acquisition or sale. We attempt to strike the right balance by negotiating so that these fees encourage alignment between the interests of Ontario Teachers' and our external managers.

In some cases, management and performance fees are incurred by entities in which Ontario Teachers' has invested, rather than directly by Ontario Teachers'. All such fees are reflected in the plan's net investment income. When directly invoiced, or when information is otherwise available from capital notices or other manager communications, management and performance fees incurred by the underlying fund investments are reported as such in the Investment costs table on page 30.

In 2024, management fees, including performance fees, were $874 million (34 cents per $100 of average net assets), an increase from $619 million (25 cents per $100 of average net assets) in 2023 due to higher base fees and performance fees.

Sustainable investing

Integrating and managing material sustainability factors

Our approach to sustainable investing is rooted in the belief that our effectiveness in managing sustainability-related risks and opportunities is an important driver of our long-term success and profitability. We define sustainable investing as the practice of integrating and managing material sustainability-related risks and opportunities[1] throughout the investment process. Doing this can support long-term value creation or value protection and contributes to higher overall risk-adjusted returns to help pay pensions.

Our Sustainable Investing Guidelines provide a full description of our definition, approach and framework and can be found on www.otpp.com.

Our Sustainable Investing Framework

As global investors, our investments vary across asset classes and geographies. Effectively managing sustainability-related risks and opportunities in our investment decision-making process requires the consideration of many sustainability factors. These factors may present financially material risks and opportunities for our investments or across the fund.

Our Sustainable Investing Framework lays out how we consider material sustainability-related risks and opportunities across the investment lifecycle and outlines the following:

Expectations of portfolio companies

- We expect our portfolio companies to protect and create value through the identification, assessment and management of material sustainability-related risks and opportunities, and to establish oversight and accountability for those factors by the board and senior management.
- Sustainability-related factors that are material have the potential to impact a company's financial performance, thus the management of these impacts is important for boards and investors. For private companies, we encourage disclosure to their boards and investors on sustainability-related risks and opportunities that is consistent, comparable and decision-useful, including the potential impact on a company's performance over time. We support an approach of proportionality for sustainability disclosure, which allows companies to use reasonable and supportable information available to them without undue cost or effort.

1 Sustainability-related risks and opportunities are often referred to as Environmental, Social and Governance (ESG) risks and opportunities. Environmental factors relate to a company's interaction with the physical environment, including both impacts on the environment (e.g., contamination or greenhouse gas emissions), as well as impacts from the environment (e.g., extreme weather, biodiversity loss or water scarcity). Social factors arise from the relationship between a company and its employees, consumers, suppliers and communities. Social factors include, but are not limited to, labour and human rights, health and safety, diversity, equity and inclusion and product safety. Governance factors relate to the system of structures a company puts in place to ensure it is effectively directed and controlled. For more information, please refer to our Sustainable Investing Guidelines found on our website.

NextEra Energy Resources, a U.S.-based renewable energy company that is the world's largest generator of wind and solar energy and a leader in battery storage

Climate-related risks

- Climate-related risks, consisting of physical and transition risks, may manifest over varying time horizons and are likely to intensify over time. We expect companies to review their vulnerability to climate-related risks regularly. We have developed in-house expertise and guidance documents to support our portfolio companies in addressing, managing and adapting to climate-related risks.

Due diligence

- We use our professional judgment to assess material and relevant sustainability factors in new investments, ensuring our investment committees are informed of related risks and opportunities. We may engage external advisors for sustainability-related due diligence, which varies by investment size, transaction process, information access, sector and geography. For example, through our partnership with Woodwell Climate Research Center, we can assess physical climate risks in natural resource opportunities, where climate risks are particularly material to the business. For public company investments, we utilize third-party sustainability data in our decision making.

Ontario Teachers' worked with Jasper Farms, an avocado grower in Australia and the Woodwell Climate Research Center to develop a detailed assessment of the future physical climate and biodiversity loss risks for Jasper Farms. This analysis identified that heat stress during flowering and fruit set poses a critical risk to avocado development. Analyzing how the likelihood of heat stress is expected to change in the coming decades supported Jasper Farms in evaluating the economic feasibility of various adaptation strategies, such as enhanced irrigation, cooling fans and pollinator conservation.

FirstFruits Farms, a vertically integrated grower of apples and cherries, one of the largest orchards in the U.S.

Stewardship

- We strive to be an active steward of the companies where we have a material economic interest. This means that in addition to integrating sustainability-related considerations in investment sourcing and due diligence, we have expectations and ongoing interactions with companies to protect and create value, where feasible.

- For our private investments, our approach is tailored based on the materiality of the issues for the portfolio company, our investment size, as well as our ability to influence management's decision making via board representation. We interact with companies to protect and create value and believe those with strong sustainability practices tend to be more resilient. Our investment team's decisions are informed by identified material sustainability risks, which can lead to increased engagements with the company.

- We steward our public markets' assets through a combination of proxy voting, engaging with companies directly on salient issues and participation in select public policy advocacy to improve the resiliency of capital markets and encourage strong corporate governance practices across jurisdictions where we invest.

- For externally managed investments, we apply an approach of ongoing dialogue and sharing of leading practices, to encourage our external managers to continually improve their sustainable investing approach.

Leveraging advocacy and partnerships

Where beneficial for our portfolio, we engage on issues that help the broader economy shift toward a more sustainable and resilient future, and we collaborate with like-minded partners and investors.

With broad exposure to macroeconomic and systemic market and credit risks, we have a natural and vested interest in the overall well-being of the environment in which we invest. As an asset owner, our influence can help support regulatory and policy developments that reduce risk, clarify uncertainty and promote sustainability in investments.

In December 2024, we joined nine of Canada's largest investors in affirming support for the Canadian Sustainability Disclosure Standards (CSDS 1 and CSDS 2). These standards are a significant step toward ensuring transparency, comparability and global alignment in sustainability reporting, helping investors make informed decisions.

Investor-oriented sustainability reporting is still evolving in theory and in practice. Standards for financial accounting are complemented by those for sustainability-related financial disclosure, such as the sustainability disclosure standards (IFRS® S1) and climate-related sustainability standards (IFRS S2) set by the International Sustainability Standards Board (ISSB). Both standards add unique elements to financial reporting to meet investors' information needs. We believe these standards will strengthen the Canadian market's sustainability disclosure infrastructure and improve the quality of information available to investors, stakeholders and regulators.

Measuring the impact of our investments

In 2024, we continued to develop our growing capacity and understanding on how to measure positive impact, as well as the potential for adverse impacts, of a subset of companies within our portfolio in relation to their social and/or environmental performance and progress. We believe that identifying and measuring impact helps to provide rigor in tracking our ability to create long-term value and deliver attractive risk-adjusted returns.

In addition to our existing sustainable investing processes on due diligence and a selection of portfolio management and monitoring, we undertake an assessment of a selection of portfolio companies' potential positive and negative impact, including an analysis of the 'theory of change' or framework for achieving the positive impact. The Spotlight on Instagrid on pages 36–37 provides an example of the dimensions we consider when undertaking an impact assessment.

Tamarack Timberlands owns sustainably managed loblolly pine forests in the southeastern U.S.

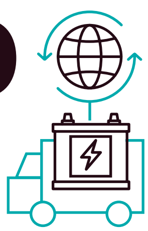
Spotlight

Instagrid

Instagrid, a European technology company, provides an alternative to off-grid power solutions with its innovative portable battery systems. Through our active management approach, we have supported Instagrid's global expansion efforts (in Canada and the U.S.) and collaborated with them to enhance operations and provide governance oversight. We believe Instagrid's global expansion and growth will drive long-term value for the fund.

Instagrid has shipped

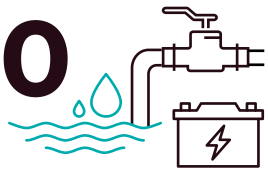
>40,000



units of its flagship product in 29 countries

Instagrid ONE is a portable battery powerful enough to pump

55,000



litres of water

Instagrid's flagship product, GO 36, can deliver greater maximum power output than a comparable generator, delivering

up to 5x

the peak power output

WHAT

We seek to identify the outcomes the company is contributing to and how important the outcomes are to stakeholders. Instagrid's innovative battery technology offers those working with combustion generators, an alternative which is lower cost, easier to use while contributing significantly lower levels of certain local air pollutants during usage if used instead of gasoline or diesel generator.

WHO

Who describes the people and communities experiencing the outcome. Instagrid's flagship product serves professionals working in off-grid locations such as construction workers, emergency responders, events and media crews, and tradespeople needing access to mobile power.

HOW MUCH

We seek to assess how much of the outcome occurs in terms of depth, scale and duration. More than 50 million small non-road combustion engines are built every year to service industries without access to grid power. Instagrid's flagship products are estimated to generate 14% of the lifecycle CO_2 emission of a gasoline generator and 8% of a diesel generator,[1] based on a third-party validated lifecycle analysis (LCA).

RISK

We seek to assess the likelihood that the impact will be different than expected. For Instagrid, we saw limited availability of data and analysis on the comparative emissions performance between portable batteries and fossil fuel-powered generators. This creates some uncertainty in the impact quantification and may be lower than anticipated. Instagrid has developed its own model and calculation to evidence the impact. This evidence risk has been mitigated by the third-party audit of their LCA and review of Instagrid's model.

1 Based on an average user profile as described in the third-party validated lifecycle analysis (LCA): Instagrid. 2023. Critical review of comparative Life Cycle Assessment of a battery power supply system and two new efficient gasoline and diesel generators.

Our climate strategy

The long-term direction of travel of the energy transition is clear, but it will be both disruptive and also create new opportunities. The pace of change is uneven across sectors and geographies and hard-to-abate sectors will continue to play a necessary role in our global economy until lower-emission alternatives are more widely available and cost-effective.

Our climate strategy aims to invest in areas that benefit from and help to accelerate the broad transition to a low-carbon future. Doing this can support long-term value creation and contribute to higher risk-adjusted returns to help pay pensions. It also aims to build a more climate-resilient portfolio by working with portfolio companies on physical climate and transition risks and opportunities.

Achieved

49%

reduction of portfolio carbon emissions intensity in 2024 compared to our 2019 baseline

Performance against interim targets

Ontario Teachers' has a long-term objective of achieving net-zero emissions from our investment activities by 2050. In 2021, we set interim targets to reduce portfolio carbon emissions[1] intensity by 45% by 2025 and two-thirds (67%) by 2030, compared to a 2019 baseline. We are proud to have reached our 2025 emissions intensity target a full year early in 2024, achieving a 49% reduction of portfolio carbon emissions intensity, compared to a 2019 baseline. These emission intensity reduction targets cover public, private and corporate credit holdings, including external managers. We also achieved a 16% reduction in total portfolio carbon emissions in 2024, compared to a 2019 baseline.

Decarbonizing our portfolio companies

We have been working closely with our portfolio companies on their emission reduction plans. In 2021, we set a target to align the portfolio companies in which we have significant stakes (minority or control) with a credible plan for net-zero emissions by 2050, known as our Paris Aligned Reduction Target (PART) program. The program focuses on providing portfolio companies a range of practical resources to support their activities and deepen their understanding of the long-term value created by their decarbonization actions (for example, cost savings through energy management and meeting customer demands). Additionally, we facilitate connections among our portfolio companies by creating platforms for them to network and collaborate.

SSEN Transmission, an electricity transmission network operator based in the U.K.

1 Since we convert all greenhouse gases to tonnes of carbon dioxide equivalent (tCO_2e) in our calculations, the terms "greenhouse gas" or "GHG" and "carbon emissions" are used interchangeably in this report.

SSEN Transmission

SSEN Transmission implemented various cost-saving energy efficiency measures and installed solar panels in their offices and substations. To support their goal of electrification of their operational fleet by 2030, they deployed a network of EV chargers across substations and remote locations. Additionally, in 2023/24, SSEN Transmission achieved a reduction in a potent greenhouse gas[1] leakage that is more than 50% above target and is on track to implement new switchgear technology.

In 2024, we expanded our PART engagements from 24 to 30 private companies. Nearly all of these companies have completed a decarbonization study and the number with Paris-aligned targets grew from 8 to 13, representing more than $14 billion in assets under management. Our 2025 focus is on supporting these companies in managing their emissions and increasing the number of portfolio companies with Paris-aligned targets.

We understand that setting appropriate and credible targets takes time. We established a two-year grace period for target setting for any new investment where the company has not already defined emissions reduction targets. This allows the company to develop a thoughtful, meaningful and achievable approach. As standards and common understanding of net-zero targets continue to evolve, we expect companies' targets to cover scope 1 and 2 emissions and include scope 3 when those are material to the company.

Our PART program is a long-term undertaking. Nonetheless, to help us track the efforts we have made under the program, we have established certain interim goals. For 2025, our PART goal is to have 67% of eligible emissions[2] covered with credible net-zero plans. Our ability to meet this goal is impacted by external factors including the risk that eligible transactions or related initiatives will not be completed within any specified period or at all. Our progress relative to our goal will be used to inform our ongoing efforts as we continue to work with portfolio companies to help them develop and execute their decarbonization strategies and improve their climate resilience.

We increased the number of companies with Paris-aligned interim climate targets from 8 to 13

Issuing green bonds

OTFT issues green bonds to fund investments in eligible green assets. We define eligible green assets as investments in businesses that align with our Green Investment Principles and the International Capital Market Association (ICMA) Green Bond Principles. More details can be found in our Green Bond Framework.

As at December 31, 2024, OTFT has issued a total equivalent of approximately $3.9 billion in green bonds and net proceeds from the green bond issuances are fully allocated to eligible green assets in our portfolio.

Increasing green investments

To increase our capacity to deploy capital into companies that enable the net-zero transition, we aim to increase our green investments to reduce GHG emissions, as defined below. This helps us take advantage of attractive investment opportunities while at the same time reducing GHG emissions.

In 2024, our green investments reached above $34 billion. Meanwhile, we are building capabilities to better assess and capture opportunities presented by the evolving energy transition across asset classes.

Our green investments include the eligible green assets designated under our green bond program as well as a broader set of investments that align with the ICMA Green Bond Principles, but which may differ from the additional qualifications of our Green Bond Framework. For example, our green investments are not subject to the 36-month lookback period set out in our Green Bond Framework.

1 Sulfur hexafluoride (SF6) is an odourless, non-toxic gas that's used in the electricity industry and other applications. It's also a potent greenhouse gas that is 23,500x more impactful than carbon dioxide on a 100-year timeframe.

2 Eligible emissions represent our share of emissions from companies in which we have a significant stake.

Advancing our climate strategy

We are pleased to have achieved our 2025 portfolio emissions intensity target one year early, as part of our goal to achieve net zero by 2050 in our financing activities. As we look forward, our priority remains anchored in capturing value from the energy transition, through investing across a spectrum of transition-related opportunities and implementing decarbonization strategies within our portfolio. We are committed to taking a thoughtful approach, learning by doing and embracing the challenges that lie ahead.

Portfolio carbon footprint

Our portfolio carbon footprint (PCF) calculation is informed by the Partnership for Carbon Accounting Financials,[1] which is the most widely used standards for PCF accounting. Additionally, our PCF calculation undergoes an external limited assurance review by Deloitte LLP. See pages 144–146 for further details.

The table below shows the value of our holdings included within our PCF scope, which is over 80% of our total holdings in 2024. See pages 147–149 for more information on our PCF scope and calculation methodology.

VALUE OF HOLDINGS[2]
($ millions)

As at December 31	2024	2023	2019	2024 vs. 2019
Public equities	**$ 34,178**	**$ 21,296**	$ 28,703	19%
Private assets	**154,448**	**146,381**	94,030	64%
Corporate fixed income	**34,938**	**36,993**	12,073	189%
Total	**$ 223,564**	**$ 204,670**	$ 134,806	66%

TOTAL CARBON EMISSIONS
(ktCO_2e)

As at December 31	2024	2023	2019	2024 vs. 2019
Public equities	**951**	**849**	2,970	(68)%
Private assets	**2,919**	**2,984**	2,300	27%
Corporate fixed income	**1,473**	**2,050**	1,057	39%
Total	**5,343**	**5,883**	6,327	(16)%

CARBON INTENSITY
(tCO_2e/$ millions)

As at December 31	2024	2023	2019	2024 vs. 2019
Public equities	**28**	**40**	103	(73)%
Private assets	**19**	**20**	24	(21)%
Corporate fixed income	**42**	**55**	88	(52)%
Total	**24**	**29**	47	(49)%

1 Partnership for Carbon Accounting Financials can be found at www.carbonaccountingfinancials.com.

2 Includes public and private equity and corporate fixed income holdings. For more information, see page 148.

Operational carbon footprint

Our own operations make up less than 0.3% of Ontario Teachers' overall carbon emissions. However, we believe it is important to measure and identify opportunities to decrease our own operational carbon footprint (OCF). For instance, we moved into a new LEED-certified corporate office building in Toronto in mid-2024, which will reduce our scope 1 and 2 emissions in the long term, through the building's more efficient heating and cooling.

The increase in our OCF compared to the previous year is due to increased business travel due to the continued normalization post-COVID, as well as two one-off developments at the fund in 2024: the establishment of an in-house global real estate investment team within OTPP and having two overlapping office leases in Toronto in the first half of 2024 during the period of transition into our new office at 160 Front Street West.

EMISSIONS
(tCO_2e)

As at December 31	2024	2023	2019[1]
Scope 1: Direct emissions			
Building heating (natural gas)	**517**	**392**	521
Refrigerants	**20**	**13**	–
Scope 1 total	**537**	**405**	521
Scope 2: Indirect (purchased) emissions			
Building energy use (electricity)	**464**	**268**	217
Building heat (steam consumption)	**8**	**6**	8
Building cooling (chilled water consumption)	**48**	**16**	1
Scope 2 total	**520**	**290**	226
Scope 3: Indirect (value chain) emissions			
Business travel (flights)	**11,685**	**8,108**	8,525
Business travel (ground transportation)	**134**	**132**	139
Printing (paper use and disposal)	**11**	**9**	50
Investment portfolio	Reported Separately[2]		
Scope 3 total	**11,830**	**8,249**	8,714
Total	**12,887**	**8,944**	9,461

1 We include OCF data as of 2019 to align with our PCF reporting.

2 Given the significance of the emissions related to our investment portfolio, we report them separately as our PCF.

Voting our proxies

We take a principles-based approach which provides us with flexibility to tailor our votes to reflect local market and company-specific maturity considerations, without compromising our goal to create effective boards and governance. Our voting decisions look to enhance the long-term value of our investments.

We voted on

7,067

resolutions

at

542

meetings

in

17

countries

mainly in North America and Europe

Key 2024 proxy voting themes

Executive compensation

OBJECTIVE

Ensure alignment between pay and performance.

PROGRESS

The most common concerns that led to votes against say on pay proposals this year were discretionary compensation, disconnect between pay and performance and structural issues with the compensation program.

Diversity

OBJECTIVE

We continued to use our vote to drive a minimum of 30% board gender diversity. In 2024, we updated our guidelines to expect large-cap companies on developed market indices to have at least 40% of either gender on the board.

PROGRESS

Average gender diversity across developed markets continues to increase beyond 30%.

Shareholder proposals

In 2024, we voted on more than 300 shareholder proposals aimed at driving accountability and effective board oversight on key issues.

COMMON SHAREHOLDER PROPOSALS

Governance and corporate policies

Sustainability and climate reporting

Social responsibility and human rights

Environmental impact and sustainability

Our Proxy Voting Guidelines

We update our Proxy Voting Guidelines[1] bi-annually to ensure they reflect current thinking, market developments and significant events. They set our expectations for public company boards as well as explain our thresholds on governance issues, all of which are available publicly.

1 A copy of our 2025 Proxy Voting Guidelines as at January 1, 2025 can be found here.

Investment performance

Stable long-term total-fund returns

Ontario Teachers' investment program is tailored to generate strong and steady risk-adjusted returns to pay members' pensions over generations. Since Ontario Teachers' inception in 1990, almost 80% of the plan's pension funding has come from investment returns, with the remainder coming from member and government/designated employer contributions. Net assets[1] have grown from $20.1 billion in 1990 to $266.3 billion at the end of 2024.

Ontario Teachers' leverages its scale, expertise and innovation to help companies grow and thrive. Our diversified portfolio spans six asset classes, targeting long-term returns above performance benchmarks. We aim to achieve an annual nominal return of 7%, which we believe will keep the plan fully funded over the long term.

In 2024, Ontario Teachers' investment portfolio earned a 9.4% total-fund net return, compared to the fund's benchmark return of 12.9%. This resulted in a return below the benchmark of 3.5% or $7.6 billion in negative value add.

2024 Results Highlights

$266.3B
Net assets

9.4%
Total-fund net return

$23.7B
Net investment income

3.5%
Return below benchmark

7.4%
10-year total-fund net return (annualized)

9.3%
Total-fund net return since inception (annualized)

1 Net assets include investment assets less investment liabilities (net investments), plus the receivables from the Province of Ontario, and other assets less other liabilities.

2024 performance

The total-fund net return is reported in Canadian dollars for four periods: one, five and 10 years, as well as since the current investment program began in 1990. This calculation is made after deducting transaction costs, management fees and investment administrative costs. Asset class and local returns are shown before investment administrative costs are deducted. Local returns are returns presented before conversion to Canadian currency.

Ontario Teachers' produced a one-year total-fund net return of 9.4%, compared to 1.9% in 2023. Public equities and credit delivered strong returns of 23.2% and 17.2%, respectively, for the fund in 2024. Teachers' Venture Growth and inflation-sensitive assets delivered strong returns of 25.8% and 18.6%, respectively. See pages 49–60 for more details on individual asset-class performance.

Returns benefitted from a foreign currency gain of $6.9 billion as assets denominated in foreign currencies appreciated in value when converted back into Canadian dollars. This is mainly due to the appreciation of the U.S. dollar versus the Canadian dollar.

The fund continued to deliver strong returns over longer time periods, which is essential for retaining a fully funded status. Ontario Teachers' had an annualized five-year net return of 6.9% and an annualized 10-year net return of 7.4%. Its annualized net return since inception was 9.3%.

Ontario Teachers' measures its performance against a Canadian dollar-denominated composite benchmark, which aggregates results from each asset-class benchmark. Benchmarking helps stakeholders assess the effectiveness of our strategies relative to risks taken. Our goal is to exceed these benchmark returns over the long term at both the total-fund and asset-class levels. This excess return is known as value add.

This year, Ontario Teachers' underperformed its benchmark return of 12.9% by 3.5%, or $7.6 billion in negative value add. This compares to a total-fund net return of 1.9% in 2023, which underperformed the benchmark by 6.8% or $15.8 billion in negative value add. The underperformance in 2024 was driven by several factors across Equities and Real Estate, with asset-specific challenges compounded by enhanced returns from some public equity benchmarks.

TOTAL-FUND INVESTMENT PERFORMANCE
(percent)

As at December 31	**2024**	2023	5-Year	10-Year	Since Inception
Total-fund net return	**9.4%**	1.9%	6.9%	7.4%	9.3%
Benchmark return	**12.9%**	8.7%	8.6%	7.7%	7.9%
Return above (below) benchmark	**(3.5%)**	(6.8%)	(1.7%)	(0.4%)	1.3%

2024 performance by asset class

Below is a table showing performance by asset class versus the benchmark for 2024 and for the last five years.

NET INVESTMENTS AND RATES OF RETURN BY ASSET CLASS
As at December 31

	Net Investments ($ billions)	Rates of Return (percent)			
		1-Year		5-Year	
	2024	Actual	Benchmark	Actual	Benchmark
Equity[1]	**108.2**	16.7%	24.8%	11.5%	12.2%
Public equity	**37.4**	23.2	25.8	10.1	11.2
Private equity	**60.4**	11.7	23.7	12.4	12.8
Venture growth	**10.4**	25.8	29.2	12.1	15.7
Fixed income[1]	**78.0**	4.8	4.8	3.6	3.6
Inflation sensitive[1]	**54.0**	18.6	19.1	8.8	9.1
Commodities	**28.9**	25.2	25.2	11.0	10.9
Natural resources	**12.5**	13.3	15.0	10.8	11.6
Inflation hedge	**12.6**	9.8	9.8	3.7	3.7
Real assets	**72.6**	4.9	7.0	1.2	5.6
Real estate	**29.4**	(0.7)	5.0	(4.4)	3.4
Infrastructure	**43.2**	9.1	8.5	6.9	7.9
Credit[2]	**37.2**	17.2	16.8	7.1	5.6
Absolute return strategies	**24.0**	–	–	–	–
Funding and other[2]	**(113.1)**	–	–	–	–
Total-fund net return	**260.9**	9.4%	12.9%	6.9%	8.6%

1 Effective January 1, 2024, the embedded funding cost impact of Futures exposures is excluded from Equity, Fixed Income and Inflation sensitive investment and benchmark returns. This methodology change results in a more faithful representation by reallocating the embedded funding cost from asset-class returns into funding and has no impact to total-fund net return. Prior period comparatives have been updated to conform to current year's presentation.

2 Includes funding for investments (term debt, bond repurchase agreements, implied funding from derivatives, unsecured funding and liquidity reserves) and overlay strategies that manage the foreign exchange risk for the total fund.

Impact of currency on performance

Changes in foreign exchange rates used to measure our non-Canadian dollar investments can have a substantial impact on short-term investment performance expressed in Canadian dollars. We manage currency risk from a total-fund level and integrate it into our overall portfolio construction strategy.

In certain circumstances and when cost-effective to do so, we will hedge a portion of our currency exposure to reduce the foreign exchange risk that comes from investing globally. Currency hedging allows us to lessen the impact of major fluctuations in foreign exchange markets on our performance from year to year.

In 2024, the fund experienced a foreign currency gain of $6.9 billion as assets denominated in foreign currencies appreciated in value when converted back into Canadian dollars. This corresponds with a positive impact from currency on our total-fund net return of 2.7%.

This gain was primarily driven by the depreciation of the Canadian dollar compared to the U.S. dollar (making our U.S. dollar denominated assets more valuable when converted back into our home currency). The fund's net exposure to the U.S. dollar is significantly larger than any other foreign currency.

CURRENCY NET EXPOSURE[1]
As at December 31 ($ billions)

	2024	2023
United States Dollar	**$ 90.9**	$ 73.5
Japanese Yen	**9.6**	1.9
Euro	**9.0**	9.1
Swiss Franc	**5.2**	0.3
Mexican Peso	**5.0**	5.6
Indian Rupee	**4.6**	2.9
Chinese Renminbi	**4.1**	3.9
Danish Krone	**2.6**	2.2
Chilean Peso	**2.3**	2.4
Brazilian Real	**2.0**	3.5
Other	**6.8**	16.4
	$ 142.1	$ 121.7

Volatility management

A core element of our investment approach is managing volatility, which refers to the degree of fluctuation in the value of our portfolio. We look to limit large downswings in our returns, while still capturing long-term growth opportunities. We focus on diversifying our investments across multiple asset classes, geographies and sectors to reduce the potential for sharp declines. We continue to emphasize the importance of managing risk and volatility alongside other key performance metrics such as total-fund returns and value-added performance. By focusing on generating strong, risk adjusted returns, we can continue to meet the long-term needs of our members.

1 Includes foreign currency exposure from Ontario Teachers' holdings of foreign currency-denominated investments and related derivative contracts. Please see NOTE 2g to the consolidated financial statements for more information on market risk management including foreign currency risk.

Review by asset class

The board approves allocation ranges for different asset classes. Management decides on the exposure within these board-approved limits, considering the underlying risk factors in each asset class, the anticipated returns and the overall risk balance and other limits of the total-fund portfolio.

There are six asset classes:

Equity

Public equity, private equity and venture growth aim to deliver long-term investment growth and value-added performance

Fixed income

Provides security and steady income, hedges against interest rate risks inherent in the plan's liabilities and stabilizes total returns

Inflation sensitive

Contributes to both diversification and protection against unexpectedly high inflation

Real assets

Real estate and infrastructure investments provide stable inflation-linked cash flows and capital preservation

Credit

Corporate and emerging market debt investments that capture a set of risk premiums

Absolute return strategies

Internal and external strategies that seek to capitalize on market inefficiencies and have a low correlation to markets

Equity

This asset class comprises public equity, private equity and venture growth. Investment activities are carried out by the Capital Markets, Equities or Teachers' Venture Growth investment departments.

Global equity markets had a strong performance in 2024. Most global indices produced positive returns for the year. For example, the U.S. S&P 500 index was up 25.0%, while the S&P/TSX 60 was up 21.0%.

The Equity asset class delivered a total return of 16.7% (9.4% return in local terms), compared to its benchmark, which had a return of 24.8% (local benchmark had a return of 17.1%). The under-performance relative to the benchmark is expected in years where public markets boom, as private assets (which make up the largest share of our equity allocation) tend to deliver steadier returns with less volatility from year-to-year. The five-year annualized rate of return for this asset class is 11.5%, compared to a benchmark return of 12.2%.

Net investments in the Equity asset class totaled $108.2 billion at the end of 2024, up from $91.4 billion a year earlier.

Returns for public equity, private equity and venture growth are separated and described below.

Public equity

The public equity portfolio in 2024 produced a return of 23.2% (local return of 15.9%), slightly below its benchmark return of 25.8% (18.4% return by the local benchmark). The five-year annualized rate of return for public equity is 10.1%, compared to a benchmark of 11.2%.

The public equity portfolio was valued at $37.4 billion at the end of 2024, compared to $25.4 billion at the end of 2023. This was primarily driven by an increase in capital allocated to public equity as well as strong returns in the asset class in 2024, which increased the value of the portfolio.

Public equity portfolio highlights

As at December 31, 2024
(based on total assets)

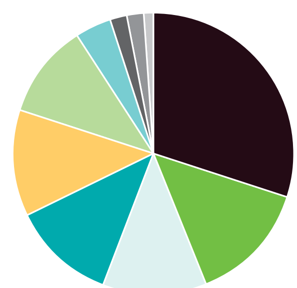
$37.4 billion
Net Investments

23.2%
Return

15.9%
Local return

25.8%
Benchmark

18.4%
Local return benchmark



Information Technology	**30%**
Consumer Discretionary	**14%**
Industrials	**12%**
Healthcare	**12%**
Financials	**12%**
Communications Services	**11%**
Consumer Staples	**4%**
Real Estate	**2%**
Utilities	**2%**
Materials	**1%**

Private equity

The Equities team engages in direct investments in private companies, both independently and in collaboration with partners, as well as indirect investments through private equity funds. The team supports its portfolio companies by aiding in long-term strategic planning, fostering and promoting high-performing management teams and boards and leveraging their expertise and extensive network to generate long-term value.

The private equity portfolio produced a return of 11.7% (local return of 5.0%), underperforming its benchmark return of 23.7% (16.3% return by the local benchmark). The underperformance versus the benchmark was driven by several factors, including some asset-specific challenges compounded by enhanced returns from some public equity benchmarks, many of which include the "Magnificent Seven"[1] stocks. Our strongest performing sub-sectors for 2024 included technology and financial services. The five-year annualized rate of return is 12.4%, compared to a benchmark of 12.8%.

The portfolio was valued at $60.4 billion at the end of 2024, compared to $58.5 billion at the end of 2023. The largest investments announced in 2024 include Max Matthiessen, Kogta Financial and Omega Healthcare, as well as the sales of Shearer's Foods and SeaCube.

Private equity portfolio highlights

As at December 31, 2024
(based on total assets)

$60.4 billion

Net Investments

11.7%

Return

5.0%

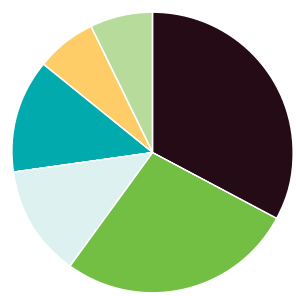
Local return

23.7%

Benchmark

16.3%

Local return benchmark



Diversified Industrials and Services	**33%**
Financials	**27%**
Software	**13%**
Healthcare	**13%**
Sustainability and Energy Transition	**7%**
Digital and IT Services	**7%**

1 The "Magnificent Seven" refers to a group of U.S.-based mega-cap technology stocks focused largely on secular technology growth trends such as artificial intelligence, cloud computing, online gaming and cutting-edge hardware and software. They are Apple Inc., Microsoft Corp., Amazon.com Inc., Meta Platforms Inc., Alphabet Inc., Tesla Inc. and NVIDIA Corp. This group of stocks had a market capitalization weighted return of 48% in 2024.

Venture growth

The venture growth portfolio includes investments made by Teachers' Venture Growth (TVG), encompassing direct investments in companies and venture growth funds. TVG aims to build exposure to fast-growing companies that leverage cutting-edge technology and innovative business models.

Venture growth emerged as one of the top-performing asset classes in 2024, achieving returns of 25.8%, which translates into a local return of 16.5%. Positive returns were driven by investments in high-performing assets, favourable market conditions and the positive benefit of the U.S. dollar when converted back to Canadian dollars.

The venture growth portfolio slightly underperformed its benchmark by 3.4%, compared to the local benchmark return of 19.9%. The relative underperformance of the combined TVG portfolio is due to rallies in public markets.

2024 marks the fifth full year for the venture growth portfolio. In 2024, the total five-year annualized rate of return is 12.1%, compared to a benchmark of 15.7%.

The portfolio's value increased to $10.4 billion at the end of 2024, up from $7.5 billion at the end of 2023. New acquisitions in 2024 included Instagrid, DeepL, SmartHR and Kong Inc., as well as follow-on investments in Databricks.

Venture growth portfolio highlights
As at December 31, 2024
(based on total assets)

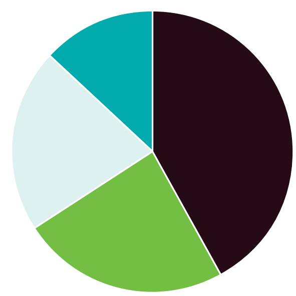
$10.4 billion
Net Investments

25.8%
Return

16.5%
Local return

29.2%
Benchmark

19.9%
Local return benchmark



Direct Investments – North America	**42%**
Funds	**24%**
Direct Investments – Asia-Pacific	**21%**
Direct Investments – Europe, Middle East and Africa	**13%**

Fixed income

Ontario Teachers' uses fixed income investments to provide diversification and steady income. We own a diversified portfolio of developed market government bonds, provincial bonds and real-return bonds.

The fixed income portfolio produced a return of 4.8% (local return of 1.5%). The five-year annualized rate of return for this asset class was 3.6%.

The portfolio was valued at $78.0 billion at the end of 2024, compared to $94.9 billion at the end of 2023. The decrease in allocation to this asset class was primarily due to changes in the interest rate environment.

Fixed income portfolio highlights

As at December 31, 2024
(based on total assets)

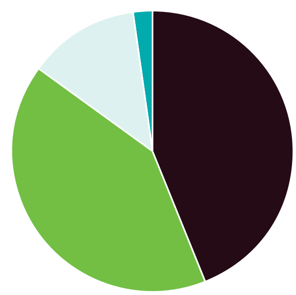
$78.0 billion
Net Investments

4.8%
Return

1.5%
Local return

4.8%
Benchmark

1.5%
Local return benchmark



Foreign Developed Market Sovereign Debt	**44%**
Canadian Government	**41%**
Inflation Linked Bonds	**13%**
Provincial Bonds	**2%**

Inflation sensitive

The inflation sensitive asset class includes natural resources (energy, metals, timberlands, agriculture, aquaculture and natural climate solutions), commodities (including gold) and inflation hedges. These types of assets are grouped together due to the positive relationship they tend to exhibit with inflation fluctuations: they can provide stable risk-adjusted returns, diversification and protection against unexpectedly high inflation.

In 2024, inflation-sensitive assets had a strong performance with a total return of 18.6% (or a local return of 10.0%). Strong returns in commodities (including gold) and metals contributed to the performance results. Returns in the inflation sensitive asset class slightly trail the benchmark return of 19.1% (local benchmark return of 9.8%). The five-year annualized return of 8.8% trails the benchmark return of 9.1%.

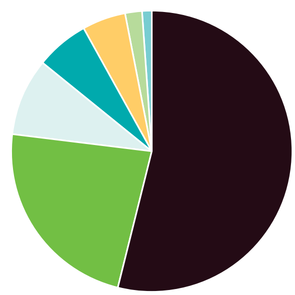
The portfolio was valued at $54.0 billion at the end of 2024, compared to $45.4 billion at the end of 2023.

Inflation sensitive portfolio highlights

As at December 31, 2024
(based on total assets)

$54.0 billion
Net Investments

18.6% Return	**10.0%** Local return
19.1% Benchmark	**9.8%** Local return benchmark



Commodities	**54%**
Inflation Hedges	**23%**
Natural Resources:	
Oil and Gas	**9%**
Timberland	**6%**
Agriculture and Aquaculture	**5%**
Metals	**2%**
Natural Climate Solutions	**1%**

Spotlight

Investing in agriculture

Agriculture assets offer diversification and inflation protection and farmland – a finite resource – has the potential for significant long-term capital appreciation. With the global population expected to increase by almost two billion by 2050, demand for the sector's products will remain strong.

At Ontario Teachers', we have focused on healthy foods and are striving to improve the sustainability and productivity of our agriculture-related assets. We have a presence in key farming regions around the world, from the U.S. and Australia to Chile and Portugal. We are focused on helping our agriculture assets become more resilient as they adapt to challenges such as more frequent extreme weather and the need to make better use of critical resources like water. We believe that our agriculture portfolio is well positioned to thrive and contribute to the overall success of the plan. See an overview of four portfolio companies in this important sector on the next page.

"*Ontario Teachers' has built a robust and diversified portfolio of farmland around the world, with a focus on assets that are more likely to be resilient in a changing climate. These assets offer strong inflation protection and therefore will help us pay pensions over the long term.*"

Christopher Metrakos,
Senior Managing Director, Natural Resources, Ontario Teachers' Pension Plan

~130,000ac

Our portfolio of farmland around the world

Agriculture is part of Ontario Teachers'

$12.5 billion

Natural Resources portfolio

Aggraria

Portugal-based Aggraria is a producer of extra virgin olive oil, operating olive orchards irrigated through the Alqueva reservoir system, one of the most reliable source of water in Iberia. The company processes olives in its mill, maximizing substance extraction into oil and ancillary products.

AustOn

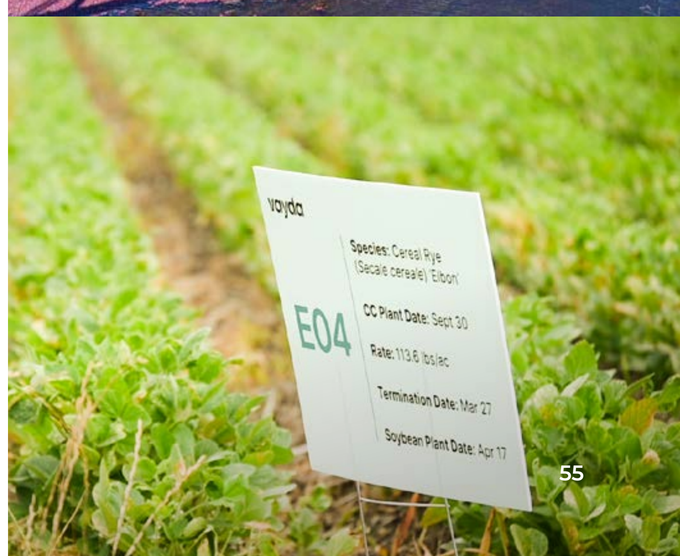
AustOn is an investment platform that manages different types of farms under one umbrella to enable cross-collaboration across farmers and agricultural sectors. AustOn oversees approximately 40,000 hectares of farmland in Australia, producing potatoes, onions, almonds, avocados, apples, cherries and stone fruits.

Cran Chile

Cran Chile is one of the largest cranberry growers globally and the only one in the Southern Hemisphere. The company has developed some innovative harvesting techniques using mobile bridges.

Vayda

For farmers, changing core farm-management practices can feel too risky, even if there's a need to evolve as extreme weather events multiply and sustainability pressures increase. Vayda is commercializing technical and agronomic knowledge that can help farmers boost productivity and profitability. The U.S.-based regenerative agriculture startup was created with the help of Ontario Teachers' venture studio, Koru.



Real assets

Real assets include infrastructure and real estate investments. Strategically, these assets provide returns that are often linked to inflation and therefore provide a partial hedge against the cost of paying inflation-protected pensions.

At December 31, 2024, the total value of Ontario Teachers' real assets was $72.6 billion, compared to $67.4 billion at year-end 2023. Real asset investments had a return of 4.9% (local return of 3.2%), compared to a benchmark return of 7.0% (local benchmark return of 5.2%).

Returns for our infrastructure and real estate assets are separated and described below.

Infrastructure

Ontario Teachers' seeks to build an infrastructure portfolio that will steadily increase in value, provide predictable cash flow and offer partial protection against inflation. Our infrastructure assets include investments in toll roads, airports, digital infrastructure, container terminals, power generation, electricity distribution and transmission, gas distribution and transmission and water distribution and wastewater plants. They are distributed globally across five continents.

The infrastructure assets delivered a one-year return of 9.1% (or a local return of 6.9%), outperforming the benchmark return of 8.5% (local benchmark return of 6.2%). The main drivers of this return were strong performance in certain transportation sub-sectors, electricity transmission and digital infrastructure assets. The five-year annualized rate of return is 6.9%, underperforming the benchmark of 7.9%.

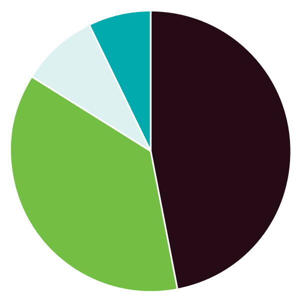
The infrastructure portfolio was valued at $43.2 billion at the end of 2024, compared to $39.2 billion at the end of 2023. A notable transaction in this portfolio in 2024 was reaching an agreement to sell an equity stake in Connexa.

Infrastructure portfolio highlights

As at December 31, 2024
(based on total assets)

$43.2 billion
Net Investments

9.1% Return	**6.9%** Local return
8.5% Benchmark	**6.2%** Local return benchmark



Energy Infrastructure	**47%**
Transportation and Logistics	**37%**
Water and Wastewater Treatment	**9%**
Other Infrastructure	**7%**

Real estate

Ontario Teachers' seeks to invest in high-quality, well-located real estate assets diversified across geographies and sectors. In June 2023, Ontario Teachers', along with its real estate subsidiary Cadillac Fairview (CF), announced an evolution to its real estate investment model to accelerate the growth of diversification of its real estate investments. The new operating model was effective January 1, 2024. As part of our evolved approach to our real estate investment activities, Ontario Teachers' will look to diversify the sectoral and geographic makeup of the portfolio in the coming years.

In 2024, real estate assets delivered a one-year net loss of 0.7% (local loss of 1.8%), compared to a benchmark return of 5.0% (local benchmark return of 3.8%). Relative to our benchmark, the underperformance was largely attributable to the overconcentration of the portfolio in sectors with weaker relative performance, particularly office. The five-year annualized rate of return for the real estate portfolio was a loss of 4.4%, compared to the five-year average benchmark return of 3.4%.

The portfolio was valued at $29.4 billion at year-end 2024, up from $28.2 billion at the end of 2023.

Real estate portfolio highlights

As at December 31, 2024
(based on total assets)

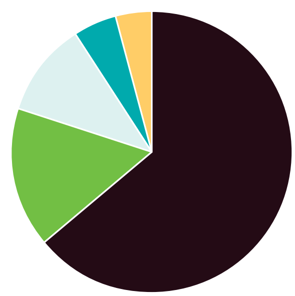
$29.4 billion
Net Investments

(0.7%)
Return

5.0%
Benchmark

(1.8%)
Local return

3.8%
Local return benchmark



Canada	**64%**
United States	**16%**
Europe	**11%**
Latin America	**5%**
Asia-Pacific	**4%**

Spotlight

Investing in digital infrastructure

Demand for digital infrastructure – the data centres and cellular towers that underpin our increasingly virtual existence – is growing rapidly. These physical assets enable a host of digital activities, from person-to-person connectivity and online commerce to virtual healthcare. They will be critical in a future where artificial intelligence and connected devices play a greater role. That is why we have chosen to direct significant capital towards these assets.

Ontario Teachers' investments include data centre and cell tower companies operating in key markets in North America and Asia-Pacific. Our expectation of continued strong demand is only part of the appeal. These companies typically enter multi-year, escalating contracts with their clients, providing the kind of steady, inflation-protected income that we seek. See an overview of four of our portfolio companies in this important sector on the next page.

> *"To stand out in a market attracting substantial new capital, we align with companies that have the talent and expertise to capitalize on digital transformation and exponential data growth to create long-term value."*

Daniel Rossetti, Senior Managing Director, Infrastructure & Natural Resources, Ontario Teachers' Pension Plan

~$5B **in digital infrastructure investment over past 10 years**

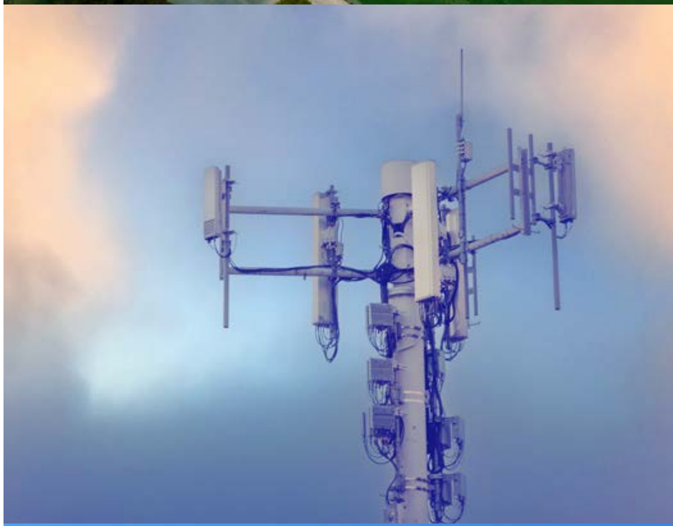
Compass Datacenters

Dallas-based Compass Datacenters designs and builds data centres. Compass focuses on developing large, purpose-built data centre campuses and employs offsite manufacturing to improve efficiency. As a result, Compass is able to deliver new data centres quickly into a rapidly growing market and to help its clients scale as their needs increase.

Princeton Digital Group

Princeton Digital Group's pan-Asian data centre platform offers the kind of deep local expertise its clients need to expand in the fast-growing Asia-Pacific region. With a portfolio of more than 20 data centres in six countries, the Singapore-based company is focused on developing AI-ready data centre campuses to accommodate an expected surge in demand.

Connexa



With more than 2,400 cell towers, Connexa operates New Zealand's largest mobile tower network. Connexa designs, builds and operates tower infrastructure for wireless carriers and other entities. Since its clients have committed to adding a significant number of additional tower sites over the next decade, Connexa is poised to play a major role in enhancing connectivity in New Zealand.

Diamond Communications

Diamond Communications is the second largest privately held wireless infrastructure company in the U.S. The Florida-based company offers new tower development for wireless carriers, wireless co-location, indoor wireless and much more. It owns and/or manages more than 4,000 tenanted wireless communications sites in all 50 states. Diamond also helps third-party property owners of all kinds benefit from their properties' ability to host additional wireless infrastructure.

Credit

This asset class includes levered loans and high-yield, investment grade and emerging market debt. Credit is a component of a company's capital structure that contains characteristics of both equities and fixed income. Investing in credit allows Ontario Teachers' to capture default, liquidity and funding risk premiums.

The total return for the year was 17.2% (local return of 8.3%), which outperformed the benchmark return of 16.8% (local benchmark return of 7.9%). We had strong performance in the credit asset class. Credit has exposure to levered loans, high-yield, investment grade and emerging market debt. The five-year annualized rate of return for credit is 7.1%, compared to a benchmark of 5.6%.

The portfolio was valued at $37.2 billion at the end of 2024, compared to $39.5 billion at the end of 2023.

Credit portfolio highlights

As at December 31, 2024
(based on total assets)

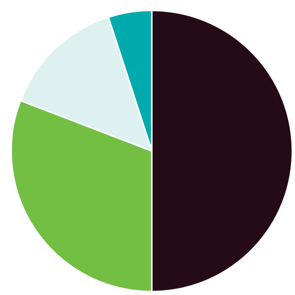
$37.2 billion
Net Investments

17.2%
Return

8.3%
Local return

16.8%
Benchmark

7.9%
Local return benchmark



Levered Loans	**50%**
High Yield	**31%**
Emerging Market Sovereign	**14%**
Investment Grade	**5%**

Absolute return strategies

Ontario Teachers' uses absolute return strategies (ARS) to generate positive returns that have low correlation to other asset classes, primarily in liquid markets. We deploy capital with both internal teams and external mandates where we do not have in-house capabilities in areas accretive to the portfolio's risk/return and diversification.

The ARS portfolio was valued at $24.0 billion at the end of 2024, compared to $19.5 billion at the end of 2023.

Instagrid, a European provider of portable battery systems

Effective risk management

Risk is exposure to events that could impede Ontario Teachers' from achieving its mission to provide lifetime pension benefits to its members. To deliver on that mission, we must successfully manage risks and be adequately rewarded for taking them.

Risk management is an important capability at Ontario Teachers' and plays a key role in all our activities. With the executive team's support, the board helps establish and monitor a strong risk culture. It sets the enterprise risk appetite appropriate for achieving our strategic objectives. The board delegates accountability for risk management to the President and CEO for all risks beyond those specifically reserved for the board. Responsibility is further delegated throughout the organization by the CEO. Risk management is a responsibility shared by our board and all our employees.

2024 risk management highlights

Continuously enhancing our risk management practices is a key focus for Ontario Teachers'. In 2024, our key initiatives included:

- Enhancing the partnership and support models with Investments and the plan sponsors.
- Updating our governance to account for structural changes in the Investment division, including the creation of two distinct Chief Investment Officer roles and the establishment of our in-house real estate team.
- Incorporating additional independent insights on material risks in our investment and strategic plans and establishing a framework to provide independent perspectives on expected returns across major asset classes.
- Enhancing our risk measurement models for private assets, including completing a review of the modeling approach for international real estate and developing additional models for investments in Equities, Infrastructure & Natural Resources and Private Credit.
- Advancing our frameworks for assessing plan sustainability risk with the development of additional risk metrics and incorporating them in our asset-liability modeling and investment planning.
- Completing the development of our Enterprise Risk Management Framework, including our emerging risk framework and updating our key risk indicators.

Governance and enterprise risk management

Our board oversees our governance processes and ensures management makes decisions in the best interests of our members. They are responsible for overall Enterprise Risk Management (ERM) oversight and ensuring an appropriate ERM program is in place. The board also sets the overall risk appetite for the organization and monitors performance against it.

The board's Enterprise Risk Committee assists the board in fulfilling its governance responsibilities, including oversight over the ERM program and our overall profile of material risks that may adversely impact Ontario Teachers'. The Enterprise Risk Committee also provides board oversight of the independent Risk Division.

Management's Enterprise Risk & Governance Committee is responsible for interpreting the risk appetite and overseeing risks that may have a material impact on Ontario Teachers' strategy, performance and/or reputation.

Additional management governance committees exist to provide focused management of specific risks within their respective mandates. Please see NOTE 2e in the consolidated financial statements for details.

Three lines of defence

Ontario Teachers' utilizes a "three lines of defence" approach that enables our strong risk culture. Collectively, the three lines of defence, working together, enhance the understanding of risk exposures and the response necessary to manage risks within the stated risk appetite.

The first line of defence, which includes divisions that manage operational and investing activities, is responsible for identifying, managing, monitoring and reporting risks in accordance with regulatory expectations, the organization's policies and the enterprise risk appetite.

The second line of defence, which includes the Risk Division and other control functions, provides independent oversight over risk exposures and reports on matters that warrant management and/or board attention.

The third line of defence is internal audit, which provides independent assurance to the board, management and other stakeholders on the risk controls in place and the effectiveness of the first and second lines of defence.

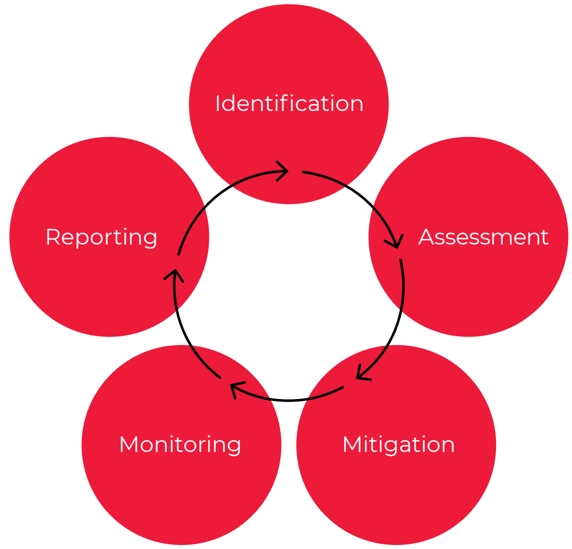
Ontario Teachers' ERM

Through ERM, management understands important enterprise risks and how they are being managed against the established board risk appetite. Given the value and forward-looking, longer-term insight it provides, ERM has been further integrated into management's strategic and operational planning decisions.

Our ERM program provides management the appropriate tools to:

- Establish a consistent framework to better understand and assess the broad range of enterprise risks we face, while also considering opportunities.
- Manage rapid changes to our business environment, including identifying emerging and interconnected risks.
- Create a competitive advantage through a strong and agile risk-conscious culture to ensure value is created over a longer time horizon.

Ontario Teachers' ERM approach comprises five components:



Identification

We identify risks by understanding existing ones, recognizing potential risks from new initiatives and spotting emerging risks in the external environment.

Assessment

We assess risks against our risk appetite by considering changes in the internal and external environment, key risk indicators and input from management. Risks are evaluated on an ongoing basis, factoring in existing mitigation actions and their potential impacts on the organization. A risk rating methodology is maintained to ensure consistency in assessments.

Mitigation

Risk mitigation actions are identified that balance the expected cost of implementation against the expected benefits, as we recognize that mitigation may not be an optimal choice in certain circumstances. Mitigation actions include the acceptance, avoidance, reduction or transfer of risk as deemed appropriate.

Monitoring

Risks are monitored for changes in the internal and external environment, changes in exposures and trends. Key risk indicators (KRIs) are tools to measure and monitor changes in risk over time. For KRIs above tolerance, root causes are identified to understand the potential reasons for the risk increase and the appropriate mitigation strategies.

Reporting

The Risk Division regularly provides management and the board's Enterprise Risk Committee with an enterprise risk profile report.

Investment risk management

Ontario Teachers' risk management framework for investments has two purposes. It is designed to provide independent oversight and measurement of investment risks and to provide support and advice to the different investment teams.

Proactive risk management underpins our investment strategies, including our asset-mix selection and active management of our portfolio to add value, diversification and balance, as well as our approach to liquidity management, including our investment funding strategy.

The Investment Committee of the board reviews and approves the investment risk budget annually, monitors overall investment risk exposure and reviews and approves risk management policies that affect the total portfolio and new investments that result in significant risk exposure.

For a discussion of our key investment risks and how they are managed, see NOTE 2e–h in the consolidated financial statements.

Non-investment risk management

Along with investment risks, Ontario Teachers' is also exposed to non-investment risks from our strategy and operations. Examples include cybersecurity, technology, vendor and procurement, business continuity, talent, legal and regulatory, fraud and other critical processes.

While non-investment risks generally present less substantive financial impacts relative to investment risks, Ontario Teachers' considers the management of these risks important to the success of the organization and to minimize any adverse impacts. Impact considerations (for example, operational disruptions, data protection/privacy, reputation, avoidable errors, talent impacts and safety) are an important aspect of effective risk management for non-investment risks.

Management of non-investment risks emerging from operating activities is the responsibility of the functions undertaking these activities. Enterprise risk management, along with other control functions, is designed to provide independent assessments of material non-investment risk exposures to management and the board.

Serving our members

Empowering members to make informed decisions with confidence

Our commitment to delivering outstanding service to our members inspires everything we do. Over the past five years, we have enhanced and expanded our digital capabilities to provide an experience that reflects the evolving needs and expectations of our members. More than ever, members are choosing to self-serve online, while inbound calls have decreased year-over-year, dropping 7% in 2024.

While our digital-first service model is the standard, we understand that digital channels cannot fully address all member needs. Our highly trained Pension Benefits Specialists remain focused on providing assisted service to those who need it the most – members with complex needs and situations.

Our vision is to transform pension complexity into clarity. Through education, expert insights and simplified information, we empower members to make informed decisions with confidence, any way they reach for our service.

Achieving service excellence

Our dedication to service excellence is rewarded by another year of high service quality scores. As our primary performance measurement, the Quality Service Index (QSI) evaluates the quality of our member experience, service and communications.

QSI collects an independent survey from a sample of members throughout the year. In 2024, 93% of our members were satisfied with our service and 45% gave us a perfect score.

	2024	2023	2022
QSI percentage of satisfied members	**93%**	93%	93%

2024 highlights

To provide excellent service efficiently and cost effectively, we continue to expand self-service options and invest in a digital-first service model. Our data shows that more members are increasingly using our digital services each year. As a result, members opted for self-service features in their online account 88% of the time instead of reaching for our contact centre.

We continue to process Bill 124 and collective agreement retroactive salary adjustments without increasing costs. Given the high volume of adjustments, along with our ongoing service commitments, this work will require some time to complete. Steady progress was made starting in the fall and we aim to complete the work by summer 2025. Our goal is to ensure member benefits are paid as quickly as possible. We have also proactively communicated status updates online, so members can check the progress of their increases at any time.

We greatly appreciate the patience, trust and confidence our members have demonstrated, as evidenced by our high Quality of Service Index (QSI) scores this year with 93% of members satisfied with the service they receive. We are also grateful to our employers for their ongoing support. Their cooperation has been crucial in ensuring smooth implementation and a positive member experience.

Cybersecurity remains a top priority. We introduced and refined fraud detection tools to help identify and prevent fraud more effectively. Two-step verification also continues to help safeguard members' accounts. We also leveraged educational email campaigns to inform members about what they can do to better protect their information. Prioritizing cybersecurity and the protection of member data helps ensure members can use their online accounts confidently.

We improved service transparency and reduced effort for retiring members. In response to member feedback, we enhanced the pension application experience with new features: a checklist at the start of the application process; an educational email journey from application to first payment; and status trackers with progress updates. Compared to 2023, calls related to applications dropped 17% while account logins increased 15%. The results suggest our new features alleviated pain points for easier self-service.

We held nearly 30 webinars preparing members to retire and educating members on their pension benefits. Our popular webinar series addresses the needs of members at various career stages: early to mid-career and approaching retirement. With an increase of over 160% in attendance since last year, we provided more than 5,000 members with valuable pension information in a convenient, accessible learning environment. We also led a hybrid session tailored to Indigenous members from our new designated employers: Mikinaak Onigaming School, Lac Seul Education Authority and Nipissing Kinoomaagewin (Education Department).

"Members are kept abreast of all financial and up-to-date changes that affect members. I feel confident as I read your informative messages that are shared with members regularly or when necessary. The website is outstanding and extremely user friendly. Outstanding service to members."

Bernadette G., working member

"I am pleased that I have a very secure pension and I do not have to worry about loss of income at any time. I appreciate being informed of the investments strategies and the gains made by the plan. I know if I have a problem, I can easily contact someone for assistance."

Michael J. W., retired member

MEMBER PROFILE

185,000
Working members

158,000
Pensioners

343,000
Total number of working members and pensioners

8,325
New members in 2024

5,089
New retirees in 2024

1.2 to 1
Ratio of working members to pensioners

59
Average retirement age

74
Average age of pensioners

44
Average age of working members

164
Pensioners over age 100

26
Typical years of credit at retirement

$50,700
Average starting pension

$8.1B
pension benefits paid

48
Pensions in pay for more than 50 years

32
Average years retired members expected to collect a pension

People & culture

WHO WE ARE

Purpose-driven, global investor

We're a purpose-driven, global investor with growth ambitions built on a successful track record.

HOW WE WORK

Authentic, inclusive, dynamic, performance-driven culture

We have an authentic, inclusive, dynamic culture where people can be themselves, make an impact and learn.

WHAT WE OFFER

We invest in you

We put our people first through investments in well-being, development and compelling total rewards.

At Ontario Teachers', we take a people-first approach that encapsulates everything from culture to career development to mental health and well-being. We work to cultivate a workplace that empowers, develops and promotes belonging.

Toronto employees at Orange Shirt Day

Our people

Our strength and long-term success are rooted in our team. We view our ability to partner with employees as crucial to enabling a best-in-class and high-performing workforce. In 2024, we continued to advance our People & Culture strategy. Our areas of strategic focus for the year were developing talent with a focus on leadership capabilities, building for the future and embracing employee well-being. We made progress against these focus areas in meaningful ways.

Developing talent

Learning is a continuous journey for all of us. We have best-in-class leadership programs delivered in-house, with a focus on development for executives and people leaders, and personal development for all colleagues. With the advent of generative artificial intelligence (AI), we have begun implementing changes to help our workforce be future ready. In 2024, we rolled out AI tools to all employees to drive workforce efficiencies and introduced dedicated AI champions across the fund.

Building for the future

We recognize the importance of developing our existing and future leaders. We adapted and strengthened our talent management practices to reflect the highly competitive global talent market. To continually develop our leaders of tomorrow, we offer upskilling courses to develop foundational leadership capabilities. In 2024, 100% of leaders rated the course favourably.

We recognize that having diverse representation across our organization will lead to better decisions and outcomes and are committed to representation from underrepresented groups.

Embracing employee well-being

We look to prioritize the whole person and create an inclusive environment that promotes belonging. Over the last year, we took a thoughtful approach to how we could advance our impact for our people and help our teams thrive.

As an organization, we recognize the importance of balance. When it comes to how we work, we have embraced a hybrid work model to support and recognize the individual needs of each of our team members. We also provide employees with the ability to extend their travel by combining vacation with workdays via our Flexible Travel Program. In 2024, 232 employee requests were made under the program to work from across 60 different countries.

In 2024, we opened our new Toronto head office at 160 Front Street West. With this modern workspace, we have further enhanced our best-in-class employee experience, creating a space that has sustainability, inclusivity, wellness and flexibility embedded in its design. Read more about this new workspace on pages 72–73.

"In 2024, we focused on developing talent, building for the future and embracing employee well-being. Our efforts have resulted in meaningful progress, with programs designed to create future-ready leaders and the introduction of dedicated AI champions across the fund. As well, we moved our Toronto-based teams into our new head office, which has contributed positively to collaboration and engagement."

Lisa Morrow, Managing Director,
Global Total Rewards,
Ontario Teachers' Pension Plan

Creating a culture of belonging

We provide industry-leading health and family benefits, which includes support for adoption or surrogacy and for gender affirmation procedures for employees or adult family members.

We enhanced our focus on the mental health and well-being of employees and their families with comprehensive policies and benefits, support services and education.

Introduced a mental health training program for leaders as well as a mental health first-aid program for employees.

To ensure accountability, well-being and Diversity, Equity, Inclusion (DEI) strategies are embedded into organizational strategy, culture, practices and leader engagement.

Our long-standing focus on DEI is anchored in our belief that creating a more equitable workplace for all can also create improved performance, better businesses and a better world. In the last year, we continued on our journey with significant advancement towards that ambition.

We are making meaningful progress through focused education for our people globally, reducing barriers in the workplace and increasing cultural awareness. One of the ways that we have put this into action in 2024 was partnering with the Gord Downie & Chanie Wenjack Fund to design a Legacy Space in our Toronto office, where conversations and education about the land we call Canada and our collective journey towards reconciliation, are encouraged and supported. Our multi-year partnership, which began in 2023, also provides support, resources and training opportunities to empower employees year-round. As well, in 2025, our team will be introducing Ontario Teachers' first Indigenous Action Plan to support advancements in Indigenous inclusion.

Women at Ontario Teachers'

55% on board

55% on executive team

46% at all levels

We recognize that we all play a role in fostering an inclusive workplace and shaping a better future for everyone.

We enhanced our extensive and important partnerships, expanding to include GAIN and QueerTech.

We continue to have strong engagement through an active cross-organizational DEI Council and five Employee Resource Groups.

We made Forbes' list of Canada's Best Employers for Diversity 2024, a designation that recognizes Canadian employers that celebrate diversity and foster inclusive workplaces.

Diversity at Teachers'

53.5%

Visible minorities who identify as Black, Indigenous and People of Colour[1]

0.9%

Annual improvement on representation of targeted underrepresented groups, including women, 2SLGBTQ+ identified individuals, People with Disabilities and visible minorities who identify as Black, Indigenous and People of Colour.

1 Figures cover permanent employees only.

"As we reflect on 2024, we're proud of the progress we've made in Diversity, Equity and Inclusion (DEI) at Ontario Teachers' – a year marked by significant milestones, impactful events, meaningful partnerships and a deep commitment to inclusion. This is an ongoing journey for us and we remain committed to leading by example as we recognize the power that DEI brings to building high-performing teams and delivering on our pension promise."

Michael Cherny, Director, Diversity, Equity & Inclusion, Ontario Teachers' Pension Plan

In 2024, our Employee Resource Groups (ERGs) partnered on over 50 global events, emphasizing the importance of embracing intersectionality, fostering everyday allyship and celebrating the diverse backgrounds of our team through cultural awareness and educational initiatives, including observances of various Heritage Months globally. Additionally, we held educational and celebratory engagements in recognition of Lunar New Year, Black History Month, International Women's Day, Earth Day, Pride, World Mental Health Day and National Day for Truth and Reconciliation in Canada.

Our ERGs

Able @Teachers'

All about abilities and supporting the mental and physical well-being of employees.

Green @Teachers'

Igniting conversations about the environment and promoting sustainable operating practices.

Pride @Teachers'

Celebrating, educating and raising awareness in support of the 2SLGBTQ+ community.

Multicultural @Teachers'

Exploring and celebrating cultural identities and what makes each of us unique.

Women @Teachers'

Promoting gender equity and allyship in the workplace.

Spotlight

A workplace that drives collaboration, engagement and sustainability

Our new downtown Toronto headquarters is a workspace that reflects our commitment to innovation, inclusivity and sustainability. Opened in June 2024, the workspace is the culmination of a multi-year project developed in partnership with Cadillac Fairview, Ontario Teachers' Canadian Real Estate subsidiary. The space is designed to meet varying working styles, enable productivity and encourage collaboration through its flexible and adaptable workspaces, amenities and seamless technology.

The principles of diversity, equity and inclusion are integrated into every aspect of the workspace's operation and design. It reflects our commitment to attracting and retaining top talent, strengthening our advantage with partners and fostering innovation.

Diverted

590kg

of plastic waste through our reusable container program in the first six months of operations.

Cadillac Fairview received "Platinum" certification for the building from the Leadership in Energy and Environmental Design (LEED) program standpoint, meeting the highest industry standards of sustainability. The LEED guidelines have been instrumental in our efforts to lower carbon emissions, conserve resources and reduce operating costs. Ontario Teachers' is taking the extra step of LEED-gold certifying the Ontario Teachers' workspace.

Our partnership with Second Harvest in Toronto helps us donate unused food, helping to alleviate food scarcity in the local community.

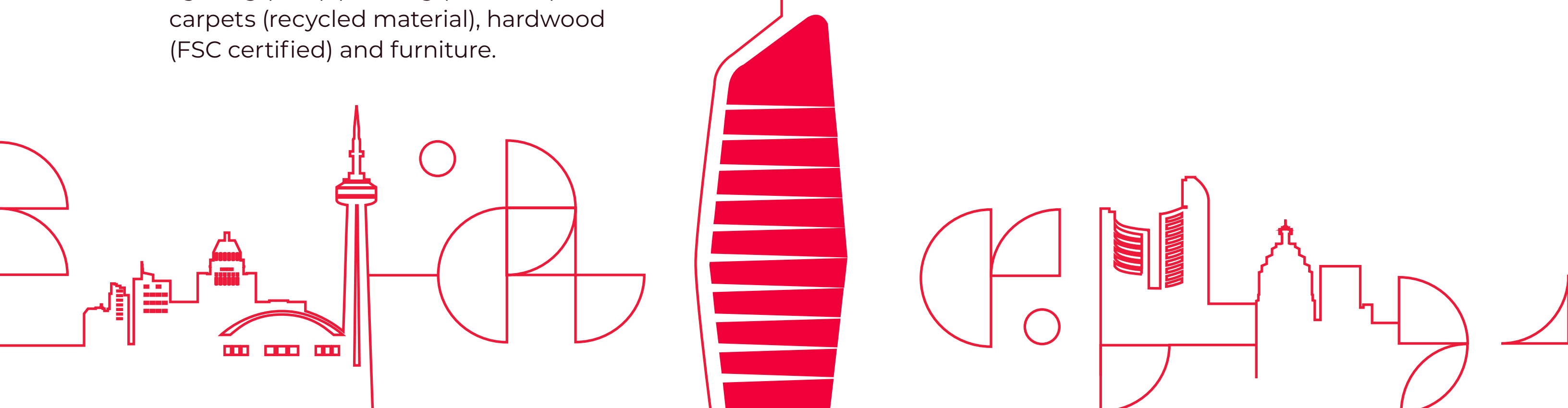
Our interior spaces were created with the intention to lower energy, water and other resource use; encourage recycling; and promote access to natural light, improved air quality and temperature control. Responsible choices were a priority when selecting lighting (LED), painting (low-VOC), carpets (recycled material), hardwood (FSC certified) and furniture.

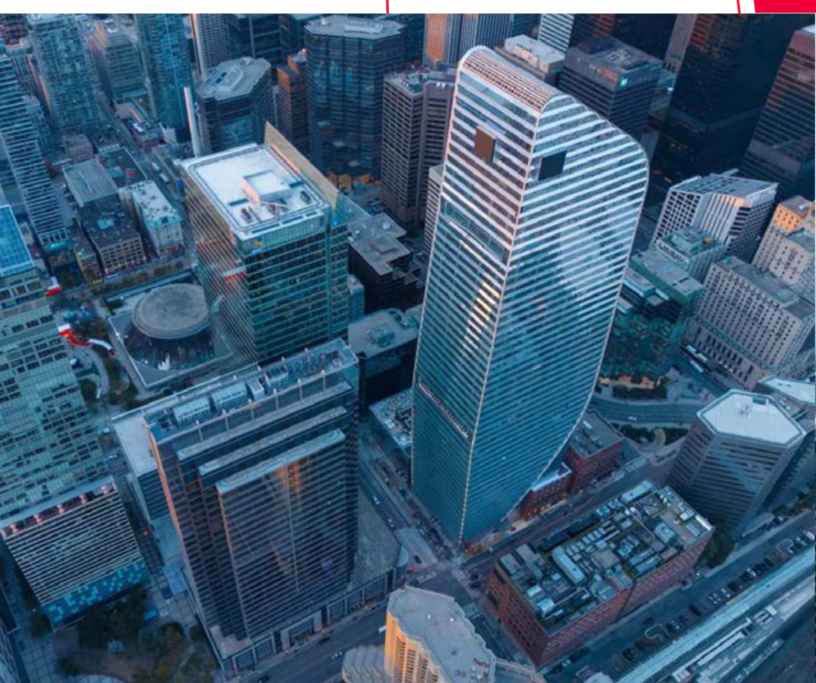
We leveraged Cadillac Fairview's award-winning "Green at Work" program to integrate sustainability into our building and amenity operations. The program is focused on three pillars: wellness, climate action and resource protection, such as waste and water management.

Our workspaces incorporate "smart building" technology, such as occupancy sensors in meeting rooms, to enhance our operational efficiency.

Through our district energy services partner Enwave, our building is equipped with a lower-carbon cooling solution using its Deep Lake Water Cooling system.

The building's underground is equipped with EV charging and bicycle storage to support greener commutes.





Making a mark in our communities

For three consecutive years, we have supported employees around the globe to volunteer in their communities. In 2024, our volunteerism initiatives and employee-led donation program continued to grow.

Our commitment to giving back

While volunteering our time is important, we also recognize that non-profits rely on financial support to carry out their essential work. Ontario Teachers' employees have supported community causes through an annual employee giving campaign for over 30 years.

Through OTPP Cares, our employee-led giving program, we now offer open choice giving opportunities on a global scale, expanding from our previous Canada-based, single-beneficiary program. This year, approximately 74% of employees donated more than $825,000 to more than 500 local and global causes across 22 countries during our annual giving campaign. In 2024, more than 500 employee volunteers dedicated their time at local organizations and for important causes. From sorting food at a food bank in Toronto, to renovating a park for toddlers in London, to organizing a food drive for seniors in Hong Kong, our global offices gave back to their communities and supported important causes in 2024.

Employees volunteered at the Daily Bread Food Bank in Toronto, sorting more than

21,000lbs **of food,**

enough to feed 1,953 individuals for three days.

Employees in London volunteered alongside London Play Design,

refurbishing a park

where children play.

Volunteers from our San Francisco office distributed more than

38,000lbs

of groceries

helping people experiencing food insecurity.

Employees in Hong Kong packed and distributed more than

200 **dinner boxes**

for elderly people at HolyCafe.

“In 2024, our teams continued to give their time and funds to help address areas of heightened need in the communities in which we live and work. Through our Make a Mark Day volunteerism program and employee-led OTPP Cares giving program, we are pleased to do our part to drive meaningful change in our communities.”

Claire Holland, Managing Director, Marketing & Communications, Ontario Teachers’ Pension Plan

02

Governing with excellence

ONTARIO TEACHERS' PENSION PLAN

About our board

Ontario Teachers' believes good governance is good business because it helps companies deliver long-term value.

We measure ourselves against best practices for governance, internal controls, risk management and stewardship because this helps us deliver long-term value to members. The plan is jointly sponsored by the Ontario government through the Minister of Education and the executive of Ontario Teachers' Federation (OTF).

Role of the board

Since its inception, Ontario Teachers' has been overseen by independent board members who are required to make decisions in the best interests of plan beneficiaries. The board is responsible for administering the pension plan and managing pension funds in accordance with the *Teachers' Pension Act* (Ontario), the *Pension Benefits Act* (Ontario) and the *Income Tax Act* (Canada) as well as all other matters set out in the Partners' Agreement. Day-to-day investment management and plan administration is delegated to the President and CEO and his executive team. No member of management is a board member.

Board members oversee strategic plans and approve budgets, risk appetite, the acceptable range of risk, investment policies, benchmarks, performance, compensation and succession plans recommended by management. The board monitors investment, operational, strategic and governance risks and ensures appropriate mitigation plans are in place. Preliminary funding valuations are completed to enable the board to assess the pension plan's long-term financial health and these valuations are reported to the plan sponsors.

The board works closely with the independent actuary in setting actuarial assumptions for these valuations, including the discount rate, with input from management.

Board committees

Through six standing committees, board members review progress against management's stated objectives and confirm that management's strategies and decisions are in the best interests of all plan beneficiaries.

- Audit & Actuarial Committee
- Benefits Adjudication Committee
- Enterprise Risk Committee
- Governance Committee
- Investment Committee
- People & Compensation Committee

For more information about our board committees, including their members and mandates, please visit www.otpp.com.

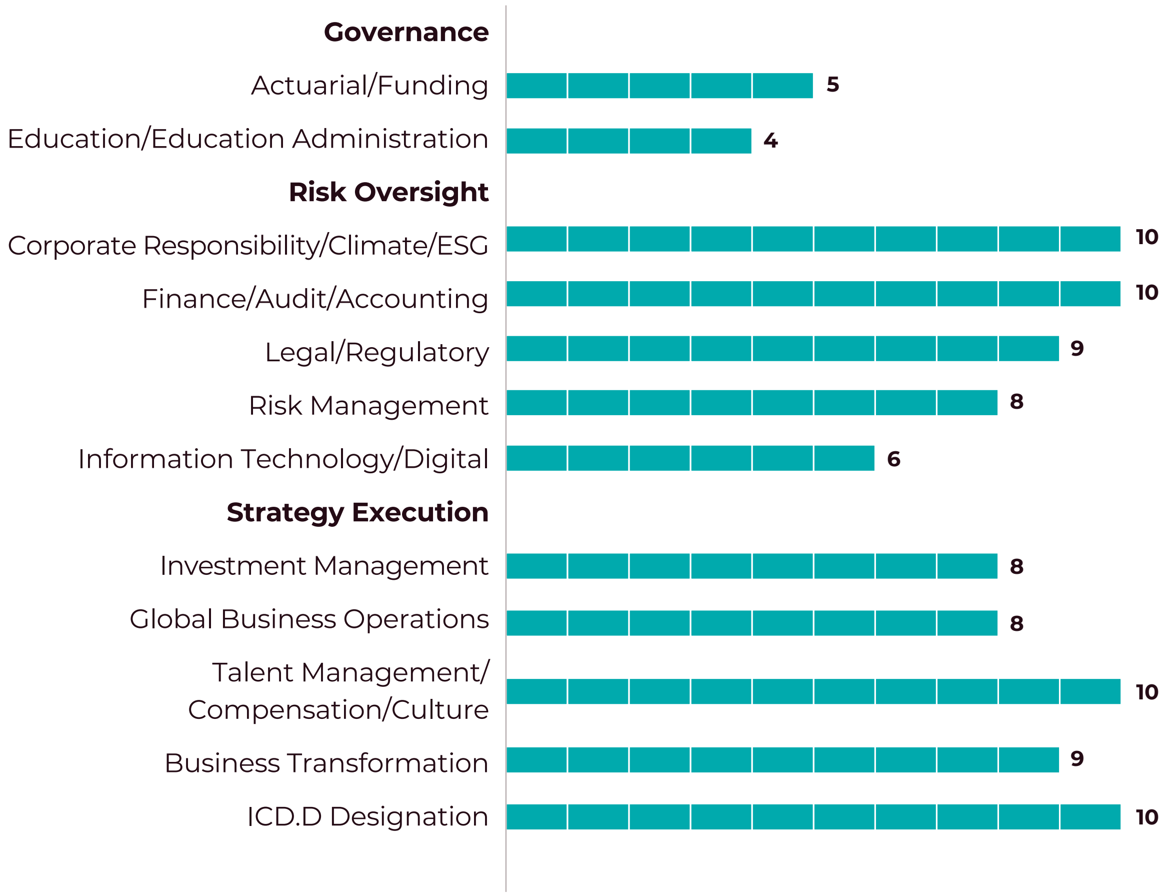
Board effectiveness

The plan sponsors each appoint five board members and they jointly select the board's chair, for a total of 11. This governance structure plays a crucial role in the plan's success.

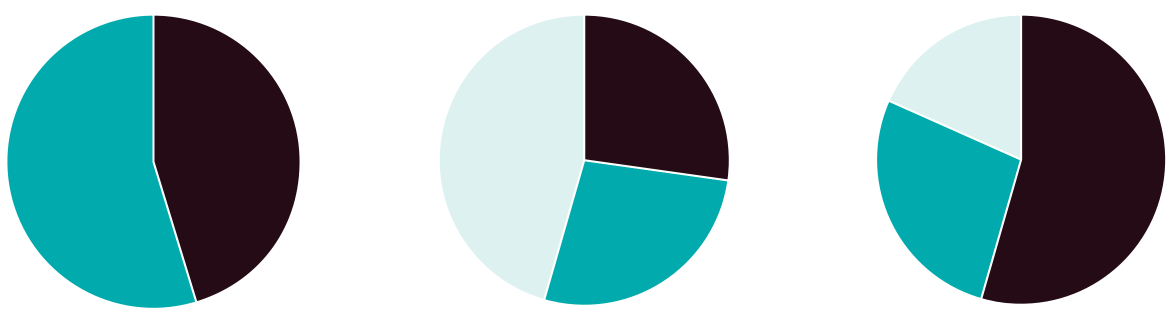
When appointing board members, the sponsors look for candidates with a variety of attributes, skills and experience that maximize board effectiveness. The graph on the next page summarizes some of the key qualifications of each of our board members:

Board composition and skills

Competencies



Diversity



Gender	
Male	5
Female	6

Age	
60 and under	3
61–64	3
65 and over	5

Tenure (years)	
5 and under	6
6–7	3
8 and over	2

2024 board highlights

11
board members

65
average age

5
years average tenure

BOARD MEETINGS AND COMMITTEES

The board met
11 times
for full meetings, including one strategic offsite

achieved
98%
attendance across all committee and board meetings

67%
of committee chairs are women

Investment Committee met
5 times

Audit & Actuarial Committee met
4 times

Enterprise Risk Committee met
4 times

People & Compensation Committee met
10 times

Governance Committee met
3 times

Benefits Adjudication Committee held
2 general meetings

BOARD NEWS AND PROGRESS

Thanked retiring board member Patti Croft

Held **13** board education sessions focused on liability management, cybersecurity, strategic countries and investment strategies, among other topics.

Our board members

Visit our website to view our board members' full biographies.

Steve McGirr
Chair, ICD.D

Chair since 2019
Member, Investment Committee
Appointed 2015

Skills:

- Corporate Governance
- Risk Management
- Investment Management
- Global Business Operations

Steve McGirr was Senior Executive Vice-President and Chief Risk Officer of CIBC until 2007. He held leadership positions at CIBC World Markets, Wood Gundy, TrustMark Auto Group Inc., First Caribbean International Bank, CIBC Offshore Banking Services Corporation and CIBC Offshore Services Inc.

Steve was a member of the Queen's University Cabinet and a Senior Advisor to Lazard Canada Inc. He served as Director and Investment Committee Chair of Wellspring Cancer Support Network. He has a Master of Public Administration and Bachelor of Arts (Honours) from Queen's University. In 2004, Steve received a Distinguished Service Award from the Province of Saskatchewan for his outstanding contributions to numerous public projects.

Cathryn (Cathy)
Cranston, ICD.D

Chair, People & Compensation Committee
Member, Investment and Enterprise Risk Committees
Appointed 2019

Skills:

- Corporate Governance
- Actuarial/Funding
- Investment Risk
- Talent Management/ Compensation/Culture

Cathy Cranston is an independent board Director for Toromont Industries Ltd. and Canadian Tire Corporation Limited. She chairs Toromont's Audit Committee and sits on the Environment, Social and Governance Committee. She is a member of Canadian Tire's Audit and Governance Committees. Cathy is the former Treasurer of BMO Financial Group. She held executive roles in investor relations, wealth management, risk management, capital markets and corporate banking.

Her prior board experience includes BMO (Barbados), BMO Mortgage Corporation, BMO Trust Company, BMO InvestorLine, BMO Harris Investment Management Inc. and BMO Nesbitt Burns Financial Services Inc.

Cathy holds a Master of Business Administration and Bachelor (Honours) of Commerce from University of Manitoba and the Institute of Corporate Directors' designation (ICD.D).

Patti Croft, ICD.D, GCB.D

Chair, Governance Committee
Member, Investment and People & Compensation Committees
Appointed 2016
Retired on December 31, 2024 after serving her maximum term

Skills:

- Corporate Governance
- Corporate Responsibility/Climate/ESG
- Investment Management
- Talent Management/ Compensation/Culture

Patti Croft began her career at Burns Fry before moving on to CIBC Wood Gundy. Patti has been the Chief Economist with RBC Global Asset Management; Phillips, Hager and North; Sceptre Investment Counsel; and TD Canada Trust.

Patti served on the Ontario Pension Board for 10 years. She held the positions of Vice-Chair and Chair of the Investment Committee. She is a past director and founding member of Women in Capital Markets and past director of the International Foundation for Employee Benefit Plans, Canadian Medical Association Holdings Inc. and the Boilermakers' National Pension Plan Canada. Patti holds a Bachelor's degree in Economics from the University of Toronto, the Institute of Corporate Directors designation (ICD.D) and Global ESG Competent Boards designation (GCB.D).

Monika Federau, ICD.D

Vice-Chair, Benefit Adjudication Committee
Member, Investment, People & Compensation and Governance Committees
Appointed 2021

Skills:

- Corporate Responsibility/Climate/ESG
- Information Technology/Digital
- Global Business Operations
- Business Transformation

Monika Federau is an experienced C-suite executive with an extensive career in the financial services industry. She received the Top 100 Canada's Most Powerful Women award by Women's Executive Network (WXN) in 2019.

She recently retired from the role of Chief Strategy Officer for Intact Financial Corporation. Monika began her career in the insurance industry in product development, sales and marketing. She then held senior marketing and operations roles at software and e-commerce companies. Monika serves on the Board of Aviva Canada, Assuris, UNICEF Canada and the Advisory Board of the Smith School of Business at Queen's University. Monika earned a Bachelor's degree from York University and a Master of Business Administration from the Smith School of Business, Queen's University and holds the Institute of Corporate Directors designation (ICD.D).

Cindy Forbes, ICD.D

Chair, Enterprise Risk Committee
Member, Investment, People & Compensation and Governance Committees
Appointed 2020

Skills:

- Finance/Audit/Accounting
- Investment Risk
- Risk Management
- Global Business Operations

Cindy Forbes was the Global Chief Analytics Officer and interim Chief Marketing Officer for Manulife and a member of the Executive Leadership Team. She spent over 35 years with Manulife, holding senior finance roles in the company's Asia, Reinsurance, Investment and U.S. divisions and serving as Chief Actuary.

She holds a Bachelor (Honours) of Mathematics from the University of Waterloo and the Institute of Corporate Directors designation (ICD.D). She is a Fellow of the Society of Actuaries and the Canadian Institute of Actuaries; Chair of the Risk Committee of Prosperity Life Assurance Limited (PLAL) and a Board Member of PLAL and Prosperity Group Holdings, LP; Chair of the Audit Committee of Munich Re of Canada; and former Chairperson of the Board of Governors of the University of Waterloo.

Tim Hodgson, ICD.D

Vice Chair, Investment Committee
Member, Enterprise Risk and People & Compensation Committees
Appointed 2023

Skills:

- Investment Risk
- Investment Management
- Global Business Operations
- Talent Management/ Compensation/Culture

Tim Hodgson serves as the Chair of Hydro One, Chair of the Canadian Investment Regulatory Organization and on the board of the Property and Casualty Insurance Compensation Corporation. His prior board directorships include Dialogue Health Technologies, PSP Investments, Sagicor Financial Company, MEG Energy, the Ivey School of Business at Western University and Bridgepoint Health. Tim served as Managing Partner of Alignvest Management Corporation, as a special advisor to the Governor of the Bank of Canada and as Chief Executive Officer of Goldman Sachs Canada. Tim holds a Master of Business Administration from the Ivey School of Business at Western University and a Bachelor of Commerce from the University of Manitoba. He is a Fellow of the Institute of Chartered Professional Accountants (FCPA) and holds the Institute of Corporate Directors designation (ICD.D).

Martine Irman, ICD.D

Member, Investment, Audit & Actuarial and People & Compensation Committees
Appointed 2023

Skills:

- Risk Management
- Investment Management
- Global Business Operations
- Talent Management/ Compensation/Culture

Martine Irman is a financial executive with experience in international banking, treasury, securities and trade. She served as Senior Vice President, TD Bank and the Vice Chair, Head of Global Enterprise Banking, TD Securities. She has worked with several organizations, including serving as immediate Past Chair of Export Development Canada and the YMCA of Greater Toronto, and founding Co-Chair United Way's Women United and Big Brothers and Sisters of Toronto. She serves on the boards of TMX Group, First National Financial Corporation, Plan International Canada and the St. Michael's Hospital Foundation. She holds a Bachelor of Arts in Economics and Financial Studies from Western University, received the ICD.D designation from the Institute of Corporate Directors and graduated from the Advanced Management Program at the Wharton School of the University of Pennsylvania.

Gene Lewis

Chair, Benefits Adjudication Committee
Member, Investment, Audit & Actuarial and Enterprise Risk Committees
Appointed 2018

Skills:

- Education/Education Administration
- Pension/Administration
- Public Sector
- Talent Management/ Compensation/Culture

Gene Lewis started his career as an elementary school teacher in Ontario and was later appointed principal. He served as General Secretary of the Elementary Teachers' Federation of Ontario from its inception in 1998 until his retirement in 2013. He participated on the Ontario Teachers' Federation Executive and on its Board of Governors. Gene gained extensive experience and expertise in the OTPP by serving on committees such as the Ontario Teachers' Sustainability Workgroup and the Partners' Consultative Committee. Gene served as President of the Ontario Public School Teachers' Federation. He is a graduate of the Institute of Corporate Directors and holds a Master of Education from Western University. In 2002, Gene was awarded the Queen's Golden Jubilee medal in recognition for his service to education.

M. George Lewis, ICD.D

Chair, Investment Committee
Member, Audit & Actuarial and People & Compensation Committees
Appointed 2019

Skills:

- Corporate Governance
- Investment Management
- Global Business Operations
- Talent Management/ Compensation/Culture

George Lewis was a professional and executive leader with RBC until 2016. George serves on the board of James Richardson & Sons Ltd.; Southbow Corp. (Chair of Governance & Risk Committee); Legal & General Group plc (Chair of Risk Committee) and the AOG Group (Chair of Audit Committee). His previous board experience includes Canadian Film Centre, Cenovus Energy, Enbridge Income Fund Holdings, Ontario Power Generation, Operation Springboard, Centre for Addiction and Mental Health (CAMH), Toronto Symphony Orchestra, Anglican Diocese of Toronto Foundation and Holland Bloorview Foundation.

George earned a Master of Business Administration (distinction) from Harvard University and a Bachelor of Commerce (high distinction) from Trinity College at University of Toronto. He is a Fellow of the Institute of Chartered Accountants (FCA), a CFA charter-holder and is certified by the Institute of Corporate Directors.

Debbie Stein, ICD.D

Chair, Audit & Actuarial Committee
Member, Investment and Governance Committees
Appointed 2023

Skills:

- Corporate Responsibility/Climate/ESG
- Finance/Audit/Accounting
- Operational Risk
- Risk Management

Debbie Stein is an accomplished finance executive with extensive experience in the infrastructure, energy and utility sectors. Debbie was Senior Vice President, Finance and Chief Financial Officer of AltaGas Ltd. She worked at TC Energy, led the finance function of Wendy's Restaurants of Canada and was Controller at Paramount Canada's Wonderland. Debbie is an experienced corporate director and serves on public and private company boards, including current directorships at Aecon Group Inc., RB Global, NuVista Energy Ltd., Trican Well Service Ltd. and Washington Gas.

Debbie holds a Bachelor (Honours) of Arts in Economics from York University, is a Fellow of Chartered Professional Accountants (FCPA, CPA) and holds the ESG Global Competent Boards designation (GCB.D) and the Institute of Corporate Directors designation (ICD.D).

Tom Wellner, ICD.D

Member, Investment, Audit & Actuarial and Enterprise Risk Committees
Appointed 2023

Skills:

- Corporate Governance
- Investment Management
- Global Business Operations
- Business Transformation

Tom Wellner recently retired as President and Chief Executive Officer of Revera Inc. Tom has led several public and private organizations, including as President/CEO of Lilly Germany, LifeLabs/CML Healthcare and Therapure Biopharma.

He was a guest lecturer on international business and healthcare at Harvard, Rotman and INSEAD Schools of Business and has been engaged in advisory work within private equity and venture capital communities. He is also a published author. He currently serves on the board of Andlauer Health Group, chairing the audit committee. He served on the boards of FreshBooks, Novadaq Technologies, Cipher Pharmaceuticals and various Revera entities, and has been an advisor to Lumira Capital. He holds a Bachelor (Honours) of Science degree in Life Sciences from Queen's University and received the ICD.D designation from the Institute of Corporate Directors.

Board remuneration

The Governance Committee of the board is responsible for making recommendations with respect to board and committee member remuneration. Effective January 1, 2024 and every year thereafter, an inflation adjustment, equivalent to that applied to pension in pay (to members who retired on or after January 1, 2023) will be applied to the retainers for the Chair of the board and members of the board, respectively. Set out in the table below is a summary of board remuneration for 2024.

	2024 Annual Retainer
Chair of the board	$ 303,920
Members of the board, including membership on the Investment Committee and two other board committees	$ 151,960
Additional committee Chair retainer:	
Audit & Actuarial or Investment Committees	$ 20,000
Other committees	$ 15,000
Additional committee Vice-Chair retainer:	
Audit & Actuarial or Investment Committees	$ 10,000
Other committees	$ 7,500
Committee member retainer (if a member on more than three committees)	$ 5,000

In addition to the annual retainer, new board members receive an additional fee of $10,000 in their first year for participating in OTPP's board orientation program. Board observers also receive a fee based on the number of meetings that they observe before their official appointment date as a member of the board.

Expenses

Board members and board observers are reimbursed for reasonable expenses incurred in fulfilling their board and committee commitments including travel, education, meals and accommodation, as required. For 2024, these expenses totaled $54,422.71.

2024 OTPP BOARD MEMBER ATTENDANCE AND REMUNERATION

Board Member	Board Meetings	Committee Meetings	2024 Total Remuneration
Steve McGirr, Chair of the Board	11	26	$ 303,920
Cathy Cranston, Chair, People & Compensation Committee	11	19	166,960
Patti Croft, Chair, Governance Committee	11	18	166,960
Monika Federau, Vice-Chair, Benefits Adjudication Committee	11	20	164,460
Cindy Forbes, Chair, Enterprise Risk Committee	11	20	171,960
Timothy Hodgson, Vice-Chair, Investment Committee	11	16	161,960
Martine Irman	11	19	159,460
Gene Lewis, Chair, Benefits Adjudication Committee	11	15	171,960
M. George Lewis, Chair, Investment Committee	11	19	171,960
Deborah Stein, Chair, Audit & Actuarial Committee	11	12	171,960
Tom Wellner	10	13	159,460

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03

Compensation discussion & analysis

ONTARIO TEACHERS' PENSION PLAN

Letter from the Chair of the People and Compensation Committee

As the Chair of the People and Compensation Committee (PCC), I am pleased to share with you our frameworks and approach to assessing performance and how we determine compensation at Ontario Teachers' Pension Plan.

Performance highlights for 2024

The overarching key driver of compensation at Ontario Teachers' is total-fund performance over a four-year period. We use this longer time horizon when assessing total-fund performance to align employee behaviours with the interests of the plan, where stable long-term performance is more important than a single good year.

In 2024, our portfolio showed resilience in securing a 7.5% total-fund real return, exceeding our in-year 4% real return target, allowing the plan to remain fully funded for the 12th consecutive year. On a four-year basis, our real return performance was just below our target. Our performance relative to our benchmarks has suffered for a second year. We have been very successful in managing the volatility of our returns over the past four years, consistent with our long-term strategy. For more information on our results, please see the "Our Performance" section of this annual report.

Pay outcomes

Our compensation framework is designed to reward, over the long term, for performance within the bounds of our risk budget. This allows us to attract and retain the talent needed to support and drive our bold and ambitious plan to deliver for our members while creating a lasting, positive impact on the world.

Management and the board assess Ontario Teachers' overall performance relative to a corporate scorecard. The scorecard was established in the first quarter of 2024 and includes both qualitative and quantitative metrics across the three pillars of our enterprise strategy: culture, growth and impact.

Based on a combination of total-fund performance measures, outstanding service to our members and delivering above expectations on other enterprise priorities, the board approved the Ontario Teachers' scorecard with a multiplier of 1.42 out of 2.0 (a 3% decrease in scorecard results year-over-year).

CEO pay decisions

Our assessment of the President and CEO, Jo Taylor, for 2024 reflects the recognition of his individual objective outcomes, for which we awarded him a multiplier of 2 times his target for his 2024 annual incentive. The weighted average of individual and Ontario Teachers' annual scorecard resulted in an overall annual incentive multiplier for Mr. Taylor of 1.65 times his target. The board also awarded him with a long-term allocation of $3,376,300, which represents total direct compensation of $5.5 million.

The PCC believes the compensation paid to Mr. Taylor, other Named Executive Officers (NEOs) and Ontario Teachers' employees as a whole for 2024 is appropriate and aligned with the objectives of the organization.

The details on compensation of Mr. Taylor and other NEOs are included in the following pages.

Looking forward

In alignment with our enterprise ambitions and to ensure our programs remain effective, we will be emphasizing the focus of our incentive programs on key objectives, accountability and greater differentiation. These will be described and reflected in our 2025 Annual Report.

Cathy Cranston
Chair, People & Compensation Committee

Compensation discussion & analysis

The Compensation Discussion & Analysis explains Ontario Teachers' approach to compensation, the various elements of our pay programs and the remuneration paid to our named executive officers (NEOs). In fiscal 2024, our NEOs were:

- Jo Taylor, President and Chief Executive Officer (CEO);
- Mabel Wong, Chief Financial Officer (CFO);
- Gillian Brown, Chief Investment Officer (CIO), Public and Private Investments;
- Stephen McLennan, Chief Investment Officer (CIO), Asset Allocation; and
- Nick Jansa, Executive Managing Director (EMD), Europe, the Middle East and Africa (EMEA).

Our compensation framework

Our compensation philosophy and objectives

Ontario Teachers' compensation framework has been developed on a foundation of pay-for-performance to attract, reward and retain top performing talent. We aim to provide equitable compensation for all employees and developing talent with a focus on creating a global organization that is diverse and inclusive. For example, we apply equal and fair employee practices to every employee, regardless of gender identity, colour, race, ethnicity, ability, or sexual orientation, ensuring all employees performing the same job have the same rewards opportunities.

Our compensation program is based on the following principles:

- **Align the enterprise.** All employees are part of the same compensation framework, with a focus on delivering strong performance against corporate objectives.
- **Ensure market-competitive pay levels and mix to attract and retain high-calibre talent.** The compensation framework is aligned with the external market relevant to our business, considering the various skill sets required to achieve the organization's collective goals. The framework provides the opportunity for leaders to recognize individual employees, earning top quartile pay or better. A significant portion of our rewards, particularly for senior employees, is aligned with delivering on performance outcomes and our retention strategy.
- **Align rewards with employee behaviours.** In measuring employees' individual performance, there is explicit focus on striking a balance between both what was accomplished and how employees demonstrated it, by activating our culture by living our values – working in the best interest of the enterprise.
- **Ensure balance (time horizon, accountabilities, discretion).** There is a balance between annual outcomes (i.e., culture initiatives, member satisfaction, climate change) and investment performance over a four-year period. There is a balanced approach to rewarding employees in areas over which they have most control (e.g., for junior employees, the focus is on individual performance; for senior employees, more emphasis is placed on enterprise performance). Additionally, there is a balance of discretion to ensure pay decisions are more than just formulaic outcomes and managers have the necessary flexibility/tools to ensure a holistic assessment and differentiation of rewards for each employee.

- **Align with good governance and ensure our compensation program aligns with our risk appetite.** The compensation framework embeds a number of risk mitigating features (clawback, upper limits, balanced scorecards) and ensures employees' interests are aligned with those of the members of the Ontario Teachers' Pension Plan. Additionally, senior officers review pay decisions to ensure equity through multiple lenses (i.e., by level, gender, etc.).

Independent benchmarking process

We regularly review and evaluate our programs and practices by comparing them with those of peer organizations we compete for talent with and who operate in similar markets and geographic locations. Our target pay opportunities are aligned to the competitive market rates of our peers, and we differentiate pay outcomes to pay above this level for exceptional performance or below it for lesser performance.

Key risk mitigating features and governance

Governance practices used to monitor, assess and mitigate risk in the delivery of our incentive programs include:

<table>
<tr><th colspan="2">What We Do</th><th>What We Don't Do</th></tr>
<tr><td>Align compensation with prudent risk taking and stakeholder interests</td><td>• A significant portion of senior management pay-at-risk delivered as long-term incentive to align compensation with the risk time horizon and motivate senior management to create long-term value and remain accountable for decisions with longer-term risk exposure
• There is an upper limit on individual annual incentive awards
• Clawback provisions in place stating that employees committing willful acts of dishonesty, fraud or theft, or otherwise terminated with cause shall be required to pay back all amounts paid to the participant under the annual and/or long-term incentive plans in the preceding 12 months</td><td rowspan="5">• Set performance targets which are not sufficiently challenging and/or provide for excessively high potential payouts
• Adjust performance targets or goals downward without justification and board approval
• Establish overall levels of compensation higher than median that is not reinforced by outstanding total-fund and organizational performance, or set compensation targets that are outsized relative to peer group
• Award excessive variable pay or severance payments</td></tr>
<tr><td>Set performance targets and goals that are demonstrably linked to the interests of Ontario's teachers</td><td>• Develop comprehensive balanced scorecards that measure progress against strategic objectives at the enterprise level and division/department level, including risk management initiatives</td></tr>
<tr><td>Establish a risk budget to set value-add performance goals that impact all employees' incentive pay, to varying degrees</td><td>• At the beginning of each year, board members approve the active risk allocations for the total fund, which in turn establish expected annual dollar value-add performance goals (i.e., dollars earned versus benchmark dollars earned) for the year
• Actual investment performance at the total-fund and departmental levels (measured in dollars of value add) is compared against the expected performance goals</td></tr>
<tr><td>Compensation and performance are benchmarked against peer organizations</td><td>• Establish a peer group to allow stakeholders to make a reasonable comparison of pay and performance across the group</td></tr>
<tr><td>Align compensation with risk management objectives</td><td>• Model and test our annual and long-term incentives under multiple performance scenarios in order to ensure that the payouts align with expected performance outcomes</td></tr>
</table>

Our compensation framework meets or exceeds the Principles for Sound Compensation Practices established by the Financial Stability Board and endorsed by the G20 nations.

Independent advisors

Ontario Teachers' management engages with various external consultants to assist with the review of design and competitiveness of compensation, benefits and retirement programs, as needed. The overall design of the program is competitive, continues to reinforce our pay-for-performance philosophy and supports our evolving strategy.

The People & Compensation Committee (PCC) of the board engaged Hugessen Consulting Inc. as needed, to assist in reviewing compensation recommendations to the board.

Elements of our compensation program – Overview

Our compensation program consists of base salary, annual awards and long-term retention for non-bargaining unit employees. We refer to the combination of in-year awards and future long-term retention as "Total Direct Compensation."

Compensation structures for bargaining unit staff have been negotiated into the collective agreement. The four-year agreement runs through to December 31, 2025.

Base salary

Base salaries compensate employees for fulfilling their day-to-day responsibilities and are reviewed annually. Each employee at Ontario Teachers' is assigned a job level with a corresponding salary grade that is designed to provide market-competitive pay commensurate with the employee's responsibilities, demonstrated skills, knowledge and track record of performance.

Annual Incentive Plan (AIP)

Our AIP rewards employees with cash awards based on business and individual performance results relative to goals. Weightings for each element vary by level for Investment, Corporate and Member Services employees.

Ontario Teachers' Performance (0x–2x)	
30%	Culture
50%	Growth (incl. 4-Year total-fund Real Return; 4-Year Total-Fund Value Add; 48-Month total-fund Volatility)
20%	Impact

+

Division/Department Performance (0x–2x)	
100%	4-Year Investment Department financial metrics
	Annual Strategic Execution

+

Individual Performance (0x–3x)	
100%	*What* – Assessment of performance related to business outcomes
	How – Assessment of how employees take an active part in our evolving culture by living the values every day

AIP Payout

Deferred Incentive Program: Employees may voluntarily defer up to 100% of AIP to allocate into the fund for up to two years.

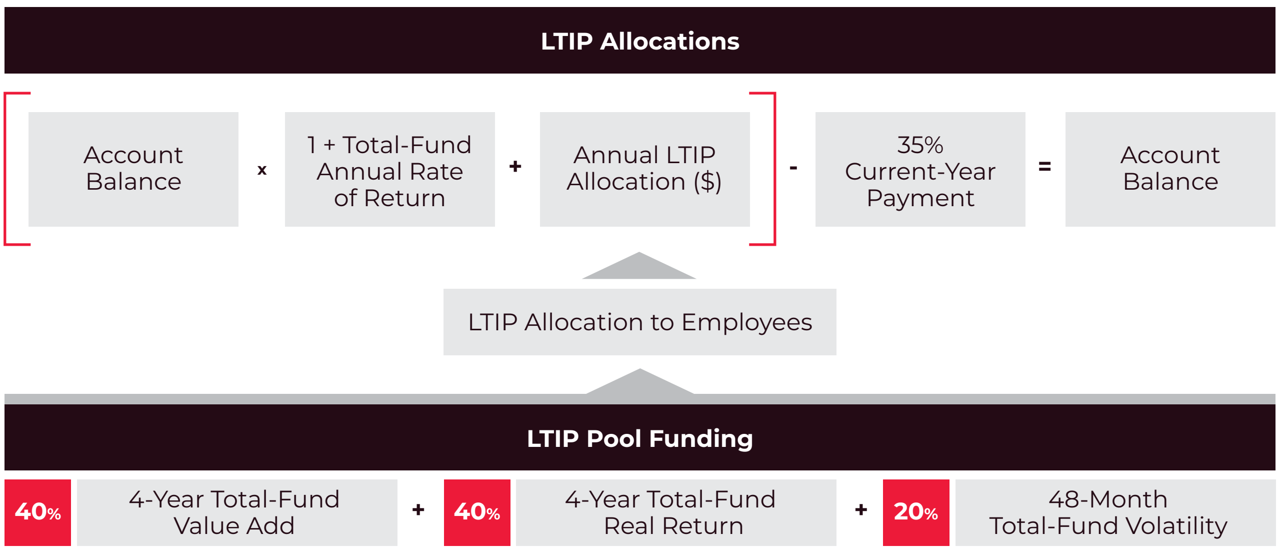
Value add is after deducting management fees, transaction costs and administrative costs allocated to the Active programs (includes annual incentives but does not include long-term incentives).

The performance of Ontario Teachers' and Division/Department is assessed based on a scorecard that is developed at the beginning of the year and includes annual priorities. The overall outcomes of those scorecards as well as individual performances makes up the final AIP award.

Long-Term Incentive Plan (LTIP)

Our LTIP retains employees with cash awards based on their impact and criticality in driving the strategy. The cash awards are allocated at year end to a notional account which is drawn down at a rate of 35% per year. LTIP eligible employees include Investment employees at the Principal level and above; and Corporate and Member Services employees at the Director level and above.

Ontario Teachers' overall growth objective, as measured through three total-fund metrics (value add, real return and volatility), is used to guide the size of the overall LTIP pool in any one year, including the use of informed judgement as approved by the PCC in the final pool sizing decision.

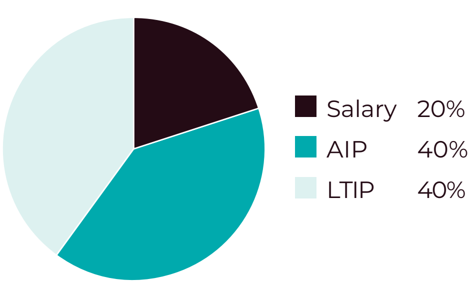


Mix of pay

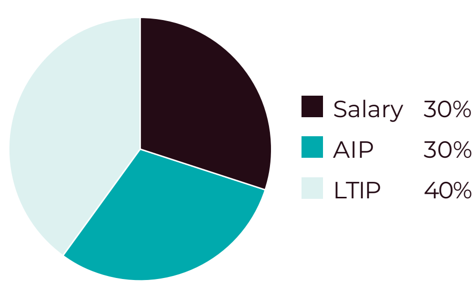
The majority of compensation and incentives paid to our senior executives is variable and at-risk. Recognizing their direct influence on investment results and our objective of linking pay to performance outcomes and retention, investment professionals and our CEO have a greater percentage of their rewards tied to our variable pay and retention programs. Below is the target total direct compensation mix for our NEOs. The actual pay mix realized may be different depending upon Ontario Teachers', divisional and investment performance, and the NEOs' individual performance.

TARGET PAY MIX

President and CEO; and CIOs



Other NEOs (on average)



Benefits and other compensation

Ontario Teachers' provides a competitive benefits and well-being program that includes life insurance, disability, health and dental benefits, vacation and other leave policies, wellness programs and an Employee-Family Assistance Program. Our retirement benefit for Canadian employees is a defined benefit pension plan described on page 97. Employees based outside of Canada are eligible to participate in local contributory pension plans based on local regulations and market practices.

Termination arrangements for the NEOs

There are no NEOs with open-ended termination arrangements. In the event of termination without cause, we would offer a severance package commensurate with those offered to others of similar seniority who may have similarly been terminated without cause, in exchange for a full and final release.

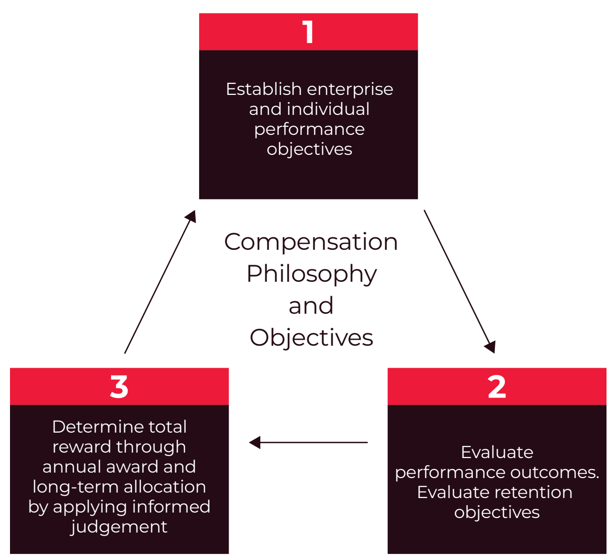
The treatment under each of the termination scenarios is governed by the Annual and Long-Term Incentive Plan documents, as summarized below.

	Annual Incentive Plan	Long-term Incentive Plan
Resignation	Forfeiture	Forfeiture
Retirement (as defined by AIP, LTIP)	Pro-rated award reflecting the period of active employment during the calendar year	Notional account balance vests progressively over three years following retirement
Termination Without Cause	Pro-rated award reflecting the applicable reasonable notice period	Continue to vest during the applicable period of reasonable notice
Termination with Cause/ Wilful Disobedience	Forfeiture	Forfeiture

Compensation decisions made in 2025 reflecting 2024

How decisions are made

At Ontario Teachers', compensation decisions are guided by our compensation philosophy and business outcomes. The illustration on the right provides an overview of the annual process for determining compensation for the CEO and senior officers:



Annually, the board members and the CEO agree on the key objectives for Ontario Teachers' overall performance scorecard and the CEO's individual performance goals. At the end of the year, the board members evaluate the CEO's performance relative to the annual objectives and assign an overall performance rating. The CEO's individual performance rating, Ontario Teachers' overall performance and total-fund performance are all considered when the board determines the CEO's annual incentive award and his long-term allocation.

Similarly, senior officers and the CEO agree on individual performance goals for the year and at year-end each senior officer is evaluated relative to these goals. The outcome of individual goals, enterprise performance and retention assessment informs the total direct compensation recommendations for senior officers, which are presented to board members for approval.

Enterprise objectives are cascaded down from the CEO and senior officers to all employees annually. Check-ins between employees and respective managers are ongoing throughout the year. During the annual review cycle, guiding principles are communicated to leaders to maximize fair and equitable decisions across levels, gender, etc., as they relate to stated objectives and performance outcomes. Analysis of pay recommendations for employees is conducted and reviewed over multiple dimensions at various levels of senior leadership prior to overall approval.

Ontario Teachers' performance

To ensure we stay focused on our mission to provide outstanding service and retirement security to our members today and tomorrow, we prepare an enterprise scorecard comprising goals and measures for three categories (culture, growth and impact). The scorecard ensures a balanced view of key areas that will drive employees to achieve our short-, medium- and long-term goals.

At the end of the year, the scorecard is evaluated and the results are presented to board members for approval. In 2024, employees delivered combined strong performance with a multiplier of 1.42 out of 2.0.

Total-fund and division/department performance

We also assess the strategic execution of each of our divisions across the organization against their respective annual objectives. Overall, employees delivered performance above target, with an average divisional/departmental multiplier of 1.55 out of 2.0.

In 2024 we had a strong focus on total return. As a result, the fund and many of our investment departments significantly delivered above our target expectations.

On a four-year basis, in aggregate, staff met target performance levels. Investment departments delivered dollars earned above our target expectations. Management of total-fund volatility also exceeded targets. We fell short on our total value-add and total return targets. Within the investment departments, Capital Markets met their value-add target outcomes whereas Equities and Infrastructure & Natural Resources fell below target.

The table below summarizes total-fund four-year performance relative to the targets as approved by the board.

Year	Total-Fund Value Add	Total-Fund Real Return	Total-Fund Volatility
2021 to 2024	Below Target	Below Target	Exceptional

For our investment departments, a portion of their annual objectives include four-year value-add department performance relative to the return on risk allocation. For some departments, their four-year value-add performance is measured relative to Total-Fund outcomes.

Year	Equities	Infrastructure & Natural Resources	Capital Markets
2021 to 2024	Below Target	Below Target	At Target

CEO performance

At the start of the year, the PCC and the CEO agreed on organizational and individual objectives for the year. At the end of the year, the PCC evaluated the CEO's performance against those objectives and presented its evaluation to the board for review and approval.

The CEO's objectives for fiscal 2024 are aligned with the enterprise strategy. Apart from total-fund performance, some of the notable accomplishments were:

- Completed an organization re-design which included a new Co-CIO model with clear accountabilities, a new approach for our Real Estate portfolio and setting up a new strategy function.
- Improved performance in 2024 resulting in excellent returns and dollars earned.
- Developed succession and development plans early in the year for the CEO role and thereafter extended to the Executive Team.
- A new five-year strategy with senior team commitment and alignment.

The board of directors awarded Mr. Taylor an AIP award of $1,553,700 and an LTIP award of $3,376,300 for fiscal 2024.

Executive compensation

The compensation table represents disclosure of base salary, annual incentive, long-term incentive retention and other compensation earned in 2022, 2023 and 2024 by the CEO, the CFO and the three other most highly compensated executives, excluding subsidiary companies.

Name and Principal Position	Year	Base Salary A	Annual Incentive B	Long-Term Allocation C	Total Direct Compensation[1] A+B+C	Long-Term Paid D	Other E	Change in Pension Value F	Total Compensation[2] A+B+D+E
Jo Taylor President and Chief Executive Officer	2024	$ 570,000	$ 1,553,700	$ 3,376,300	$ 5,500,000	$ 3,663,561		$ 187,000	$ 5,787,261
	2023	570,000	1,275,300	1,854,700	3,700,000	3,410,311			5,255,611
	2022	570,000	1,672,200	2,857,800	5,100,000	4,115,500			6,357,700
Mabel Wong[3] Chief Financial Officer	2024	425,000	443,200	750,000	1,618,200	691,600	175,000	107,800	1,734,800
	2023	320,000	316,300	500,000	1,136,300	496,000	60,000		1,192,300
Gillian Brown Chief Investment Officer, Public & Private Investments	2024	450,000	899,100	1,500,000	2,849,100	1,734,900		708,500	3,084,000
	2023	370,000	653,700	1,100,000	2,123,700	1,702,000			2,725,700
	2022	370,000	881,100	1,450,000	2,701,100	1,988,200			3,239,300
Stephen McLennan[4] Chief Investment Officer, Asset Allocation	2024	450,000	899,100	1,500,000	2,849,100	1,876,100		514,500	3,225,200
	2023	370,000	1,078,000	880,000	2,328,000	1,900,700			3,348,700
	2022	370,000	881,100	1,500,000	2,751,100	2,135,100			3,386,200
Nick Jansa[5] EMD, EMEA Reflected in GBP	2024	355,000	662,000	695,000	1,712,000	1,026,400		49,700	2,043,400
	2023	355,000	627,200	500,000	1,482,200	1,101,700		49,700	2,083,900
	2022	355,000	845,400	1,400,000	2,600,400	1,398,900		49,300	2,599,300

1 When making compensation decisions, the board and management focus on Total Direct Compensation (TDC) which reflects base salary, annual incentive and long-term retention allocation. Base salary represents the annualized salary as of Dec 31^{ST} of each year.

2 Change in pension value and long-term retention allocations are not included in total compensation.

3 Ms. Wong was appointed Acting CFO in April 2024 and formally promoted to CFO effective August 2024. On hire, Ms. Wong was provided $60,000 CAD cash (paid in two tranches) and $900,000 CAD LTI seeding to replace forfeited incentives. In recognition of her Acting Chief Financial Officer role in 2024, Ms. Wong received $175,000 CAD. Upon appointment to Chief Financial Officer in 2024, Ms. Wong's LTI payout is inclusive of a special one-time LTI allocation of $200,000 CAD.

4 In recognition of his Acting Head of Investments role in 2023, Mr. McLennan's annual incentive for 2023 includes an additional $300,000 CAD and his LTI payout is inclusive of a special one-time LTI allocation of $500,000 CAD.

5 Mr. Jansa received employer pension contributions as cash-in-lieu.

Notional account balances

The table below outlines the notional account balances for each NEO.

Name and Principal Position	Opening Balance	2024 Rate of Return	Allocation	Payment	Balance
Jo Taylor, President and CEO	$ 6,483,934	9.36%	$ 3,376,300	$ 3,663,561	$ 6,803,569
Mabel Wong Chief Financial Officer	1,121,190	9.36%	750,000	691,600	1,284,533
Gillian Brown CIO, Public & Private Investments	3,160,933	9.36%	1,500,000	1,734,900	3,221,896
Stephen McLennan CIO, Asset Allocation	3,529,865	9.36%	1,500,000	1,876,100	3,484,160
Nick Jansa, EMD, EMEA Reflected in GBP	2,045,985	9.36%	695,000	1,026,400	1,906,089

Notional account for Mr. Taylor includes a prior account in GBP before transferring to Canada, all represented in Canadian dollars.

Retirement benefits

Ontario Teachers' Canadian employees participate in the Public Service Pension Plan (PSPP) and Public Service Supplementary Plan (PSSP), or the OPSEU Pension Plan, all of which are defined benefit plans. Employees with pensionable earnings in excess of *Income Tax Act* (ITA) regulations also participate in a non-registered, unfunded Supplemental Employee Retirement Plan (SERP).

Employees based outside of Canada are eligible to participate in local contributory pension plans based on local regulations and market practices.

The table below outlines the estimated present value of the total Canadian pension from all sources (PSPP, PSSP and SERP) and estimated annual Canadian pension benefits at age 65 for the CEO, the CFO and the CIOs.

Name and Principal Position	Projected Years of Service at Age 65	Estimated Total Annual Pension Benefit at Age 65	Present Value of Total Pension January 1, 2024	2024 Compensatory Annual Change in Pension Value	2024 Non-Compensatory[1] Annual Change in Pension Value	Present Value of Total Pension December 31, 2024
Jo Taylor[2], President and CEO	6	$ 65,200	$ 668,200	$ 158,400	$ 28,600	$ 855,200
Mabel Wong Chief Financial Officer	25	369,200	65,900	105,300	2,500	173,700
Gillian Brown CIO, Public & Private Investments	41	462,200	2,989,800	640,400	67,900	3,698,100
Stephen McLennan CIO, Asset Allocation	33	378,200	2,045,900	469,400	45,100	2,560,400

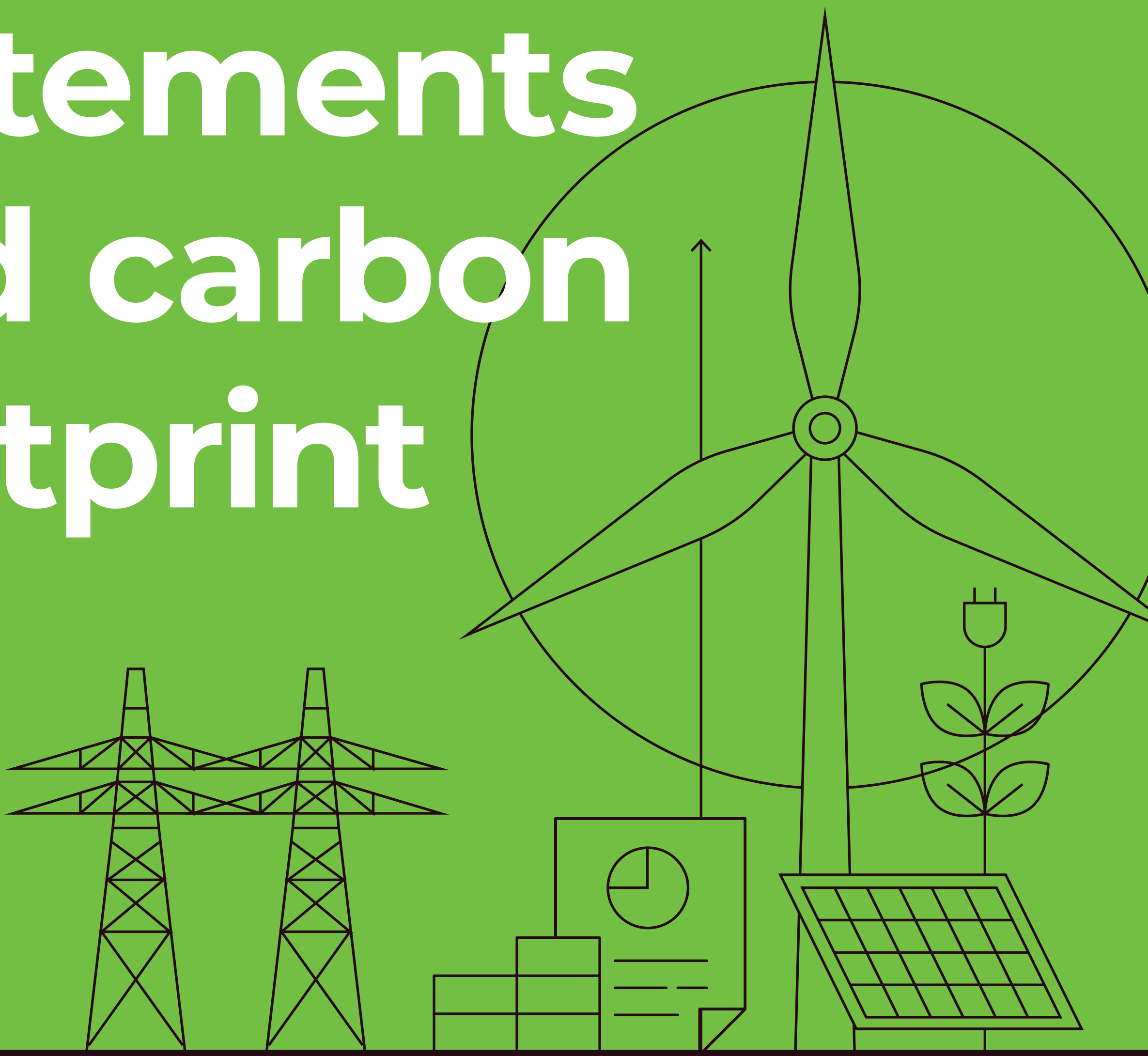
1 Includes interest on liabilities and the impact of any assumption changes.

2 Represents Mr. Taylor's participation in the Canadian retirement benefits beginning January 1, 2020.

The values shown above are estimated based on assumptions and represent entitlements that may change over time.

04

Financial statements and carbon footprint



ONTARIO TEACHERS' PENSION PLAN

Financial reporting

The Financial Reporting section highlights sections of the financial statements that management views as key to understanding the financial position of Ontario Teachers'.

Included in the pages preceding the consolidated financial statements are three letters that describe the responsibility of management, the auditors and the actuaries:

- Management's Responsibility for Financial Reporting – identifies that management is responsible for preparation of the financial statements. The financial statements are prepared according to Canadian accounting standards for pension plans. The board, which is independent from management, has ultimate responsibility for the financial statements and is assisted in its responsibility by the Audit & Actuarial Committee.
- Independent Auditor's Report – the formal opinion issued by an external auditor on the consolidated financial statements.
- Actuaries' Opinion – identifies that valuation methods are appropriate, data is sufficient and reliable, and the assumptions are in accordance with accepted actuarial practices. The actuarial valuation is based on membership data, actuarial and accounting standards and long-term interest rates.

Year-end financial position

Ontario Teachers' ended the year with a financial statement surplus of $53.2 billion, an increase from $36.1 billion at the end of 2023. The surplus represents the difference between net assets available for benefits and accrued pension benefits at year-end.

As at December 31 (Canadian $ millions)	2024	2023
Net assets available for benefits	**$ 266,339**	$ 247,513
Accrued pension benefits	**$ 213,166**	$ 211,393
Surplus	**$ 53,173**	$ 36,120

During 2024, net assets available for benefits increased by $18.8 billion. Net investment income of $23.7 billion and contributions of $4.3 billion increased net assets available for benefits, while benefits paid of $8.1 billion and administrative expenses of $1.0 billion decreased net assets available for benefits. See the Investment Performance section for details of investment returns.

Financial statement valuation

The financial statement valuation measures the fair value of the plan's net assets available for benefits and pension liabilities at a point in time. The financial statement valuation provides a snapshot of the financial health of the plan as it does not assume any future contributions and does not project the cost of benefits that current members have not yet earned. The financial statement valuation is therefore not considered an indicator of the long-term sustainability of the plan and not used by the plan sponsors to set contribution rates and benefit levels.

Methods and assumptions used for the financial statement valuation

The financial statement valuation is prepared in accordance with guidance from Chartered Professional Accountants of Canada (CPA Canada). The pension liabilities, prepared by an independent actuary, take into account pension credit earned to date by all plan members and contributions already received by the plan. Valuation techniques, estimates and pension liabilities are described further in the notes to the consolidated financial statements.

The actuarial assumptions used in determining the pension liabilities reflect best estimates of future economic and non-economic factors proposed by management and approved by the board. Actual experience typically differs from these assumptions and the differences are recognized as experience gains and losses in future years.

Fair value measurement

Ontario Teachers' investments and investment-related liabilities are recorded at fair value. The objective of fair value determination is to estimate an exit price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants. Valuation techniques are employed in order to measure fair value. As described further in the notes to the consolidated financial statements, these techniques utilize inputs such as prices for market transactions, discount rates, contractual or expected future cash flows and other relevant factors that impact the assessment of fair value.

As required under Canadian accounting standards, Ontario Teachers' has classified and disclosed its fair value measurements into one of three categories based upon the degree of observable inputs used in their determination. Level 1 inputs consist of quoted prices in active markets for identical assets or liabilities; Level 2 inputs are derived from observable prices but do not meet the Level 1 criteria; Level 3 inputs are unobservable. If different levels of inputs are used to measure the fair value of an investment, the classification within the hierarchy is based upon the lowest level input that is significant to the fair value measurement.

Valuation of Level 3 investments

The valuation of our investments is guided by IFRS 13: Fair Value Measurement. This standard provides guidance on fair value measurements including the definition of fair value. The valuation of Ontario Teachers' Level 3 investments is subject to a strong governance process which includes:

- Comprehensive valuation policies and procedures for all asset classes
- In-house valuation and tax expertise within our Finance team
- Independence of our Finance team from the Investments team. We also maintain appropriate segregation of duties, with the majority of Level 3 direct investments (by value) requiring three levels of Finance sign off
- Independent external valuation experts and real estate appraisers to provide expertise, knowledge and familiarity with local market conditions, market transactions and industry trends
- Semi-annual reporting to the Audit & Actuarial Committee on Level 3 investment valuations
- Year-end valuations are subject to audit by external auditor valuation specialists

Additionally, the valuation of Level 3 investments is subject to periodic internal audits.

VALUATION GOVERNANCE PROCESS

Effective oversight and controls

Disclosure and financial reporting controls

We take guidance from National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings, issued by the Canadian Securities Administrators on a voluntary basis, as part of our commitment to good governance practices. The President and CEO and the Chief Financial Officer are responsible for establishing and maintaining disclosure controls and internal control over financial reporting.

We have designed disclosure controls to provide reasonable assurance that material information related to the plan is gathered and reported to management for timely decisions regarding public disclosures. We evaluated our disclosure controls and concluded that they are effective as at December 31, 2024.

We have also designed internal control over financial reporting, using the Integrated Framework issued in 2013 by the Treadway Commission's Committee of Sponsoring Organizations (the COSO Framework), to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with Canadian accounting standards for pension plans. We have evaluated the effectiveness of the plan's internal controls over financial reporting and concluded they are effective as at December 31, 2024.

Protecting audit quality and integrity

A key oversight activity of audit committees is annually assessing the effectiveness of the external auditor to make informed recommendations to the board on whether to reappoint the external auditor. Ontario Teachers' conducts assessments annually and the Ontario Teachers' Audit & Actuarial Committee recommended and the board approved, the reappointment of the external auditor for 2024.

Ontario Teachers' and other corporate governance advocates have expressed concern over the years about accounting firms that audit public companies and also earn substantial revenue from those companies for non-audit consulting services. We believe that such consulting fees can compromise, or appear to compromise, the integrity of the audit function.

We strive to minimize the use of consulting services involving the plan's external auditor and disclose the total amount paid for such services. In 2024, fees paid by Ontario Teachers' and its controlled entities to Deloitte LLP (Deloitte), which is Ontario Teachers' appointed external auditor for 2024, totaled $28.0 million (2023 – $21.9 million), of which $21.3 million (2023 – $17.1 million) was for audit services, $3.5 million (2023 – $4.2 million) was for audit-related services and $3.2 million (2023 – $0.6 million) was for non-audit services.

Management's responsibility for financial reporting

The consolidated financial statements of the Ontario Teachers' Pension Plan Board (Ontario Teachers') have been prepared by management, which is responsible for the integrity and fairness of the data presented, including amounts which must, of necessity, be based on estimates and judgments. The accounting policies followed in the preparation of these consolidated financial statements conform to Canadian accounting standards for pension plans. Financial information presented throughout the annual report is consistent with the consolidated financial statements.

Systems of internal control and supporting procedures are maintained to provide assurance that transactions are authorized, assets safeguarded and proper records maintained. These controls include quality standards in hiring and training of employees, a code of conduct, the establishment of an organizational structure that provides a well-defined division of responsibilities and accountability for performance and the communication of policies and guidelines through the organization.

Ultimate responsibility for the consolidated financial statements rests with the Ontario Teachers' board of directors (the board). The board is assisted in its responsibilities by the Audit & Actuarial Committee (the Committee), consisting of five board members who are not officers or employees of Ontario Teachers'. In addition, the Committee reviews the recommendations of the internal and external auditors for improvements in internal control and the action of management to implement such recommendations. In carrying out its duties and responsibilities, the Committee meets regularly with management and with both the external and internal auditors to review the scope and timing of their respective audits, to review their findings and to satisfy itself that their responsibilities have been properly discharged. This Committee reviews the consolidated financial statements and recommends them for approval by the board.

Ontario Teachers' external auditor, Deloitte LLP, is directly accountable to the Audit & Actuarial Committee and has full and unrestricted access to the Committee. They discuss with the Committee their audit and related findings as to the integrity of Ontario Teachers' financial reporting and the adequacy of internal control systems. Ontario Teachers' external auditor has conducted an independent examination of the consolidated financial statements in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures as they consider necessary to express the opinion in their Independent Auditor's Report.

Jo Taylor
President and Chief Executive Officer

Mabel Wong
Chief Financial Officer

March 17, 2025

Independent auditor’s report

To the Administrator of
Ontario Teachers’ Pension Plan:

Opinion

We have audited the consolidated financial statements of Ontario Teachers’ Pension Plan Board (“Ontario Teachers’”), which comprise the consolidated statement of financial position as at December 31, 2024 and the consolidated statements of changes in net assets available for benefits, changes in accrued pension benefits and changes in surplus for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Ontario Teachers’ as at December 31, 2024 and the changes in its net assets available for benefits, changes in its accrued pension benefits and changes in its surplus for the year then ended in accordance with Canadian accounting standards for pension plans (“ASPP”).

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards (“Canadian GAAS”). 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 Ontario Teachers’ 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.

Other information

Management is responsible for the other information. The other information comprises the information, other than the financial statements and our auditor’s report thereon, in the 2024 Annual Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Annual Report prior to the date of this auditor’s report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor’s report. We have nothing to report in this regard.

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 ASPP 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 Ontario Teachers' 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 Ontario Teachers' or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Ontario Teachers' 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 GAAS 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 GAAS, 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 Ontario Teachers' 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 Ontario Teachers' 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 Ontario Teachers' 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.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Plan as a basis for forming an opinion on the financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

Deloitte LLP
Chartered Professional Accountants
Licensed Public Accountants
Toronto, Ontario

March 17, 2025

Actuaries' opinion

Mercer (Canada) Limited was retained by the Ontario Teachers' Pension Plan Board (Ontario Teachers') to perform an actuarial valuation of the going concern liabilities in respect of Ontario Teachers' Pension Plan (the plan) as at December 31, 2024, for inclusion in Ontario Teachers' consolidated financial statements. As part of the valuation, we examined the plan's recent experience with respect to the non-economic assumptions and presented our findings to the board members of Ontario Teachers' (the board).

The valuation of actuarial liabilities in respect of the plan was based on:

- membership data provided by Ontario Teachers' as at August 31, 2024;
- methods prescribed by Section 4600 of the Chartered Professional Accountants Canada Handbook for pension plan financial statements;
- real and nominal interest rates on long-term bonds at the end of 2024;
- assumptions about future events (for example, future rates of inflation and future retirement rates) which have been communicated to us as the board's best estimate of these events; and
- information obtained from the Ontario Ministry of Labour and other published data, where applicable, on wage rate changes.

The objective of the consolidated financial statements is to fairly present Ontario Teachers' financial position on December 31, 2024, as a going concern. This is different from the funding valuation (the actuarial valuation required by the *Pension Benefits Act* (Ontario)), which establishes a prudent level for future contributions.

While the actuarial assumptions used to estimate liabilities for Ontario Teachers' consolidated financial statements represent the board's best estimate of future events and market conditions at the end of 2024 and while in our opinion these assumptions are reasonable, the plan's future experience will inevitably differ, perhaps significantly, from the actuarial assumptions. Any differences between the actuarial assumptions and future experience will emerge as gains or losses in future valuations and will affect the financial position of the plan at that time.

We have tested the data for reasonableness and consistency and we believe it to be sufficient and reliable for the purposes of the valuation. We also believe that the methods employed in the valuation are appropriate for the purposes of the valuation and that the assumptions used in the valuation are appropriate for purposes of the valuation. Our opinions have been given and our valuation has been performed, in accordance with accepted actuarial practice in Canada.

Eileen Luxton, F.C.I.A., F.S.A.

Lise Houle, F.C.I.A., F.S.A.

March 17, 2025

Consolidated statement of financial position

As at December 31 (Canadian $ millions)	2024	2023
Net assets available for benefits		
ASSETS		
Cash	**$ 741**	$ 501
Receivable from the Province of Ontario (NOTE 3)	**3,767**	3,284
Receivable from brokers	**1,969**	792
Investments (NOTE 2)	**322,622**	305,335
Premises and equipment	**328**	291
	329,427	310,203
LIABILITIES		
Accounts payable and accrued liabilities	**826**	686
Due to brokers	**494**	592
Investment-related liabilities (NOTE 2)	**61,768**	61,412
	63,088	62,690
Net assets available for benefits	**$ 266,339**	$ 247,513
Accrued pension benefits and surplus		
Accrued pension benefits (NOTE 4)	**$ 213,166**	$ 211,393
Surplus	**53,173**	36,120
Accrued pension benefits and surplus	**$ 266,339**	$ 247,513

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

On behalf of the plan administrator:

Steve McGirr
Chair

Debbie Stein
Board Member

Consolidated statement of changes in net assets available for benefits

For the year ended December 31 (Canadian $ millions)	2024	2023
Net assets available for benefits, beginning of year	**$ 247,513**	$ 247,235
Investment operations		
Net investment income (NOTE 5)	**23,654**	5,525
Administrative expenses (NOTE 9a)	**(885)**	(829)
Net investment operations	**22,769**	4,696
Member service operations		
Contributions (NOTE 8a)	**4,264**	3,347
Benefits (NOTE 8b)	**(8,124)**	(7,684)
Administrative expenses (NOTE 9b)	**(83)**	(81)
Net member service operations	**(3,943)**	(4,418)
Increase in net assets available for benefits	**18,826**	278
Net assets available for benefits, end of year	**$ 266,339**	$ 247,513

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

Consolidated statement of changes in accrued pension benefits

For the year ended December 31 (Canadian $ millions)	2024	2023
Accrued pension benefits, beginning of year	**$ 211,393**	$ 206,197
Increase in accrued pension benefits		
Interest on accrued pension benefits	**8,419**	8,835
Benefits accrued	**6,269**	6,196
Experience losses (NOTE 4c)	**921**	3,944
	15,609	18,975
Decrease in accrued pension benefits		
Benefits paid (NOTE 8b)	**8,124**	7,682
Changes in actuarial assumptions and methods (NOTE 4a)	**5,712**	6,097
	13,836	13,779
Net increase in accrued pension benefits	**1,773**	5,196
Accrued pension benefits, end of year	**$ 213,166**	$ 211,393

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

Consolidated statement of changes in surplus

For the year ended December 31 (Canadian $ millions)	2024	2023
Surplus, beginning of year	**$ 36,120**	$ 41,038
Increase in net assets available for benefits	**18,826**	278
Net increase in accrued pension benefits	**(1,773)**	(5,196)
Surplus, end of year	**$ 53,173**	$ 36,120

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

Notes to consolidated financial statements

For the year ended December 31, 2024

Description of Ontario Teachers' and the plan

The following description of the Ontario Teachers' Pension Plan Board (Ontario Teachers') and Ontario Teachers' Pension Plan (the plan) is a summary only. For more complete information, reference should be made to the *Teachers' Pension Act (Ontario)* (the TPA) as amended and other governing documents.

(a) General

The plan is a contributory defined benefit pension plan co-sponsored by the Province of Ontario and Ontario Teachers' Federation (OTF) (the co-sponsors). The principal terms of the plan are set out in Schedule 1 to the TPA.

The plan is registered with the Financial Services Regulatory Authority of Ontario (FSRA) and under the *Income Tax Act* (Canada) (the ITA) (registration number 0345785) as a Registered Pension Plan (RPP) which is exempt from income taxes in Canada. The plan may be liable for taxes on income earned in other jurisdictions.

The plan is administered and the investments are managed by Ontario Teachers'. Under the TPA, Ontario Teachers' is constituted as a corporation without share capital to which the *Corporations Act* (Ontario) does not apply.

Ontario Teachers' is overseen by independent, professional board members (the board). The co-sponsors each appoint five board members and they jointly select the chair.

(b) Funding

plan benefits are funded by contributions and investment income. Contributions are made by active members of the plan and are matched by either the Province of Ontario or designated employers. The determination of the value of the accrued pension benefits and required contributions is made on the basis of periodic actuarial valuations.

(c) Retirement pensions

A retirement pension is available based on the number of years of credited service, the average of the best five annual salaries and the age of the member at retirement. A member is eligible for a reduced retirement pension from age 50. An unreduced retirement pension is available from age 65 or when the sum of a member's age and qualifying service equals 85 if earlier.

(d) Disability pensions

A disability pension is available at any age to a member with a minimum of 10 years of qualifying service, who becomes disabled while employed in education and who ceases to be employed in education as a result of the disability. The type of disability pension is determined by the extent of the disability.

(e) Death benefits

Death benefits are available on the death of an active member and may be available on the death of a retired member. The benefit may take the form of a survivor pension, lump-sum payment or both.

(f) Escalation of benefits

Pensions in pay are adjusted each year for inflation, subject to an upper limit of 8% and a lower limit of 0% in any one year with any excess above or below those limits carried forward. In accordance with the plan terms, the annual adjustment is made each January and is determined as the ratio of the 12-month average of the Consumer Price Index (CPI) ending the most recent September over the 12-month average of CPI ending the prior September (the CPI ratio).

For pension credit earned up to December 31, 2009, inflation protection is 100% of the CPI ratio. Pension credit earned after December 31, 2009 is subject to conditional inflation protection. For pension credit earned between January 1, 2010 and December 31, 2013, the minimum inflation protection level is set at 50% of the CPI ratio. There is no minimum level of inflation protection for pension credit earned after 2013. Inflation protection levels stated in the most recent funding valuation filing remain in effect until a subsequent filing updates the amount. Inflation protection of up to 100% for pension credit earned after 2009 can be restored on a go-forward basis, depending on the plan's funded status.

(g) Retirement Compensation Arrangement

Restrictions in the ITA and its regulations on the payment of certain benefits from the RPP for periods of service after 1991 may impact some Plan members. To address affected members, the Retirement Compensation Arrangement (the RCA) was established by agreement between the co-sponsors as a supplementary plan to provide for these benefits. Examples of these benefits include: (1) members of the plan who retired with average earnings above $194,913 (CPP-exempt members $180,500) in 2024 and $189,248 (CPP-exempt members $175,334) in 2023; and (2) members whose pensions would require a larger reduction for early retirement to comply with the ITA limitations than the plan would impose. Because the RCA is a separate trust, the net assets available for benefits and accrued benefits and deficit of the RCA are not included in these consolidated financial statements.

NOTE 1. Summary of material accounting policies

(a) Basis of presentation

These consolidated financial statements are prepared in Canadian dollars, Ontario Teachers' functional currency, in accordance with the accounting standards for pension plans in Part IV of the Chartered Professional Accountants (CPA) Canada Handbook (Section 4600). Section 4600 provides specific accounting guidance on investments and pension obligations. For accounting policies that do not relate to either investments or pension obligations, Ontario Teachers' must consistently comply with either IFRS Accounting Standards in Part I or Accounting Standards for Private Enterprises in Part II of the CPA Canada Handbook. Ontario Teachers' has elected to comply with IFRS Accounting Standards in Part I of the CPA Canada Handbook. To the extent that IFRS Accounting Standards in Part I is inconsistent with Section 4600, Section 4600 takes precedence. These consolidated financial statements also provide disclosures required by Regulation 909 under the *Pension Benefits Act* (Ontario) (PBA).

Under Section 4600, investment assets, including those over which Ontario Teachers' has control or significant influence, are measured at fair value and presented on a non-consolidated basis. Ontario Teachers' consolidates Ontario Teachers' Finance Trust (OTFT), an entity that supports Ontario Teachers' funding activities and whose issued commercial paper and term debt is guaranteed by Ontario Teachers'. Wholly owned investment holding companies managed by Ontario Teachers' are also consolidated. Investment holding companies that are managed by external parties are not consolidated and are recognized as investment assets.

The consolidated financial statements for the year ended December 31, 2024 were authorized for issue through a resolution of the board on March 17, 2025.

(b) Current and future changes in accounting policies

There were no newly issued standards, changes in existing standards or new interpretations in Part IV or Part I of the CPA Handbook during the year ended December 31, 2024 requiring adoption that had a material impact on the consolidated financial statements.

There are no issued standards, changes in existing standards or new interpretations with effective dates on or after January 1, 2025 that are expected to have a material impact on the consolidated financial statements.

(c) Investments

Valuation of investments

Investments and investment-related liabilities are recorded at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In an active market, fair value is best evidenced by an independent quoted market price. In the absence of an active market, fair value is determined by valuation techniques that make maximum use of inputs observed from markets.

Fair values of investments are determined as follows:

a. Short-term investments and commercial paper are valued using either quoted closing mid-market prices or discounted cash flows based on current market yields, when quoted closing mid-market prices are unavailable.

b. Bonds, including both nominal and real return and other debt are valued on the basis of quoted closing mid-market prices, if available. If quoted closing mid-market prices are not available, estimated values are calculated using discounted cash flows based on current market yields and comparable securities, as appropriate.

c. Securities sold under agreements to repurchase and securities purchased under agreements to resell are valued using discounted cash flows based on current market yields.

d. Public equities are valued at quoted closing mid-market prices. When the market for a public equity is not active, management assesses whether the quoted prices represent fair value. If not, management adjusts the quoted prices or estimates the fair value by using appropriate techniques including valuation models.

e. Commodities that are actively traded in liquid markets are valued at quoted market prices. When observable market prices are unavailable, estimated fair values are determined using appropriate valuation techniques.

f. Real estate, private equities, infrastructure, timberland and natural resources are valued based on estimated fair values determined by using appropriate valuation techniques. Where external valuation advisors are engaged by management in the valuation process, management ensures the advisors are independent and assesses whether the assumptions used by the valuation advisors are reasonable and supportable based on current market conditions and industry practice to ensure the valuation captures the business and economic conditions specific to the investment.

   At least 70% of the value of the rental property portfolio covering all product types and geographic regions is independently appraised annually. Real estate properties with a value of over $250 million are independently appraised annually.

   Private equity funds are recorded at fair value based on net asset values obtained from each of the funds' administrators or funds' managers. These net asset values are reviewed by management.

g. Derivative financial instruments are recorded at fair value using market prices where available. Where quoted market values are not readily available, appropriate alternative valuation techniques are used to determine fair value. In determining fair value, consideration is also given to the credit risk of the counterparty through the calculation of a credit valuation adjustment.

h. Alternative investments, comprised primarily of hedge funds, credit funds and public equity funds are recorded at fair value based on net asset values obtained from each of the funds' administrators or funds' managers. These net asset values are reviewed by management.

Ontario Teachers' uses a number of valuation techniques to determine the fair value of investments for which observable prices in active markets are not available. These techniques include: valuation methodologies based on observable prices for similar investments; present-value approaches where future cash flows generated by the investment are estimated and then discounted using a risk-adjusted discount rate; and option-pricing models. The principal inputs to these valuation techniques are listed below. Values between and beyond available data points may be obtained by interpolation and extrapolation.

- Bond prices – quoted prices are generally available for government bonds, certain corporate bonds and some other debt-related products.

- Credit spreads – where available, are derived from prices of credit default swaps or other credit-based instruments, such as debt securities. For others, credit spreads are obtained from pricing services.

- Interest rates – principally derived from benchmark interest rates such as quoted interest rates from central banks and in swap, bond and futures markets. Benchmark interest rates are considered when determining discount rates used in the present-value approaches.

- Foreign currency exchange rates – there are observable markets for spot, forward and futures in all major currencies.

- Public equity and equity index prices – quoted prices are generally readily available for equity shares listed on the stock exchanges and for indices.

- Commodity prices – commodities are actively traded in spot, forward and futures markets.

- Price volatilities and correlations – volatility is a measure of the tendency of a specific price to change over time. Correlation measures the degree to which two or more prices or other variables are observed to have moved together historically. Volatility is an input in valuing options and certain products such as derivatives with more than one underlying variable that is correlation-dependent. Volatility and correlation values are either obtained from broker quotations, from pricing services, or are derived from quoted option prices.

- Forecasts on operating cash flows of real estate, private equities, infrastructure and natural resources – include assumptions on revenue, revenue growth, expenses, capital expenditures and capital structure. They are generally provided by either management of the companies in which Ontario Teachers' invests or external managers. Additional assumptions from external parties (for example, external appraisers) may also be used in the forecast.

Ontario Teachers' refines and modifies its valuation techniques as markets and products develop and the pricing for individual products becomes more transparent.

While Ontario Teachers' believes its valuation techniques are appropriate and consistent with other market participants, the use of different techniques or assumptions could result in different estimates of fair value at the balance sheet date. Management's assessment of the sensitivity to changes in assumptions for investments in Level 3 is presented in NOTE 2b.

Ontario Teachers' follows a comprehensive valuation process that includes consideration of the impact that changes in macroeconomic factors have on the valuations of its investments and investment-related liabilities as of the date of these consolidated financial statements. These valuations are sensitive to key assumptions and drivers that are subject to material changes. See NOTE 2b for sensitivity analysis.

Fair value hierarchy
Investment assets and investment-related liabilities are classified and disclosed in one of the following categories reflecting the significance of inputs used in making the fair value measurement:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly; and
- Level 3 – unobservable inputs.

If different levels of inputs are used to measure the fair value of an investment, the classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement.

Trade-date reporting
Investment transactions are recorded when the risks and rewards of ownership are transferred. Purchases and sales of traded investments and derivative contracts which require delivery within time frames established by regulation or market convention are recorded as of the trade date.

Net investment income
Dividend income is recognized based on the ex-dividend date and interest income is recognized on an accrual basis when earned. Net investment income also includes both realized and unrealized gains and losses. Unrealized gains and losses are recognized only when the fair value of the investment is based on a quoted market price in an active market or a valuation using appropriate valuation techniques is performed and approved by management.

Transaction costs
Transaction costs are incremental costs directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. Transaction costs are expensed as incurred. Any transaction amounts received by Ontario Teachers' that are directly attributable to the acquisition of an investment are netted against transaction costs paid.

Management fees
Management and performance fees for external investment managers and administrators are expensed as incurred. Management fees incurred by and presented on a net basis in the fair value of, the underlying investments are included in net gain (loss) on investments. Management fees include incremental costs incurred with external parties that are directly attributable to existing investments and are not related to acquisition or disposal.

(d) Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rates prevailing on the year-end date. Income and expenses are translated into Canadian dollars at the exchange rates prevailing on the dates of the transactions. The realized and unrealized gains and losses arising from these translations are included in net investment income.

(e) Accrued pension benefits

The value of accrued pension benefits and changes therein during the year are based on an actuarial valuation prepared by an independent actuary (Mercer (Canada) Limited). The valuation is performed annually as at August 31 and extrapolated to year end. It uses the projected benefit method pro-rated on service and management's best estimate, as at the valuation date, of various economic and non-economic assumptions.

As described in paragraph (f) of the Description of Ontario Teachers' and the plan note, the inflation protection level for pension credit earned after December 31, 2009 is conditional, depending on the plan's funded status. For financial statement valuations, future pension payments are indexed at the levels stated in the most recent funding valuation filing.

(f) Contributions

Contributions from the members, the Province of Ontario and designated employers are recorded on an accrual basis. Cash received from members for credited service and cash transfers from other pension plans are recorded when received.

(g) Benefits

Benefit payments, commuted value payments and refunds and transfer payments to other plans are recorded in the period in which they are paid. Any benefit payment accruals not paid are reflected in accrued pension benefits.

(h) Premises and equipment

Premises and equipment are recorded at cost and amortized on a straight-line basis over their estimated useful lives. Premises and equipment also include the right-of-use asset recognized under IFRS 16, *Leases*.

(i) Use of estimates

In preparing these consolidated financial statements, management uses estimates and assumptions that primarily affect the reported values of assets and liabilities and related income and expenses. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable and relevant under the circumstances. The effect of a change in an estimate or assumption is recognized in the period in which the estimate or assumption is revised. Significant estimates and assumptions are used primarily in the determination of accrued pension benefits and the fair value of investments and investment-related receivables and liabilities. NOTE 4 explains how estimates and assumptions are used in determining accrued pension benefits and NOTE 1c explains how estimates and assumptions are used to derive the fair value of investments and investment-related receivables and liabilities.

(j) Contingencies

A contingent liability is a possible obligation that depends on the occurrence or non-occurrence of one or more future events not controlled by Ontario Teachers'. Contingent liabilities are not recognized but the nature and extent are disclosed in the notes to the consolidated financial statements. A provision for a present obligation is recognized when a reliable estimate can be determined and the settlement of the obligation is probable.

NOTE 2. Investments

Ontario Teachers' invests, directly or through derivatives, in equities, fixed income, alternative investments, inflation sensitive and real asset investments.

(a) Investments

The schedule below summarizes Ontario Teachers' investments and investment-related liabilities, including net accrued interest and dividends of $371 million (2023 – $453 million):

		2024		2023
As at December 31 (Canadian $ millions)	**Fair Value**	**Cost**	Fair Value	Cost
Equity				
Publicly traded				
Canadian	**$ 2,562**	**$ 1,012**	$ 2,056	$ 1,028
Non-Canadian	**11,749**	**10,486**	19,199	17,400
Non-publicly traded				
Canadian	**7,748**	**4,440**	8,458	4,752
Non-Canadian	**62,687**	**39,065**	58,884	40,204
	84,746	**55,003**	88,597	63,384
Fixed income				
Bonds[1]	**48,402**	**47,607**	47,029	45,579
Short-term investments	**28,429**	**28,247**	21,115	21,012
Canadian real-rate products	**10,590**	**7,765**	9,869	7,275
Non-Canadian real-rate products	**892**	**840**	2,688	2,732
Other debt[1]	**16,359**	**15,612**	11,501	11,616
	104,672	**100,071**	92,202	88,214
Alternative investments	**33,127**	**24,262**	32,206	27,287
Inflation sensitive				
Commodities	**1,880**	**853**	1,374	853
Timberland	**3,233**	**1,899**	3,083	1,871
Natural resources	**9,464**	**7,758**	8,464	7,697
	14,577	**10,510**	12,921	10,421
Real assets				
Real estate[2]	**29,484**	**26,019**	28,315	24,449
Infrastructure	**43,259**	**31,545**	39,355	29,946
	72,743	**57,564**	67,670	54,395
	$ 309,865	**$ 247,410**	$ 293,596	$ 243,701

1 Certain fixed income positions including traded and private loans, which were previously recorded as Bonds, are recorded in Other debt to enhance transparency. Prior period comparatives have been updated to conform to current year's presentation.

2 Real estate is presented net of liabilities of $6,281 million at December 31, 2024 (December 31, 2023 – $5,476 million) for investments controlled by Ontario Teachers', which include issued debt with fair value of $2,800 million (December 31, 2023 – $2,504 million). None of the outstanding liabilities at December 31, 2024 or December 31, 2023 were guaranteed by Ontario Teachers'.

As at December 31 (Canadian $ millions)	**2024** Fair Value	Cost	2023 Fair Value	Cost
Investment-related receivables				
Securities purchased under agreements to resell	**$ 8,936**	**$ 8,820**	$ 8,129	$ 8,258
Cash collateral deposited under securities borrowing arrangements	**92**	**92**	109	109
Cash collateral paid under credit support annexes	**1**	**1**	20	20
Derivative-related, net	**3,728**	**2,074**	3,481	2,171
	12,757	**10,987**	11,739	10,558
Total investments	**$ 322,622**	**$ 258,397**	$ 305,335	$ 254,259
Investment-related liabilities				
Securities sold under agreements to repurchase	**(18,313)**	**(18,269)**	(23,795)	(23,962)
Securities sold but not yet purchased				
Equities	**(1,490)**	**(1,559)**	(2,095)	(1,964)
Fixed income	**(5,846)**	**(5,712)**	(4,086)	(3,945)
Commercial paper	**(2,785)**	**(2,610)**	(2,557)	(2,577)
Term debt	**(28,499)**	**(29,082)**	(25,898)	(28,354)
Cash collateral received under credit support annexes	**(1,044)**	**(1,044)**	(909)	(909)
Derivative-related, net	**(3,791)**	**(763)**	(2,072)	(890)
	(61,768)	**(59,039)**	(61,412)	(62,601)
Net investments (NOTE 2d)	**$ 260,854**	**$ 199,358**	$ 243,923	$ 191,658

(b) Fair value hierarchy

The schedule below presents Ontario Teachers' investments and investment-related liabilities within the fair value hierarchy as outlined in NOTE 1c:

As at December 31 (Canadian $ millions)	Level 1	Level 2	Level 3	**2024** Total
Equity	**$ 14,311**	**$ 174**	**$ 70,261**	**$ 84,746**
Fixed income	**81,522**	**18,113**	**5,037**	**104,672**
Alternative investments	**–**	**–**	**33,127**	**33,127**
Inflation sensitive	**1,880**	**–**	**12,697**	**14,577**
Real assets	**17**	**125**	**72,601**	**72,743**
Investment-related receivables	**366**	**12,260**	**131**	**12,757**
Investment-related liabilities	**(5,549)**	**(56,207)**	**(12)**	**(61,768)**
Net investments	**$ 92,547**	**$ (25,535)**	**$ 193,842**	**$ 260,854**

As at December 31 (Canadian $ millions)	Level 1	Level 2	Level 3	2023 Total
Equity	$ 21,255	$ 404	$ 66,938	$ 88,597
Fixed income	70,229	19,017	2,956	92,202
Alternative investments	–	–	32,206	32,206
Inflation sensitive	1,374	–	11,547	12,921
Real assets	1,031	283	66,356	67,670
Investment-related receivables	204	11,470	65	11,739
Investment-related liabilities	(5,219)	(56,173)	(20)	(61,412)
Net investments	$ 88,874	$ (24,999)	$ 180,048	$ 243,923

During the 12-month period ended December 31, 2024, investments valued at $nil (2023 – $1,779 million) were transferred from Level 2 to Level 1 and investments valued at $nil (2023 – $9 million) were transferred from Level 1 to Level 2. Transfers between Level 1 and Level 2 are due to changes in the characteristics of investments and availability of observable inputs.

The schedule below presents a reconciliation of investments and investment-related receivables/(liabilities) measured at fair value using significant unobservable inputs (Level 3) during the year. Realized and unrealized gains/(losses) are included in investment income.

(Canadian $ millions)	Equity	Fixed Income	Alternative Investments	Inflation Sensitive	Real Assets	Investment-Related Receivables	Investment-Related Liabilities	2024 Total
Balance, beginning of year	$ 66,938	$ 2,956	$ 32,206	$ 11,547	$ 66,356	$ 65	$ (20)	$ 180,048
Purchases	6,348	2,396	3,092	578	4,815	1	33	17,263
Sales	(8,443)	(632)	(7,531)	(479)	(1,937)	(28)	–	(19,050)
Transfers in[1]	–	–	–	–	1,724	–	–	1,724
Transfers out[1]	(1,724)	–	–	–	–	–	–	(1,724)
Gains/(losses) included in investment income[2]	7,142	317	5,360	1,051	1,643	93	(25)	15,581
Balance, end of year	$ 70,261	$ 5,037	$ 33,127	$ 12,697	$ 72,601	$ 131	$ (12)	$ 193,842

1 Transfers in and transfers out of $1,724 million are due to a reclassification between Equity and Real Assets effective January 1, 2024 related to the establishment of a new in-house real estate asset class group. As a result of this change, certain investments previously recorded as Equity are now reported as part of Real Estate to align with the post-transition investment approach.

2 Includes realized gains from investments of $2,819 million and change in unrealized gains (losses) from investments of $12,762 million.

(Canadian $ millions)	Equity	Fixed Income	Alternative Investments	Inflation Sensitive	Real Assets	Investment-Related Receivables	Investment-Related Liabilities	2023 Total
Balance, beginning of year	$ 65,463	$ 1,412	$ 29,898	$ 10,318	$ 67,403	$ 16	$ (4)	$ 174,506
Purchases	7,028	1,661	4,841	1,877	7,300	60	–	22,767
Sales	(6,633)	(70)	(3,106)	(258)	(3,085)	–	(8)	(13,160)
Transfers in[1]	–	–	–	–	–	–	–	–
Transfers out[1]	–	–	–	–	–	–	1	1
Gains/(losses) included in investment income[2]	1,080	(47)	573	(390)	(5,262)	(11)	(9)	(4,066)
Balance, end of year	**$ 66,938**	**$ 2,956**	**$ 32,206**	**$ 11,547**	**$ 66,356**	**$ 65**	**$ (20)**	**$ 180,048**

1 Transfers in and transfers out of Level 3 are due to the change in the availability of observable inputs used for fair value measurement of investment assets or related liabilities. See NOTE 1c.

2 Includes realized gains from investments of $2,124 million and change in unrealized gains (losses) from investments of $(6,190) million.

Sensitivity to changes in assumptions for investments in Level 3

The following table illustrates the impact to fair value for certain investments in Level 3 when changing the significant inputs to reasonable alternative assumptions.

(Canadian $ millions)	Significant Inputs	Change in Significant Inputs	**2024** **Increase/(Decrease) to Fair Value**	2023 Increase/(Decrease) to Fair Value
Non-publicly traded equity	Multiple[3]	+/- 5%	**$ 4,195/(4,196)**	$ 4,095/(4,103)
Infrastructure and Natural resources	Discount Rate	+/- 0.50%	**4,203/(3,774)**	3,716/(3,397)
Real estate	Capitalization Rate	+/- 0.50%	**2,683/(2,348)**	2,373/(1,912)

3 Primarily reflects enterprise value / EBITDA (earnings before interest, taxes, depreciation and amortization) multiples. However, in certain cases, other metrics were used where they were determined to be more appropriate (e.g., revenue multiples or asset-based multiples).

The above analysis excludes (i) investments of $54.2 billion (2023 – $52.0 billion) where fair values are based on information provided by the external funds' administrators or funds' managers as Ontario Teachers' does not have access to the assumptions and methodologies used to determine the fair value of these underlying investments and ii) investments of $10.5 billion (2023 – $8.8 billion) where, in management's judgment, changing one or more of the inputs to a reasonable alternative assumption would not change the fair value significantly.

(c) Derivative contracts

Derivative contracts are financial contracts, the value of which is derived from the value of underlying assets, commodities, indices, interest rates or currency rates. Derivative contracts are transacted either in the over-the-counter (OTC) market or on regulated exchanges.

Notional amounts of derivative contracts represent the contractual amount to which a rate or price is applied for computing the cash to be paid or received. Notional amounts are the basis upon which the returns from and the fair value of, the contracts are determined. They do not necessarily indicate the amounts of future cash flow involved or the current fair value of the derivative contracts and, therefore, do not necessarily indicate Ontario Teachers' exposure to credit or market risks. The derivative contracts become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in either market rates or prices relative to their terms. The aggregate notional amounts and fair values of derivative contracts can fluctuate significantly.

Derivative contracts, transacted either in the OTC market or on regulated exchanges, include:

Swaps
Swaps are OTC contracts in which two counter-parties exchange a series of cash flows based on agreed upon rates to a notional amount. The various swap agreements that Ontario Teachers' enters into are as follows:

Equity and commodity swaps are contracts in which one counterparty agrees to either pay or receive from the other cash flows based on changes in the value of either an equity or commodity index, a basket of stocks or commodities, or a single stock or commodity.

Interest rate swaps are agreements where two counterparties exchange a series of payments based on different interest rates applied to a notional amount. Certain interest rate swaps traded with U.S. counterparties in the OTC market are centrally cleared at regulated clearing houses.

Currency swaps involve the exchange of fixed payments in one currency for the receipt of fixed payments in another currency.

Credit default swaps provide protection against the decline in value of the referenced asset as a result of specified events such as payment default or insolvency. These swaps are similar in structure to an option whereby the purchaser pays a premium to the seller of the credit default swap in return for payment related to the deterioration in the value of the referenced asset. The referenced asset for credit default swaps is a debt instrument. Certain credit default swaps traded with U.S. counterparties in the OTC market are centrally cleared at regulated clearing houses.

Other credit swaps are contracts in which one counterparty agrees to pay or receive from the other cash flows based on changes in the value of the referenced asset.

Forwards and futures
Futures are standardized contracts traded on regulated future exchanges, whereas forward contracts are negotiated agreements that are transacted between counterparties in the OTC market. Examples of futures and forwards are described below:

Equity and commodity futures are contractual obligations to either buy or sell at a fixed value (the contracted price) of an equity or commodity index, a basket of stocks, a single stock or commodities at a predetermined future date.

Interest rate futures are contractual obligations to either buy or sell an interest rate sensitive financial instrument on a predetermined future date at a specified price.

Currency forwards and futures are contractual obligations to exchange one currency for another at a specified price or settlement at a predetermined future date.

Options
Options may be either acquired in standardized amounts on regulated exchanges or customized and acquired in the OTC market. They are contractual agreements under which the seller (writer) grants the purchaser the right, but not the obligation, either to buy (call option) or sell (put option), a security, exchange rate, interest rate, or other financial instrument or commodity at a predetermined price, at or by a specified future date. The seller (writer) of an option can also settle the contract by paying the cash settlement value of the purchaser's right. The seller (writer) receives a premium from the purchaser for this right. The various option agreements that Ontario Teachers' enters into include equity and commodity options, interest rate options and foreign currency options.

Other derivative products

Ontario Teachers' also transacts in other derivative products including statistic swaps and dividend swaps in the OTC market. An investor may trade the statistic swaps with the objective of adding value or hedging for risks associated with the magnitude of movement, i.e., volatility, variance, correlation, covariance of some underlying products, such as exchange rates, or stock indexes. Dividend swaps are OTC contracts where an investor agrees to match all dividends paid out by an underlying stock or index over a specified time period. In return, the dividend payer receives a fixed amount at expiry called the dividend swap rate. These products are included in the table below based on their underlying referenced product.

The following schedule summarizes the notional amounts and fair value of Ontario Teachers' derivative contracts held as at December 31:

			2024			2023	
			Fair Value			Fair Value	
(Canadian $ millions)		**Notional**	**Assets**	**Liabilities**	Notional	Assets	Liabilities
Equity and commodity derivatives							
Swaps		**$ 36,462**	**$ 591**	**$ (301)**	$ 32,736	$ 616	$ (576)
Futures		**47,945**	**–**	**–**	32,226	–	–
Options: Listed	– purchased	**880**	**1**	**–**	595	2	–
	– written	**–**	**–**	**–**	–	–	–
OTC	– purchased	**42,493**	**813**	**–**	34,997	523	–
	– written	**33,571**	**–**	**(229)**	27,682	–	(142)
		161,351	**1,405**	**(530)**	128,236	1,141	(718)
Interest rate derivatives							
Swaps		**70,869**	**260**	**(57)**	64,813	130	(63)
Futures		**67,940**	**–**	**–**	82,202	–	–
Options: Listed	– purchased	**–**	**–**	**–**	4,676	–	–
	– written	**–**	**–**	**–**	4,676	–	–
OTC	– purchased	**24,880**	**125**	**(103)**	22,530	307	(11)
	– written	**29,864**	**95**	**(94)**	32,063	10	(238)
		193,553	**480**	**(254)**	210,960	447	(312)
Currency derivatives							
Swaps		**3,412**	**22**	**(134)**	242	6	(5)
Forwards		**92,203**	**917**	**(2,231)**	67,507	1,518	(351)
Options: OTC	– purchased	**30,799**	**564**	**–**	26,723	37	–
	– written	**3,884**	**–**	**(85)**	–	–	–
		130,298	**1,503**	**(2,450)**	94,472	1,561	(356)
Credit derivatives							
Credit default swaps	– purchased	**126,951**	**23**	**(292)**	147,132	54	(286)
	– written	**136,137**	**269**	**(68)**	154,224	226	(83)
Swaps		**72**	**–**	**–**	66	3	–
		263,160	**292**	**(360)**	301,422	283	(369)
		748,362	**3,680**	**(3,594)**	735,090	3,432	(1,755)
Net cash collateral receivable/(payable) under derivative contracts		**–**	**48**	**(197)**	–	49	(317)
Notional and fair value of derivative contracts		**$748,362**	**$ 3,728**	**$ (3,791)**	$ 735,090	$ 3,481	$ (2,072)

(d) Investment asset mix

Direct investments, derivative contracts and investment-related receivables and liabilities are classified by asset mix category based on the intent of the investment strategies of the underlying portfolios of Ontario Teachers'. Net investments reflecting these classifications are summarized in Canadian dollars below as at December 31:

	2024		2023	
	Effective Net Investments at Fair Value ($ millions)	**Asset Mix %**	Effective Net Investments at Fair Value ($ millions)	Asset Mix %
Equity				
Public equity	**$ 37,398**	**14%**	$ 25,361	10%
Private equity	**60,393**	**23**	58,557	24
Venture growth	**10,357**	**4**	7,461	3
	108,148	**41**	91,379	37
Fixed income[1]	**77,985**	**30**	94,886	39
Inflation sensitive				
Commodities	**28,890**	**11**	22,217	9
Natural resources	**12,481**	**5**	11,398	5
Inflation hedge	**12,595**	**5**	11,784	5
	53,966	**21**	45,399	19
Real assets				
Real estate	**29,436**	**11**	28,236	12
Infrastructure	**43,153**	**17**	39,250	16
	72,589	**28**	67,486	28
Credit[1]	**37,210**	**14**	39,479	16
Absolute return strategies	**24,033**	**9**	19,493	8
Funding and other	**(113,077)**	**(43)**	(114,199)	(47)
Net investments	**$ 260,854**	**100%**	$ 243,923	100%

1 During 2024, investments of $10,075 million formerly included in the Real-rate products were transferred to other investment strategies within Fixed income ($9,160 million) and Credit ($915 million). Prior period comparatives have been updated to conform to current year's presentation.

(e) Risk management

Objectives

Ontario Teachers' primary long-term risk is that the plan's assets will fall short of its liabilities (i.e., benefits owed to members). Therefore, Ontario Teachers' utilizes an approach of asset diversification. The objective is to achieve a diversification of risks and returns in a manner that seeks to minimize the likelihood of an overall reduction in total-fund value and maximize the opportunity for aggregate gains.

Ontario Teachers' also manages its liquidity risk so that there is sufficient liquidity to enable Ontario Teachers' to meet all of its future obligations as they become payable, which include pension payments and meeting mark-to-market payments resulting from Ontario Teachers' derivatives exposure.

As of December 31, 2024, Ontario Teachers' exposures across all risk parameters, including market, credit, liquidity and leverage, have remained within the targeted risk tolerances established by the board.

Policies

To apply risk management to investments in a consistent manner, Ontario Teachers' has a number of policies, for example:

- Statement of Investment Policies and Procedures – The statement addresses the manner in which the fund is to be invested. The statement is subject to the board's review at least annually. Ontario Teachers' investments are selected and held in accordance with the criteria and limitations set forth in the statement and in accordance with all relevant legislation. The statement effective for the year ended December 31, 2024 was last amended effective February 28, 2024 and includes the following asset class exposure limits:

	Asset Mix % Minimum	Asset Mix % Maximum
Equities	30%	45%
Fixed income	0%	67%
Inflation sensitive	15%	25%
Real assets	25%	37%
Credit	10%	20%
Absolute return strategies	4%	14%
Funding for Investments[1]	(108)%	10%

1 Includes term debt, bond repurchase agreements, implied funding from derivatives, unsecured funding and liquidity reserves.

- Board Investment Policy – The policy addresses the risks that are relevant and material at the total-fund level. The policy sets ranges for allocations to the asset classes and foreign currency. Management determines exposure within these approved ranges. The policy also specifies the total asset risk parameters, total-fund active risk budget, liquidity requirements and board approvals required for different types of investments. The board approves this policy and reviews it at least annually.

- CEO (Chief Executive Officer) Investment Risk Policy – This policy articulates CEO oversight of the Investment Division and the associated roles and responsibilities of the Investment Division, Risk and other functional partners.

- Investment Division Policy – This policy outlines the CIO, Asset Allocation and CIO, Public and Private Investments' oversight of the Investment Division for the purpose of undertaking the investment and risk management of the fund. The policy specifies the active risk budget for each investment department and CIO approvals required for different types of investments.

- Portfolio policies for each investment department – These policies are developed to apply to the individual portfolios within each asset class managed by the Investment Division. Portfolio policies include the departments' investment strategies, operating procedures, investment constraints, key risks and a description of how the risks will be managed, and reporting requirements for each investment department.

- Trading Operations Policy – This policy specifies operational requirements within the Investment Division to trade on regulated exchanges and in OTC markets.

- Investment Division Counterparty Credit Policy – This policy applies to investments with credit risk exposure that arises from entering into certain counterparty agreements. The policy provides constraints on counterparty credit exposure and procedures for obtaining authorization to trade with a new counterparty.

- Pre-Investment Approval Policy – This policy formalizes the procedures to ensure the data needed for trade capture, pricing, risk management and accounting is accurate, complete and can be entered into Ontario Teachers' systems of record on a timely basis prior to commencement of trading.

Processes
Board members approve strategic plans, budgets, risk appetite, the acceptable range of risk, investment policies, benchmarks, performance, compensation and succession plans recommended by management. They monitor investment, operational, strategic and governance risks and ensure appropriate mitigation plans are in place.

Ontario Teachers' uses risk budgeting to allocate active risk across the investment asset classes. The active risk budget for the fund is presented to the board annually for review and approval. Each investment department is responsible for managing the investment risks associated with the investments they manage within the active risk budget allocated to them. The Finance Division independently measures investment risk exposures and the liquidity position on a daily basis. Exposures are provided to the Investment Division daily and the Investment Committee of the Board on at least a quarterly basis.

Each investment department has an investment committee, or an equivalent, which meets regularly to assess the investment risks associated with the portfolios it manages and determines action plans, if required. Individual managers in each investment department receive limited authority to invest from the board by sub-delegation from senior management. Investment constraints and approval requirements are set out in the portfolio policies for the department, the Investment Division Policy, the CEO Investment Risk Policy and/or the Board Investment Policy. For investments not traded on exchanges, such as alternative investments and private equity investments, the investment departments conduct due diligence before acquisition and use it as a tool to monitor the investments after acquisition. The objective is to obtain as much transparency as possible for the departments to assess the risk exposure arising from these private and alternative investments.

Senior representatives from each investment department are members of one or both of the Investment Committee – Total Fund (IC – TF), chaired by the CIO, Asset Allocation and Investment Committee – Public and Private Investments (IC – PPI), chaired by the CIO, Public and Private Investments.

- The IC-TF is responsible for considerations around the overall investment program with a focus on managing investment risks at the total-fund level. This committee brings together the experience, investment and business judgment required for assessing and managing market, credit and liquidity risks on a regular basis. It monitors the currency positions, interest rate risk and liquidity risk at the total-fund level.

- The IC-PPI oversees our active strategies and is responsible for management's approval of significant investments in illiquid assets and externally managed portfolios.

The Chief Risk Officer is a member of both Committees. The Chief Legal & Corporate Affairs Officer or a delegate attends the IC-PPI meetings in an advisory capacity. The committees meet at least every other week.

The Enterprise Risk & Governance Committee (ER&GC), chaired by the CEO, is management's senior governance committee interpreting the Board's risk appetite and providing governance on factors that may have a significant impact on Ontario Teachers' strategy, performance and/or reputation. The CEO's executive team and other senior individuals are members of this committee.

The Enterprise Stakeholder Committee (ESC), chaired by the Chief Strategy Officer, is a new management committee being formalized to focus on preserving and enhancing our reputation with key stakeholders through strategic engagement. Representatives from Investments, Member Services, as well as other senior individuals are members of this committee.

(f) Credit risk

Ontario Teachers' is exposed to the risk that a counterparty defaults or becomes insolvent. Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. Credit risk may arise directly from an obligor or an issuer of securities, or indirectly from a guarantor of a credit obligation.

Credit risk management

Ontario Teachers' actively manages its credit exposures. When exposure is deemed high, Ontario Teachers' takes action to mitigate the risks. Such actions may include reducing exposures and/or using derivatives.

Ontario Teachers' enters into agreements with counterparties to limit its exposure to credit losses. An International Swaps and Derivatives Association (ISDA) Master Agreement is executed with most OTC derivative counterparties, which allows both parties to settle obligations on a net basis when termination or other predetermined events occur. Ontario Teachers' also negotiates collateral agreements known as Credit Support Annexes (CSAs) with key counterparties to further mitigate counterparty credit risk. A CSA gives Ontario Teachers' the power to realize collateral posted by counterparties in the event of a default by such counterparties. Ontario Teachers' and its OTC derivative counterparties maintain initial margin collateral in third-party custodial accounts to support OTC derivative trading. Repurchase agreements are also collateralized from trade inception forward. NOTE 2i provides further details on collateral pledged and received.

Ontario Teachers' has a credit risk assessment process to approve prospective new counterparties and to monitor authorized counterparties for derivative contracts, repurchase and reverse repurchase agreements, securities borrowing agreements, prime broker relationships, and futures, options and fixed income clearing. Ontario Teachers' deals primarily with counterparties that have an investment grade credit rating. Policies are in place to limit the maximum exposures to any individual counterparty for derivative contracts or repurchase and reverse repurchase agreements, prime broker relationships and futures and options clearing.

Maximum exposure to credit risk before collateral held

Ontario Teachers' assumes credit risk exposure through debt investments and amounts receivable from the Province of Ontario and brokers. The maximum exposure to credit risk related to these financial instruments is their value as presented in the consolidated statements of financial position and NOTE 2a. Ontario Teachers' is also exposed to the credit risk of counterparties in its OTC derivative transactions. Counterparty credit risk exposure for OTC derivatives is measured as the net positive fair value of the contractual obligations.

Counterparties are assigned a credit rating as determined by Ontario Teachers' internal credit risk management function. Counterparty default risk and credit exposures are monitored on a daily basis. External credit ratings as provided by recognized credit rating agencies are also monitored on a daily basis.

The credit risk exposure of debt investments and OTC derivatives, by credit rating category, without taking account of any collateral held or other credit enhancements as at December 31 is as follows:

Credit rating (Canadian $ millions)	Bonds and Short-term Investments[1]	Real-rate Products	Securities Purchased Under Agreements to Resell	Other Debt[1]	Shareholder Loans[1]	OTC Derivatives
						2024
AAA/R-1 (high)	**$ 64,918**	**$ 9,008**	**$ –**	**$ 486**	**$ –**	**$ –**
AA/R-1 (mid)	**5,344**	**1,798**	**2,427**	**311**	**–**	**602**
A/R-1 (low)	**119**	**672**	**6,509**	**185**	**–**	**1,095**
BBB/R-2	**1,126**	**–**	**–**	**247**	**–**	**–**
Below BBB/R-2	**4,536**	**–**	**–**	**8,448**	**–**	**–**
Unrated[2]	**788**	**4**	**–**	**6,682**	**16,881**	**–**
	$ 76,831	**$ 11,482**	**$ 8,936**	**$ 16,359**	**$ 16,881**	**$ 1,697**

Credit rating (Canadian $ millions)	Bonds and Short-term Investments[1]	Real-rate Products	Securities Purchased under Agreements to Resell	Other Debt[1]	Shareholder Loans[1]	OTC Derivatives
						2023
AAA/R-1 (high)	$ 55,455	$ 10,129	$ –	$ 933	$ –	$ –
AA/R-1 (mid)	665	778	1,056	296	–	342
A/R-1 (low)	4,952	1,642	7,073	144	–	1,595
BBB/R-2	1,586	–	–	153	–	–
Below BBB/R-2	4,727	–	–	6,259	–	–
Unrated[2]	759	8	–	3,716	16,247	–
	$ 68,144	$ 12,557	$ 8,129	$ 11,501	$ 16,247	$ 1,937

1 Certain fixed income positions including traded and private loans, which were previously recorded as Bonds, are recorded in Other debt. Loans and private debt have been relabelled Shareholder loans, which represent loans made to portfolio companies. Both changes were made to enhance transparency. Prior period comparatives have been updated to conform to current year's presentation.

2 Unrated comprises securities that are either privately held, managed externally, or not rated by the rating agencies.

Ontario Teachers' is also exposed to credit risk through off-balance sheet arrangements as shown in the table on the right. For off-balance sheet guarantees, the maximum exposure to credit risk is the maximum amount that Ontario Teachers' would have to pay if the guarantees were to be called upon. For loan commitments, the maximum exposure is the committed amount under the agreements. For credit derivatives, the maximum exposure is the notional amount of written credit derivatives.

As at December 31 (Canadian $ millions)	**2024**	2023
Guarantees (NOTE 14)	**$ 966**	$ 915
Loan commitments (NOTE 13)	**1,108**	317
Notional amount of written credit derivatives (NOTE 2c)	**136,137**	154,224
Total off-balance sheet credit risk exposure	**$ 138,211**	$ 155,456

While Ontario Teachers' maximum exposure to credit risk is the carrying value of the assets, or, in the case of off-balance sheet items, the amount guaranteed or committed, in most cases the likely exposure is far less due to collateral, credit enhancements (e.g., guarantees in favour of Ontario Teachers') and other actions taken to mitigate Ontario Teachers' exposure, as described previously.

Credit risk concentrations

As at December 31, 2024, Ontario Teachers' has a significant concentration of credit risk with the Government of Canada, the U.S. Treasury and the Province of Ontario. This concentration relates primarily to holding Government of Canada issued securities of $66.6 billion (2023 – $55.4 billion), U.S. Treasury issued securities of $4.5 billion (2023 – $6.9 billion), Province of Ontario bonds of $4.1 billion (2023 – $4.2 billion) and receivable from the Province of Ontario (see NOTE 3) of $3.8 billion (2023 – $3.3 billion).

(g) Market risk

Market risk is the risk of loss that results from fluctuations in various market factors such as equity and commodity prices, interest and foreign exchange rates and credit spreads. Ontario Teachers' is exposed to market risk through its investing activities. The level of market risk to which Ontario Teachers' is exposed varies depending on macroeconomic factors and considerations such as market conditions, expectations of future price movements, the occurrence of certain catastrophic events (e.g., hurricanes and earthquakes) affecting the prices of insurance linked securities, expectations of future yield movements and the composition of the asset mix.

Market risk management

Ontario Teachers' manages market risk primarily through diversifying the investments across industry sectors, investment strategies and on a global basis. A variety of derivative contracts are also utilized to manage Ontario Teachers' market risk exposures.

Market and credit risk measurement

Ontario Teachers' uses a statistical Value-at-Risk (VaR)-type approach that measures an expected tail loss (ETL) from investment risk comprising of market and credit risk over a one-year horizon at a 99% confidence level. The ETL methodology captures more of the effect of extreme loss events than VaR for the same confidence level as it is an average of all estimated losses in the tail.

Total Asset Risk is prepared using the ETL methodology, which captures the investment risk exposure by asset class and reflects the risk of potential losses in net assets due to both market and credit risk factors. Statistically, Ontario Teachers' would expect to see losses approximate to the risk exposure only 1% of the time over a one-year period, subject to certain assumptions and limitations discussed below.

The ETL methodology is a statistical approach that accounts for market volatility and credit risk as well as risk diversification achieved by investing in various products and markets. Risks are measured consistently across all markets and products and can be aggregated to arrive at a single risk number. The one-year 99% ETL number used by Ontario Teachers' is generated using a historical simulation and bootstrap sampling approach that reflects the expected annual loss on the portfolio in the worst 1% of the scenarios. When sufficient historical data is not available, proxies and statistical methods are used to complete the data series.

There are limitations to the ETL methodology in use. For example, historical data may not provide the best estimate of future changes. It may fail to capture the correlation in asset returns in extreme adverse market movements which have not occurred in the historical period measured. However, the sampling approach and long historical period used seek to partially mitigate this limitation by enabling the generation of a set of scenarios that include extreme adverse events. These limitations and the nature of the ETL measure mean that Ontario Teachers' losses may exceed the risk exposure amounts indicated in any risk reports.

Ontario Teachers' continuously monitors and enhances the ETL methodology, striving for better estimation of risk exposure.

The ETL as at December 31, 2024 was $52.5 billion (2023 – $48.0 billion).[1]

The specific scenarios that drive the most adverse outcomes can differ by asset class. The ETL for each asset class based on its respective worst 1% of scenarios is shown in the table below:

(Canadian $ billions)[2]	2024	2023
Equity		
Public equity	**$ 9.5**	$ 8.0
Private equity	**23.0**	23.5
Venture growth	**6.5**	4.5
Fixed income[3]	**14.0**	17.0
Inflation sensitive		
Commodities	**6.0**	4.0
Natural resources	**2.5**	2.5
Inflation hedge	**2.5**	2.5
Real assets		
Real estate	**7.0**	5.0
Infrastructure	**8.0**	7.5
Credit[3]	**5.0**	6.0
Absolute return strategies	**2.5**	2.5
Funding and other	**30.5**	33.5

1 Total Asset Risk ETL Exposure does not equal the sum of the ETL exposure for each asset class because diversification reduces total risk exposure.

2 Rounded to the nearest $0.5 billion.

3 During 2024, Real-rate products were transferred to other investment strategies within Fixed income and Credit. Prior period comparatives have been updated to conform to current year's presentation.

Interest rate risk

Interest rate risk refers to the effect on the market value of Ontario Teachers' assets and liabilities due to fluctuations in interest rates. The value of Ontario Teachers' assets is affected by short-term changes in nominal and real interest rates. Pension liabilities are exposed to fluctuations in long-term interest rates as well as expectations for salary escalation (NOTE 4).

Ontario Teachers' measures and manages interest rate and inflation risk primarily using DV01, which measures the possible gain/loss in the investment strategy as a result of a 1 basis point decrease/increase in rates. The interest rate and inflation risk to relevant asset classes in its asset mix (NOTE 2d) from a 1% increase or decrease in rates are as follows:

- The sensitivity to changes in nominal interest rates of bonds and derivative contracts included in the Fixed income, Credit, Real assets and Funding and other asset classes – a 1% increase/decrease in nominal interest rates would result in a decrease/increase in the value of these investments of $5.8 billion (2023 – $7.2 billion).

- The sensitivity to changes in real interest rates of real-rate products and derivative contracts included in the Fixed income asset class – a 1% increase/decrease in real interest rates would result in a decrease/increase in the value of these investments of $1.2 billion (2023 – $1.2 billion).

- The sensitivity of derivative contracts that are intended to protect against inflation included in the Inflation hedge category of the Inflation sensitive asset class to changes in market-implied inflation – a 1% increase/decrease in the market-implied rate of inflation would result in an increase/decrease in the value of these securities and contracts of $0.6 billion (2023 – $0.6 billion).

Foreign currency risk

Foreign currency exposure arises from Ontario Teachers' holdings of foreign currency-denominated investments and related derivative contracts. In Canadian dollars, this exposure is as follows:

(Canadian $ millions) Currency	**2024** **Net Exposure**	2023 Net Exposure
United States Dollar	**$ 90,874**	$ 73,539
Japanese Yen	**9,626**	1,921
Euro	**9,064**	9,113
Swiss Franc	**5,226**	289
Mexican Peso	**5,064**	5,607
Indian Rupee	**4,555**	2,850
Chinese Renminbi	**4,076**	3,910
Danish Krone	**2,552**	2,155
Chilean Peso	**2,299**	2,415
Brazilian Real	**1,968**	3,515
Other	**6,827**	16,409
	$ 142,131	$ 121,723

As at December 31, with all other variables and underlying values held constant, a 5% increase/decrease in the value of the Canadian dollar against major foreign currencies would result in an approximate decrease/increase in the value of net investments as follows:

(Canadian $ millions) Currency	**2024** **Change in Net Investment Value**	2023 Change in Net Investment Value
United States Dollar	**$ 4,544**	$ 3,677
Japanese Yen	**481**	96
Euro	**453**	456
Swiss Franc	**261**	14
Other	**1,367**	1,843
	$ 7,106	$ 6,086

(h) Liquidity risk

Liquidity risk is the risk of being unable to obtain sufficient cash or other liquid assets at a reasonable cost to meet Ontario Teachers' financial obligations in a timely manner, or to support new investment opportunities, under a range of stressed conditions. By maintaining a structurally sound liquidity profile, Ontario Teachers' seeks to ensure sufficient liquidity is available under stressed conditions to cover potential cash and collateral outflows without adversely impacting Ontario Teachers' asset mix while allowing for opportunistic investments.

Liquidity risk management

Ontario Teachers' monitors its liquidity position daily to ensure sufficient liquid assets are available to meet potential cash and collateral requirements and other contingent payments under stressed conditions over different time horizons. Available liquid assets primarily consist of sovereign, provincial or territorial government debt, other liquid investment grade debt, publicly traded equity securities and physical gold after considering the impact of collateral pledged and received, repurchase agreements and securities lending and borrowing arrangements. In assessing Ontario Teachers' liquidity position, factors such as fair value under a market stress event and the portion of available liquid assets earmarked to meet contractual cash flows and other projected cash flows (such as pension payments) are considered. Potential collateral requirements from Ontario Teachers' positions in securities sold short, repurchase agreements, derivatives contracts and securities lending and borrowing agreements under stress are estimated by a historical simulation of market movements. In addition, stress tests on the overall liquidity position are performed regularly using various historical and hypothetical scenarios.

Liquid assets

As of December 31, 2024, Ontario Teachers' maintains $64.3 billion of available liquid assets (2023 – $56.9 billion).

Contractual maturity

Ontario Teachers' liabilities include accrued pension benefits, investment-related liabilities, due to brokers, accounts payable and accrued liabilities. Due to brokers, accounts payable and accrued liabilities are all due within one year. As Ontario Teachers' may settle securities sold but not yet purchased, cash collateral received under credit support annexes and derivatives at fair value before contractual maturity, they are considered to mature within one year.

Ontario Teachers' investment-related liabilities by maturity as at December 31 are as follows:

(Canadian $ millions)	Within One Year	One to Five Years	Over Five Years	Total 2024
Securities sold under agreements to repurchase	**$ (18,313)**	**$ –**	**$ –**	**$ (18,313)**
Securities sold but not yet purchased				
Equities	**(1,490)**	**–**	**–**	**(1,490)**
Fixed income	**(5,846)**	**–**	**–**	**(5,846)**
Commercial paper	**(2,785)**	**–**	**–**	**(2,785)**
Term debt[1]	**(3,682)**	**(16,404)**	**(13,782)**	**(33,868)**
Cash collateral received under credit support annexes	**(1,044)**	**–**	**–**	**(1,044)**
Derivative-related, net	**(3,791)**	**–**	**–**	**(3,791)**
	$ (36,951)	**$ (16,404)**	**$ (13,782)**	**$ (67,137)**

(Canadian $ millions)	Within One Year	One to Five Years	Over Five Years	Total 2023
Securities sold under agreements to repurchase	$ (23,795)	$ –	$ –	$ (23,795)
Securities sold but not yet purchased				
Equities	(2,095)	–	–	(2,095)
Fixed income	(4,086)	–	–	(4,086)
Commercial paper	(2,557)	–	–	(2,557)
Term debt[1]	(2,334)	(14,750)	(14,121)	(31,205)
Cash collateral received under credit support annexes	(909)	–	–	(909)
Derivative-related, net	(2,072)	–	–	(2,072)
	$ (37,848)	$ (14,750)	$ (14,121)	$ (66,719)

1 Based on undiscounted cash flows.

(i) Collateral pledged and received

Ontario Teachers' pledges and receives cash and security collateral in the ordinary course of managing net investments. Security collateral consists primarily of Canadian and U.S. government securities. Additional collateral is provided if the value of the securities falls below a predetermined level. The securities transferred are recognized as assets when Ontario Teachers' retains substantially all risks and rewards, including credit risk, settlement risk and market risk. Ontario Teachers' is not permitted to either pledge the same securities with other financial institutions or to sell them to another entity unless Ontario Teachers' substitutes such securities with other eligible securities. Ontario Teachers' holds the collateral received as long as Ontario Teachers' is not a defaulting party or an affected party in connection with a specified condition listed in the contractual agreement and there is no early termination of the contractual agreement. With the exception of initial margin collateral held in third-party custodial accounts, Ontario Teachers' is permitted to either sell or repledge the collateral in the absence of default by the owner of the collateral. The fair value of collateral sold or repledged as at December 31, 2024 is $13 million (2023 – $nil).

Ontario Teachers' engages in securities borrowing and lending transactions and pledges and receives associated collateral. Ontario Teachers' does not recognize any securities borrowed as its investment assets or derecognize securities lent because the risks and rewards of the borrowed securities remain with the lenders.

The fair value of collateral pledged and received, as well as the securities purchased under agreements to resell and sold under agreements to repurchase, and securities borrowed and lent as at December 31 are as follows:

(Canadian $ millions)	**2024**	2023
Securities purchased under agreements to resell and sold under agreements to repurchase		
Gross amounts of securities purchased under agreements to resell[1]	**$ 8,936**	$ 13,325
Collateral held	**8,852**	14,075
Gross amounts of securities sold under agreements to repurchase[1]	**18,313**	28,991
Collateral pledged	**18,267**	30,017
Securities borrowing and lending		
Securities borrowed	**1,548**	2,194
Collateral pledged[2]	**1,878**	2,668
Derivative-related		
Collateral received[3]	**5,082**	2,567
Collateral pledged[4]	**10,102**	5,881

1 See NOTE 2j for reconciliation of total gross amount to net amounts presented in NOTE 2a.

2 Includes cash collateral of $92 million (2023 – $109 million).

3 Includes cash collateral of $1,044 million (2023 – $909 million) and initial margin collateral of $3,408 million (2023 – $506 million).

4 Includes cash collateral of $1 million (2023 – $20 million) and initial margin collateral of $3,000 million (2023 – $475 million).

(j) Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the Consolidated Statement of Financial Position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. For certain derivatives, gross amounts include the daily settlement of variation margin which is netted against the fair value of the derivatives. Certain repurchase agreement transactions settled through a central clearing counterparty satisfy the offsetting criteria. Ontario Teachers' enters into agreements with counterparties such as the International Swaps and Derivatives Association (ISDA) Master Agreements and Global Master Repurchase Agreements (GMRAs) to mitigate its exposure to credit losses (see NOTE 2f). These agreements provide rights to allow the parties to settle obligations on a net basis when certain predetermined events occur. When these rights of offset are conditional, the related amounts are not netted in the Consolidated Statement of Financial Position.

The impact of these arrangements as at December 31 is presented in the following table:

(Canadian $ millions)	Gross Amounts	Less: Amounts Offset	Net amount Presented in NOTE 2a	Amounts Subject to Netting Agreements	Securities and Cash Collateral[1]	Net Exposure
						2024
Financial assets						
Securities purchased under agreements to resell	**$ 8,936**	**$ –**	**$ 8,936**	**$ (7,040)**	**$ (1,891)**	**$ 5**
Derivative-related receivables	**3,728**	**–**	**3,728**	**(1,981)**	**(1,656)**	**91**
	$ 12,664	**$ –**	**$ 12,664**	**$ (9,021)**	**$ (3,547)**	**$ 96**
Financial liabilities						
Securities sold under agreements to repurchase	**$ (18,313)**	**$ –**	**$ (18,313)**	**$ 7,040**	**$ 11,273**	**$ –**
Derivative-related liabilities	**(3,791)**	**–**	**(3,791)**	**1,981**	**1,559**	**(251)**
	$ (22,104)	**$ –**	**$ (22,104)**	**$ 9,021**	**$ 12,832**	**$ (251)**

(Canadian $ millions)	Gross Amounts	Less: Amounts Offset	Net Amount Presented in NOTE 2a	Amounts Subject to Netting Agreements	Securities and Cash Collateral[1]	Net Exposure
						2023
Financial assets						
Securities purchased under agreements to resell	$ 13,325	$ (5,196)	$ 8,129	$ (6,492)	$ (1,632)	$ 5
Derivative-related receivables	3,481	–	3,481	(1,490)	(1,888)	103
	$ 16,806	$ (5,196)	$ 11,610	$ (7,982)	$ (3,520)	$ 108
Financial liabilities						
Securities sold under agreements to repurchase	$ (28,991)	$ 5,196	$ (23,795)	$ 6,492	$ 17,294	$ (9)
Derivative-related liabilities	(2,072)	–	(2,072)	1,490	355	(227)
	$ (31,063)	$ 5,196	$ (25,867)	$ 7,982	$ 17,649	$ (236)

1 Securities and cash collateral exclude over-collateralization and collateral in transit. See NOTE 2i for the total amount of collateral.

(k) Significant investments

Investments with either a fair value or cost exceeding 1% of the fair value or cost, respectively, of total net investments as at December 31 are as follows:

(Canadian $ millions)	**2024**					2023				
	Number of Investments		**Fair Value**		**Cost**	Number of Investments		Fair Value		Cost
Public investments[1]	**9**	**$**	**48,742**	**$**	**47,345**	10	$	42,450	$	39,525
Private investments[2]	**12**		**37,032**		**22,653**	11		30,379		21,564
	21	**$**	**85,774**	**$**	**69,998**	21	$	72,829	$	61,089

1 As at December 31, 2024, includes fixed income investments in Government of Canada bonds, Government of Canada treasury bills and real-return Government of Canada bonds.

2 As at December 31, 2024, includes ownership interests in: BroadStreet Capital Partners, Brussels Airport Company SA/NV, Caruna Oy, Heritage Royalty Limited Partnership, IDEAL Group, Mitratech, PODS Enterprises LLC, SSEN Transmission; Fund investment in: Baldr Fund Inc.; and Real estate: Compass Holdings LLC, Toronto-Dominion Centre Office Complex, Toronto Eaton Centre.

NOTE 3. Receivable from the Province of Ontario

The receivable from the Province of Ontario consists of required matching contributions and interest thereon.

As at December 31 (Canadian $ millions)		**2024**		2023
Contributions receivable	**$**	**3,674**	$	3,246
Accrued interest receivable		**93**		38
	$	**3,767**	$	3,284

The receivable as at December 31, 2024 from the Province of Ontario consists of $1,678 million, which was received in January 2025 and an estimated $2,089 million to be received with interest in January 2026. The receivable as at December 31, 2023 from the Province of Ontario consisted of $1,643 million, which was received in January 2024 and an initial estimate of $1,641 million which was received in January 2025. The difference between the initial estimates and the actual amount received was primarily due to additional interest accrued between the period of estimate and time of receipt.

NOTE 4. Accrued pension benefits

(a) Actuarial assumptions and methods

The actuarial assumptions used in determining the value of accrued pension benefits of $213,166 million (December 31, 2023 – $211,393 million) reflect management's best estimate of future economic events and involve both economic and non-economic assumptions. The non-economic assumptions include considerations such as mortality as well as withdrawal and retirement rates. The primary economic assumptions include the discount rate, the salary escalation rate and the inflation rate. The discount rate is based on market rates, as at the valuation date, of bonds issued by the Province of Ontario, which have characteristics similar to obligations under the plan. The discount rate was determined by applying a weighted average discount rate that reflects the estimated timing and amount of benefit payments. The inflation rate is the geometric difference between the yield on Government of Canada long-term nominal bonds and Government of Canada real-return bonds. The salary escalation rate incorporates the inflation rate assumption and long-term expectation of growth in real wages.

The primary economic assumptions were updated in 2024 to reflect increasing nominal bond yields and an increase in the long-term inflation rate.

During 2024, an arbitration decision was made relating to salary increases for certain affiliate unions for school years beginning September 1, 2022 through to September 1, 2025. The salary escalation rate assumption has been revised assuming that this arbitration decision applies to all affiliate unions. Any difference between assumed and actual salary adjustments will be reflected in future valuations.

Similarly, a new salary agreement was reached with principals and vice-principals effective for school years beginning September 1, 2023 through September 1, 2026. Salaries have been retroactively adjusted to September 1, 2023 and the salary escalation rate assumption has been adjusted to reflect this agreement. Any difference between assumed and actual salary adjustments will be reflected in future valuations.

The changes in economic assumptions resulted in a net decrease in the value of accrued pension benefits of $2,942 million (2023 – $6,097 million net decrease).

A summary of the primary economic assumptions is as follows:

	As at December 31, 2024	As at December 31, 2023
Nominal discount rate[1]	**4.25%**	4.00%
Salary escalation rate[2]	**2.80%**	2.60%
Long-term inflation rate[3]	**1.80%**	1.60%
YMPE/ITA limit growth[4]	**2.80%**	2.60%
Real discount rate[5]	**2.40%**	2.35%

1 As at December 31, 2024, holding all other assumptions constant, a 100 basis point decrease in the discount rate would result in an increase in pension liabilities of approximately $40.1 billion (December 31, 2023 – $40.3 billion).

2 As at December 31, 2024, the salary escalation rate reflects the salary increase arbitration decision for certain affiliate unions and the salary agreement for principals and vice principals. The increases of 2.75% on September 1, 2024 and 2.50% on September 1, 2025 are assumed to be applicable to all four affiliate unions and all principals and vice principals. The estimated salary increase rate of 2.80% is applicable starting September 1, 2026.

3 As at December 31, 2024, holding all other assumptions constant, an additional 100 basis point increase in the assumed annual pension benefit increase for 2026 would result in an increase in pension liabilities of approximately $1.2 billion (December 31, 2023 – $1.2 billion).

4 YMPE/ITA limit growth is the sum of the inflation rate and the Average Industrial Wage (AIW) real wage growth rate of 1.0%.

5 Real rate shown as the geometric difference between the discount rate and the inflation rate.

The non-economic assumptions were updated in 2024 to reflect recent experience of plan members related to mortality rates, expected rates of improvement in future mortality, termination rates and reinstatement rates. The changes in non-economic assumptions resulted in a net decrease in the value of accrued pension benefits of $2,770 million (2023 – $nil).

The changes in economic and non-economic assumptions resulted in a net decrease in the value of accrued pension benefits of $5,712 million (2023 – net decrease of $6,097 million).

(b) Inflation protection levels

As described in paragraph (f) of the Description of Ontario Teachers' and the plan note, pension benefits are adjusted annually by the CPI ratio with pension credit earned after December 31, 2009 subject to conditional inflation protection. Inflation protection levels vary between 50% and 100% of the CPI ratio for pension credit earned between January 1, 2010 and December 31, 2013 and vary between 0% and 100% of the CPI ratio for pension credit earned after 2013. Conditional inflation protection can only be invoked and changes to inflation protection levels can only be made when a funding valuation is filed. The Ontario government and designated employers participating in the plan will make extra contributions to match the inflation protection benefits members forego up to a maximum foregone inflation of 50% of CPI.

For financial statement valuations, future pension payments are indexed at the inflation protection levels stated in the most recent funding valuation filing. As a result, the December 31, 2024 accrued pension benefits reflect the inflation protection levels as stated in the January 1, 2024 funding valuation report.

As noted in the filed January 1, 2024 funding valuation, inflation protection levels are 100% of the CPI ratio for pension credit earned after 2009. This level will remain in effect until the next actuarial valuation is filed with the regulatory authorities at which time the level may be reduced depending on the funded status of the plan.

The inflation protection levels reflected in accrued pension benefits as at December 31, 2024 and 2023 are as follows:

Pension Credit	Inflation Protection Level[1]
Earned before 2010	100% of the CPI ratio
Earned during 2010 – 2013	100% of the CPI ratio
Earned after 2013	100% of the CPI ratio

1 Inflation protection levels per the January 1, 2024 and January 1, 2023 filed funding valuations.

(c) Experience gains and losses

Experience losses on the accrued pension benefits of $921 million (2023 – $3,944 million losses) arose from differences between the actuarial assumptions and actual results.

With respect to school years beginning September 1, 2019, September 1, 2020 and September 1, 2021, retroactive salary adjustments have been reflected for applicable affiliate unions. A provision for estimated retroactive salary adjustments of $2,777 million was previously recorded as at December 31, 2023 and further differences between the estimated and actual impact of retroactive salary adjustments have been reflected in this valuation.

As a result of arbitration for certain affiliate unions relating to school years beginning September 1, 2022 through to September 1, 2025, salary adjustments for school years beginning September 1, 2022 and September 1, 2023 are estimated to be 3.0%. As at December 31, 2023, salary increases for these school years were estimated to be 2.6%.

The updated salaries related to retroactive salary adjustments for September 1, 2019 through to September 1, 2023 resulted in an experience loss of $899 million at December 31, 2024. Any further difference between the estimated and actual impact of retroactive salary adjustments will be reflected in future valuations.

As a result of the new salary agreement reached with principals and vice-principals effective for school years beginning September 1, 2023 through to September 1, 2026, an additional provision for retroactive salary adjustments for September 1, 2023 of $149 million was included in the accrued pension benefit obligation as at December 31, 2024. Any difference between the estimated and actual impact of retroactive salary adjustments will be reflected in future valuations.

Accrued pension benefits as at December 31, 2024 reflect the actual January 1, 2025 increase to pensions in pay of 2.7%. The increase to pensions in pay at January 1, 2025 was previously (as at December 31, 2023) estimated at 2.6% and was determined using known CPI data through to November 2023 and applying the assumed funding valuation long-term inflation rate thereafter to September 30, 2024. Also reflected is an estimate of the January 1, 2026 increase to pensions in pay of 1.4%. This estimate was determined using known CPI data through to December 2024 and applying the assumed funding valuation long-term inflation rate thereafter to September 30, 2025. These updates in combination resulted in an experience gain of $178 million.

Accrued pension benefits as at December 31, 2023 reflected the actual January 1, 2024 increase to pensions in pay of 4.8%. Also reflected was an estimate of the January 1, 2025 increase to pensions in pay of 2.6%, determined as described above. Beyond January 1, 2025, increases to pensions in pay assumed a long-term inflation rate of 1.6%.

NOTE 5. Net investment income

Net investment income is reported net of management fees and transaction costs and is grouped by asset class. Net investment income for the year ended December 31 is as follows:

Net Investment Income (Canadian $ millions)	Income[1]	Net Gain (Loss) on Investments[2]	Investment Income[3]	Management Fees	Transaction Costs	Net Investment Income 2024
Equity						
Publicly traded						
Canadian	$ 1	$ 122	$ 123	$ –	$ (1)	$ 122
Non-Canadian	267	5,393	5,660	(25)	(36)	5,599
Non-publicly traded						
Canadian	373	(564)	(191)	(2)	(30)	(223)
Non-Canadian	475	7,528	8,003	(2)	(74)	7,927
	1,116	12,479	13,595	(29)	(141)	13,425
Fixed income						
Bonds[4]	230	(3,000)	(2,770)	–	(28)	(2,798)
Short-term investments	4	896	900	–	(1)	899
Canadian real-rate products	260	232	492	–	–	492
Non-Canadian real-rate products	6	300	306	–	–	306
Other debt[4]	1,268	1,065	2,333	(2)	(3)	2,328
	1,768	(507)	1,261	(2)	(32)	1,227
Alternative investments	261	5,367	5,628	–	(2)	5,626
Inflation sensitive						
Commodities	(756)	3,676	2,920	–	(4)	2,916
Timberland	31	120	151	–	–	151
Natural resources	448	925	1,373	(2)	(31)	1,340
	(277)	4,721	4,444	(2)	(35)	4,407
Real assets						
Real estate	881	(910)	(29)	(6)	(79)	(114)
Infrastructure	1,249	2,407	3,656	(20)	(31)	3,605
	2,130	1,497	3,627	(26)	(110)	3,491
Overlay[5]	(11)	(4,511)	(4,522)	–	–	(4,522)
Total	$ 4,987	$ 19,046	$ 24,033	$ (59)	$ (320)	$ 23,654

1 Income includes interest, dividends and other investment-related income and expenses.

2 Includes realized gain from investments of $9,808 million and change in unrealized gains (losses) from investments of $9,238 million.

3 Net of certain management and performance fees.

4 Certain fixed income positions including traded and private loans, which were previously recorded as Bonds, are recorded in Other debt to enhance transparency. Prior period comparatives have been updated to conform to current year's presentation.

5 Includes income from investments that manage the foreign exchange risk for the total fund.

Net Investment Income						2023
(Canadian $ millions)	Income[1]	Net Gain (Loss) on Investments[2]	Investment Income[3]	Management Fees	Transaction Costs	Net Investment Income
Equity						
Publicly traded						
Canadian	$ 11	$ 189	$ 200	$ –	$ (1)	$ 199
Non-Canadian	298	2,549	2,847	(24)	(29)	2,794
Non-publicly traded						
Canadian	224	106	330	(1)	(1)	328
Non-Canadian	635	1,120	1,755	(2)	(160)	1,593
	1,168	3,964	5,132	(27)	(191)	4,914
Fixed income						
Bonds[4]	(70)	547	477	(1)	(28)	448
Short-term investments	4	1,161	1,165	(2)	–	1,163
Canadian real-rate products	249	20	269	–	–	269
Non-Canadian real-rate products	8	49	57	–	–	57
Other debt[4]	1,114	(107)	1,007	(2)	(2)	1,003
	1,305	1,670	2,975	(5)	(30)	2,940
Alternative investments	252	569	821	–	(2)	819
Inflation sensitive						
Commodities	(762)	330	(432)	(1)	(4)	(437)
Timberland	18	130	148	–	(7)	141
Natural resources	433	(486)	(53)	(3)	(52)	(108)
	(311)	(26)	(337)	(4)	(63)	(404)
Real assets						
Real estate	863	(2,480)	(1,617)	–	(82)	(1,699)
Infrastructure	1,401	(2,455)	(1,054)	(22)	(39)	(1,115)
	2,264	(4,935)	(2,671)	(22)	(121)	(2,814)
Overlay[5]	(7)	77	70	–	–	70
Total	$ 4,671	$ 1,319	$ 5,990	$ (58)	$ (407)	$ 5,525

1 Income includes interest, dividends and other investment-related income and expenses.

2 Includes realized gain from investments of $4,052 million and change in unrealized gains (losses) from investments of $(2,733) million.

3 Net of certain management and performance fees.

4 Certain fixed income positions including traded and private loans, which were previously recorded as Bonds, are recorded in Other debt to enhance transparency. Prior period comparatives have been updated to conform to current year's presentation.

5 Includes income from investments that manage the foreign exchange risk for the total fund.

NOTE 6. Investment returns and related benchmark returns

The total-fund net return is calculated after deducting transaction costs, management fees and investment administrative costs. Asset-class returns are calculated before deducting investment administrative costs. Investment returns and related benchmark returns by investment asset class for the year ended December 31 are as follows:

	2024		2023	
	Investment Returns	**Investment Benchmark Returns**	Investment Returns	Investment Benchmark Returns
Equity[1]	**16.7%**	**24.8%**	7.2%	16.9%
Fixed Income[1]	**4.8**	**4.8**	4.3	4.3
Inflation sensitive[1]	**18.6**	**19.1**	(0.8)	–
Real assets	**4.9**	**7.0**	(4.1)	5.3
Credit	**17.2**	**16.8**	9.1	9.6
Total-fund net return[2]	**9.4%**	**12.9%**	1.9%	8.7%

1 Effective January 1, 2024, the embedded funding cost impact of Futures exposures is excluded from Equity, Fixed Income and Inflation sensitive investment and benchmark returns. This methodology change results in a more faithful representation by reallocating the embedded funding cost from asset-class returns into funding and has no impact to total-fund net return. Prior period comparatives have been updated to conform to current year's presentation.

2 Absolute return strategies, Overlay and Funding for investments are included in the total-fund net return and not shown separately.

Investment returns have been calculated using a time-weighted rate of return methodology.

Ontario Teachers' identifies benchmarks to evaluate the investment management performance. The performance of each asset class is measured against benchmarks that are reflective of the expected return of its underlying investments.

The total-fund net return is measured against a Canadian dollar-denominated composite benchmark produced by aggregating returns from each of the policy asset-class benchmarks.

NOTE 7. Funding valuations

Funding valuations are prepared annually and must be filed at least once every three years with the regulatory authorities. Once filed, these valuations are used to determine the funding requirements of the plan. The Funding Management Policy established by the co-sponsors provides guidance for the co-sponsors in determining contributions and benefit levels.

The actuarial methods used to prepare funding valuations are different than those used to prepare a financial statement actuarial valuation and the amounts included in these consolidated financial statements. The funding valuations use an actuarial valuation method which takes into account future benefits to be earned by plan members and future contributions to be made by plan members, the Province of Ontario and designated employers as at the valuation date, whereas the accrued pension benefits recognized in the financial statements represent the actuarial present value of pension obligations in respect of service accrued to date for all members.

The most recent funding valuation that has been filed with regulatory authorities was prepared as at January 1, 2024 by the external actuary and disclosed a funding surplus of $19.4 billion. The co-sponsors classified the surplus as a contingency reserve.

NOTE 8. Contributions and benefits

(a) Contributions

(Canadian $ millions)	2024	2023
Members		
Current service[1]	**$ 2,033**	$ 1,602
Optional credit	**45**	41
	2,078	1,643
Province of Ontario		
Current service	**2,013**	1,588
Interest	**73**	18
Optional credit	**40**	36
	2,126	1,642
Designated employers	**43**	41
Transfers from other pension plans	**17**	21
	60	62
	$ 4,264	$ 3,347

1 Contributions past due are less than $3 million in 2024 and less than $1 million in 2023.

(b) Benefits

(Canadian $ millions)	2024	2023
Retirement pensions	**$ 7,434**	$ 7,020
Death benefits	**576**	544
Commuted value transfers	**60**	61
Disability pensions	**25**	24
Family law transfers	**18**	21
Transfers to other plans	**9**	12
Refunds	**2**	–
Benefits paid	**8,124**	7,682
Other payments[2]	**–**	2
	$ 8,124	$ 7,684

2 Settlement or other claim-related payments to certain current and former beneficiaries determined on a case-by-case basis. Such payments do not reduce the accrued pension benefits.

NOTE 9. Administrative expenses

(a) Investment expenses

(Canadian $ millions)	2024	2023
Salaries, incentives and benefits	**$ 617**	$ 591
Premises and equipment	**108**	88
Professional and consulting services	**65**	61
Information services	**47**	43
Communication and travel	**24**	21
Custodial fees	**4**	5
Statutory audit fees	**5**	5
Board and committee remuneration	**2**	2
Other	**13**	13
	$ 885	$ 829

(b) Member services expenses

(Canadian $ millions)	2024	2023
Salaries, incentives and benefits	**$ 57**	$ 54
Premises and equipment	**16**	18
Professional and consulting services	**7**	7
Other	**3**	2
	$ 83	$ 81

(c) Employees' post-employment benefits

The employees of Ontario Teachers' are members of the defined benefit plans of either the Ontario Public Service Employees Union (OPSEU) Pension Plan or Public Service Pension Plan (PSPP). The expected contributions from Ontario Teachers' in 2025 are approximately $20.5 million. Some employees are also members of the Public Service Supplementary Plan (PSSP). These three pension plans are sponsored by the Province of Ontario and information is available on www.optrust.com and www.opb.ca. As the employer, Ontario Teachers' matches the employees' contributions to these pension plans. Some senior management employees also participate in a non-registered, unfunded Supplemental Employee Retirement Plan (SERP) managed by Ontario Teachers' to provide the employees non-indexed retirement benefits equal to 2% of the employee's pensionable earnings times the number of years of service, less the initial annual pension to which the employee is entitled under the PSPP and PSSP, combined. The amount expensed by Ontario Teachers' during the year in relation to these plans was $17.6 million (2023 – $22.1 million). Employees employed by our international offices participate in a contributory retirement arrangement relevant for their region. Employer contributions are included in the salaries, incentives and benefits expenses.

NOTE 10.
Related party transactions

Ontario Teachers' primary related parties include its co-sponsors (Province of Ontario and Ontario Teachers' Federation); key management personnel; subsidiaries related to the administration of the pension plan; and investment-related subsidiaries, joint ventures and associates.

The primary transactions undertaken between Ontario Teachers' and the Government of Ontario consist of the funding contributions outlined in NOTE 8a. Amounts receivable from the Province of Ontario related to matching contributions and interest thereon are disclosed in NOTE 3. Ontario Teachers' investments in Province of Ontario issued bonds are disclosed in NOTE 2f. There are no material transactions between Ontario Teachers' and its other co-sponsor, OTF.

Related-party transactions with investment-related subsidiaries, joint ventures and associates consist primarily of investments and investment income. These transactions are measured at fair value and will, therefore, have the same impact on net assets available for benefits and net investment income as those investment transactions with unrelated parties. Guarantees made on behalf of related parties are disclosed in NOTE 14.

Compensation of key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of Ontario Teachers', being its board members, the executive team and the executive managing directors of the Investment Division.

The compensation of the key management personnel is included in the administrative expenses of Ontario Teachers'. There are no other related party transactions between the key management personnel and Ontario Teachers'.

The compensation of the key management personnel as at December 31 is summarized below:

(Canadian $ millions)	2024	2023
Short-term employee benefits	**$ 25**	$ 22
Post-employment benefits	**2**	2
Termination benefits	**–**	6
Other long-term benefits	**24**	26
	$ 51	$ 56

NOTE 11. Capital

Funding valuation surpluses or deficits as determined by an independent actuary are considered Ontario Teachers' capital for the purposes of the consolidated financial statements. See NOTE 7 for an explanation of the difference between the funding valuation and the financial statement valuation.

The funding valuation is used to measure the long-term health of the plan, assessing the plan's ability to meet its obligations to all current members and their survivors. The objective of managing Ontario Teachers' capital is to ensure the plan is sufficiently funded to pay benefits over the long term.

One of the most important assumptions in the funding valuation is the discount rate (set by the board) which is used to calculate the present value of future pension benefits the plan expects to pay to members as well as the present value of contributions it anticipates receiving. The discount rate is derived from the expected rate of return on investments and takes into consideration the cost of running Ontario Teachers' and provisions for key risks including plan maturity and investment risks.

Preliminary funding valuation surpluses or deficits are determined annually. At least once every three years, a formal funding valuation report is required to be filed with the regulatory authorities (see NOTE 7). As stated in the Partners' Agreement,[1] the plan cannot be in a deficit position when such reports are filed.[2] As a result, the formal report must include adjustments to benefit and/or contribution levels as necessary to eliminate any preliminary valuation deficit. Any required adjustments are determined by the co-sponsors with guidance from the Funding Management Policy (Appendix A to the Partners' Agreement).

NOTE 12. Retirement compensation arrangement (RCA)

Restrictions in the ITA on the payment of certain benefits from an RPP for periods of service after 1991 may impact some plan members. To address affected members, the RCA was established by agreement between the co-sponsors as a supplementary plan to provide these benefits.

The RCA is administered under a trust separate from the assets of the RPP. Ontario Teachers' has been appointed by the co-sponsors to act as the trustee of the RCA Trust.

Under the terms of the RCA, its net assets available for benefits and the value of accrued benefits and deficit (referred to below) must constitute a distinct fund held separate from the RPP and are not included in the consolidated financial statements of Ontario Teachers'.

The RCA is funded primarily on a pay-as-you-go basis from a portion of the contributions directed to Ontario Teachers' by members, the Province of Ontario and designated employers. The portion is based on a limit on contributions to the RPP with contributions in excess of the limit being remitted to the RCA. The limit is determined annually by the board, after consulting the plan's independent actuary. Since 2016, the limit has remained at $14,500 per member. Ontario Teachers' objective is to ensure sufficient funds exist within the RCA to pay for several years (but not more than 10 years) of projected benefits following each valuation date. Due to the funding policy adopted by the co-sponsors, the net assets available for benefits will continue to be substantially less than the accrued benefits.

1 The Partners' Agreement is the document which establishes the partnership between the co-sponsors and outlines the roles of Ontario Teachers', its board and the co-sponsors.

2 The formal funding valuation report must be actuarially balanced such that the sum of the funding liabilities (present value of future pension benefits), the present value of the reduction in cost due to providing inflation protection levels below 100% and any contingency reserve is equal to the sum of the plan's market value of assets, asset smoothing adjustment, present value of future contributions and present value of future matching of foregone inflation adjustments.

The RCA financial statements are in compliance with Section 4600 and IFRS Accounting Standards. A summary of the financial statements for the RCA is as follows:

As at December 31 (Canadian $ millions)		2024		2023
Statements of financial position				
NET ASSETS AVAILABLE FOR BENEFITS				
Assets	**$**	**100**	$	65
Liabilities		**(10)**		(4)
	$	**90**	$	61
ACCRUED PENSION BENEFITS AND DEFICIT				
Accrued pension benefits	**$**	**496**	$	484
Deficit		**(406)**		(423)
	$	**90**	$	61

For the year ended December 31 (Canadian $ millions)		2024		2023
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS				
Contributions	**$**	**43**	$	17
Investment income		**1**		2
		44		19
Benefits paid		**(16)**		(15)
Expenses		**–**		–
		(16)		(15)
Increase/(decrease) in net assets available for benefits	**$**	**28**	$	4

The actuarial assumptions used in determining the value of accrued benefits are consistent with the plan except that the assumed discount rate has been adjusted to reflect the impact of the 50% refundable tax applicable to the RCA.

The estimate of the value of accrued pension benefits is highly sensitive to salary increases, both actual and assumed and to the assumed maximum pension limit per the ITA. Any changes to the salary assumptions can have a material impact on the liabilities for future benefits. In addition, significant uncertainty exists in projecting the liabilities of the RCA due to changes in the number of future participants as well as changes to the ITA and its regulations relating to pensions.

NOTE 13. Commitments

Ontario Teachers' has committed to enter into investment and other transactions, which may be funded over the next several years in accordance with the terms and conditions agreed to. As at December 31, 2024, these commitments totaled $22,629 million (2023 – $28,001 million).

NOTE 14. Guarantees and indemnifications

Guarantees

Ontario Teachers' provides guarantees to third parties related to certain investments and could be called upon to satisfy these guarantees if the investee companies fail to meet their obligations. Ontario Teachers' expects most guarantees to expire unused. No payments have been made by Ontario Teachers' in either 2024 or 2023 under these guarantees.

Ontario Teachers' guarantees certain investee loan and credit agreements which will expire by 2027. Ontario Teachers' maximum exposure is $646 million as at December 31, 2024 (2023 – $608 million). The investee companies have drawn $387 million under the agreements (2023 – $372 million).

Ontario Teachers' guarantees certain lease agreements for an investee company which will expire by 2059. Ontario Teachers' maximum exposure is $210 million as at December 31, 2024 (2023 – $188 million). There were no default lease payments in either 2024 or 2023.

Ontario Teachers' also guarantees the ability of certain investee companies to settle certain financial obligations. Ontario Teachers' maximum exposure is $110 million as at December 31, 2024 (2023 – $119 million).

Ontario Teachers' guarantees commercial paper and term debt issued by Ontario Teachers' Finance Trust (OTFT) which Ontario Teachers' consolidates. The fair value of these guarantees are included in Ontario Teachers' investment-related liabilities.

The term debt issued by OTFT, as shown in the table below, is not redeemable prior to maturity at the option of the trust or Ontario Teachers' except as described in their respective Offering Memoranda. OTFT and its affiliates may at any time and from time to time purchase the senior notes in the open market or otherwise.

Issuance	Currency	Principal Amount	Maturity	Coupon
April 2020	USD	$1.00 billion	April 2025	1.375%
May 2020	EUR	€1.50 billion	May 2025	0.500%
September 2020	USD	$1.50 billion	September 2030	1.250%
October 2020	CAD	$1.25 billion	October 2027	1.100%
November 2020[1]	EUR	€750 million	November 2030	0.050%
April 2021	USD	$1.50 billion	April 2031	2.000%
May 2021	EUR	€1.25 billion	May 2028	0.100%
May 2021	EUR	€1.25 billion	May 2041	0.900%
September 2021	USD	$2.00 billion	September 2026	0.875%
October 2021	GBP	£500 million	May 2026	1.125%
November 2021[1]	EUR	€500 million	November 2051	0.950%
April 2022	USD	$1.50 billion	April 2027	3.000%
April 2022	EUR	€1.25 billion	May 2032	1.850%
October 2022	EUR	€500 million	October 2029	3.300%
November 2022[1]	CAD	$1.00 billion	June 2032	4.450%
February 2023[1]	CAD	$1.00 billion	November 2029	4.150%
April 2023	USD	$1.50 billion	April 2028	4.250%
April 2024	USD	$1.50 billion	April 2029	4.625%
June 2024	CAD	$1.00 billion	June 2034	4.300%

1 Green bond issuances in accordance with Ontario Teachers' Green Bond Framework.

The commercial paper issued by OTFT is not redeemable prior to maturity or subject to voluntary prepayment, except as described in the U.S. Commercial Paper Private Placement Memorandum dated June 2017. The maturity terms for the commercial paper outstanding as at December 31, 2024 are up to 397 days from the date of issue in the U.S. and up to 364 days in Canada. The maximum aggregate principal amounts of the commercial paper outstanding at any one time do not exceed $10 billion. As at December 31, 2024, commercial paper issued amounted to $2,818 million (2023 – $2,613 million).

Indemnifications

Ontario Teachers' board members, employees and certain others are indemnified in relation to certain proceedings that may be commenced against them. In addition, in the normal course of operations, Ontario Teachers' may, in certain circumstances, agree to indemnify a counterparty. Under these agreements, Ontario Teachers', its subsidiaries and joint ventures may be required to compensate counterparties for costs incurred as a result of various contingencies such as legal claims or changes in laws and regulations. The number of such agreements, the variety of indemnifications and their contingent character prevents Ontario Teachers' from making a reasonable estimate of the maximum amount that would be required to pay all such counterparties.

Independent Practitioner's Limited Assurance Report

To: The Administrator of
Ontario Teachers' Pension Plan

We have undertaken a limited assurance engagement of the select performance metrics, included in Schedule 1, of Ontario Teachers' Pension Plan Board ("Ontario Teachers'") for the year ended December 31, 2024 (collectively referred to as the "Select Performance Metrics").

Management's responsibility

Management is responsible for the preparation of the Select Performance Metrics in accordance with the applicable criteria defined in Schedule 2 (the "applicable criteria"). Management is also responsible for selecting the applicable criteria used. Management is also responsible for such internal control as management determines necessary to enable the preparation of the Select Performance Metrics that is free from material misstatement, whether due to fraud or error.

Our responsibility

Our responsibility is to express a limited assurance conclusion on the Select Performance Metrics based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements ("ISAE") 3000 Revised, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*. This standard requires that we plan and perform this engagement to obtain limited assurance about whether the Select Performance Metrics is free from material misstatement.

A limited assurance engagement involves performing procedures (primarily consisting of making inquiries of management and others within the entity, as appropriate and applying analytical and other procedures) and evaluating the evidence obtained. The procedures also include assessing the suitability in the circumstances of Ontario Teachers' use of the applicable criteria as the basis for the preparation of the Select Performance Metrics. The procedures are selected based on our professional judgment, which includes identifying areas where the risks of material misstatement of the Select Performance Metrics are likely to arise, whether due to fraud or error.

Our engagement included the following procedures, among others:

- Making inquiries of relevant management and staff responsible for the preparation and reporting of the Select Performance Metrics;
- Obtaining an understanding of the underlying data that is used as an input into the calculation of the Select Performance Metrics, including emission factors and conversion factors;
- Obtaining an understanding of the process used to prepare and report the Select Performance Metrics;
- Agreeing and testing the underlying data related to the Select Performance Metrics on a sample basis.

The procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for, a reasonable assurance engagement conducted in accordance with the International Standards on Assurance Engagements. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the Select Performance Metrics has been prepared, in all material respects, in accordance with the applicable criteria.

Our independence and quality management

We have complied with the independence and other ethical requirements of the relevant rules of professional conduct/code of ethics applicable to the practice of public accounting and related to assurance engagements, issued by various professional accounting bodies, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Canadian Standard on *Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Significant inherent limitations

Environmental data and energy use data are subject to inherent limitations of accuracy given the nature of the data and the methods used for determining. The selection of different acceptable measurement techniques can result in materially different outcomes. The precision of different measurement techniques may also vary.

Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Select Performance Metrics of Ontario Teachers' for the year ended December 31, 2024 is not prepared, in all material respects, in accordance with the applicable criteria.

Specific purpose of applicable criteria

The Select Performance Metrics has been prepared in accordance with the applicable criteria to assist Ontario Teachers' in reporting the select performance metrics in Ontario Teachers' 2024 Annual Report. As a result, the Select Performance Metrics may not be suitable for another purpose.

While Deloitte acknowledges the disclosure of our limited assurance report that will be made in full only by Ontario Teachers' at its discretion in the Ontario Teachers' 2024 Annual Report, Deloitte does not assume or accept any responsibility or liability to any other third party in respect of such disclosure and the report therein.

Deloitte LLP
Chartered Professional Accountants
Toronto, Ontario

March 17, 2025

Schedule 1

Our limited assurance engagement was performed on the following select performance metrics for the year ended December 31, 2024.

Select Performance Metrics	Unit of Measurement	Year Ended December 31, 2024
Total portfolio carbon emissions	kilo tonnes carbon dioxide equivalent ($ktCO_2e$)	5,343
Value of holdings	CAD $ million	223,564
Total portfolio carbon footprint intensity	metric tonnes carbon dioxide equivalent (tCO_2e)/CAD $ million	24
Total operational carbon emissions	metric tonnes carbon dioxide equivalent (tCO_2e)	12,887

Schedule 2

Select Performance Metrics	Definition
Total portfolio carbon emissions	**Total portfolio carbon emissions** is the sum of Ontario Teachers' share of emissions relating to the following asset classes: public equities, private assets, corporate fixed income calculated per the formula below: • **Public equities** include shares in public companies and derivative positions in internally and externally managed public equity strategies. • **Private assets** include internally and externally managed private equity from natural resources, infrastructure, private capital, real estate, Teachers' Venture Growth and capital markets, as well as share of indirect investments through private funds (including private equity, mezzanine and venture capital). • **Corporate fixed income** includes direct public and private credit, credit inflation-linked securities, credit derivatives, credit externally managed funds and quasi-sovereign credit. Short positions are included in the portfolio carbon footprint and these positions are treated as negative emissions. $\sum_{i=0}^{n} \frac{\text{OTPP's Equity + Debt in issuer}_i}{\text{Enterprise Value}^{1}_i} * \text{Scope 1 and 2 emissions}_i$ 1 Enterprise value equals market cap of equity plus book value of debt. Cash is not deducted. **Exclusions:** • Sovereign debt • Holdings in portfolios that are benchmarked to commodities or cash/cash equivalents that are short-term or transient in nature
Value of holdings	**Value of holdings** is the value of the following asset classes: public equities, private assets, corporate fixed income covered within the total portfolio carbon emissions calculation. *For public equity and private assets:* • Market value of Ontario Teachers' public equity and private asset investments *For corporate fixed income:* • Book value of Ontario Teachers' public and private credit investments • Market value of Ontario Teachers' credit external funds • Inflation-adjusted notional values of Ontario Teachers' credit inflation-linked securities • Nominal value of Ontario Teachers' credit derivatives
Total portfolio carbon footprint intensity	Quotient of total portfolio carbon emissions divided by value of holdings.
Total operational carbon emissions	**Total operational carbon emissions** is the sum of emissions related to Ontario Teachers' scope 1 emissions, location-based scope 2 emissions and scope 3 emissions. Scope 3 emissions include air travel, ground transportation and paper use and disposal.

Portfolio and operational carbon footprint methodology

Portfolio carbon footprint methodology

Our approach is informed by the Partnership for Carbon Accounting Financials, which is one of the only standards available for portfolio carbon footprint accounting. We use 2019 as our baseline year for measuring progress against our 2025 and 2030 emissions intensity reduction targets. To include as much of the portfolio as possible, we use an enterprise value[1] approach for calculating our portfolio carbon footprint. This method allows for the inclusion of both equity and corporate fixed income holdings. Short positions are treated as negative values in terms of both financial and emissions exposure.

Enterprise value-based methodology

Ontario Teachers' share of emissions

$$\sum_{i=0}^{n} \frac{\text{OTPP's Equity + Debt in issuer}_i}{\text{Enterprise Value}^1_i} * \text{Scope 1 and 2 emissions}_i$$

Scope

Our portfolio carbon footprint covers the following:

- Shares held in public companies and derivative positions in our internally and externally managed public equity strategies;
- Private assets, including internally and externally managed private equity, venture capital, infrastructure, real estate and natural resources; and
- Corporate fixed income, including corporate bonds, external credit funds, credit derivatives and credit inflation-linked securities.

Combined, the portfolios (as defined above) represent over 80% of our net assets as of December 31, 2024. Most of the remainder of our portfolio is composed of sovereign debt, primarily Government of Canada bonds. We continue to track the development of standards and methodologies for considering emissions associated with sovereign debt, but note that the output would not be directly comparable to the emissions from our current portfolio carbon footprint.

Limitations

At the portfolio level, a carbon footprint is not a direct measure of portfolio risk. The implications of higher footprints vary, depending on sector and geography and companies' supply chain and competitive risks are not captured. All assets face additional risks relating to climate change, not just risks relating to emissions. At the company level, the data do not capture forward-looking dynamics, such as corporate decisions that may reduce future emissions. Many companies still do not report their carbon footprint, necessitating estimation, thus reducing accuracy and making carbon footprints less useful as the basis for engagement or targeting reductions. In addition, because of different reporting timelines and delays in data availability, companies may provide carbon footprint data one to two years after their financial data.

1 Enterprise value equals market cap of equity plus book value of debt. Cash is not deducted.

Emissions data

Public equities or credit: Emissions data was taken from Trucost,[1] part of S&P Global. Trucost applies the following approach for estimating emissions:

1. Company-reported emissions
2. Estimate based on company-specific factors
3. Proprietary sector-based model

Any public equity or credit holdings not covered by the Trucost database are estimated by proxy using Global Industry Classification Standard (GICS) sub-industry average emissions calculated from Trucost's database.

Private assets: Carbon emissions were assessed using the following approach, which is similar to Trucost's, in preferential order:

1. Company-reported emissions
2. Estimate based on company-specific factors
3. Estimate based on similar publicly listed companies
4. Proxy based on GICS sub-industry average emissions

The following table breaks down the estimated methods used by percentage of holdings:

	Public Equity and Corporate Fixed Income			Private Assets and Corporate Fixed Income			Total	
Methodology/Data Sources	% of Public Emissions	% of Total OTPP Emissions	% of Holdings	% of Private Emissions	% of Total OTPP Emissions	% of Holdings	% of Emissions	% of Holdings
1. Company-reported emissions	42%	13%	32%	58%[2]	39%	69%	52%	61%
2. Estimate based on company-specific factors	27%	9%	45%	3%	2%	2%	11%	11%
3. Estimate based on similar publicly listed companies	0%	0%	0%	8%	6%	1%	6%	1%
4. Proxy based on GICS sub-industry average emissions	26%	8%	17%	31%	21%	28%	29%	26%
5. Trucost models	5%	2%	6%	0%	0%	0%	2%	1%
Total	**100%**	**32%**	**100%**	**100%**	**68%**	**100%**	**100%**	**100%**

1 Source: S&P Global Sustainable1, ©2024 by S&P Global Inc. All rights in the S&P Global data and reports, including, without limitation, the Trucost data and reports, vest in S&P Global and/or its authorized licensors. Neither S&P Global Inc., nor any of its affiliates or subsidiaries, nor its authorized licensors, accept any liability for any errors, omissions or interruptions in such data and/or reports. No further distribution of the data and/or reports is permitted without S&P Global's express prior written consent.

2 This number is calculated using emissions from all private positions (i.e., direct investment, funds and corporate fixed income). In our direct private investment portfolio, 92% are company-reported emissions.

Operational carbon footprint

Methodology

Our operational carbon footprint is calculated in accordance with the Greenhouse Gas Protocol (the GHG Protocol) and aligned with ISO 14064-1:2018 using a combination of actual reported data and estimates. These are the leading industry standards to guide the calculation of an operational carbon footprint.

Given our international footprint, we use emissions factors from a range of sources with a bias to those reported through international governance mechanisms. This can introduce additional time lags and variations in Global Warming Potentials in the data used.

Scope

Our reported operational carbon footprint covers fiscal years 2024, 2023 and 2019 to align with our portfolio carbon footprint baseline. We used an operational control approach to set boundaries for the calculation. The operational carbon footprint covers combustion of natural gas for building heat, purchased energy in the form of electricity and district heating/cooling, air travel, ground transportation and paper use and disposal.

Forward-looking statements

This annual report contains forward-looking information and statements that are intended to enhance the reader's ability to assess the future financial and business performance of Ontario Teachers'.

Because the forward-looking information and statements include all information and statements regarding Ontario Teachers' current beliefs, targets, intentions, plans and expectations concerning its objectives, future performance, strategies and financial results, as well as any other information or statements that relate to future events or circumstances and which do not directly and exclusively relate to historical facts. Forward-looking information and statements often but not always use words such as "trend," "potential," "opportunity," "believe," "expect," "anticipate," "current," "intention," "estimate," "position," "assume," "outlook," "continue," "remain," "maintain," "sustain," "seek," "achieve," and similar expressions, or future or conditional verbs such as "will," "would," "should," "could," "may" and similar expressions. Because the forward-looking information and statements are based on estimates and assumptions that are subject to significant business, economic and competitive uncertainties, many of which are beyond Ontario Teachers' control or are subject to change, actual results or events could be materially different. Although Ontario Teachers' believes that the estimates and assumptions inherent in the forward-looking information and statements are reasonable, such information and statements are not guarantees of future performance and, accordingly, readers are cautioned not to place undue reliance on such information or statements due to the inherent uncertainty therein. Ontario Teachers' forward-looking information and statements speak only as of the date of this annual report or as of the date they are made and should be regarded solely as Ontario Teachers' current plans, estimates and beliefs. Ontario Teachers' does not intend or undertake to publicly update such statements to reflect new information, future events and changes in circumstances or for any other reason.

Cautionary statement

Addressing climate change and achieving net zero will require a global effort involving governments, business and civil society. We strive to contribute to this effort through our multi-faceted climate strategy. In connection with our multi-faceted climate strategy, we have made certain commitments and set certain goals and targets ("**Targets**"). In establishing our Targets, we relied on various laws, guidelines, taxonomies, methodologies, frameworks, market practices and other standards (collectively, "**Standards**"). Given the complex and evolving nature of the global response to climate change, these Standards may change over time. If any Standards change significantly, we may need to update our Targets or our progress toward these Targets, while still contributing to the global effort to address climate change. We also made good faith assumptions and estimates in establishing our Targets. Although we believe these assumptions and estimates are reasonable, they may prove incorrect or inaccurate for reasons we cannot foresee or predict. These assumptions and estimates relate to, among other things, the growth, outlook and strategy of our business, the ability of our portfolio companies to make changes, the feasibility of third-party decarbonization and energy transition scenarios, the development and availability of low-carbon technologies, economic and political trends, stakeholder participation and the evolution of legal regimes and policies to address climate change. If any of these assumptions prove incorrect or inaccurate, we may be unable to achieve our Targets and we may need to revisit them.

To monitor and report on our progress toward our Targets, we rely on data obtained from our portfolio companies and other third-party sources. Although we believe these sources are reliable, we have not independently verified this data, or assessed the assumptions underlying such data and cannot guarantee its accuracy or completeness. We also attempt to improve accuracy in the data through an independent limited assurance review. The data may be of varying quality or usefulness and may change over time as Standards evolve. These factors could impact our Targets and our ability to achieve them.

Online supplements

Please visit our website to view our lists of major investments over $250 million, as well as our 11-year financial review and filed funding valuation history.

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