

# ONTARIO TEACHERS' AT

# 75

1990-2025



**ONTARIO  
TEACHERS'**  
PENSION PLAN

2025 ANNUAL REPORT

# Table of contents

<b>About Ontario Teachers' Pension Plan</b> .....	<b>3</b>
<b>2025 year in review</b> .....	<b>6</b>
<b>Messages from our Chair and our CEO</b> .....	<b>8</b>
<b>Our global leadership team</b> .....	<b>16</b>

## 01

<b>Management discussion and analysis</b> .....	<b>18</b>
Plan funding .....	19
Approach to investing .....	26
Q&A with our Chief Investment Officers .....	28
Portfolio construction .....	30
Sustainable investing .....	40
Investment performance .....	50
Review by asset class .....	54
Effective risk management .....	70
Serving our members .....	73
People & culture .....	78

## 02

<b>Governing with excellence</b> .....	<b>84</b>
About our board .....	85
2025 board highlights .....	87
Our board members .....	88
Board remuneration .....	92

## 03

<b>Compensation discussion and analysis</b> .....	<b>94</b>
Letter from the Chair of the People and Compensation Committee .....	95
Compensation discussion and analysis .....	96

## 04

<b>Financial statements and sustainability metrics</b> .....	<b>104</b>
Financial reporting .....	105
Annual consolidated financial statements .....	112
Portfolio and operational carbon footprint methodology .....	152

## 05

<b>Contact us</b> .....	<b>159</b>
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# About Ontario Teachers' Pension Plan



We deliver retirement security to

**346,000**

working members and pensioners.



We have

**\$279.4B<sup>1</sup>**

in net assets.



We paid

**\$8.5B**

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.

<sup>1</sup> All figures as at December 31, 2025 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

Agile

Courageous

Inclusive

Curious

# 2025 year in review



**6.7%**

one-year total-fund net return



**\$18.5B**

in net investment income



**(\$12.0B)**

negative value add<sup>1</sup>



Remained

**fully funded**

for the 13th year in a row



**6.8%**

10-year total-fund net return



**93%**

of members satisfied with the service they receive



Decreased portfolio carbon emissions intensity by

**50%**

exceeding our 2025 emissions intensity target<sup>2</sup>



**\$730K+**

raised by employees for global causes



**47%**

of workforce identify as women

<sup>1</sup> 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).  
<sup>2</sup> See our portfolio carbon footprint accounting on [page 48](#).

# ONTARIO TEACHERS' AT

# 35

1990-2025

Recognizing 35 years of  
delivering retirement security and  
outstanding service





“

*I am pleased to report that the Plan remains fully funded for the 13th consecutive year, delivering a positive investment return in a year marked by continued uncertainty and market volatility.* ”

## Message from our Chair

As we mark 35 years of serving Ontario's teachers and retirees, I want to express my gratitude for the trust our members place in the Plan. This milestone is a reflection of the enduring strength of the Plan and the guiding principles that have shaped it since its inception in 1990. For more than three decades, disciplined funding, prudent investment management, robust governance and a steadfast commitment to plan stewardship have underpinned its success. The Plan's results in 2025 reflect this enduring commitment.

### **The Plan remains fully funded**

I am pleased to report that the Plan remains fully funded for the 13th consecutive year, delivering a positive investment return in a year marked by continued uncertainty and market volatility. This positive outcome reinforces the soundness of a model built to withstand the types of external pressures that defined 2025.

The Plan's resilience has been built over time. Since its inception in 1990, the Plan has generated a cumulative investment return of 9.2%, reflecting consistent performance across a range of economic and market conditions. Investment returns now account for approximately 80% of the Plan's total assets, with contributions from members, the Ontario government and designated employers making up the remaining 20%. This long-term balance, together with a strong surplus, should provide members and sponsors with confidence in the Plan's ability to pay pensions now and into the future.

### **Good governance is a steady anchor**

Throughout the uncertain investment and market landscape in 2025, the board's governance integrity served as a steady anchor. An independent and qualified board has been a defining differentiator of the Plan throughout its history. It ensures stability through market cycles and external shocks, enabling the organization to respond with discipline, sound judgment and a long-term perspective. We expect that the governance structure that safeguarded the Plan through past disruptions will continue to anchor it through the next era, ensuring that the best interests of members remain at the core of decision-making.

## Service excellence remains a priority

As the Plan has evolved, so too has the way we support members throughout their careers and into retirement. Service excellence remained a priority for the Plan in 2025, and I am pleased to report that our 346,000 retired and working members awarded us with satisfaction scores of 93% for the third year in a row, continuing a decade of best-in-class service ratings. The Plan's continued investment in digital integration, pension literacy and data-informed service allowed our teams to provide members timely, accessible and relevant support at the right cost. These efforts build understanding and confidence and reinforce the pension promise.

## Board renewal strengthens the Plan

In 2025, the board experienced a period of significant transition. I would like to thank Gene Lewis for his meaningful contributions and dedicated service to the Plan. Gene concluded an eight-year term on the board at the end of 2025. I also extend my thanks to Patti Croft, who returned to the board in an interim capacity during the year after previously completing nine years of service.

I would also like to express my sincere appreciation to Cindy Forbes for her dedicated leadership and invaluable service during her tenure as a board member of Ontario Teachers' Pension Plan.

In 2026, we welcome Chris Goodsir and Bill Butt to the Plan's board, further strengthening an already capable and effective group. Both bring a breadth of experience and perspective that will support the Plan as it continues to navigate an increasingly complex environment.

I also want to acknowledge the contributions of past board chairs, whose leadership and commitment to independence helped shape the strong governance culture that endures today. Their stewardship has strengthened the institution and positioned the Plan to navigate complexity with confidence.

## Positioned for the future

As we look to 2026, the board remains focused on safeguarding the long-term health of the Plan and its mission of delivering retirement security and outstanding service for members. This includes continued oversight of how sustainability considerations, including climate-related factors, are incorporated into investment decision-making and risk management, consistent with our role as long-term stewards of capital.

I am confident in the leadership of Jo Taylor and the executive team to adapt and thrive in a continually evolving environment. While the environment will evolve, the Plan's strategy remains grounded in the same disciplined philosophy that has guided it since inception. The Plan's scale, long-term orientation and ability to invest strategically across asset classes continue to differentiate it and directly support the delivery of pensions to members.

## Building on 35 years of stewardship

We honour 35 years of service by reflecting on where the Plan came from and by reaffirming the principles that have defined its success. The Plan's rich history is buoyed by strong governance, independence and long-term thinking, which have been essential to navigating its success.

We remain committed to safeguarding a well-funded plan for decades to come, anchored by the organizational discipline that has guided us since inception. That foundation gives us confidence in our ability to steward the Plan responsibly, prudently and with integrity, today and for generations to come.

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

**Steve McGirr**

Chair



“

*Over 35 years, the Plan has built strong investing capabilities, a positive reputation and a performance-driven culture, backed by a sophisticated global network all designed to fulfill the pension promise to the educators of Ontario. ”*

## Message from our CEO

Last year marked Ontario Teachers' 35th anniversary from inception. Over that period the Plan has built strong investing capabilities, a positive reputation and performance-driven culture, backed by a sophisticated global network all designed to fulfill the pension promise to the educators of Ontario. You can read more about some of our most notable milestones, as well as hear from our past CEOs, on **pages 12–15**.

### **Driving performance**

In 2025 we earned a total-fund net return of 6.7%, just shy of our 7% annual target. In the year, we generated net investment income of \$18.5 billion and grew our net assets to \$279.4 billion. With those returns, we remain fully funded for a 13th straight year with a preliminary funding surplus of \$31.2 billion. That performance was driven by double-digit returns from our allocation to gold, with strong returns from our venture growth and public equity portfolios. At the same time, we faced continued headwinds in our private equity and real estate portfolios. Overall, this was a good outcome in a complex and unpredictable investment environment.

That said, our net return trailed our benchmark. Our active programs are designed to consistently deliver excess returns, but this was not the case in 2025. This will be a key focus for improvement in 2026. Other key priorities will be to deploy capital where we have a competitive advantage and to raise our game on value creation to improve the operational performance of the businesses in which we are invested.

## Investment highlights

While our investment activity in private markets was reduced in 2025, we were able to add some exciting new companies to the portfolio. Additions included Anthropic, the company behind the AI-model Claude, and Donte Group, a leading dental care platform in Spain. In our home market, we led StackAdapt's latest funding round, supporting their growth as a leading programmatic advertising platform.

More significantly, we were also able to sell several investments during the year freeing up capital for new opportunities. One highlight was the sale of our portfolio of five European airports, which returned \$8 billion of capital and concluded more than 20 successful years of ownership in that sector. See **pages 66–67** for more details on sale of this portfolio.

Another key priority for us is to deliver outstanding service to our members at the right cost. Member satisfaction remains very high, and we received a perfect score from 46% of our members.

## Organizational enhancements

We are always looking to improve to meet today's challenges. Terry Hickey joined as our Chief Technology Officer to help raise our game on technology and data. We also appointed three new investment department leaders from within: Dale Burgess for Equities, Christopher Metrakos for Infrastructure & Natural Resources, and Jenny Hammarlund for Real Estate. Each is well placed to provide steady leadership and drive performance in their respective investment areas.

## Climate and community impact

We set an interim target in 2021 to reduce our portfolio carbon emissions intensity by 45% within four years (compared to a 2019 baseline). We are pleased to say that we exceeded this target, achieving a 50% reduction of portfolio carbon emissions intensity compared to our baseline by the end of 2025.

We have used this milestone to retest the best approach to manage climate risks and opportunities. In February we published our 2026–2030 climate strategy. This focuses our attention on investment opportunities that speed up decarbonization in the real economy and concentrate on private companies where we have the most influence and can monitor progress. More details on the climate strategy and our targets can be found on **pages 46–47**.

Our employees continue to actively give back in their communities. We raised more than \$730,000 for local and global causes during the year through our OTPP Cares program, with approximately two-thirds of our employees donating. In addition, more than 500 employee volunteers dedicated time to supporting local organizations and community initiatives.

## The next 35 years

The Plan has faced many challenges over its 35-year history including the Asian financial crisis, the dotcom bubble and bust, the global financial crisis and the COVID-19 pandemic. While today's investment landscape is unpredictable, our funding position is strong, and I believe the judgement and courage of the team along with the support of our investment partners should position us well for the future. Having made meaningful changes to our approach in 2025, we will look for further momentum to maintain strong performance and a healthy funding position.

It is a privilege to lead such a great organization and to serve our province's working and retired teachers.

### Jo Taylor

President and CEO



## Recognizing 35 years of delivering retirement security and outstanding service

2025 marked 35 years of supporting Ontario's teachers with the establishment of the organization. This is a milestone shaped by trust, innovation and a longstanding commitment to our members. Since our early days in 1990 to our evolution into a diversified global investor, our purpose has stayed the same: helping members retire with certainty and peace of mind. This anniversary is an opportunity to look back at the leadership, culture and forward-looking choices that built the Plan and how that legacy continues to serve as a foundation for our activities today.

### A CONVERSATION WITH PAST AND PRESENT LEADERS WHO HAVE SHAPED ONTARIO TEACHERS'

To commemorate the 35th anniversary of Ontario Teachers', we sat down with leaders past and present to tell the Plan's story in their own words, from its inception on January 1, 1990, through to the present day.

The journey of the fund reflects calculated risks, bold investments, culture-defining moments and successful leadership strategies that have allowed Ontario Teachers' to deliver outstanding service and retirement security for hundreds of thousands of Ontario teachers for more than three decades.

### A HISTORY OF TRAILBLAZING:

Ontario Teachers' Pension Plan Board is established on January 1 with net assets of \$20 billion primarily in the form of non-marketable bonds, marking the beginning of a newly independent pension plan for Ontario educators.

Initiate use of derivatives to diversify the portfolio into equities.

## 1990

## 1991

Begin investing directly in private equity and real estate, early moves that set the stage for Teachers' as an innovative investor in private markets.

## 1994

Acquire 49% of Maple Leaf Gardens Ltd., the parent company of the Toronto Maple Leafs hockey team.



***Why do you have a pension fund? It's to pay pensions – and to do it well. To do that, you aim to deliver at the lowest reasonable cost. You work for teachers; you're a fiduciary. You must do what's best for them, not what's best for you. We have to make sure the service is strong and that the cost of running the fund makes sense over time. You can't look just to next year – you have to look 50 to 100 years ahead.***

**Claude Lamoureux**  
President & CEO (1990–2007)



A Client Services workstation featuring a CRT monitor from 1990



A picture of the Maple Leafs Gardens building – home to the Toronto Maple Leafs between 1931–1999



A Cadillac Fairview shopping mall – CF Toronto Eaton Centre



The reception area of Ontario Teachers' London office



Net assets surpass \$50 billion, reflecting the build out of a broader portfolio.

**1997**

Acquire The Cadillac Fairview Corp. Ltd., one of North America's premier commercial real estate companies.

**2000**

Expand digital services by launching an online pension calculator, introducing email communications for plan updates, and providing members online access to benefit statements and educational presentations.

**2003**

Net assets surpass \$100 billion.

**2006**

**1999**

Add commodity exposure to the portfolio for the first time, providing a hedge against inflation.

**2002**

Make our first infrastructure investments, acquiring stakes in Sydney Airport and an electricity transmission network in Alberta.

Co-found the Canadian Coalition for Good Governance to help strengthen governance practices at Canadian public companies and promote investor stewardship.

Launch web services for members with buybacks as the main service.

*“It comes down to one word, which is culture. A culture of innovation, a culture of risk-taking in a very prudent way, permeates that organization. That’s what keeps it at the forefront. They’re constantly looking for the next thing. For years, the investment world thought things came in specific categories. You had bonds, you had short-term, fixed income, public equities, infrastructure, real estate, etc. One of the secrets that Teachers’ was able to deploy was to combine them.”*

**Jim Leech**  
President & CEO (2007–2013)





Open our first international office in London, expanding our global reach.

**2007**

Exchange our stake in our first airport investment for interests in airports in Brussels and Copenhagen.

**2011**

Establish an internal Natural Resources team to centralize oversight of our timberland and other resource investments.

**2013**

Net assets surpass \$150 billion.

**2014**

**2008**

Introduce Conditional Inflation Protection to support intergenerational equity and long-term plan sustainability.

**2012**

Sell our ownership in Maple Leaf Sports & Entertainment, concluding a long-standing, successful investment.

**2018**

Establish our Total Fund Management investment department, to coordinate top-down investing activities by bringing together portfolio construction, treasury, and funding.



*In my first couple of years, which were very interesting, we were investing in hedge funds globally, and the reputation was out there that if you wanted creativity, good decisions, strong governance, and you wanted an investment team to move pretty rapidly, then you went to Teachers' to look for capital. Our reputation was enhanced globally around the whole world of hedge funds and alternatives that came along with it.*



**Ron Mock**  
President & CEO (2014–2019)





Launch Teachers' Innovation Platform (later renamed Teachers' Venture Growth) to invest in late-stage, innovative companies.

**2019**

Announce establishment of an in-house real estate asset class group, integrating global investment teams from Cadillac Fairview, effective in 2024.

**2023**

Net assets surpass \$250 billion.

**2024**

**2020**

Net assets surpass \$200 billion.

Establish the Portfolio Solutions Group, to enhance value creation capabilities.

Sell our airport portfolio, concluding more than 20 years of successful ownership (see pages 66–67 for details).

**2025**

Launch our first Indigenous Action Plan to guide long term commitments to Indigenous inclusion and reconciliation at Ontario Teachers'.



*The unique thing about Ontario Teachers' is an ability to harness long-term commitment with a desire to work hard with management teams to help them grow their businesses. Everybody who works here really cares about our members, which ensures that our actions are shaped by what is best for them.*

**Jo Taylor**  
President & CEO (2020–present)



# 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



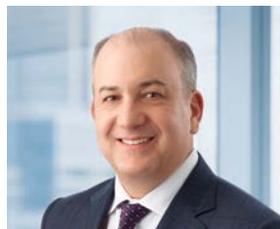
**Sharon Chilcott**  
Chief of Staff, Office of CEO and Corporate Secretary



**Jeff Davis**  
Chief Legal & Corporate Affairs Officer



**Kathryn Fric**  
Chief Risk Officer



**Jonathan Hausman**  
Chief Strategy Officer



**Terry Hickey**  
Chief Technology 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



GreenCollar, a profit-for-purpose organization and the leading environmental markets project developer and investor across the climate, water quality, biodiversity and plastics markets in Australia.

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SECTION

01

# Management discussion and analysis

35  
1990-2025



ONTARIO  
TEACHERS'  
PENSION PLAN

# Plan funding

## Pension funding at a glance

This section covers the results of the annual funding valuation. For Ontario Teachers', the funding valuation assesses the Plan's financial health on a specific date by determining if assets, plus the current value of future contributions, are more or less than the current value of all future pensions that are expected to be paid.

### Funding highlights

**\$31.2 billion** | **111%**  
 Preliminary surplus | Funding ratio

FUNDING VALUATION  
 As at January 1, 2026 (\$ billions)



## FUNDING VALUATION SUMMARY

As at January 1 (\$ billions)

	2026 (preliminary)	2025 (filed)
Net assets available for benefits	\$ 279.4	\$ 266.3
Smoothing adjustment <sup>1</sup>	(7.2)	(5.5)
<b>Value of assets</b>	<b>\$ 272.2</b>	<b>\$ 260.8</b>
Future basic contributions	52.0	50.2
<b>Total assets</b>	<b>\$ 324.1</b>	<b>\$ 311.0</b>
Liabilities (cost of future pensions)	(292.9)	(281.9)
<b>Surplus/contingency reserve</b>	<b>\$ 31.2</b>	<b>\$ 29.1</b>
<b>Assumptions (percent)</b>		
Long-term inflation rate	2.00	2.00
Real discount rate	2.65	2.65
Nominal discount rate	4.70	4.70

<sup>1</sup> 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.

\*Totals may not sum due to rounding.

### What this means for members

As of January 1, 2026, on a preliminary basis,<sup>2</sup> the pension plan's assets, for the purposes of the funding valuation, totalled \$324.1 billion while the value of future pension obligations totalled \$292.9 billion. This means that, based on our estimates today, the Plan will be able to pay all future pensions, with \$31.2 billion in reserve. This surplus reflects careful investing and prudent management in addition to appropriate plan design given the Plan's current demographic profile and experience to date. In summary:



If the sponsors choose to file the valuation as at January 1, 2026, they will decide how to allocate the surplus, including whether or not to classify the surplus as a contingency reserve. The January 1, 2025 surplus was classified as a contingency reserve.

Seeking to maintain a contingency reserve helps facilitate continued stability in members' contributions and benefits in case a future valuation shows a decline in assets and/or an increase in pension costs. This is similar to "saving for a rainy day."

<sup>2</sup> A preliminary funding valuation means that the valuation has not been filed with the regulators. A valuation as at January 1, 2026 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 2026. The Plan sponsors are required to file a valuation with the regulators every three years. Since the sponsors filed the January 1, 2025 valuation, the next required funding valuation is at January 1, 2028.

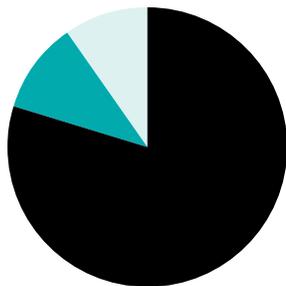
<sup>3</sup> Conditional Inflation Protection (CIP) applies to benefits earned after 2013 and partially to benefits earned between 2010 and 2013. Currently, inflation protection is targeted at 100% for benefits subject to CIP. Inflation protection is guaranteed at 100% on benefits earned before 2010 and at 50% on benefits earned between 2010 and 2013. Please see **page 23** for further details on CIP.



### How are members' pensions funded?

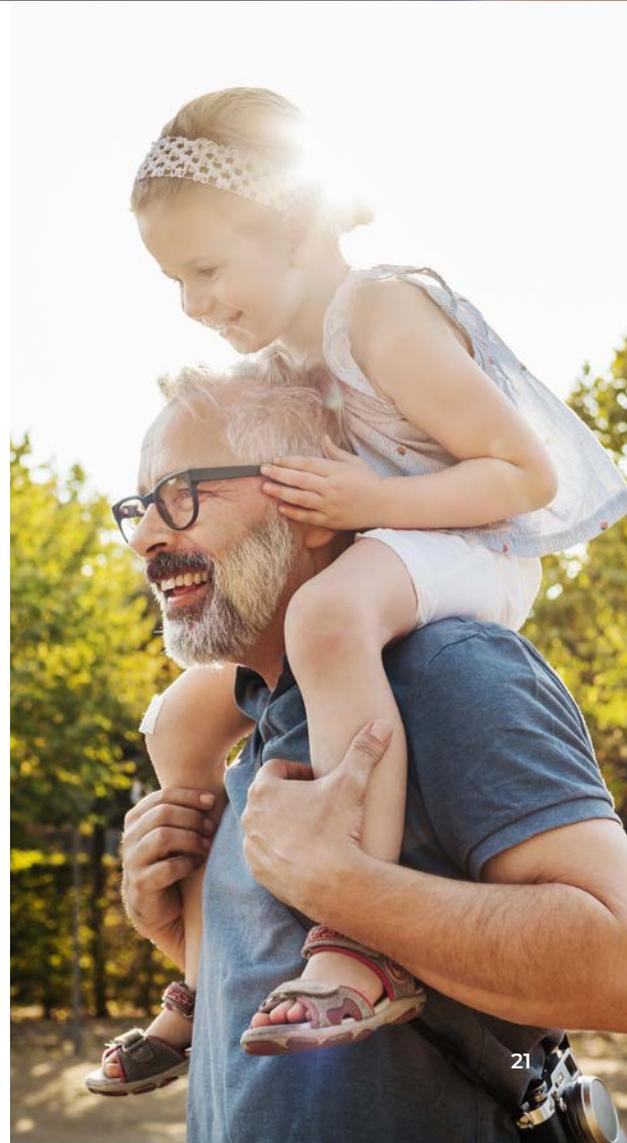
In addition to contributions made by members,<sup>1</sup> and on their behalf, pension payments are largely funded by investment returns. This means that most of every dollar paid in pensions comes from the Plan's long-term investment returns.

#### PENSION FUNDING SOURCES Since 1990



■	Net investment income	<b>79.8%</b>
■	Government/designated employer contributions	<b>10.5%</b>
■	Member contributions	<b>9.7%</b>

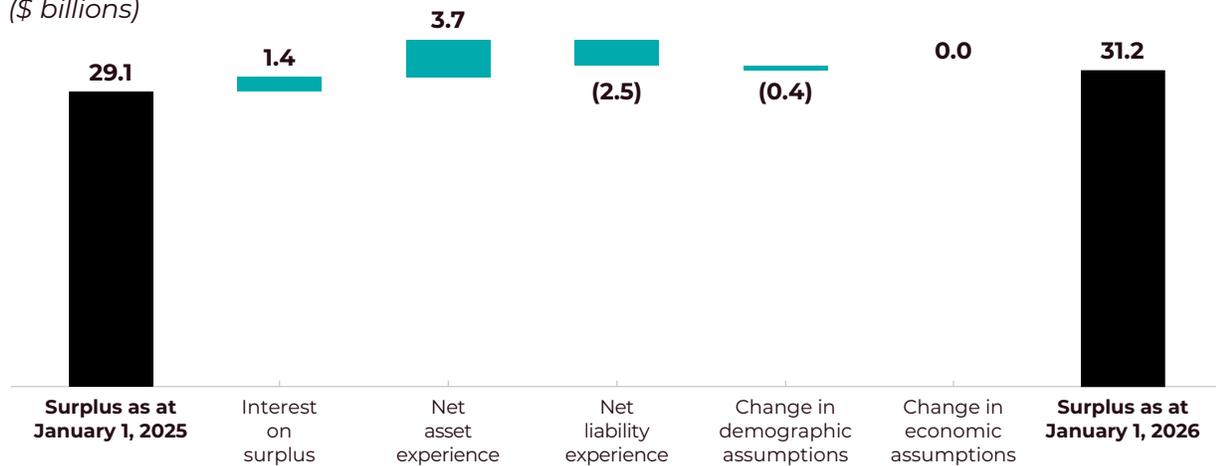
<sup>1</sup> Please note that the additional 0.8% from employer contributions (compared to the member contributions) includes original plan deficit funding and contributions related to conditional inflation protection in accordance with the terms of the *Teachers' Pension Act* and the Plan.



## Funding highlights from the year

The section below describes the main drivers of the growth in the Plan's funding surplus over the year:

### RECONCILIATION OF SURPLUS<sup>1</sup> (\$ billions)



<sup>1</sup> Totals may not sum due to rounding.

**Interest on surplus:** Interest is accrued on the funding surplus balance at a rate of 4.70%, the nominal discount rate used for the funding valuation.

**Net asset experience:** Investment gain from returns that were greater than the nominal funding discount rate, adjusted for asset smoothing.

**Net liability experience:** This category quantifies the impact of the actual performance of certain demographic and economic variables relative to actuarial assumptions and expectations. For 2025, this component includes:

- Increases in pensions in pay being larger than assumed.
- The impact of new members coming into the Plan.
- Other impacts of deviations in actual demographic and economic experience compared to the prior year's assumptions.

#### **Change in demographic assumptions:**

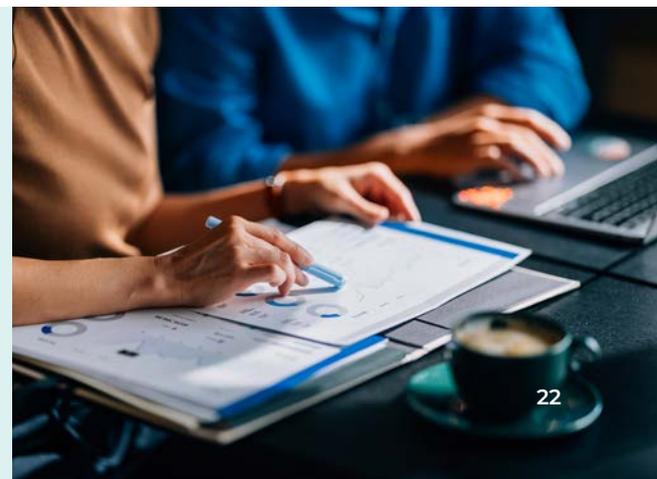
Based on the findings of the experience study conducted in the year, the board chose to make adjustments to assumptions relating to the rates of retirement.

#### **Change in economic assumptions:**

The board decided to maintain a real discount rate of 2.65% for the January 1, 2026 preliminary valuation. The real discount rate continues to reflect the outlook for long-term real returns and carefully considered, prudent provisions to navigate headwinds posed by factors including the Plan's maturity, global economic challenges and long-term uncertainty

### What this means for members

The funding surplus of \$29.1 billion at the end of last year grew to \$31.2 billion over the past year. The Plan continues to have a prudent cushion against potential future adverse investment outcomes or events that increase the cost of future pensions. Maintaining a contingency reserve promotes the sustainability of the pension plan, as well as stability in contributions and benefits.



## Built for the long term

Even though the Plan is currently in a surplus position, it remains prudent to understand the risks to funding and what our teams do to manage them.

### Key risks include:

- *Risks relating to asset returns:* If future returns are lower than expected, the surplus could shrink and/or future funding shortfalls may arise.
- *Risks relating to liability growth:* These relate to factors which impact the value of future pensions. If, for example, teachers live significantly longer than assumed, or inflation is higher than expected, liabilities may increase faster than projected.

### How the Plan mitigates these risks:

- *Diversified investment strategy:* The Plan invests across asset classes and geographies, and uses in-house expertise to generate risk-adjusted returns over the long term. This is expanded upon later in the report on **pages 50–69**.
- *Regular review of actuarial assumptions, including the discount rate:* 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. The discount rate is reviewed each year.

Actuarial assumptions are updated, as appropriate, to reflect evolving experience, reducing the gap between what's assumed and actual experience.

- *Funding Levers:* 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.

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 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 zones determine when it is possible or necessary to increase or decrease benefits, lower or raise contributions, or simply conserve assets for an uncertain time. Decisions under the FMP are made by the Plan sponsors.

<b>Permanent Improvement Zone</b>	<b>Temporary Improvement Zone</b>	<b>Fully Funded Zone</b>	<b>Restoration Zone</b>
Permanent changes that impact the long-term cost of the Plan are permissible	Temporary plan improvements may occur provided they do not impact long-term cost of the Plan	Conserve assets to protect against uncertain times	Rebalance the Plan by raising contribution rates and/or lowering future inflation protection and other future benefits



## Safeguarding pensions in volatile markets

In a scenario where the Plan has not maintained a contingency reserve and experiences a 10% loss in an event similar to the 2008 financial crisis, the built-in funding levers help keep it resilient. An increase in contribution rates alone is unlikely sufficient to cover the resulting hypothetical funding shortfall and would be borne by active members only. CIP allows flexibility in the amount of inflation increase provided to pensioners on post-2009 service. Together, these stabilization mechanisms act like shock absorbers, allowing the Plan to absorb a significant market drop while continuing to protect the core value of members' pensions and maintain long-term sustainability.

If such a market loss had occurred in 2025 and assuming the Plan did not have a contingency reserve, there would have been a \$24 billion deficit which could be addressed through either a 5.4% increase in contribution rate (both on the member and on the employer side) or a decrease of 26% in the CIP level.<sup>1</sup> As an additional reference, 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 an asset loss of \$63 billion in 2025. As the Plan recovers in subsequent years, contribution rates can be lowered back to base levels and CIP levels can be restored.

<sup>1</sup> In reality, in the event of a significant asset loss that results in a deficit, it is possible that the deficit could be managed by a combination of both funding levers.

### What this means for members

While no pension plan is risk-free, the Ontario Teachers' Plan is well positioned and has robust mechanisms to detect and respond to funding risk. For members, it means they can feel confident that their earned pension remains on solid footing, and that the Plan has both the financial margin and the design flexibility to deal with future uncertainties.



# 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



### Strong governance

We have an independent, professional and sophisticated board with extensive industry experience, guided by a single mandate and supported by delegated authority.



### World-class reputation

Backed by a proven track record of success, in-house expertise, and a position as a sought-after investment partner and employer.



### Flexible and agile capital

Supported by strong capabilities to execute on diverse investment strategies, reinforced by dynamic and top-down asset allocation.



### Ability to provide long-term capital

Reinforced by our fully funded status and extended duration.



### Deep private markets capabilities

Built on decades of pioneering investing, expertise and data-driven insight.



### Total-fund approach

Built on cross-portfolio insights and liquidity that maximize long-term, risk-adjusted returns while improving flexibility, governance and capital efficiency.



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



**Gillian Brown**  
Chief Investment Officer,  
Public & Private Investments

**Stephen McLennan**  
Chief Investment Officer,  
Asset Allocation

## Q&A with our Chief Investment Officers

In today's global environment, uncertainty is no longer a periodic headwind but a defining feature of the investment landscape. Against this backdrop, our Chief Investment Officers, Gillian Brown and Stephen McLennan, reflect on 2025 and our approach to building a portfolio that is resilient by design and positioned for the future.

### **Q: What were the major themes shaping our investment activities in 2025?**

**Stephen:** 2025 was marked with a complex and unpredictable environment. We believe the more stable global operating environment of the past has fundamentally changed, being redefined by multiple forces at once. There are three major themes impacting markets that I would highlight: geopolitics, the cost of capital and technology.

On the geopolitical front, shifts toward a more "America First" policy influenced global investors and businesses. Changes such as higher tariffs, evolving supply chains and more complex trade relationships introduced additional uncertainty into the global outlook. At the same time, geopolitical and trade tensions remained elevated, continuing to shape the broader investment environment. The cost of capital, while it has tempered some, remains elevated when compared to recent history. This changes the calculus on many underwriting decisions and has suppressed returns across the portfolio.

With technology, the rapid rise of artificial intelligence has fundamentally altered the investing landscape. The question we are asking ourselves, and building into our investment strategy, is who the winners will be from AI, where additional value can be extracted and created, and how we can use it to drive better business decisions and outcomes.

### **Q: How did the portfolio perform in 2025?**

**Gillian:** Against this backdrop, we generated a total-fund net return of 6.7%. We saw strong results in venture growth, public equities, credit and gold, but those gains were partly offset by weaker performance in private equity and real estate. Overall, the year demonstrated the benefits of having a well-diversified portfolio, which helps us deliver stable returns while managing risk across different market environments.

Performance versus our benchmarks continued to be a challenge. While some areas, like venture growth, public equities and credit, exceeded their benchmarks, the fund as a whole fell short. This stemmed from sectoral headwinds in private assets, underperformance from some of our portfolio companies and strong returns from our benchmarks, many of which are linked to public markets.

**Q: 2025 brought headwinds in private markets. Given their importance to the Plan, what shifts, if any, are you making to support performance of the portfolio?**

**Gillian:** Many private asset classes are facing industry-wide sectoral headwinds, and in some cases, asset-specific challenges, that require active hands-on work to address. If you take private equity, for instance, investors across the spectrum, including ourselves, are dealing with a less liquid market for both acquisitions and exits, higher interest rates, and greater competition for the best deals.

As active investors and owners, we are working closely with our companies to build and protect value. Examples of how we are doing that include deepening our value creation capabilities to improve our company's operational performance, prioritizing investment in areas where we have an edge, and using technology and data more effectively to drive insights and productivity. Read more about how we are increasing value creation efforts across the portfolio on **pages 56–57**.

We are also excited to have appointed new leaders in a number of asset classes including Equities (Dale Burgess), Infrastructure & Natural Resources (Christopher Metrakos) and Real Estate (Jenny Hammarlund). All three have a successful track record at Ontario Teachers', substantial experience investing in private markets and are well placed to oversee successful execution of our investment plan.

**Q: Looking ahead, where do you see the most attractive investment opportunities for the fund?**

**Stephen:** We aim to build a resilient portfolio that performs well through cycles. This means being thoughtful and agile with our asset allocation, including the split between active and passive investment strategies in the portfolio.

We enter 2026 in a position of strength with a healthy funding surplus and a balanced portfolio. A strong liquidity position and recent realizations put us in a good position to deploy capital into attractive opportunities in high-growth areas and sectors where we have deep expertise and capabilities. Artificial intelligence and broader technology continue to be a long-term driving force, and we seek balanced exposure to this through public markets as well as our venture growth team and technology-enabling businesses like data centres.

Energy also remains a significant investment opportunity as the increasing global desire for energy security and resilience requires significant capital in areas like energy transition and electricity transmission and distribution. These are just some examples, and we continue to look for broader opportunities across our investment universe.

We are optimistic about the opportunities ahead. With the systems, people and partners we have in place, we believe the fund is well positioned to seize opportunities and deliver long-term value for members.

## 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
<b>Equity</b>	•				•	•
<b>Fixed income</b>						•
<b>Inflation sensitive</b>			•			•
<b>Real assets</b>			•	•		
<b>Credit</b>		•				•
<b>Absolute return strategies</b>		•				



## Asset mix

Ontario Teachers' optimizes returns by evaluating the total fund and allocating capital across asset classes. One of our strengths is our ability to adjust the asset mix, strategically and with agility, to adapt to market conditions.

Notable changes to the asset mix in 2025 include:

The equity asset class grew in 2025 to \$116.1 billion (43%), up from \$108.2 billion (41%) in the previous year. This was driven by strong passive equity performance and robust public market gains in 2025. The allocation to private equity declined from the previous year, while the allocation to venture growth increased.

The fixed income portfolio was valued at \$61.8 billion (23%) at the end of 2025, compared to \$78.0 billion (30%) at the end of 2024. The decrease in allocation to this asset class was primarily due to changes in the interest rate environment.

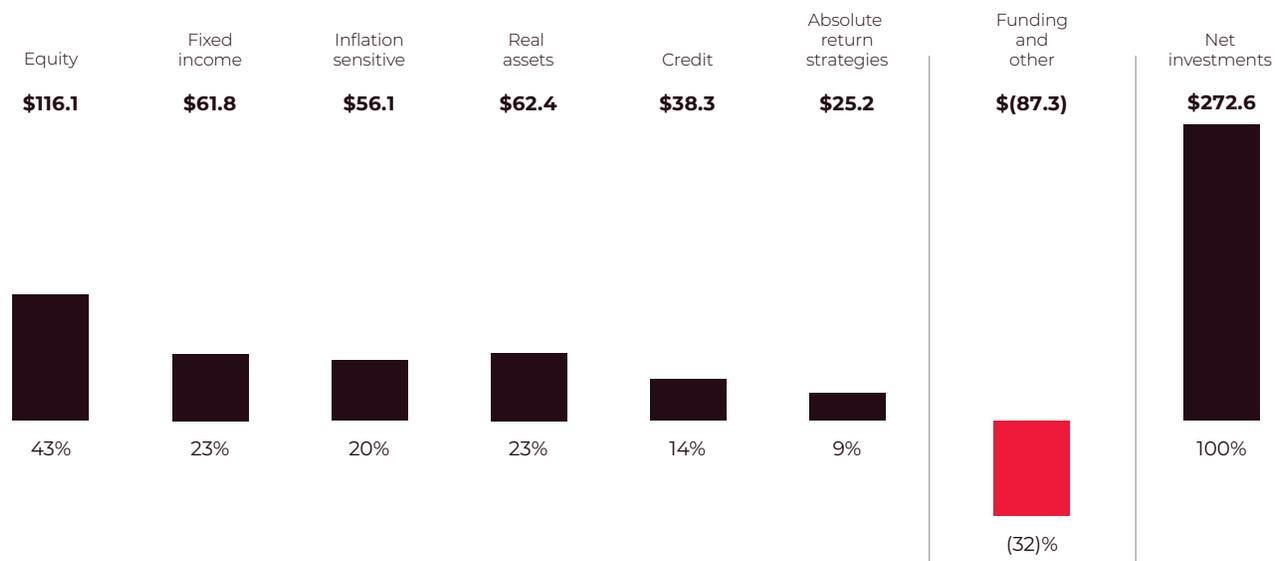
The inflation sensitive asset class grew to \$56.1 billion (20%), up from \$54.0 billion (21%) in the previous year. The growth was largely due to increased exposure to commodities.

The real assets portfolio decreased to \$62.4 billion (23%), down from \$72.6 billion (28%) at the end of 2024, primarily due to sales of our European airport portfolio (Birmingham, Bristol, Brussels, Copenhagen and London City airports) and the Sydney Desalination Plant.

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

### NET INVESTMENTS<sup>1</sup>

As at December 31, 2025 (\$ billions)



<sup>1</sup> Comprises investments less investment-related liabilities. Total net assets of \$279.4 billion at December 31, 2025 (2024 – \$266.3 billion) include net investments and other net assets and liabilities of \$6.8 billion (2024 – \$5.4 billion).

DETAILED ASSET MIX  
As at December 31

	2025		2024	
	Effective Net Investments at Fair Value (\$ billions)	Asset Mix %	Effective Net Investments at Fair Value (\$ billions)	Asset Mix %
<b>Equity</b>				
Public equity	\$ 50.0	18%	\$ 37.4	14%
Private equity	50.8	19	60.4	23
Venture growth	15.3	6	10.4	4
	116.1	43	108.2	41
<b>Fixed income</b>	61.8	23	78.0	30
<b>Inflation sensitive</b>				
Commodities	32.1	12	28.9	11
Natural resources	12.1	4	12.5	5
Inflation hedge	11.9	4	12.6	5
	56.1	20	54.0	21
<b>Real assets</b>				
Real estate	27.9	10	29.4	11
Infrastructure	34.5	13	43.2	17
	62.4	23	72.6	28
<b>Credit</b>	38.3	14	37.2	14
<b>Absolute return strategies</b>	25.2	9	24.0	9
<b>Funding and other<sup>1</sup></b>	(87.3)	(32)	(113.1)	(43)
<b>Net investments<sup>2</sup></b>	\$ 272.6	100%	\$ 260.9	100%

1 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.

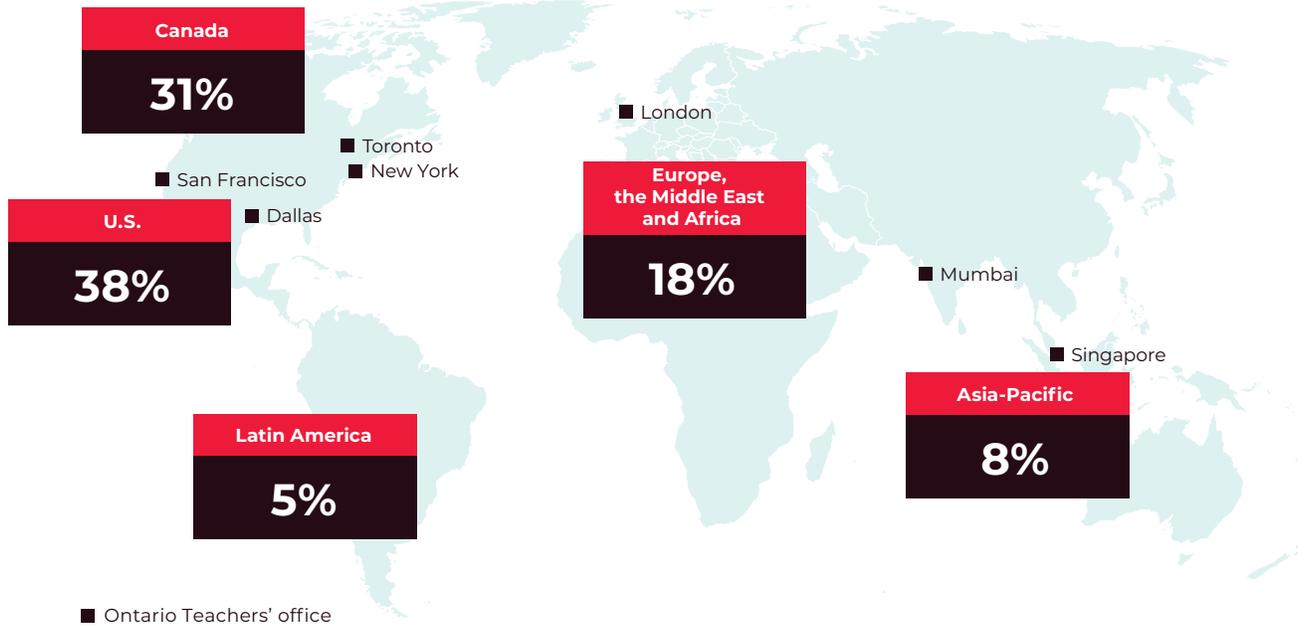
2 Comprises investments less investment-related liabilities. Total net assets of \$279.4 billion at December 31, 2025 (2024 – \$266.3 billion) include net investments and other net assets and liabilities of \$6.8 billion (2024 – \$5.4 billion).

## 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 mitigating any individual investment loss on the overall fund.

### GROSS INVESTMENTS BY GEOGRAPHY<sup>1</sup>

As at December 31, 2025



<sup>1</sup> Percentage 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 enables us to pursue compelling international opportunities and maintain a diversified portfolio that supports resilience. With investments 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.

The following pages highlight key regional activities and achievements from the past year.

### Canada

Canada, as our home market, remains a cornerstone of our operations and investing footprint. With around 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:

- Constructively engaged with the **federal government** to discuss commercially attractive nation building projects and the **Ontario government** to consider large investments meant to bolster economic development. Discussions on investments from Ontario Teachers' in these projects are ongoing.
- Led **StackAdapt's** latest funding round, supporting the company's growth as a leading programmatic advertising platform.
- Continuing to make meaningful progress against its residential strategy, **Cadillac Fairview (CF)** broke ground on a rental project in Calgary, Alberta. This marks the fourth major development CF has introduced, with each aimed at addressing housing needs in select cities.
- Agreed to sell our remaining stake in the **New Afton Mine**, a high-quality gold and copper mine located near Kamloops, British Columbia, to New Gold Inc.
- Reached an agreement to sell **Amica Senior Lifestyles**, one of the leading providers of premium senior living residences in Canada.

# \$96 billion

in gross investments in Canada

### United States

As the largest and most liquid market globally, home to some of the world's most innovative companies, and the location of about one-third of our gross assets, the U.S. remains a key region for Ontario Teachers'. The country has been an important driver of returns for the fund since its inception in 1990.

Investment highlights this year include:

- Teachers' Venture Growth made a number of investments in leading technology companies, including in **Anthropic**, an AI safety and research company behind the AI assistant Claude, **Grafana Labs**, an open-source observability platform, and **Gusto**, an HR payroll company.
- Acquired **two industrial facilities** in major U.S. markets to expand and diversify our real estate footprint.
- Reached an agreement to sell a partial equity stake in **BroadStreet Partners** to provide liquidity and help create long-term value for the company by bringing in partners with deep sector expertise.

# \$117 billion

in gross investments in the U.S.

## Latin America

With investments primarily focused on infrastructure, natural resources and real estate, the region continues to provide attractive investment opportunities for the fund. Ontario Teachers' has been investing in Latin America for more than three decades.

# \$17 billion

in gross investments in Latin America

## Asia-Pacific (APAC)

Asia-Pacific provides Ontario Teachers' with exposure to long-term growth opportunities in key markets including Australia, India and North Asia. Ontario Teachers' has been investing in the region for more than two decades, with a focus on assets and platforms that support long-term value creation.

Investment highlights this year include:

- Sold our majority stake in the **Sydney Desalination Plant**, following more than a decade of ownership during which the asset was modernized and strengthened as a critical, renewable-powered source of water security for Greater Sydney.
- Through Teachers' Venture Growth, invested in India-based AI-powered human capital management platform **Darwinbox** to support its continued innovation and international expansion.
- Reached an agreement to sell our majority stake in **Sahyadri Hospitals**, following a period of significant value creation after our first buyout investment in India.
- Completed follow-on investments in India's road infrastructure sector through platforms such as **National Highways Infra Trust (NHIT)** and **Vertis Infrastructure Trust (VIT)**.

# \$26 billion

in gross investments in APAC

## Europe, the Middle East and Africa (EMEA)

With investments across infrastructure, real estate, healthcare, financial services and technology, EMEA represents a significant and diversified part of Ontario Teachers' global portfolio. The region has been an important area of long-term investment, supported by local expertise and partnerships across multiple European markets.

Notable portfolio highlights from the year include:

- Entered into an agreement to acquire **Donte Group**, a leading Spanish dental provider, to support its continued growth.
- Expanded our real estate footprint in the Nordics through **residential and logistics investments** in Sweden and Denmark, building scale in markets with strong long-term fundamentals.
- Through Teachers' Venture Growth, invested in high-growth European technology companies, including **Quantexa** and **Kraken**, supporting their continued innovation and international expansion.
- Sold stakes in several long-held infrastructure and financial services assets, including our airports portfolio (**Birmingham Airport, Bristol Airport, London City Airport, Copenhagen Airport, Brussels Airport**) and **Diot-Siaci**, reflecting disciplined portfolio management and value creation over time.

# \$56 billion

in gross investments in EMEA

## 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), a wholly owned subsidiary and 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.

## 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 aligned with long-term value creation. A pay-for-performance approach to compensation helps 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, including regular independent benchmarking against peer plans.

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, complemented by strategic partnerships with external managers, remains a cost-effective means of executing 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.

As the organization transitions from a growth-focused strategy to one of optimization, we continue to strengthen cost discipline across the enterprise by focusing on optimizing cost structures, increasing efficiency, and directing strategic investments toward activities that support long-term investment outcomes.

Costs are aligned with the organization's strategic priorities through the annual planning process and are approved annually by the board. Expense policies are in place to ensure costs incurred are appropriate, and opportunities to enhance operational and asset management efficiency are regularly evaluated.

### Investment costs

Investment costs include administrative expenses, transaction costs and management fees. Total investment costs for 2025 equal \$1,950 million (71 cents per \$100 of average net assets), compared to \$2,079 million in 2024 (80 cents per \$100 of average net assets). The decrease reflects a return to normalized management fee payments following elevated payments in the prior year due to timing of fee calls, partially offset by higher transaction costs associated with portfolio disposition activity during the year.

	2025		2024	
	\$ Millions	Cents per \$100 of Average Net Assets	\$ Millions	Cents per \$100 of Average Net Assets
Administrative expenses	\$ 926	34	\$ 885	34
Transaction costs	366	13	320	12
Management fees <sup>1</sup>	658	24	874	34
<b>Total investment costs</b>	<b>\$ 1,950</b>	<b>71</b>	<b>\$ 2,079</b>	<b>80</b>

<sup>1</sup> Includes management fees of \$443 million (2024 – \$598 million) for equities and \$150 million (2024 – \$217 million) for other asset classes incurred by the underlying fund investments of Ontario Teachers'. These amounts 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 \$926 million (34 cents per \$100 of average net assets), up from \$885 million in 2024 (34 cents per \$100 of average net assets). This increase in absolute administrative costs was primarily driven by workforce-related costs, cloud technology investments and higher real estate operating costs following the first full year at our 160 Front Street office.

### **What are transaction costs?**

Transaction costs are those directly attributable to the acquisition or sale of investments. For private assets, the most significant costs include bank fees and professional services, such as due diligence, advisory and legal support. For public securities, costs primarily consist of commissions.

Transaction costs were \$366 million in 2025 (13 cents per \$100 of average net assets), compared to \$320 million (12 cents per \$100 of average net assets) in 2024. The increase in transaction costs was driven by higher disposition activity relative 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 37**.

In 2025, management fees, including performance fees, were \$658 million (24 cents per \$100 of average net assets), a decrease from \$874 million (34 cents per \$100 of average net assets) in 2024 due to lower base fees and performance fees.



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

# Sustainable investing

## Integrating and managing material sustainability factors

Our approach to sustainable investing reflects our view that effectively managing sustainability-related risks and opportunities supports long-term value creation and can help deliver strong, risk-adjusted returns for our members.<sup>1</sup>

We define sustainable investing as integrating and managing material sustainability-related risks and opportunities throughout the investment process. This approach supports long-term value creation or value protection and contributes to the fund's long-term success.

## Our Sustainable Investing Framework

As a global investor, we consider a wide range of sustainability-related factors in our investment decisions. These factors can present material risks and opportunities at the asset level or across the fund. Our Sustainable Investing Framework lays out how we take a pragmatic approach to considering material sustainability-related risks and opportunities across the investment lifecycle.

<sup>1</sup> 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**, which provide a full description of our definition, approach and framework.

## Integrated due diligence

We use our professional judgment to assess material risks and opportunities in new investments and ensure that our investment committees are informed as part of the decision-making process. Our sustainability-related due diligence is tailored based on factors such as investment size, transaction process, sector, geography and access to information.

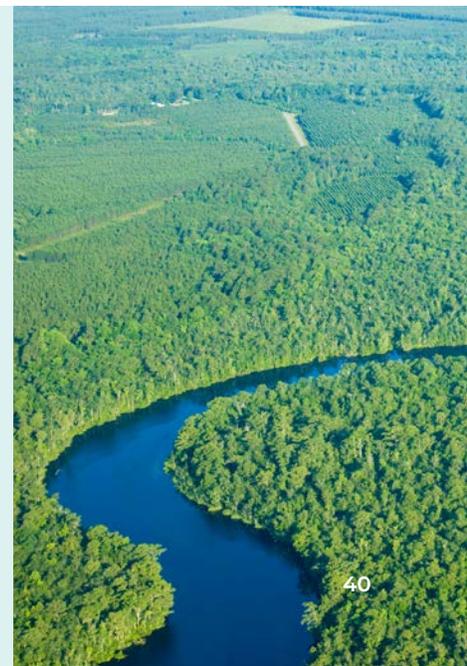
In certain cases, we engage external advisors to support sustainability-related due diligence. For example, through our partnership with Woodwell Climate Research Center, we assess physical climate risks in natural resource opportunities, where climate risks are particularly material to the business.

For public company investments, we use third-party sustainability data alongside our in-house expertise to support investment decisions.

## Expectations of portfolio companies

We expect our portfolio companies to preserve and/or create value by identifying, assessing and managing material sustainability-related risks and opportunities. We also expect appropriate oversight and accountability at both the board and senior management levels.

Sustainability-related factors that are material have the potential to impact a company's financial performance over time. We therefore encourage companies to provide boards and investors with disclosure on material sustainability-related risks and opportunities that is consistent, comparable and decision-useful, including the potential impact on performance. We support a proportional approach to disclosure, recognizing that companies should rely on reasonable and supportable information.



## Stewarding our investments

We take our role seriously to serve as an effective and responsible steward of assets consistent with our focus on value creation. Once we have invested, we share our expectations with portfolio companies, monitor how material sustainability-related risks and opportunities are managed, and engage more deeply where appropriate. We take an active approach in our ownership period to promote strong sustainability practices which contribute to more resilient business models. Our stewardship activities focus on issues that are material to the investment and where they can protect or create value.

For our private investments, we work closely with portfolio companies to support value creation and risk management. Our approach is tailored based on the materiality of the issues, the size of our investment, and our ability to influence decision making (for instance, if we have board representation). Where material sustainability risks are identified, our investment teams may increase engagement with management to support improved oversight, accountability and performance.

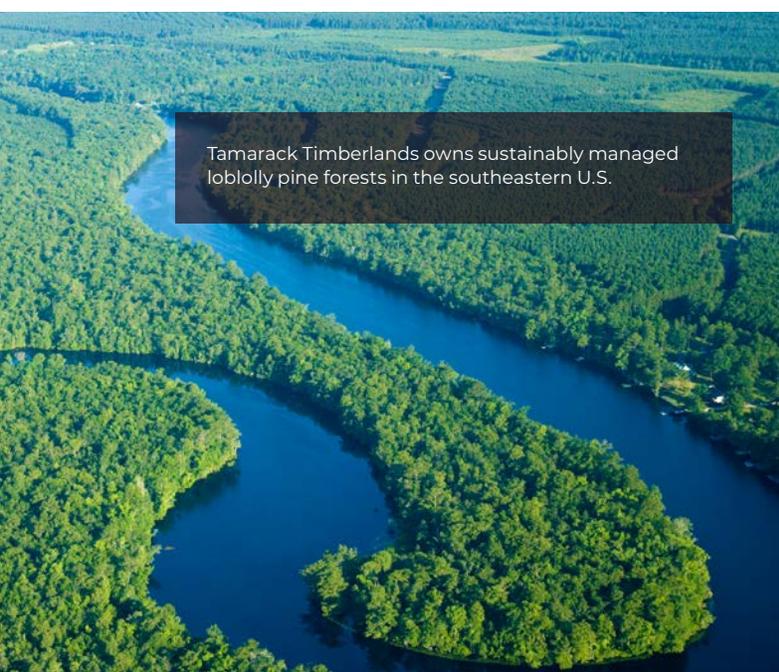
For our public market assets, we apply the same stewardship mindset through a combination of proxy voting and focused engagement. We provide feedback and share expectations on issues that are material to the annual meeting and to companies' approaches to managing sustainability-related risks and opportunities. We also monitor our public market investments

on an ongoing basis to identify emerging risks and share relevant insights with our investment teams to inform decision-making.

## Leveraging advocacy and partnerships

As a global asset owner with broad exposure to macroeconomic and systemic risks, we have a vested interest in the long-term health of the markets and environments in which we operate. Through collaboration and selective public policy engagement, and where aligned with and beneficial to our portfolio and best interests of the Plan, we seek to improve the resiliency of capital markets and encourage strong sustainability practices across jurisdictions where we invest. Our advocacy efforts promote regulatory and policy developments that reduce risk, enhance clarity, and enable business decisions that strengthen resilience to sustainability-related risks and opportunities, strengthening long-term value creation.

As an example, Ontario Teachers' was a founding member and key driver of the Investor Leadership Network (ILN) launched at the G7 in 2018, a CEO-led coalition of leading institutional investors committed to accelerating the transition to a sustainable and inclusive global economy, and we continue to actively support its work. In 2025, through the ILN's engagement at COP30 in Belém, Brazil, we contributed to discussions focused on moving from climate ambition to implementation, including how long-term capital can be mobilized to support real-economy decarbonization, infrastructure development and climate resilience.



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

**Ontario Teachers' worked with Resource Management Service (RMS), Tamarack Timberlands and the Woodwell Climate Research Center** to assess how physical climate and biodiversity risks may evolve for our timber assets in the southeastern United States. Having better insights into how these risks may change over the coming decades helps RMS make more informed decisions around potential infrastructure upgrades and forest management practices that enhance resilience and long-term portfolio sustainability.

## Voting our proxies

We use our voting rights to help protect and create long-term value by promoting effective boards, strong governance and appropriate accountability. Our voting decisions are guided by our Corporate Governance Principles and Proxy Voting Guidelines<sup>1</sup> and reflect a pragmatic, principles-based approach that allows us to consider company-specific circumstances, market maturity, and local legal and regulatory context. The Guidelines are updated at least every two years to reflect current thinking, market developments and significant events. They set our expectations for public company boards and explain our thresholds on governance issues, all of which are available publicly.



In 2025, we voted on

**6,754**  
resolutions



at

**519**  
meetings



across

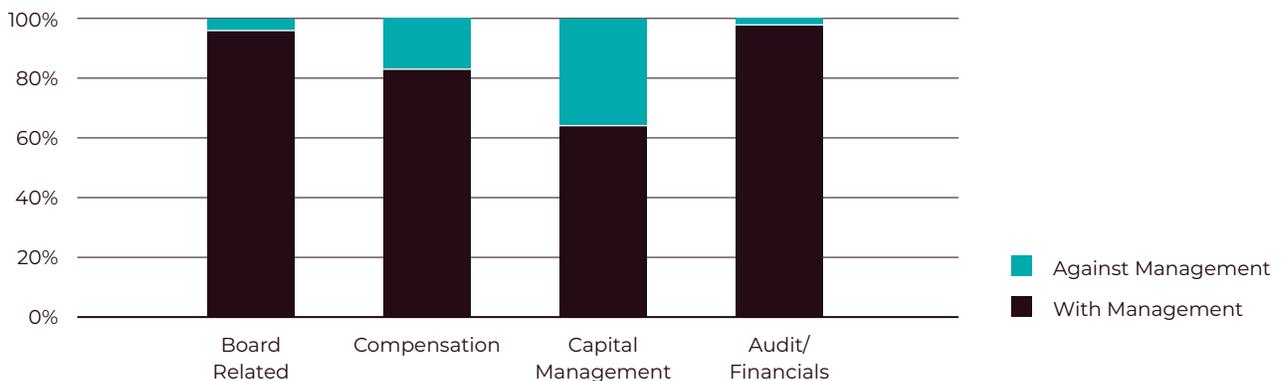
**19**  
countries,  
primarily in North America  
and Europe

## Key areas of voting focus in 2025

The graph below summarizes voting outcomes by management proposal category, based on votes cast with and against management. Overall, our voting demonstrates high alignment on routine and well-governed matters, alongside targeted opposition in areas most linked to board accountability, shareholder rights, capital discipline and alignment of pay with performance.

### VOTING OUTCOMES OF MANAGEMENT PROPOSALS

*% of votes cast with and against management*



<sup>1</sup> A copy of our 2026 Proxy Voting Guidelines as at January 1, 2026 can be found [here](#).

### Board accountability and effective oversight

**Our principle:** Boards should comprise individuals with the skills, experience and diverse perspectives needed to oversee the company's strategic direction and management's operational execution.

**How we voted:** Board-related proposals represented the largest share of our voting activity. We supported boards that demonstrated effective independence, skills, diversity and accountability, and opposed proposals where concerns arose related to composition, refreshment, overboarding or oversight of material risks, escalating where issues persisted.

### Executive compensation aligned with performance

**Our principle:** Management compensation plans should align executive pay with company strategy, performance and long-term shareholder value.

**How we voted:** We opposed compensation outcomes that were misaligned with performance, relied on weak incentive structures or included insufficiently justified discretionary awards, with escalation to compensation committee members where concerns recurred.

### Protecting shareholder rights and capital discipline

**Our principle:** Proposals to increase authorized or issued shares should balance a company's need for flexibility with shareholder protection against dilution.

**How we voted:** Capital management proposals attracted higher levels of opposition, reflecting our focus on equity issuance, dilution and capital structure changes that could weaken shareholder protections.

These focus areas will continue to inform our proxy voting and guide our engagement with portfolio companies where appropriate, supporting governance and long-term value creation.

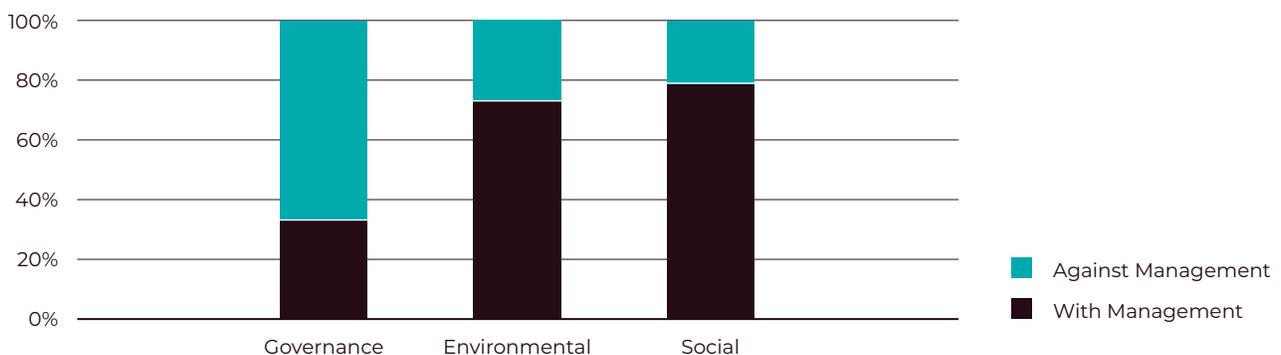
### Shareholder proposals

Shareholder proposals can play an important role in improving disclosure, governance and risk management when focused on material issues and implemented reasonably. We evaluate these on a case-by-case basis and will generally support proposals that enhance disclosure or address issues that may present a material risk, improve risk management or strengthen governance processes and practices.

In 2025, governance-related shareholder proposals remained an important mechanism for us to drive accountability and effective board oversight. Environmental and social proposals were typically supported where they requested decision-useful outcomes, and opposed where they were overly prescriptive, duplicative or not clearly linked to long-term value creation.

## VOTING OUTCOMES OF SHAREHOLDER PROPOSALS

*% of votes cast with and against management*



## Our climate strategy

Climate change and the energy transition are important macro trends that affect our portfolio and the companies in which we invest. While the direction of the energy transition is clear, the transition will be uneven across sectors and geographies and some emissions-intensive activities will remain necessary until lower-emission alternatives are more widely available and cost-effective.

Our climate strategy focuses on investing in areas that benefit from the broad transition to a low-carbon future, and managing our portfolio to build climate resilience. This approach supports long-term value creation and therefore our role in delivering risk-adjusted returns to help pay pensions.

Achieved

**50%** ↓

**reduction of portfolio carbon emissions intensity in 2025 compared to our 2019 baseline. We continue to exceed our 2025 emissions intensity target.**



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

We incorporate climate and energy transition considerations across the investment lifecycle as part of our broader sustainable investing approach. This includes continually building our capability to measure the environmental impact of our investments, where possible, to better assess the effectiveness of our efforts and demonstrate value creation. We have developed in-house expertise, guidance and frameworks to support portfolio companies in understanding, managing and adapting to climate-related risks and opportunities to strengthen resilience over time.

As part of our climate strategy, we are increasingly focused on how the energy transition can impact workers and communities, and that long-term investment success depends on understanding and managing these impacts. Through investments such as Mahindra Susten, SSEN Transmission and GreenCollar, we see how transition projects can deliver environmental benefits alongside positive outcomes for employees and local communities.

### Performance against 2025 interim targets

In 2021, we set interim targets to reduce portfolio carbon emissions<sup>1</sup> intensity by 45% by 2025, compared to a 2019 baseline. We are proud to have achieved a 50% reduction of portfolio carbon emissions intensity, exceeding our target.

### Decarbonizing our portfolio companies

In 2021, we also set a secondary 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. As an active and engaged owner in private markets, we have the opportunity to work directly with portfolio companies in identifying cost-effective decarbonization opportunities.

Our objective was to have 67% of eligible emissions<sup>2</sup> aligned with our PART program by 2025. Through the PART program, we provide practical resources to portfolio companies, support the development of decarbonization plans, and facilitate knowledge sharing across the portfolio. These efforts help companies better understand the long-term value of emissions reduction, including potential cost savings, improved operational resilience and alignment with customer expectations.

<sup>1</sup> Since we convert all greenhouse gases to tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e) in our calculations, the terms “greenhouse gas” or “GHG” and “carbon emissions” are used interchangeably in this report.

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

As of year-end 2025, we have cumulatively engaged 32 private companies through the PART program, representing approximately one-third of all eligible companies. Nearly all participating companies have completed a decarbonization study and 16 have established Paris-aligned targets, representing more than \$30.4 billion in assets under management.

While we made meaningful progress, we did not fully meet our 2025 coverage target, reaching approximately 52% coverage versus our goal of 67%.<sup>1</sup> This outcome was due to the timing of some anticipated transactions and initiatives that were not completed before year end. However, subsequent to year end, we signed an agreement to exit an asset with significant emissions; when completed on a pro forma basis, this would increase PART coverage to 64.9% of eligible emissions, all else being equal.

We remain confident in the value of the PART program and will continue to build on an iteration of the program as part of our 2026–2030 climate strategy announced in February 2026, supporting decarbonization through active ownership and transition planning. See **pages 46–47** for further details.

### Issuing green bonds

In 2025, Ontario Teachers' wholly owned subsidiary, OTFT, issued a €1 billion green bond with the

proceeds invested in eligible green assets. This marked OTFT's fifth green bond issuance.

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. Additional details can be found in our **Green Bond Framework**.

As at December 31, 2025, OTFT has issued a total equivalent of approximately \$5.4 billion in green bonds and net proceeds from the green bond issuances are fully allocated to eligible green assets in our portfolio.

### Supporting green investments

We continue to build our capacity to invest in companies and assets that support the transition to a lower-carbon economy. These green investments help us capture attractive long-term opportunities while contributing to the reduction of GHG emissions. As at December 31, 2025, our green investments totalled approximately \$32 billion compared to \$34 billion in 2024. The year-over-year decrease reflects the sale of and/or valuation adjustments to certain green assets.<sup>2</sup>

As part of our 2026–2030 climate strategy, this is the final year we will report a green investment number. See below for more details.

<sup>1</sup> Our PART coverage metric is subject to external limited assurance by Deloitte LLP. See **pages 148–151** for further details. See **pages 155–156** for the calculation methodology.

<sup>2</sup> Our green investments include the eligible green assets designated under our green bond program as well as a broader set of investments aligned with the ICMA Green Bond Principles. This broader definition is not subject to certain technical requirements of our Green Bond Framework, such as the 36-month lookback period.

## SSEN Transmission

SSEN Transmission, an electricity transmission network operator based in the U.K., is committed to shaping projects with communities to create lasting value through a leading Just Transition Strategy and Sustainability Strategy.

“As we expand our infrastructure, we’re committed to making the transition fair, inclusive and rooted in local places. A just transition means ensuring people and communities share the benefits of decarbonisation, from jobs and training to thriving local economies, while protecting nature and respecting human rights.”

In 2024/2025, the company launched its first Community Benefit Funds, awarding over £2 million

to 73 local and regional projects, expanded its workforce by more than 500 employees, and delivered sector-leading stakeholder engagement across the north of Scotland.

Looking ahead, SSEN Transmission's long-term investment approach is expected to generate £18.5 billion in U.K. economic value and up to 37,000 jobs, supporting a fair and inclusive transition approach while embedding Fair Work principles, Living Wage accreditation and strong human-rights standards across its operations and supply chain.

*Source: SSEN Annual Sustainability Report 2024/2025 (published on December 10, 2025)*

## Our 2026–2030 climate strategy

The climate targets we set in 2021 were designed to help the fund navigate the energy transition by supporting transition-aligned investment and strengthening portfolio company resilience, as part of our long-term value creation approach.

Meeting our 2025 emissions-intensity reduction target a year ahead of schedule provided an opportune moment to consider our go-forward approach to addressing climate opportunity and risk, integrating current realities in the energy transition and revalidating the levers we have to drive real-world impact.

In February 2026, we announced our 2026–2030 climate strategy with a 2030 target of \$70 billion in Climate Transition Aligned (CTA) private assets, which encompass investments in companies that are decarbonizing their operations and those enabling the global energy transition. This reflects a sizable ambition to approximately double holdings in CTA assets over the next five years.<sup>1</sup>

<sup>1</sup> As at June 30, 2025, Ontario Teachers' had an estimated \$35 billion in the Paris Aligned Reduction Target and Green Assets programs, which is being used as a proxy for our CTA assets.

Ontario Teachers' climate strategy comprises two core pillars of focus and opportunity:

### Investing in climate solutions

Deploying capital into companies that provide products, services or technologies that:

- reduce or remove greenhouse gas emissions,
- help manage exposure to climate-related risks, or
- enable or scale climate solutions.

### Accelerating credible transition planning

Working with relevant portfolio companies to develop and advance decarbonization plans that strengthen climate resilience and support long-term business value. This includes identifying decarbonization levers, assessing technology and capital needs, and helping companies prepare for the risks and opportunities of a changing energy system.



### Victoria Power Networks

Victoria Power Networks (VPN) continued to advance its decarbonization agenda in 2025, reporting the achievement of a 32% reduction in Scope 1 and 2 carbon emissions from its 2019 baseline, exceeding its 2030 target. Progress is being driven by the decarbonization of Victoria's electricity generation together with upgrades that enable greater renewable integration and cleaner operational practices, including the transition of public lighting to LEDs.

The 2026–2030 climate strategy shifts toward real-world impact, prioritizing and measuring investments aligned with a net-zero future rather than emissions intensity, which remains useful for company comparisons but not for measuring real-world progress on the energy transition. Decarbonization will continue to be a core focus of asset management, even as emissions intensity is no longer a primary metric.

Our climate strategy reflects an impactful and pragmatic evolution that builds on our achievements and learnings to date and leans into our strengths as a private investor. Accelerating the global energy transition will require a significant role for private capital, and our CTA ambition is oriented to making a real-world impact through working with our companies to advance transition planning and directing capital toward attractive investments in sectors tangibly enabling the energy transition.

We will report on our progress toward our 2030 CTA target annually, starting in the 2026 Annual Report, along with continued disclosure of the fund's portfolio carbon footprint. In line with our 2026–2030 climate strategy, we will retire our previously announced 2030 interim emissions intensity target and incorporate programs under its prior approach within the new CTA Framework. The Climate Solutions pillar incorporates our previous green asset ambition, while the Transition Planning pillar incorporates our previous PART and High Carbon Transition programs.

We remain committed to taking an active role in supporting the global goal to achieve net-zero emissions by 2050, alongside the efforts of governments, businesses, financial institutions and civil society. In support of this goal, by 2050 we plan for our portfolio to be primarily invested in assets aligned with our CTA Framework and/or low-emissions assets.<sup>1</sup>

<sup>1</sup> Low-emissions assets are defined as an emissions intensity <10 tCO<sub>2</sub>e/CAD MM across Scope 1 and 2 emissions.

## Mahindra Susten

Mahindra Susten is a premier independent power producer and provider of engineering, procurement and construction services in India. The company is building a diversified 5.5 GW portfolio across solar, wind, energy storage and green hydrogen.

In 2024, Mahindra Susten commissioned a 150 MW hybrid solar-wind project in Maharashtra, and expanded its solar capacity to 1.55 GWp.

Sustainability is embedded across operations through decarbonization targets, water-positive practices and a strong focus on circularity, including a 90% solar panel waste recycling rate in 2024. The company also supports local economic development through job creation and skills training, reaching more than 15,000 individuals in 2024.



## Portfolio carbon footprint

Our portfolio carbon footprint (PCF) calculation is informed by the Partnership for Carbon Accounting Financials,<sup>1</sup> 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 148–151** 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 2025. See **pages 152–153** for more information on our PCF scope and calculation methodology.

### VALUE OF HOLDINGS<sup>2</sup> (\$ millions)

As at December 31	2025	2024	2019	2025 vs. 2019
Public equities	\$ 44,936	\$ 34,178	\$ 28,703	57%
Private assets	139,975	154,448	94,030	49
Corporate fixed income	37,502	34,938	12,073	211
Total	\$ 222,413	\$ 223,564	\$ 134,806	65%

### TOTAL CARBON EMISSIONS (ktCO<sub>2</sub>e)

As at December 31	2025	2024	2019	2025 vs. 2019
Public equities	1,334	951	2,970	(55)%
Private assets	2,320	2,919	2,300	3
Corporate fixed income	1,553	1,473	1,057	47
Total	5,207	5,343	6,327	(18)%

### CARBON INTENSITY (tCO<sub>2</sub>e/\$ millions)

As at December 31	2025	2024	2019	2025 vs. 2019
Public equities	30	28	103	(71)%
Private assets	17	19	24	(29)
Corporate fixed income	41	42	88	(53)
Total	23	24	47	(50)%

<sup>1</sup> Partnership for Carbon Accounting Financials can be found at [www.carbonaccountingfinancials.com](http://www.carbonaccountingfinancials.com).

<sup>2</sup> Includes public and private equity and corporate fixed income holdings. For more information, see **page 153**.

## Operational carbon footprint

Our own operations make up less than 0.2% 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, our LEED-certified corporate office building in Toronto will reduce our Scope 1 and 2 emissions in the long term through the building's more efficient heating and cooling.

The decrease in our OCF compared to the previous year is due to updated air travel emissions factors which are substantially lower – despite comparable travel volumes in 2025. In addition, the transition to our new office at 160 Front Street West was complete and we no longer had overlapping leases in Toronto when compared to 2024.

### EMISSIONS

(tCO<sub>2</sub>e)

As at December 31	2025	2024	2019 <sup>1</sup>
<b>Scope 1: Direct emissions</b>			
Building heating (natural gas)	322	517	521
Refrigerants	18	20	–
<b>Scope 1 total</b>	<b>340</b>	<b>537</b>	521
<b>Scope 2: Indirect (purchased) emissions</b>			
Building energy use (electricity)	524	464	217
Building heat (steam consumption)	10	8	8
Building cooling (chilled water consumption)	73	48	1
<b>Scope 2 total</b>	<b>607</b>	<b>520</b>	226
<b>Scope 3: Indirect (value chain) emissions</b>			
Business travel (flights)	7,696	11,685	8,525
Business travel (ground transportation)	137	134	139
Printing (paper use and disposal)	14	11	50
Investment portfolio	Reported Separately <sup>2</sup>		
<b>Scope 3 total</b>	<b>7,847</b>	<b>11,830</b>	8,714
<b>Total</b>	<b>8,794</b>	<b>12,887</b>	9,461

<sup>1</sup> We include OCF data as of 2019 to align with our PCF reporting.

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

## 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<sup>1</sup> have grown from \$20.1 billion in 1990 to \$279.4 billion at the end of 2025.

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 2025, Ontario Teachers' investment portfolio earned a 6.7% total-fund net return, compared to the fund's benchmark return of 11.7%. This resulted in a return below the benchmark of 5.0% or \$12.0 billion in negative value add.

### 2025 results highlights

**\$279.4B**

Net assets

**6.7%**

Total-fund net return

**6.8%**

10-year total-fund net return (annualized)

**\$18.5B**

Net investment income

**9.2%**

Total-fund net return since inception (annualized)

**5.0%**

Return below benchmark

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



Arterra Wines, Canada's leading producer and marketer of award-winning, globally recognized Canadian and imported wine.

## 2025 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 6.7%, compared to 9.4% in 2024. Teachers' Venture Growth and public equities delivered strong returns of 30.2% and 15.0%, respectively, for the fund in 2025. Inflation-sensitive assets and credit also delivered strong returns of 13.6% and 5.8%, respectively. See **pages 55–69** for more details on individual asset-class performance.

The fund continued to generate positive long-term returns, preserving its fully funded status for a 13th consecutive year. Ontario Teachers' had an

annualized five-year net return of 6.6% and an annualized 10-year net return of 6.8%. Its annualized net return since inception was 9.2%.

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.

In 2025, Ontario Teachers' underperformed its benchmark return of 11.7% by 5.0%, or \$12.0 billion in negative value add. The underperformance in 2025 was driven by several factors across Private Equity, Infrastructure and Real Estate, with asset- and industry-specific challenges in those portfolios, as well as continued strong performance by those asset classes' benchmarks.

### TOTAL-FUND INVESTMENT PERFORMANCE (percent)

As at December 31	2025	2024	5-Year	10-Year	Since inception
Total-fund net return	<b>6.7%</b>	9.4%	6.6%	6.8%	9.2%
Benchmark return	<b>11.7%</b>	12.9%	8.8%	7.9%	8.0%
Return above (below) benchmark	<b>(5.0)%</b>	(3.5)%	(2.2)%	(1.1)%	1.2%

## 2025 performance by asset class

Below is a table showing performance by asset class versus the benchmark for 2025 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	
		2025	Actual	Benchmark	Actual
<b>Equity</b>	<b>\$ 116.1</b>	6.1%	16.7%	10.0%	13.1%
Public equity	<b>50.0</b>	15.0	13.9	10.0	11.7
Private equity	<b>50.8</b>	(5.3)	18.0	8.4	13.9
Venture growth	<b>15.3</b>	30.2	18.5	14.7	16.1
<b>Fixed income</b>	<b>61.8</b>	2.6	2.6	0.3	0.3
<b>Inflation sensitive</b>	<b>56.1</b>	13.6	13.2	12.2	12.2
Commodities	<b>32.1</b>	27.0	27.0	15.4	15.4
Natural resources	<b>12.1</b>	1.8	0.0	13.9	13.6
Inflation hedge	<b>11.9</b>	(4.7)	(4.7)	3.6	3.6
<b>Real assets</b>	<b>62.4</b>	(0.4)	5.3	2.7	6.8
Real estate	<b>27.9</b>	(3.1)	2.2	(2.2)	4.9
Infrastructure	<b>34.5</b>	1.8	7.8	6.7	7.9
<b>Credit</b>	<b>38.3</b>	5.8	4.5	7.7	6.2
<b>Absolute return strategies</b>	<b>25.2</b>	–	–	–	–
<b>Funding and other<sup>1</sup></b>	<b>(87.3)</b>	–	–	–	–
<b>Total-fund net return</b>	<b>\$ 272.6</b>	6.7%	11.7%	6.6%	8.8%

<sup>1</sup> 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 2025, the fund experienced a foreign currency loss of \$1.2 billion, or 0.45% net loss, as assets denominated in foreign currencies depreciated in value when converted back into Canadian dollars. This impact was significantly reduced as a result of our proactive management of our exposure to currency markets during the year.

This loss was primarily driven by the depreciation of the U.S. dollar compared to the Canadian dollar (making our U.S. dollar denominated assets less 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<sup>1</sup> As at December 31 (\$ billions)

	2025	2024
United States Dollar	\$ 41.3	\$ 90.9
Euro	14.7	9.1
Swiss Franc	8.2	5.1
Japanese Yen	7.2	9.6
Mexican Peso	5.8	5.0
Chinese Renminbi	5.3	4.1
Indian Rupee	4.5	4.6
Brazilian Real	2.4	2.0
Korean Won	1.9	1.7
Chilean Peso	1.9	2.3
Other	8.0	7.7
	\$ 101.2	\$ 142.1

## 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.

<sup>1</sup> 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



### 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.

Global equity markets had continued strong performance in 2025. Most global indices produced positive returns for the year. For example, the U.S. S&P 500 index was up 17.9%, while the S&P/TSX 60 was up 29.1%.

The equity asset class delivered a total return of 6.1% (9.1% return in local terms), compared to its benchmark, which had a return of 16.7% (local benchmark had a return of 19.9%). The under-performance relative to the benchmark is consistent with periods of strong public market performance, as private assets, which make up a substantial portion of Ontario Teachers' equity asset class, typically generate more stable and less volatile returns over time. The five-year annualized rate of return for this asset class is 10.0%, compared to a benchmark return of 13.1%.

Net investments in the equity asset class totaled \$116.1 billion at the end of 2025, up from \$108.1 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 2025 produced a return of 15.0% (local return of 19.2%), outperforming its benchmark return of 13.9% (18.0% return by the local benchmark return). The five-year annualized rate of return for public equity is 10.0%, compared to a benchmark of 11.7%.

The public equity portfolio was valued at \$50.0 billion at the end of 2025, compared to \$37.4 billion at the end of 2024. This was driven by strong public market gains and increased asset allocation to public equity markets.

### Public equity portfolio highlights

As at December 31, 2025  
(based on total assets)

**\$50.0 billion**

Net investments

**15.0%**

Return

**13.9%**

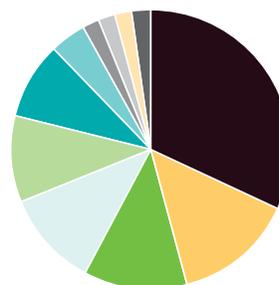
Benchmark

**19.2%**

Local return

**18.0%**

Local return benchmark



Information Technology	<b>32%</b>
Financials	<b>14%</b>
Consumer Discretionary	<b>12%</b>
Industrials	<b>11%</b>
Communication Services	<b>10%</b>
Healthcare	<b>9%</b>
Consumer Staples	<b>4%</b>
Utilities	<b>2%</b>
Materials	<b>2%</b>
Energy	<b>2%</b>
Real Estate	<b>2%</b>

# Strengthening Our Longstanding Focus on Value Creation

Value creation is a core driver of investment returns and portfolio resilience. In 2025, we unified our value creation and portfolio management professionals across private investment platforms into a single, elevated function: the **Portfolio Solutions Group (PSG)**. This integration represents a purposeful shift from a decentralized advisory model embedded within the asset classes to a standalone platform that partners more deeply with portfolio companies to activate value, accelerate growth and enhance long-term performance.

PSG brings together operator-level expertise, a global perspective across 60% of assets under management and direct alignment with deal teams. With value creation specialists and portfolio management professionals, PSG delivers greater focus, analytical rigor and repeatable value creation across the full asset lifecycle. This structure enables earlier engagement, clearer accountability and more consistent value creation from underwriting through exit.

## Portfolio Solutions Group

Coverage for

**60%** 

of total assets under management

**\$108B** 

of PSG-covered assets are managed in North America

Global team specialized in value creation & portfolio management 

Value creation efforts highlighted below are a collaborative effort between PSG and the deal teams within our investment departments. Examples in 2025 include:

### Sahyadri Hospitals



Sahyadri Hospitals is the State of Maharashtra's largest corporate hospital network, operating 10 hospitals. Our team partnered with senior management early during our ownership to co-design an expansion roadmap, enhance clinical capacity and modernize digital infrastructure. This enabled accelerated growth, stronger patient access and improved operating outcomes. The results were talent upgrades, increased bed capacity, earnings growth and value delivered through strategic mergers and acquisitions activities.

### Arterra Wines Canada



We supported Arterra through significant industry and regulatory changes to maintain its position as Canada's largest domestic wine player. PSG partnered with the leadership team to reinforce pricing discipline and unlock supply-chain productivity across core operations. Targeted policy engagement and channel expansion efforts helped protect market share and accelerate direct-to-consumer growth. Together, these initiatives strengthened brand competitiveness, improved margin resilience, and sustained Arterra's long-term leadership in a maturing category.

### Connexa



In 2022–2023, we acquired two of New Zealand's three largest towers platforms and merged the businesses into a standalone entity. Value creation initiatives were prioritized from day one, and our value creation professionals built the full operating foundation – leadership, systems and commercial discipline – to position the company to grow its network at scale. Today, the business is the largest tower company in New Zealand, poised for continued expansion.



***My experience working with Ontario Teachers' over the last three years has been nothing short of outstanding. They're a very purpose-driven, value-centered organization that brings a wealth of international experience built up over decades across a broad range of asset classes and brings that experience to amplify the value of your business.*** 

**Rob Berrill, Chief Executive Officer, Connexa**



## 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 loss of 5.3% (local loss of 3.1%), underperforming its benchmark return of 18.0% (20.7% return by the local benchmark return). The significant underperformance versus the benchmark was driven by several factors, including valuation pressures across certain assets in the portfolio and industry-wide challenges for private equity investments. This was compounded by continued strong returns from public indices including the S&P 500, making relative performance in this asset class particularly difficult as many of our benchmarks are tied to public market indices. The five-year annualized rate of return is 8.4%, compared to a benchmark of 13.9%.

To address challenges in private equity, the Equities team has made some strategic shifts to drive improved performance. Moving forward, Ontario Teachers' will focus on three core sector groups globally where it has an edge to outperform based on its track record, capabilities and the opportunities set available: Financial Services, Services and Technology. At the same time, we will continue to invest strategically with leading funds that can deliver performance, unique insights and co-investment opportunities.

The portfolio was valued at \$50.8 billion at the end of 2025, compared to \$60.4 billion at the end of 2024. The largest transactions announced in 2025 were the acquisition of Donte Group, a Spanish chain of dental providers, as well as the full or partial sales of BroadStreet Partners, Sahyadri Hospitals and Amica Senior Lifestyles.

## Private equity portfolio highlights

As at December 31, 2025  
(based on total assets)

**\$50.8 billion**

Net investments

**(5.3)%**

Return

**18.0%**

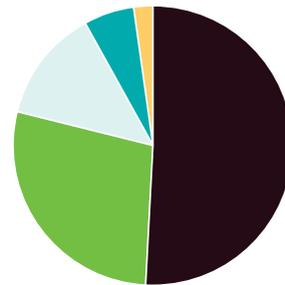
Benchmark

**(3.1)%**

Local return

**20.7%**

Local return benchmark



<span style="color: black;">■</span> Direct Investments – North America	<b>51%</b>
<span style="color: green;">■</span> Funds	<b>28%</b>
<span style="color: lightblue;">■</span> Direct Investments – Europe, Middle East and Africa	<b>13%</b>
<span style="color: teal;">■</span> Direct Investments – Asia Pacific	<b>6%</b>
<span style="color: orange;">■</span> Other	<b>2%</b>

## 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 was among the strongest performing asset classes in 2025, generating returns of 30.2%, equivalent to a local return of 34.7%.

Venture growth performance was driven by strong valuation gains across several high-performing assets, in particular SpaceX and Databricks, supported by a resilient portfolio that delivered robust returns. The venture growth portfolio outperformed its benchmark by 12.5%, compared to the local benchmark return of 22.2%.

In 2025, the total five-year annualized rate of return is 14.7%, compared to a benchmark of 16.1%.

The portfolio's value increased to \$15.3 billion at the end of 2025, up from \$10.4 billion at the end of 2024. New acquisitions in 2025 included StackAdapt, Quantexa, Darwinbox and Grafana Labs.

## Venture growth portfolio highlights

As at December 31, 2025  
(based on total assets)

**\$15.3 billion**

Net investments

**30.2%**

Return

**18.5%**

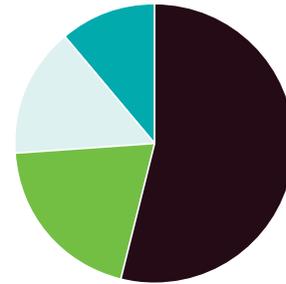
Benchmark

**34.7%**

Local return

**22.2%**

Local return benchmark



<span style="color: #1a1a1a;">■</span> Direct Investments - North America	<b>54%</b>
<span style="color: #4CAF50;">■</span> Funds	<b>20%</b>
<span style="color: #ADD8E6;">■</span> Direct Investments - Asia-Pacific	<b>15%</b>
<span style="color: #00838F;">■</span> Direct Investments - Europe, Middle East and Africa	<b>11%</b>



# Investing Into the Next Great AI Shift

The technology landscape is undergoing incredible transformation. Nowhere is this trend clearer than with generative artificial intelligence (GenAI) models – those that produce original content and ideas – which are scaling up in both their computing power and capabilities.

There is a significant opportunity emerging for investors, particularly in the field of GenAI. The demand from both consumers and businesses is unlocking investment opportunities across the AI value chain, such as in enterprise software or in areas that will be central to the digital economy like data centres and energy, creating significant long-term potential for growth and value creation.



***We believe AI represents a foundational re-platforming of the global economy. The companies that win will not simply layer AI onto legacy systems – they will rebuild industries around intelligence, automation and real-time decision-making. At Teachers' Venture Growth, we are focused on backing those generational platforms, while bringing insight across Ontario Teachers' to identify where AI creates durable competitive advantage and where it reshapes risk.*** 

**Olivia Steedman**

Executive Managing Director and Global Head, Teachers' Venture Growth

With AI's potential to drive value, the impact is being felt across organizations of every size. This also creates a broad investible landscape for organizations like Ontario Teachers' and opens the door to investments in the infrastructure layers of AI to power and clean energy. See an overview of five of our portfolio companies below.

### Anthropic



Anthropic is an AI safety and research company and the organization behind the AI assistant Claude. The frontier AI model is the infrastructure layer that will provide a reasoning engine on which next-gen AI applications and agents can be built and, with a focus on safety innovations, is well positioned for enterprise adoption.

### Compass Data Centres



Compass focuses on developing large, purpose-built data centre campuses and has grown to more than 20 data centres in four countries. Compass has developed an approach that allows the company to deliver new data centers quickly, which helps it meet surging demand while also allowing its clients to scale more easily.

### Databricks



Databricks is a data and AI company providing enterprises with a unified analytics platform. The organization allows businesses to store, manage and analyze data all in one place. Databricks continues to innovate its product offering to help customers build data-intelligent applications.

### Grafana Labs

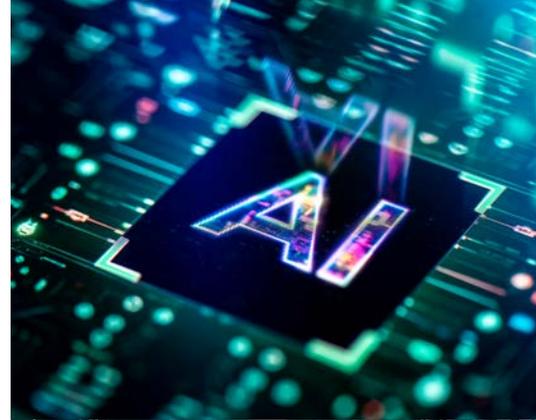


Grafana Labs is an open-source observability platform. With its software, organizations can visualize, analyze and understand data from a range of sources. With AI creating increasingly complex digital landscapes, it is expected that demand for observability across enterprise infrastructure will continue to grow.

### Quantexa



Quantexa is a data and analytics software company. With organizations producing increasingly large quantities of data, the company provides a single lens across an enterprise's full data set to mine insights and automate decisions.



## 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 2.6% (local return of 3.6%). The five-year annualized rate of return for this asset class was 0.3%.

The portfolio was valued at \$61.8 billion at the end of 2025, compared to \$78.0 billion at the end of 2024.

### Fixed income portfolio highlights

As at December 31, 2025  
(based on total assets)

# \$61.8 billion

Net investments

## 2.6%

Return

## 2.6%

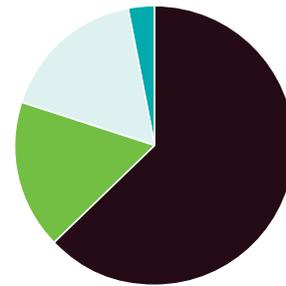
Benchmark

## 3.6%

Local return

## 3.6%

Local return benchmark



## 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 2025, inflation sensitive assets had a strong performance with a total return of 13.6% (or a local return of 18.4%). Strong performance in commodities, particularly gold, contributed to the results. Returns in the inflation sensitive asset class outperformed the benchmark return of 13.2% (the local benchmark return of 18.4% equaled the fund's performance on local currencies). The five-year annualized return of 12.2% equals the benchmark return of 12.2%.

The portfolio was valued at \$56.1 billion at the end of 2025, compared to \$54.0 billion at the end of 2024.

### Inflation sensitive portfolio highlights

As at December 31, 2025  
(based on total assets)

**\$56.1 billion**

Net investments

**13.6%**

Return

**18.4%**

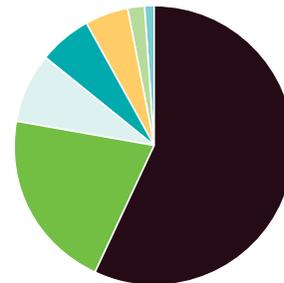
Local return

**13.2%**

Benchmark

**18.4%**

Local return benchmark



■ Commodities	<b>57%</b>
■ Inflation Hedge	<b>21%</b>
<b>Natural Resources:</b>	
■ Oil and Gas	<b>8%</b>
■ Timberland	<b>6%</b>
■ Agriculture and Aquaculture	<b>5%</b>
■ Mining	<b>2%</b>
■ Natural Climate Solutions	<b>1%</b>

## 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, 2025, the total value of Ontario Teachers' real assets was \$62.4 billion, compared to \$72.6 billion at year-end 2024. Real asset investments had a loss of 0.4% (local loss of 1.3%), compared to a benchmark return of 5.3% (local benchmark return of 4.3%).

Returns for our infrastructure and real estate assets are separated and described below and on [page 68](#).

### 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, 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 1.8% (or a local return of 0.1%), underperforming the benchmark return of 7.8% (local benchmark return of 6.0%). The main drivers of this were valuation adjustments to select renewable and water assets. The five-year annualized rate of return is 6.7%, underperforming the benchmark of 7.9%.

The infrastructure portfolio was valued at \$34.5 billion at the end of 2025, compared to \$43.2 billion at the end of 2024. Notable transactions in this portfolio in 2025 were the sales of the Sydney Desalination Plant and our European airport portfolio (Birmingham, Bristol, Brussels, Copenhagen and London City airports).

### Infrastructure portfolio highlights

As at December 31, 2025  
(based on total assets)

# \$34.5 billion

Net investments

## 1.8%

Return

## 7.8%

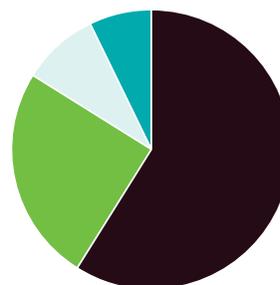
Benchmark

## 0.1%

Local return

## 6.0%

Local return benchmark



<span style="color: black;">■</span> Energy Infrastructure	<b>59%</b>
<span style="color: green;">■</span> Transportation and Logistics	<b>25%</b>
<span style="color: lightblue;">■</span> Water and Wastewater Treatment	<b>9%</b>
<span style="color: teal;">■</span> Other Infrastructure	<b>7%</b>



Mahindra Susten, a leading sustainable green energy company in India.



# Realizing Value from Airport Investments

For nearly 25 years, airports have been a cornerstone of our infrastructure portfolio – essential assets that connect people, drive economic growth and support global trade. Since our initial investment in 2001, we built a portfolio across five major European hubs: Birmingham, Bristol, Brussels, Copenhagen and London City.

Ontario Teachers' helped drive the growth, connectivity, modernization, job creation and decarbonization efforts of these airports. As active owners, we provided not only capital but strong governance and operational oversight.

We also supported each of our airports through the COVID-19 pandemic and subsequent recovery period, helping to position them for recovery and long-term growth.

Throughout the course of 2025, we reached agreements to sell the airports to a range of institutional investors and government-related entities, which returned a sizeable amount of capital to the fund. The decision to sell these assets reflects our disciplined approach to portfolio management and ability to generate returns at attractive economics and deliver value for our members.

By the time we sold our U.K. airports, they collectively contributed to their regional economies in:

**£3.7B+** 

**gross value added (GVA)**

**37,600** 

**jobs added**

During Ontario Teachers' ownership, highlights include:

### **Birmingham Airport**



The airport increased passenger traffic by more than 35% during our ownership, to peak traffic of over 13.6 million. More than £425 million was invested to modernize and expand the facility, including a runway extension, new air traffic control tower, new pier, upgraded baggage, security and check-in areas, and an improved drop-off zone for passengers. Its route network grew to over 165 destinations served by more than 30 airlines. The airport has met the Level 3 Airport Carbon Accreditation since 2023 and is on track to reach net-zero operational emissions by 2033.



### **Bristol Airport**



Bristol Airport grew to peak traffic of more than 10 million passengers a year, a more than 72% increase since 2008, and was the fastest-recovered major U.K. airport post-COVID. More than £300 million was invested to modernize the customer experience, including a major new public transport interchange, improved security and screening, an expanded retail and dining offering, and upgraded parking facilities. The airport also advanced its sustainability leadership, achieving Level 4+ Airport Carbon Accreditation.



### **Brussels Airport**



Passenger numbers grew by almost 40% during our ownership, to peak levels of 26.4 million. The post-COVID recovery has led to the airport serving 210 destinations via 80 airlines. Over €1.8 billion has been invested, including the 2015 Connector building and the expansion of Brucargo, the dedicated cargo zone, which hosts over 150 companies employing 7,000 people, and which shipped three billion vaccines during the pandemic.



### **Copenhagen Airport**



The airport expanded its network to 321 direct routes, with over 60 airlines connecting travellers to over 165 destinations. Passenger volumes grew by more than 30%, rising to nearly 30 million at peak levels from 22.7 million in 2011. Major development projects supported this growth, including the expansion and development of new terminals, a new baggage system and other key airport infrastructure. The airport is a recognized leader in sustainability, achieving Level 4+ Airport Carbon Accreditation since 2022, and is on track to reach net-zero operational emissions by 2030.



### **London City Airport**



Shareholders invested more than £600 million over the past nine years to expand the airport for larger aircrafts and enhance its facilities, including the U.K.'s first remote digital air traffic control tower, airside land reclamation under the City Airport Development Programme, security upgrades and a new baggage system. The airport has held a Level 4+ Airport Carbon Accreditation since 2022.



## Real estate

Ontario Teachers' seeks to invest in high-quality, well-located real estate assets diversified across geographies and sectors.

In 2025, real estate assets delivered a one-year net loss of 3.1% (local currency loss of 3.2%), compared to a benchmark return of 2.2% (local currency benchmark return of 2.0%). The underperformance was attributable to the Canadian real estate portfolio, primarily due to valuation declines as a result of the Hudson's Bay Company's insolvency, partially offset by a positive return from the international portfolio. The five-year annualized rate of return for the real estate portfolio was a loss of 2.2%, compared to the five-year average benchmark return of 4.9%.

The portfolio was valued at \$27.9 billion at year-end 2025, compared to \$29.4 billion at the end of 2024.

## Real estate portfolio highlights

As at December 31, 2025  
(based on total assets)

# \$27.9 billion

Net investments

**(3.1)%**

Return

**2.2%**

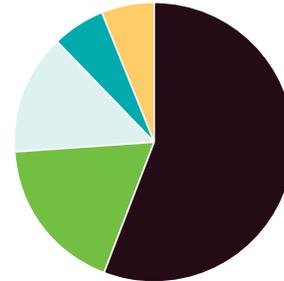
Benchmark

**(3.2)%**

Local return

**2.0%**

Local return benchmark



## 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 5.8% (local return of 8.9%), which outperformed the benchmark return of 4.5% (local benchmark return of 7.6%). Performance in the credit asset class was primarily due to strong results across all portions of the portfolio. The five-year annualized rate of return for credit is 7.7%, compared to a benchmark of 6.2%.

The portfolio was valued at \$38.3 billion at the end of 2025, compared to \$37.2 billion at the end of 2024.

### Credit portfolio highlights

As at December 31, 2025  
(based on total assets)

**\$38.3 billion**

Net investments

**5.8%**

Return

**4.5%**

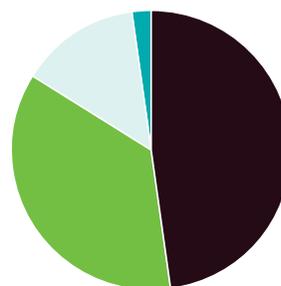
Benchmark

**8.9%**

Local return

**7.6%**

Local return  
benchmark



## 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 \$25.2 billion at the end of 2025, compared to \$24.0 billion at the end of 2024.

# 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.

## 2025 risk management highlights

Continuously enhancing our risk management practices is a key focus for Ontario Teachers'. In 2025, our key initiatives included:

- Expanding Enterprise Risk Management (ERM) through the formalization of an Operational Risk Management Policy.
- Enhancing reporting of independent insights on material investment risks.
- Enhancing our risk measurement models for private credit.
- Benchmarking our risk metrics relative to peers.

- Expanding oversight of model risk and validation practices.
- Developing a plan to enhance targeted and enterprise-wide risk education for expected deployment through 2026.
- Completing the Risk Division Artificial Intelligence Adoption and Integration Plan.

## 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 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.

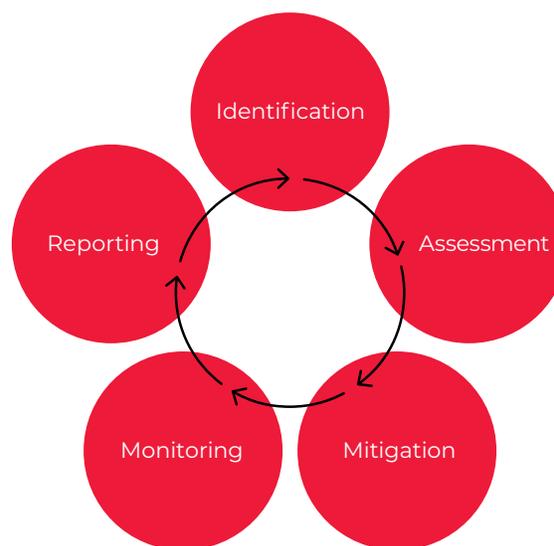
### Ontario Teachers' ERM

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. ERM, along with other control functions, is designed to provide independent assessments of material non-investment risk exposures to management and the board.

# Delivering outstanding service to our members

Our focus is on delivering outstanding service across every channel for a seamless member experience. Drawing on real-time data and insights, we aim to understand the evolving needs of our members from early in their careers into retirement. This allows us to provide information and support tailored to each stage of their pension journey, reinforcing member trust. We are committed to serving members when and where they need it most, so they are empowered to make informed decisions with confidence.

## Achieving service excellence

Our consistently high service quality scores demonstrate our ongoing dedication to service excellence. As our primary performance measurement, the Quality Service Index (QSI) provides an independent assessment of the quality of our member experience, service and communications.

QSI collects an independent survey from a sample of members throughout the year. In 2025, 93% of our members were satisfied with our service, and 46% gave us a perfect score.

In 2026, we will transition from QSI to a more comprehensive metric that measures both member trust and satisfaction. This enhanced approach will help us identify member needs faster, deliver more personalized service and protect trust.

	2025	2024	2023
QSI percentage of satisfied members	93%	93%	93%



## 2025 highlights

**Bill 124 retroactive salary adjustments have been completed for eligible members who retired in the school years between 2019–2022.**

Over 160,000 working members and 21,000 pensions were impacted by the changes, representing more than five times the volume of updates we typically process each year. We are aiming to complete the remaining data adjustments for working members by the end of summer 2026.

**We launched Clarity, an internal virtual assistant, with the goal of simplifying work for our teams and serving members faster.** Powered by generative AI, Clarity provides a convenient, secure access point to knowledge sources and process support. This resource enables our team members to onboard and resolve member inquiries more quickly.

**We leveraged new data sources to deepen our understanding of members and gain more actionable insights.** By analyzing multiple surveys and feedback channels, we can better track shifts in member trust and satisfaction, anticipate emerging issues and inform our decision-making. For example, when we identified that concerns about tariffs were causing members to worry about their pensions, we created an educational campaign that clarified facts to provide reassurance.

**We expanded our digital engagement with working members to help foster engagement and trust earlier in their pension journey.** We now enroll early- to mid-career members for digital communications where permitted. By providing timely education, we empower members to make informed decisions and to understand the value of their defined benefits before they reach retirement.

**We held 23 webinars educating members on their pension benefits at all career stages: early- to mid-career and approaching retirement.** More than 8,400 members received valuable information in a convenient, accessible learning environment. Members rated our webinars highly in post-session surveys: 80% felt moderately to extremely more confident in their retirement planning after attending.

**We are encouraging members to reach for digital self-service for straightforward needs and telephone support for complex issues, rather than email.** Email inquiries often require multiple exchanges to resolve, affecting member experience, whereas self-service for simpler tasks and telephone channel for complex issues provide members with immediate support.

## A look ahead

To better meet our members' changing needs, we are transforming our contact centre into a Complex Care Centre. As more members are guided to digital self-service channels for quick and convenient support on straightforward matters, our highly trained Complex Care team can assist those members with complex scenarios. We ensure every member receives the right level of care when it matters most.

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**“Ontario Teachers’ is particularly effective at communicating how our pensions are affected by the current economic conditions and the steps that are being taken to protect our pensions.”**

Lynne W., retired member

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**“I am years away from retirement but the ongoing emails, notices in my account and communications on the Plan performance have been steady, easy to understand and helpful.”**

Matthew M., working member



## MEMBER PROFILE

**186,000**

working members

**160,000**

pensioners

**346,000**

total number of working  
members and pensioners

**7,900**

new members  
in 2025

**4,869**

new retirees  
in 2025

**1.2 to 1**

ratio of working  
members to pensioners

**58.8**

average  
retirement age

**25.9**

typical years of  
credit at retirement

**\$53,300**

average  
starting pension

**43.9**

average age of  
working members

**74.1**

average age  
of pensioners

**90%**

members who self-served  
in their online account  
instead of reaching for our  
contact centre

**184**

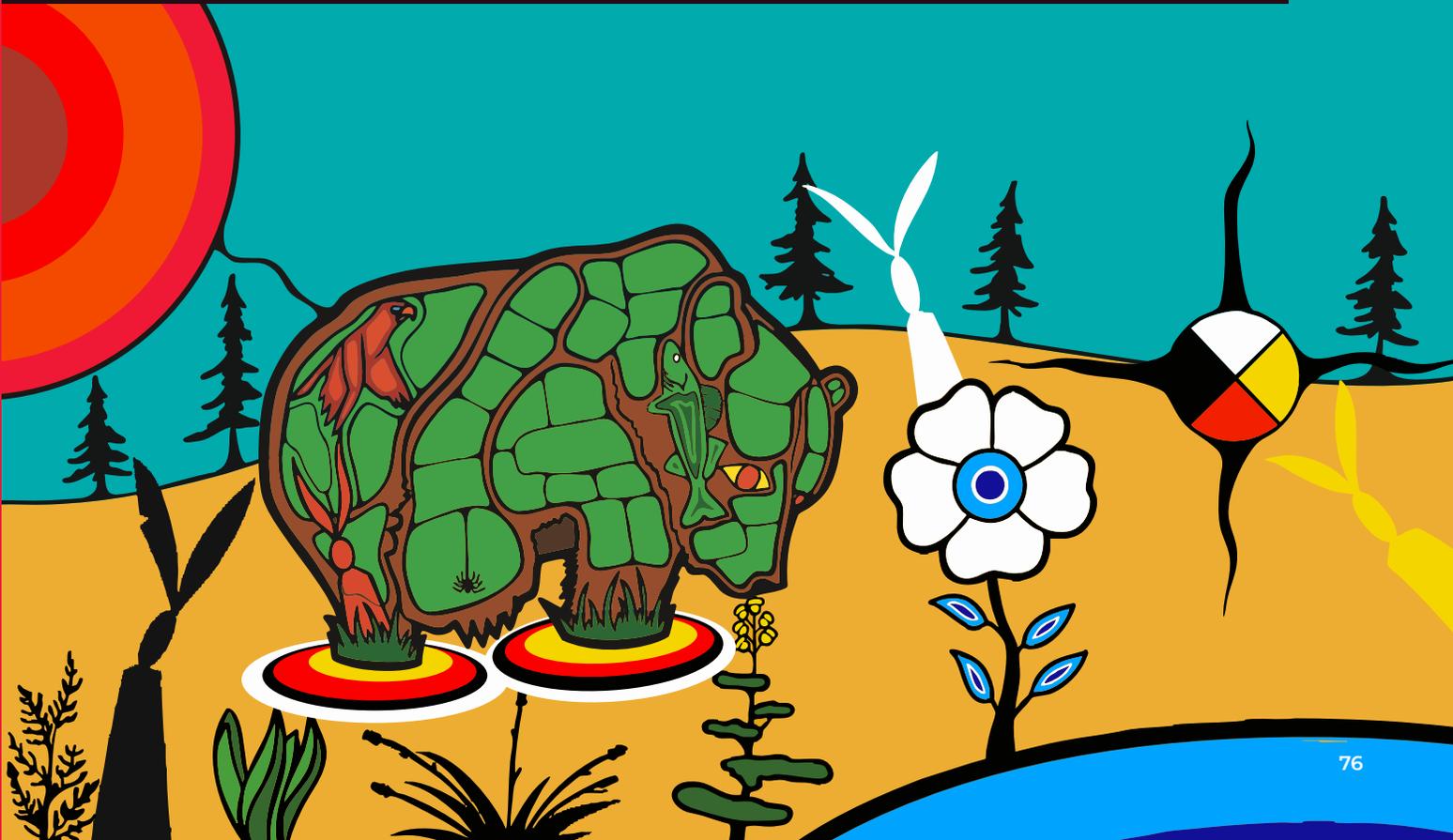
pensioners over  
age 100

# Advancing Reconciliation Through Partnership and Action

In 2025, Ontario Teachers' reaffirmed our commitment to fostering inclusion and reconciliation through the development of our Indigenous Action Plan (IAP), a first-of-its-kind initiative among Canadian pension plans.

The IAP outlines the role we can play as a pension administrator, investor and employer in supporting Indigenous inclusion. Developed in partnership with Indigenous leaders, Plan members and international advocates for reconciliation, the Plan sets out 17 commitments across four pillars: Education & Awareness, Talent Acquisition, Everyday Inclusion, and Impact.

We believe meaningful progress requires long-term commitment, accountability and ongoing engagement. The IAP builds on years of learning and relationship-building and reflects our responsibility to listen, learn and act in partnership with Indigenous communities.



## Progress in 2025

In 2025, we made progress across each pillar of the IAP, strengthening internal capabilities, building relationships and enhancing the ways we serve Indigenous members and employers.

We see an opportunity to support Indigenous employers looking to join the Plan by improving access to information and engagement with our teams. **As of November 2025, 26 Indigenous employers have been designated to participate in the Plan**, including two new Indigenous employers that joined the Plan in 2025.

In 2025 we **launched 4 Seasons of Reconciliation training**, available to all employees and Board Members globally.

We welcomed Indigenous partners to our Toronto office to mark the **launch of our Legacy Space, created in collaboration with The Gord Downie & Chanie Wenjack Fund**. The space is designed to support learning and dialogue about Indigenous history and reconciliation.

For the third consecutive year, **employees supported the Native Canadian Centre of Toronto through Make a Mark Day** volunteer activities.

The IAP is a multi-year, ongoing journey. We remain committed to accountability and transparency and will continue to engage Indigenous communities, employers and Plan members over time.

“

*Advancing Indigenous inclusion is a journey that requires humility, partnership and a genuine commitment to listening and learning. The Indigenous Action Plan is our commitment to ensuring Indigenous voices help inform our work and I'm proud of the relationships we're building as we move forward together.* ”

**Charley Butler,**  
Chief Pension Officer

Learn more about our commitment to advancing Indigenous inclusion in our [Indigenous Action Plan](#)



# People & culture



WHO WE ARE

## Performance-driven, global investor

We're a performance-driven, global investor with a track record of success.



HOW WE WORK

## Authentic, inclusive, agile culture

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



WHAT WE OFFER

## We invest in our people

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. Across our global offices, we work to cultivate an environment that empowers, develops and promotes belonging.



Toronto employees at World Mental Health 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 2025, we continued to advance in our strategic focus areas: building for the future, developing talent and embracing employee well-being. We made progress against these focus areas in meaningful ways.

### Building for the future

To create and sustain high-performing teams, we believe that people leaders will play an outsized role. In 2025, we have started to define what future-ready leadership looks like across the organization – with greater emphasis on communicating performance outcomes, providing direct and honest feedback, and having an orientation around the importance of digital transformation and emerging technologies. In addition, we continued to look at the mix of resources and opportunities that are being provided to leaders across the fund with an emphasis on facilitating stretch opportunities and feedback and coaching.

We have also continued to advance towards increasing representation from underrepresented groups as we recognize that having diverse representation across our organization will lead to better decisions and outcomes.

### Developing talent

Learning is a continuous journey for all of us. We provide best-in-class learning and development opportunities for executives, people leaders and all employees, with both instructor-led and on-demand offerings. In 2025, we continued to focus on leadership capabilities as we recognize the need to continually re-skill and upskill for the future. We also continued to experiment with AI across the organization and provided resources to unlock where the technology can be used to free up team members for higher-value, strategic work.

### Embracing employee well-being

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

Recognizing an opportunity to enhance the benefits to better support family building and women's health, we partnered with a leading fertility and family care platform and extended fertility coverage worldwide. This introduces a personalized platform offering for, amongst other things, expert-led support for fertility and hormonal health for all employees.

We also believe that well-being is linked to creating best-in-class in-office experiences. In 2025, we continued to enhance our Toronto head office at 160 Front Street West by prioritizing sustainability practices to create a healthy work environment while also championing inclusive events open to all employees. We achieved LEED and WELL gold certification for our workplaces by prioritizing sustainability, inclusivity and employee wellness. We extended the same Workplace Experience principles across our global offices, benchmarking against the Leesman index – a standard for best-in-class employee experience – in both Toronto and London. Our Mumbai office also achieved LEED gold certification.

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**“As we think about what we need to drive organizational performance, now and in the future, we are recognizing the need to put increased emphasis on the role of leaders. For us, that means changing how we work and aligning on the actions, behaviours and mindset that will sustain high-performing teams. At the same time, we are also being thoughtful about providing our leaders and teams with the support and resources they need to take Teachers’ forward.”**

Lisa Morrow, Senior Managing Director,  
Rewards, Operations & Insights

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## 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.



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

Our long-standing commitment to Diversity, Equity, and Inclusion (DEI) is grounded in our belief that building a more equitable workplace strengthens performance, fuels innovation and supports better outcomes for our organization and the world around us. Through strategic partnerships and equitable hiring practices, we attract top talent with the diverse skills, experiences and perspectives that drive stronger decision-making. Everyday inclusion – through psychological safety, encouraging open dialogue and enabling all voices to be heard – contributes to a culture where people can perform at their best. Our inclusive benefits and workplace practices further reinforce this value by designing programs and practices that are accessible and inclusive for all employees, which in turn enhances engagement, productivity and long-term business results.

Our people are our greatest asset. By fostering a culture of belonging, we are creating a workplace where employees are empowered to speak up, share their insights and turn good ideas into meaningful action.

## Women at Ontario Teachers'

**64%**

on board

**50%**

on executive team

**47%**

at all levels



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



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



Voted one of Canada's Future Workforce Top Employers by post-secondary students.

## Diversity at Teachers'

# 55.4%

visible minorities who identify as Black, Indigenous and People of Colour.<sup>1</sup>

# 4.5%

increased representation of underrepresented groups over the past five years, including women, 2SLGBTQ+ identified individuals, persons with disabilities, and visible minorities who identify as Black, Indigenous, and People of Colour.

<sup>1</sup> Figures cover permanent employees only.

“

*In order to drive enterprise-wide performance, we need to continue to create a culture where our teams can show up authentically – equity and belonging fuel stronger teams and better outcomes. To us, that means embedding inclusive practices across our work, and we continued to make meaningful progress towards those efforts this year.* ”

**Amanda Holmes,**  
Managing Director, Talent & Leadership

In 2025, our Employee Resource Groups (ERGs) delivered numerous events globally, emphasizing the importance of fostering everyday inclusion and celebrating the diverse backgrounds of our team through cultural awareness and educational initiatives. Additionally, we held educational and celebratory engagements in recognition of Lunar New Year, Black History Month, International Women’s Day, Earth Day, Pride, National Day for Truth and Reconciliation in Canada and World Mental Health Day. We continue to see engagement with the ERGs grow.

### Our ERGs

Our ERGs are voluntary employee-led groups, which are open to all employees and take the lead in facilitating candid conversations about issues that matter most.

#### **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.

# Making a mark in our communities in 2025

Through OTPP Cares, our employee-led giving program, employees are empowered to support causes that matter most to them. In 2025, approximately 67% of employees donated a total of approximately \$730,000 to more than 485 local and global causes across 17 countries.

In addition, more than 500 employee volunteers dedicated time to support local organizations and community initiatives. From sorting food at a food bank in Toronto, to renovating a park for children in London, to planting trees in Mumbai, employees across our global offices made a meaningful difference in their communities.



## COMMUNITY IMPACT HIGHLIGHTS



### EDUCATION & YOUTH:

**1,000+**  
backpacks

packed for children in Indigenous and underserved communities.

**1,000+**  
handmade cards

created offering words of encouragement.



### HOUSING & ESSENTIAL GOODS:

**96** furniture items

assembled and

**60** children's bedding kits

prepared.

**100+** families

supported transitioning out of homelessness or displacement.



### HEALTHY COMMUNITIES & ENVIRONMENT:

**30+** local children

served by refurbished playgrounds in London.

**22lbs** of waste

removed from a beach in Singapore.

**435** native trees and shrubs

planted to support watershed restoration in Toronto.



### FOOD SECURITY:

**10,000lbs**  
of food

sorted and distributed, supporting thousands of meals across numerous office locations.



### GLOBAL ACTION:

From tree planting in Mumbai to serving meals in a soup kitchen in Dallas, employees supported communities across our global footprint.



*Our team's generosity of both time and resources continues to drive meaningful impact in the communities where we live and work. Through OTPP Cares and our Make a Mark Day volunteerism program, we are proud to support locally-led solutions that strengthen communities.*

Adeola Adesola, Director, Impact

Employees giving

**\$12.5M+**

to the United Way  
Greater Toronto  
since 1992



Make a Mark Day volunteers in Toronto

Food sorting in San Francisco



Playground revitalization in London

Beach cleanup in Singapore



Soup kitchen in Dallas

Tree planting in Mumbai



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SECTION

02

# Governing with excellence

35  
1990-2025



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 the pension fund 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. They monitor investment, operational, strategic and governance risks and oversee management's establishment of appropriate mitigation plans. 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](http://www.otpp.com).

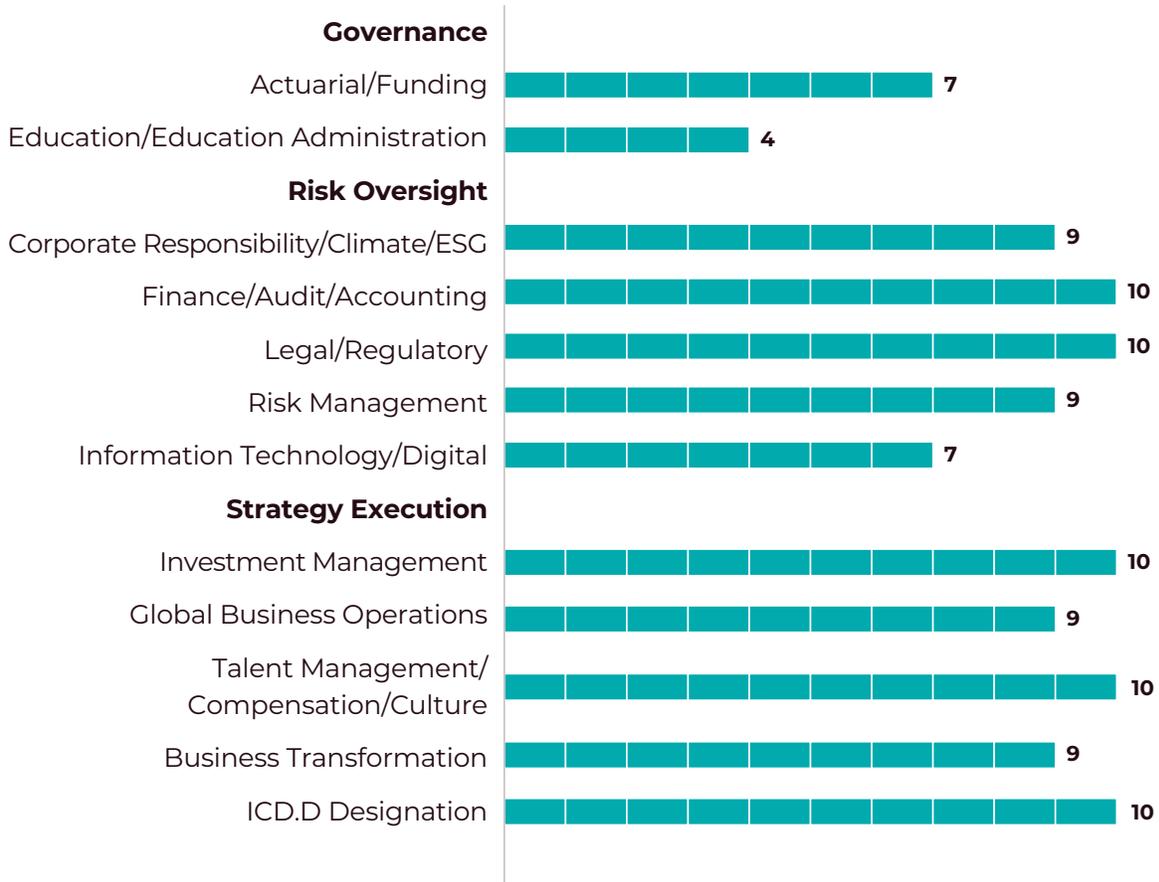
## Board effectiveness

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.

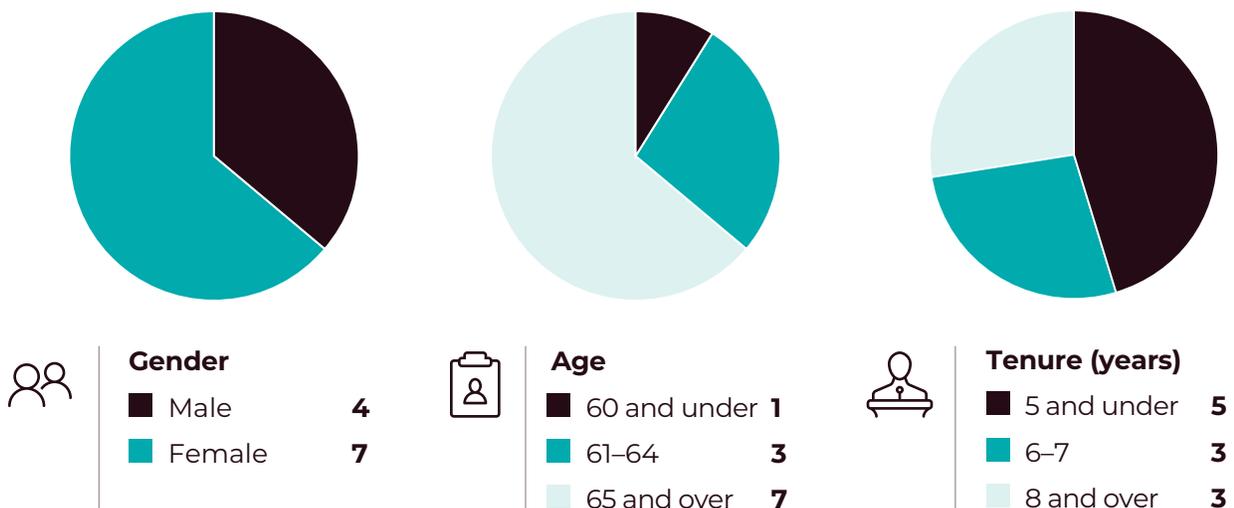
When appointing board members, the sponsors look for candidates with a variety of attributes, skills and experience that maximize board effectiveness. The graph on the next page summarizes some of the key qualifications of each of our board members.

## Board composition and skills

### Competencies



### Diversity



# 2025 board highlights



**11**

board members



**66**

average age



**5.6**

years average tenure

## BOARD MEETINGS AND COMMITTEES

The board met

**11** times

for full meetings, including one strategic offsite

Achieved

**99%**

attendance across all committee and board meetings

**67%**

of committee chairs are women

Investment Committee met

**5** times

Audit & Actuarial Committee met

**5** times

Enterprise Risk Committee met

**4** times

People & Compensation Committee met

**11** times

Governance Committee met

**3** times

Benefits Adjudication Committee held

**2** general meetings

## BOARD NEWS AND PROGRESS

Thanked retiring board members Cindy Forbes and Gene Lewis and welcomed incoming Board members Bill Butt and Chris Goodsir

Held **11**

board education sessions focused on geopolitical landscape, portfolio company governance and emerging governance trends, sustainability, cybersecurity and crisis management

# Our board members

Visit our [website](#) to view our board members' full biographies.



**Steve McGirr**  
Chair, ICD.D

**Board Chair**  
**Member, Investment Committee**  
**Chair since 2019, 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
- Finance/Audit/Accounting
- Risk Management
- Talent Management/Compensation/Culture

Cathy Cranston is an independent board Director for Toromont Industries Ltd., Canadian Tire Corporation Limited and Canadian Tire Bank. 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, and chairs Canadian Tire Bank's Audit and Risk Management Committee. 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 the University of Manitoba and the Institute of Corporate Directors' designation (ICD.D).



**Patti Croft,  
ICD.D, GCB.D**

**Member, Enterprise Risk, Investment, and People & Compensation Committees**  
**Appointed 2016**  
**Retired on December 31, 2024 after serving her maximum term**  
**Reappointed on an interim basis in 2025**

**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**

**Chair, Governance Committee**  
**Member, Investment, and Enterprise Risk 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, the Ontario Brain Institute and UNICEF Canada (term ended June 2025). 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, and People & Compensation Committees**  
**Appointed 2020**

**Skills:**

- Finance/Audit/Accounting
- Investment Risk
- Risk Management
- Actuarial/Funding

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; was Chair of the Risk Committee of Prosperity Life Assurance Limited (PLAL) and a Board Member of PLAL and Prosperity Group Holdings, LP until September 2025; Chair of the Audit Committee of Munich Re of Canada; and former Chairperson of the Board of Governors of the University of Waterloo.



**Martine Irman,  
ICD.D**

**Vice-Chair, Benefits  
Adjudication Committee  
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, 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 for 30 years with RBC until 2016. George serves on the board of James Richardson & Sons Ltd. (Chair of Compensation and HR Committee); 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 charterholder and is certified by the Institute of Corporate Directors.



**Jaqui Parchment,  
ICD.D**

**Member, Investment, Audit & Actuarial, and Governance Committees  
Appointed 2025**

**Skills:**

- Talent Management/ Compensation/Culture
- Business Transformation
- Investment Risk
- Actuarial/Funding

Jaqui Parchment is an experienced board director, and the former CEO of Mercer Canada. Before becoming CEO, Jaqui served as leader of Mercer Canada’s investment business, and throughout her consulting career advised a wide range of boards and companies on pension, investment and human capital issues. Jaqui currently sits on the board of the Blumont Annuity Company (Chair of Governance Committee), the Canadian Olympic Committee and the BlackNorth Initiative. Jaqui has a deep commitment to community and works with a number of non-profit organizations that serve the Black community and at-risk youth.

Jaqui holds a Bachelors Degree in Mathematics and Actuarial Science from the University of Waterloo and has earned her Associate designation from the Society of Actuaries, her Chartered Financial Analyst designation and her ICD.D designation.



**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, 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, Governance 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 several boards including Homestead Land Holdings Ltd, Saint Elizabeth SE Health and others. He has previously served on the boards of Andlauer Health Group; FreshBooks, Novadaq Technologies, Cipher Pharmaceuticals and various Revera owned entities. He engages in personal investments and advisory work for several Private Equity/Venture Capital funds and Family Offices.

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. Set out in the table below is a summary of board remuneration for 2025.

Board compensation for 2025 was as follows:

	2025 Annual Retainer
Chair of the board	\$ 312,126
Members of the board, including membership on the Investment Committee and two other board committees	156,063
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 are reimbursed for reasonable expenses for travel, education, meals and accommodation, as required. For 2025, these expenses totaled \$67,926.06.

### 2025 OTPP BOARD MEMBER ATTENDANCE AND REMUNERATION

Board Member	Board Meetings	Committee Meetings	2025 Total Remuneration
Steve McGirr, Chair of the Board	11	28	\$ 312,126
Cathy Cranston, Chair, People & Compensation Committee	11	20	171,063
Patti Croft <sup>1</sup>	7	13	104,042
Monika Federau, Chair, Governance Committee	11	12	171,063
Cindy Forbes, Chair, Enterprise Risk Committee	11	19	171,063
Martine Irman, Vice-Chair, Benefits Adjudication Committee	11	23	168,563
Gene Lewis, Chair, Benefits Adjudication Committee	11	16	176,063
M. George Lewis, Chair, Investment Committee	11	21	176,063
Jaqui Parchment	11	13	191,063
Debbie Stein, Chair, Audit & Actuarial Committee	10	13	176,063
Tom Wellner	11	16	161,063

<sup>1</sup> Patti Croft joined the board effective May 1, 2025 on an interim basis, therefore her attendance and remuneration are lower.



A view of Toronto's skyline.

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SECTION

03

# Compensation discussion and analysis

1990-2025



ONTARIO  
TEACHERS'  
PENSION PLAN

# Letter from the Chair of the People and Compensation Committee

As the Chair of the People & 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 (Ontario Teachers'). In alignment with our enterprise ambitions and to ensure our programs remain effective, we have made some changes to our incentive programs to focus on key strategic objectives, accountability and greater differentiation.

## Performance Highlights for 2025

The overarching key driver of compensation at Ontario Teachers' is total fund performance over both a 1-year and long-term period. We use both a shorter and longer time horizon when assessing total fund performance to align employee behaviours with the interests of the Plan, while ensuring we have stable long-term performance.

In 2025, our portfolio showed resilience in securing a 6.72% total-fund nominal return, just short of our in-year 7% nominal return goal, allowing the Plan to remain fully funded for the 13th consecutive year. On a longer-term basis, our real-return performance was 4.54%. Our performance has trailed benchmarks for 3 consecutive years. 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 in-year performance as well as over the long term 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 retirement security and outstanding service to our members.

Management and the Board assess Ontario Teachers' overall performance relative to an enterprise scorecard. The scorecard was established in the first quarter of 2025 and includes both qualitative and quantitative metrics important to drive our strategy. Based on a combination of total fund performance measures, outstanding service to our members, and delivering on our key enterprise execution priorities, the Board approved the enterprise scorecard performance at 102%.

## CEO Pay Decisions

Our assessment of the President and CEO, Jo Taylor, for 2025 reflects the recognition of his individual objective outcomes, for which we awarded him an individual factor of 1.5 times his target for his 2025 annual incentive. The collective individual and enterprise performance outcomes resulted in an overall annual incentive factor for Mr. Taylor of \$1,721,300. The Board also awarded him with a long-term retention allocation of \$3,553,700 comprising his total direct compensation of \$5.9 million.

The PCC believes the compensation paid to Mr. Taylor, other Named Executive Officers (NEOs) and Ontario Teachers' employees as a whole for 2025 is appropriate and aligned with the objectives of the organization.

The details on our compensation framework, approach and decisions for Mr. Taylor and other NEOs are included in the following pages.

## Cathy Cranston

Chair, People & Compensation Committee

# Compensation discussion and 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 2025, 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, 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 philosophy and objectives align with our enterprise goal of achieving retirement security for our members, emphasizing pay-for-performance through outcome-based competitive rewards. 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:

- **Enterprise alignment.** All employees are aligned with a shared focus on driving and supporting performance outcomes enabled by accountability, prioritization, and capabilities.
- **Competitive.** We consider our holistic comprehensive total rewards package, culture, work experience and our overall purpose to attract and retain talent.
- **Differentiation.** Our leaders are expected to use their judgment to make the best decisions for the organization. Flexibility in our programs allow leaders to significantly differentiate by roles and accountabilities; and ensuring alignment with the range of positive and negative performance outcomes. Our leaders are accountable for the decisions and communicate with clarity.
- **Balanced approach.** Our programs balance both the outcomes of our annual priorities and delivering over the long term. We leverage both quantitative and qualitative metrics. We take a risk appropriate approach, embedding risk mitigating features of the compensation program.

### 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 with 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:

What We Do		What We Don't Do
<b>Align compensation with prudent risk taking and stakeholder interests</b>	<ul style="list-style-type: none"> <li>• 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</li> <li>• There is an upper limit on individual annual incentive awards</li> <li>• 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</li> </ul>	<ul style="list-style-type: none"> <li>• Set performance targets which are not sufficiently challenging and/or provide for excessively high potential payouts</li> <li>• Adjust performance targets or goals downward without justification and board approval</li> <li>• 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</li> <li>• Award excessive variable pay or severance payments</li> </ul>
<b>Set performance targets and goals that are demonstrably linked to the interests of Ontario's teachers</b>	<ul style="list-style-type: none"> <li>• Develop a comprehensive and balanced enterprise scorecard that measures progress against strategic objectives at the enterprise level, including risk management initiatives</li> </ul>	
<b>Establish a risk budget to set value-add performance goals that impact all employees' incentive pay, to varying degrees</b>	<ul style="list-style-type: none"> <li>• 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</li> <li>• Actual investment performance at the total-fund and departmental levels (measured in dollars of value add) is compared against the expected performance goals</li> </ul>	
<b>Compensation and performance are benchmarked against peer organizations</b>	<ul style="list-style-type: none"> <li>• Establish a peer group to allow stakeholders to make a reasonable comparison of pay and performance across the group</li> </ul>	
<b>Align compensation with risk management objectives</b>	<ul style="list-style-type: none"> <li>• 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</li> </ul>	

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 comprises 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".

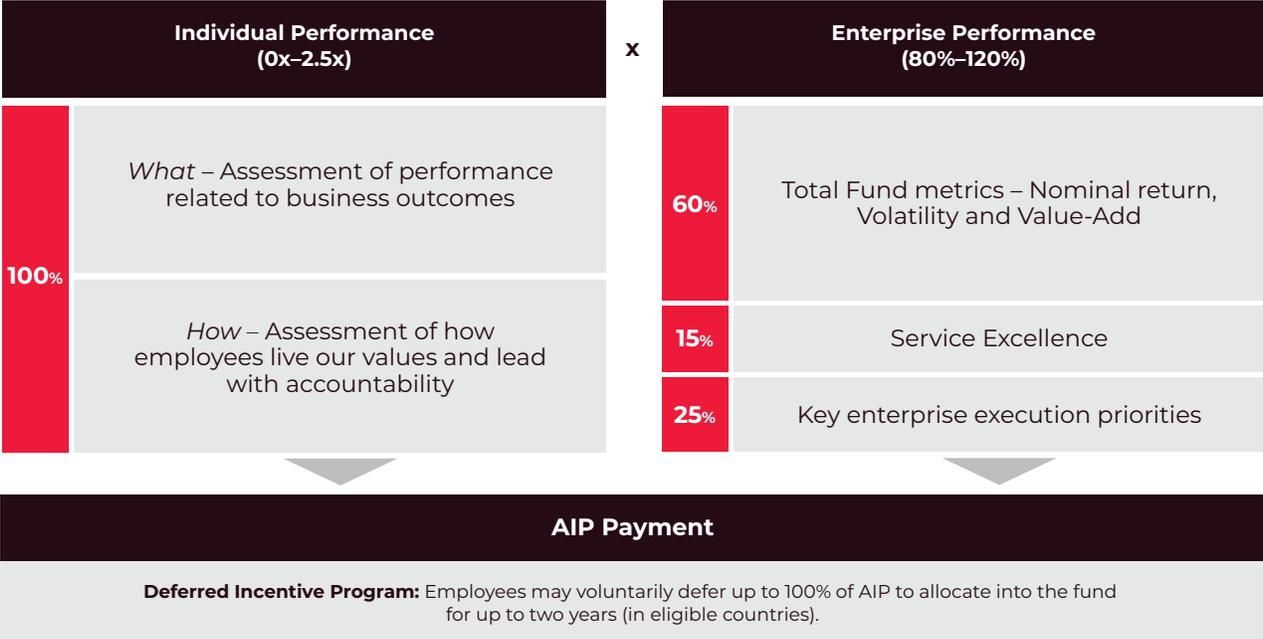
Compensation structures for bargaining unit staff have been negotiated into the collective agreement. The four-year agreement expired on December 31, 2025. A new collective agreement is currently being negotiated.

## 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 for their in-year individual outcomes against key objectives and the collective annual progress against our enterprise strategy.

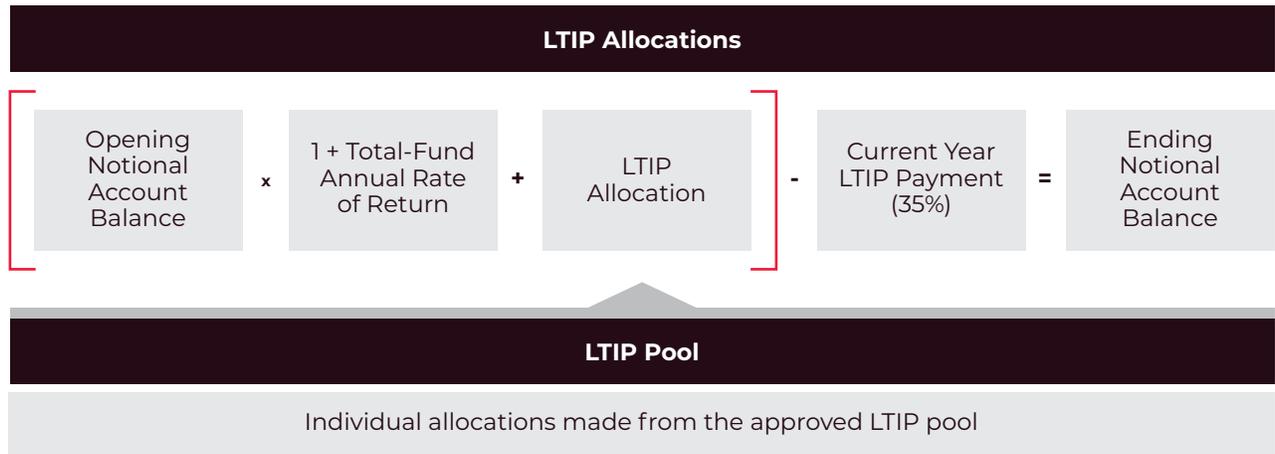


Value add is after deducting management fees, transaction costs and administrative costs allocated to the Active programs (includes annual incentives but does not include long-term incentives).

The performance of Ontario Teachers' is assessed based on an enterprise scorecard that is developed at the beginning of the year and includes annual priorities. The overall outcome as well as individual performance outcomes make up the final AIP award.

## Long-Term Incentive Plan (LTIP)

Our LTIP retains employees with fully discretionary 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.



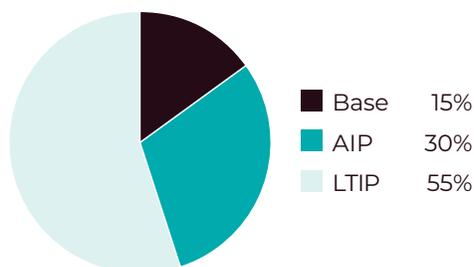
The in-year LTIP Pool used to make retention allocations is fully discretionary and governed by the Board, CEO, and Chief People Officer. The overall LTIP Pool is informed by total fund performance (as measured through return, volatility and value add) in addition to market competitive insights, progress of strategic execution plans and overall enterprise performance.

## Mix of pay

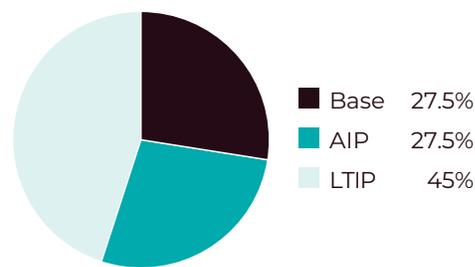
The majority of compensation and incentives paid to our senior executives is variable and at-risk. Recognizing their direct influence on investment results and our objective of linking pay to performance outcomes and retention, investment professionals and our CEO have a greater percentage of their rewards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

### TARGET PAY MIX

*President and CEO, CIOs and Investment EMD*



*Chief Financial Officer*



## Benefits and other compensation

Ontario Teachers' provides a competitive benefits and wellbeing 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 103**. 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.

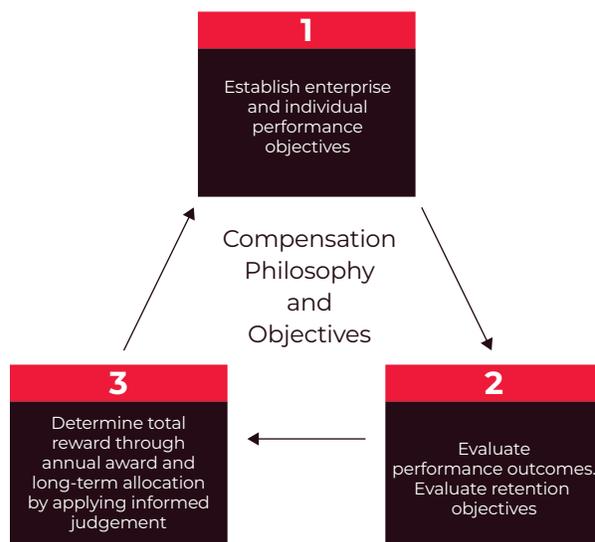
	Annual Incentive Plan	Long-term Incentive Plan
Resignation	Forfeiture	Forfeiture
Retirement (as defined by AIP, LTIP)	Pro-rated award reflecting the period of active employment during the calendar year	Notional account balance vests progressively over three years following retirement
Termination Without 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 2026 reflecting 2025

### How decisions are made

At Ontario Teachers', compensation decisions are guided by our compensation philosophy and business outcomes. The following illustration 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 enterprise 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 individual AIP factor. The CEO's individual performance, Ontario Teachers' overall performance, total fund performance, and additional contextual factors are all considered when the Board determines the CEO's long-term retention allocation.



Like the CEO, 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 which is determined annually to support in-year strategic priorities aligned with our strategy. The scorecard ensures a balanced view of key areas that will drive employees to achieve our short, medium, and long-term goals.

In 2025, we delivered a strong return of 6.72%, however we need to focus on improving our value-add performance. We delivered consistently high-quality service to our members and delivered meaningful advances on several key enterprise execution priorities.

At the end of the year, the enterprise scorecard is reviewed and discussed with the board members for approval. This year's enterprise scorecard performance was 102%.

### **CEO Performance**

At the start of the year the Board and the CEO agreed on organizational and individual objectives for the year. At the end of the year, the Board 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 2025 are aligned with the enterprise strategy. Apart from total fund performance, some of the notable accomplishments were:

- Executed the enterprise strategy, including the on-time launch of the strategy and execution plans, strong organizational and senior leadership engagement, and disciplined portfolio actions that delivered solid outcomes in a challenging year.
- Led a comprehensive change program to strengthen accountability and performance, with the rollout of a more rigorous enterprise-wide goal-setting process, clearer performance differentiation and the launch of a new compensation framework aligned to pay-for-performance.
- Took decisive actions to address underperformance and reposition key investment platforms, including leadership changes, strategic refocus, organizational restructuring and strong liquidity generation, setting the foundation for improved long-term results.
- Strengthened critical enablers of future success, advancing technology and data capabilities under new leadership, improving executive development and succession planning, retaining key talent, and maintaining strong relationships with members, government, and other stakeholders to preserve the Plan's reputation and license to operate. The Board of Directors awarded Mr. Taylor an AIP award of \$1,721,300 and an LTIP retention award of \$3,553,700 for fiscal 2025.

## Executive compensation

The compensation table represents disclosure of base salary, annual incentive, long-term incentive retention, and other compensation earned in 2023, 2024 and 2025 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 Retention Allocation C	Total Direct Compensation <sup>1</sup> A+B+C	Long-Term Paid D	Other E	Change in Pension Value F	Total Compensation <sup>2</sup> A+B+D+E
Jo Taylor President and Chief Executive Officer	2025	\$ 625,000	\$ 1,721,300	\$ 3,553,700	\$ 5,900,000	\$ 3,798,322		\$ 155,300	\$ 6,144,622
	2024	570,000	1,553,700	3,376,300	5,500,000	3,663,561			5,787,261
	2023	570,000	1,275,300	1,854,700	3,700,000	3,410,311			5,255,611
Mabel Wong <sup>3</sup> Chief Financial Officer	2025	450,000	477,400	1,000,000	1,927,400	829,800		86,000	1,757,200
	2024	425,000	443,200	750,000	1,618,200	691,600	175,000		1,734,800
	2023	320,000	316,300	500,000	1,136,300	496,000	60,000		1,192,300
Stephen McLennan <sup>4</sup> Chief Investment Officer, Asset Allocation	2025	475,000	1,090,100	2,500,000	4,065,100	2,192,900		143,900	3,758,000
	2024	450,000	899,100	1,500,000	2,849,100	1,876,100			3,225,200
	2023	370,000	1,078,000	880,000	2,328,000	1,900,700			3,348,700
Gillian Brown <sup>5</sup> Chief Investment Officer, Public & Private Investments	2025	475,000	944,800	2,500,000	3,919,800	2,094,900		171,200	3,514,700
	2024	450,000	899,100	1,500,000	2,849,100	1,734,900			3,084,000
	2023	370,000	653,700	1,100,000	2,123,700	1,702,000			2,725,700
Nick Jansa <sup>6</sup> EMD, EMEA Reflected in GBP	2025	385,000	769,700	1,100,000	2,254,700	1,097,000		53,092	2,251,700
	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

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 December 31 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 was awarded a special one-time LTI allocation of \$200,000 CAD, the vested portion has been included in the LTI payout.

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 2023 LTI payout is inclusive of the vested portion related to a special one-time LTI allocation of \$500,000 CAD. Mr. McLennan's 2025 allocation is inclusive of a special one-time LTI allocation of \$700,000 CAD in December 2025.

5 Ms. Brown's 2025 allocation is inclusive of a special one-time LTI allocation of \$700,000 CAD in December 2025.

6 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	2025 Rate of Return	Allocation	Payment	Balance
Jo Taylor <sup>1</sup> President and CEO	\$ 6,839,370	6.72%	\$ 3,553,700	\$ 3,798,322	\$ 7,054,353
Mabel Wong Chief Financial Officer	1,284,533	6.72%	1,000,000	829,800	1,541,054
Stephen McLennan <sup>2</sup> CIO, Asset Allocation	4,184,160	6.72%	1,800,000	2,192,900	4,072,436
Gillian Brown <sup>2</sup> CIO, Public & Private Investments	3,921,896	6.72%	1,800,000	2,094,900	3,890,547
Nick Jansa, EMD, EMEA Reflected in GBP	1,906,089	6.72%	1,100,000	1,097,000	2,037,178

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

2 The special one-time LTI allocation for Mr. McLennan and Ms. Brown of \$700,000 in December 2025 is included in the opening balance.

## 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, 2025	2025 Compensatory Annual Change in Pension Value	2025 Non-Compensatory <sup>3</sup> Annual Change in Pension Value	Present Value of Total Pension December 31, 2025
Jo Taylor <sup>4</sup> , President and CEO	6	\$ 65,900	\$ 855,200	\$ 193,600	\$ (38,300)	\$ 1,010,500
Mabel Wong Chief Financial Officer	25	379,900	173,700	95,600	(9,600)	259,700
Stephen McLennan CIO, Asset Allocation	33	387,900	2,560,400	184,300	(40,400)	2,704,300
Gillian Brown CIO, Public & Private Investments	41	474,000	3,698,100	216,900	(45,700)	3,869,300

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

4 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.

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SECTION

04

# Financial statements and sustainability metrics

1990-2025



ONTARIO  
TEACHERS'  
PENSION PLAN

# Financial reporting

The Financial Reporting section provides highlights 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 oversight 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 Ontario Teachers’ 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 \$64.9 billion, an increase from \$53.2 billion at the end of 2024. The surplus represents the difference between net assets available for benefits and accrued pension benefits at year-end.

As at December 31 (Canadian \$ millions)	2025	2024
Net assets available for benefits	\$ 279,403	\$ 266,339
Accrued pension benefits	\$ 214,538	\$ 213,166
Surplus	\$ 64,865	\$ 53,173

During 2025, net assets available for benefits increased by \$13.1 billion. Net investment income of \$18.5 billion and contributions of \$4.1 billion increased net assets available for benefits, while benefits paid of \$8.5 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 Ontario Teachers’ 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 the Chartered Professional Accountants of Canada (CPA Canada) Handbook. 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 for pension plans, 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,
- 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,
- Use of independent external valuation experts and real estate appraisers 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, and
- Valuation of Level 3 investments is subject to periodic internal audits.

Additionally, year-end valuations are subject to audit by external auditor valuation specialists as part of the year-end financial statement audit.

### 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, 2025.

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, 2025.

### 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 2025.

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 2025, fees paid by Ontario Teachers' and its controlled entities to Deloitte LLP (Deloitte), which is Ontario Teachers' appointed external auditor for 2025, totaled \$33.7 million (2024 – \$28.0 million), of which \$28.0 million (2024 – \$21.3 million) was for audit services, \$4.9 million (2024 – \$3.5 million) was for audit-related services, and \$0.8 million (2024 – \$3.2 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.

The Ontario Teachers' board of directors (the board) has ultimate oversight responsibility for the consolidated financial statements. 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 the 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

March 6, 2026

## **Mabel Wong**

Chief Financial Officer

# 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, 2025, 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, 2025, 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 2025 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 Ontario Teachers' 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 6, 2026

# 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, 2025, 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, 2025;
- methods prescribed by Section 4600 of the Chartered Professional Accountants Canada Handbook for pension plan financial statements;
- nominal interest rates on long-term bonds at the end of 2025;
- 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.

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

March 6, 2026

The objective of the consolidated financial statements is to fairly present Ontario Teachers' financial position on December 31, 2025, 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 2025, 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.

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

# Consolidated statement of financial position

As at December 31 (Canadian \$ millions)	2025	2024
<b>Net assets available for benefits</b>		
<b>ASSETS</b>		
Cash	\$ 774	\$ 741
Receivable from the Province of Ontario (NOTE 3)	4,134	3,767
Receivable from brokers	2,828	1,969
Investments (NOTE 2)	345,785	322,622
Premises and equipment	289	328
	<b>353,810</b>	329,427
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	810	826
Due to brokers	439	494
Investment-related liabilities (NOTE 2)	73,158	61,768
	<b>74,407</b>	63,088
<b>Net assets available for benefits</b>	<b>279,403</b>	266,339
<b>Accrued pension benefits and surplus</b>		
Accrued pension benefits (NOTE 4)	214,538	213,166
Surplus	64,865	53,173
<b>Accrued pension benefits and surplus</b>	<b>\$ 279,403</b>	\$ 266,339

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)	2025	2024
<b>Net assets available for benefits, beginning of year</b>	<b>\$ 266,339</b>	\$ 247,513
<b>Investment operations</b>		
Net investment income (NOTE 5)	<b>18,459</b>	23,654
Administrative expenses (NOTE 9a)	<b>(926)</b>	(885)
Net investment operations	<b>17,533</b>	22,769
<b>Member service operations</b>		
Contributions (NOTE 8a)	<b>4,070</b>	4,264
Benefits (NOTE 8b)	<b>(8,448)</b>	(8,124)
Administrative expenses (NOTE 9b)	<b>(91)</b>	(83)
Net member service operations	<b>(4,469)</b>	(3,943)
<b>Increase in net assets available for benefits</b>	<b>13,064</b>	18,826
<b>Net assets available for benefits, end of year</b>	<b>\$ 279,403</b>	\$ 266,339

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)	2025	2024
<b>Accrued pension benefits, beginning of year</b>	<b>\$ 213,166</b>	\$ 211,393
<b>Increase in accrued pension benefits</b>		
Interest on accrued pension benefits	9,016	8,419
Benefits accrued	6,416	6,269
Experience losses (NOTE 4c)	1,522	921
	<b>16,954</b>	15,609
<b>Decrease in accrued pension benefits</b>		
Benefits paid (NOTE 8b)	8,448	8,124
Changes in actuarial assumptions and methods (NOTE 4a)	7,134	5,712
	<b>15,582</b>	13,836
<b>Net increase in accrued pension benefits</b>	<b>1,372</b>	1,773
<b>Accrued pension benefits, end of year</b>	<b>\$ 214,538</b>	\$ 213,166

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)	2025	2024
<b>Surplus, beginning of year</b>	<b>\$ 53,173</b>	\$ 36,120
Increase in net assets available for benefits	13,064	18,826
Net increase in accrued pension benefits	(1,372)	(1,773)
<b>Surplus, end of year</b>	<b>\$ 64,865</b>	\$ 53,173

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

# Notes to consolidated financial statements

For the year ended December 31, 2025

## 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 are 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 amounts outside the 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 \$202,814 (CPP-exempt members \$187,834) in 2025 and \$194,913 (CPP-exempt members \$180,500) in 2024; 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 significant 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, 2025 were authorized for issue through a resolution of the board on March 6, 2026.

## **(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, 2025 requiring adoption that had a material impact on the consolidated financial statements.

In April 2025, the Accounting Standards Board (AcSB) issued amendments to Section 4600 related to the presentation and disclosure of investments held by pension plans, including full adherence to the disclosure requirements in IFRS 13, *Fair Value Measurement* and the introduction of new disclosure requirements for investment expenses and interests in investment vehicles. The amendments apply to annual reporting periods beginning on or after January 1, 2027. Ontario Teachers' is currently assessing the impact of these amendments.

## **(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 equity, venture growth, 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.  
  
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 equity, venture growth, 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 pricing for individual products becomes available.

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 date of these consolidated financial statements. 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 derivative contracts and traded investments 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 \$659 million (2024 – \$371 million):

As at December 31 (Canadian \$ millions)	2025		2024	
	Fair Value	Cost	Fair Value	Cost
<b>Equity</b>				
Publicly traded				
Canadian	\$ 1,399	\$ 484	\$ 2,562	\$ 1,012
Non-Canadian	5,316	5,092	11,749	10,486
Non-publicly traded				
Canadian	7,343	4,521	7,748	4,440
Non-Canadian	60,527	39,369	62,687	39,065
	<b>74,585</b>	<b>49,466</b>	84,746	55,003
<b>Fixed income</b>				
Short-term investments	34,796	34,725	28,429	28,247
Bonds				
Canadian	27,161	27,465	35,732	35,395
Non-Canadian	34,593	34,772	12,670	12,212
Real-rate products				
Canadian	10,945	8,199	10,590	7,765
Non-Canadian	1,271	1,207	892	840
Other debt	15,289	15,468	16,359	15,612
	<b>124,055</b>	<b>121,836</b>	104,672	100,071
<b>Alternative investments</b>	<b>45,400</b>	<b>36,812</b>	33,127	24,262
<b>Inflation sensitive</b>				
Commodities	3,000	853	1,880	853
Timberland	3,433	1,914	3,233	1,899
Natural resources	8,918	7,969	9,464	7,758
	<b>15,351</b>	<b>10,736</b>	14,577	10,510
<b>Real assets</b>				
Real estate <sup>1</sup>	27,513	25,293	29,484	26,019
Infrastructure	34,539	27,957	43,259	31,545
	<b>62,052</b>	<b>53,250</b>	72,743	57,564
	<b>\$ 321,443</b>	<b>\$ 272,100</b>	\$ 309,865	\$ 247,410

<sup>1</sup> Real estate is presented net of liabilities of \$8,112 million (2024 – \$6,281 million) for investments controlled by Ontario Teachers', which include issued debt with fair value of \$2,793 million (2024 – \$2,800 million). As at December 31, 2025, \$49 million of the outstanding liabilities were guaranteed by Ontario Teachers' (2024 – \$nil).

As at December 31 (Canadian \$ millions)	2025		2024	
	Fair Value	Cost	Fair Value	Cost
<b>Investment-related receivables</b>				
Securities purchased under agreements to resell	\$ 18,876	\$ 18,912	\$ 8,936	\$ 8,820
Cash collateral deposited under securities borrowing arrangements	-	-	92	92
Cash collateral paid under credit support annexes	2	2	1	1
Derivative-related, net (NOTE 2c)	5,464	2,664	3,728	2,074
	<b>24,342</b>	<b>21,578</b>	12,757	10,987
<b>Total investments</b>	<b>345,785</b>	<b>293,678</b>	322,622	258,397
<b>Investment-related liabilities</b>				
Securities sold under agreements to repurchase	(29,119)	(29,140)	(18,313)	(18,269)
Securities sold but not yet purchased				
Equities	(1,413)	(1,395)	(1,490)	(1,559)
Fixed income	(8,150)	(8,188)	(5,846)	(5,712)
Commercial paper	(2,669)	(2,656)	(2,785)	(2,610)
Term debt	(26,961)	(26,968)	(28,499)	(29,082)
Cash collateral received under credit support annexes	(2,753)	(2,753)	(1,044)	(1,044)
Derivative-related, net (NOTE 2c)	(2,093)	(1,118)	(3,791)	(763)
	<b>(73,158)</b>	<b>(72,218)</b>	(61,768)	(59,039)
<b>Net investments</b> (NOTE 2d)	<b>\$ 272,627</b>	<b>\$ 221,460</b>	\$ 260,854	\$ 199,358

## (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)	2025			
	Level 1	Level 2	Level 3	Total
Equity	\$ 6,715	\$ 40	\$ 67,830	\$ 74,585
Fixed income	101,110	16,293	6,652	124,055
Alternative investments	-	15,054	30,346	45,400
Inflation sensitive	3,000	-	12,351	15,351
Real assets	-	71	61,981	62,052
Investment-related receivables	86	24,188	68	24,342
Investment-related liabilities	(9,871)	(63,184)	(103)	(73,158)
<b>Net investments</b>	<b>\$ 101,040</b>	<b>\$ (7,538)</b>	<b>\$ 179,125</b>	<b>\$ 272,627</b>

				2024
As at December 31 (Canadian \$ millions)	Level 1	Level 2	Level 3	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)
<b>Net investments</b>	<b>\$ 92,547</b>	<b>\$ (25,535)</b>	<b>\$ 193,842</b>	<b>\$ 260,854</b>

Transfers between Level 1 and Level 2 relate to changes in the characteristics of investments and availability of observable inputs. There were no transfers between Level 1 and Level 2 during 2025 or 2024.

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.

								2025
(Canadian \$ millions)	Equity	Fixed Income	Alternative Investments	Inflation Sensitive	Real Assets	Investment-Related Receivables	Investment-Related Liabilities	Total
Balance, beginning of year	\$ 70,261	\$ 5,037	\$ 33,127	\$ 12,697	\$ 72,601	\$ 131	\$ (12)	\$ 193,842
Purchases	6,700	3,300	4,105	423	3,089	194	97	17,908
Sales	(9,295)	(1,699)	(9,140)	(714)	(12,179)	(225)	(12)	(33,264)
Transfers in <sup>1</sup>	-	-	-	-	-	-	-	-
Transfers out <sup>1</sup>	-	-	-	-	-	-	-	-
Gains/(losses) included in investment income <sup>2</sup>	164	14	2,254	(55)	(1,530)	(32)	(176)	639
<b>Balance, end of year</b>	<b>\$ 67,830</b>	<b>\$ 6,652</b>	<b>\$ 30,346</b>	<b>\$ 12,351</b>	<b>\$ 61,981</b>	<b>\$ 68</b>	<b>\$ (103)</b>	<b>\$ 179,125</b>

<sup>1</sup> Transfers in and out of Level 3 relate to changes in the availability of observable inputs used for fair value measurement of investment assets or related liabilities. See NOTE 1c Fair Value Hierarchy.

<sup>2</sup> Consists of net realized gains (losses) from investments of \$1,269 million and net change in unrealized gains (losses) from investments of \$(10,630) million.

	2024							
(Canadian \$ millions)	Equity	Fixed Income	Alternative Investments	Inflation Sensitive	Real Assets	Investment-Related Receivables	Investment-Related Liabilities	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 <sup>1</sup>	-	-	-	-	1,724	-	-	1,724
Transfers out <sup>1</sup>	(1,724)	-	-	-	-	-	-	(1,724)
Net gains/(losses) included in investment income <sup>2</sup>	7,142	317	5,360	1,051	1,643	93	(25)	15,581
<b>Balance, end of year</b>	<b>\$ 70,261</b>	<b>\$ 5,037</b>	<b>\$ 33,127</b>	<b>\$ 12,697</b>	<b>\$ 72,601</b>	<b>\$ 131</b>	<b>\$ (12)</b>	<b>\$ 193,842</b>

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

			2025	2024
(Canadian \$ millions)	Significant Inputs	Change in Significant Inputs	Increase/ (Decrease) to Fair Value	Increase/ (Decrease) to Fair Value
Non-publicly traded equity	Multiple <sup>3</sup>	+/- 5%	\$ 3,901/(3,898)	\$ 4,195/(4,196)
Infrastructure and Natural resources	Discount Rate	+/- 0.50%	3,506/(3,157)	4,203/(3,774)
Real estate	Capitalization Rate	+/- 0.50%	2,453/(2,173)	2,683/(2,348)

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 \$53.1 billion (2024 – \$54.2 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 \$10.4 billion (2024 – \$10.5 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 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 counterparties 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:

(Canadian \$ millions)	2025			2024		
	Notional	Fair Value		Notional	Fair Value	
		Assets	Liabilities		Assets	Liabilities
<b>Equity and commodity derivatives</b>						
Swaps	\$ 44,582	\$ 2,325	\$ (76)	\$ 36,462	\$ 591	\$ (301)
Futures	42,304	-	-	47,945	-	-
Options: Listed – purchased	763	48	-	880	1	-
OTC – purchased	48,641	932	-	42,493	813	-
– written	38,796	-	(266)	33,571	-	(229)
	<b>175,086</b>	<b>3,305</b>	<b>(342)</b>	161,351	1,405	(530)
<b>Interest rate derivatives</b>						
Swaps	151,454	79	(134)	70,869	260	(57)
Futures	53,289	-	-	67,940	-	-
Options: Listed – purchased	1,972	1	-	-	-	-
– written	3,942	-	(2)	-	-	-
OTC – purchased	51,824	133	(173)	24,880	125	(103)
– written	83,949	175	(146)	29,864	95	(94)
	<b>346,430</b>	<b>388</b>	<b>(455)</b>	193,553	480	(254)
<b>Currency derivatives</b>						
Swaps	10,666	6	(87)	3,412	22	(134)
Forwards	136,841	1,354	(512)	92,203	917	(2,231)
Options: OTC – purchased	13,899	31	-	30,799	564	-
– written	1,168	-	(21)	3,884	-	(85)
	<b>162,574</b>	<b>1,391</b>	<b>(620)</b>	130,298	1,503	(2,450)
<b>Credit derivatives</b>						
Credit default swaps – purchased	200,549	34	(332)	126,951	23	(292)
– written	221,761	297	(31)	136,137	269	(68)
Swaps	-	-	-	72	-	-
	<b>422,310</b>	<b>331</b>	<b>(363)</b>	263,160	292	(360)
	<b>1,106,400</b>	<b>5,415</b>	<b>(1,780)</b>	748,362	3,680	(3,594)
Net cash collateral receivable/(payable) under derivative contracts	-	49	(313)	-	48	(197)
<b>Notional and fair value of derivative contracts</b>	<b>\$1,106,400</b>	<b>\$ 5,464</b>	<b>\$ (2,093)</b>	<b>\$ 748,362</b>	<b>\$ 3,728</b>	<b>\$ (3,791)</b>

## (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:

	2025		2024	
	Effective Net Investments at Fair Value (\$ millions)	Asset Mix %	Effective Net Investments at Fair Value (\$ millions)	Asset Mix %
<b>Equity</b>				
Public equity	\$ 50,022	18%	\$ 37,398	14%
Private equity	50,830	19	60,393	23
Venture growth	15,288	6	10,357	4
	<b>116,140</b>	<b>43</b>	108,148	41
<b>Fixed income</b>	<b>61,792</b>	<b>23</b>	77,985	30
<b>Inflation sensitive</b>				
Commodities	32,096	12	28,890	11
Natural resources	12,074	4	12,481	5
Inflation hedge	11,940	4	12,595	5
	<b>56,110</b>	<b>20</b>	53,966	21
<b>Real assets</b>				
Real estate	27,874	10	29,436	11
Infrastructure	34,479	13	43,153	17
	<b>62,353</b>	<b>23</b>	72,589	28
<b>Credit</b>	<b>38,334</b>	<b>14</b>	37,210	14
<b>Absolute return strategies</b>	<b>25,188</b>	<b>9</b>	24,033	9
<b>Funding and other</b>	<b>(87,290)</b>	<b>(32)</b>	(113,077)	(43)
<b>Net investments</b>	<b>\$ 272,627</b>	<b>100%</b>	\$ 260,854	100%

## (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, 2025, 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, 2025 was last amended effective December 4, 2025 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	18%	32%
Credit	10%	20%
Absolute return strategies	4%	14%
Funding for Investments <sup>1</sup>	(103)%	10%

<sup>1</sup> 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 information 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 and any related implications addressed prior to commencement of trading.

## Processes

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. They monitor investment, operational, strategic and governance risks, and oversee management's establishment of appropriate mitigation plans.

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 opportunities and risks associated with its portfolios and determine action plans. Representatives from Portfolio Solutions, Risk, and Corporate Affairs attend the department investment committee meetings. 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.

## **(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 risk 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 bilateral 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 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 bilateral OTC derivative counterparties maintain initial margin collateral in third-party custodial accounts to support bilateral 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 exposure to any individual counterparty for bilateral derivative contracts, repurchase and reverse repurchase agreements, prime broker relationships, futures and options clearing, and bilateral OTC swaps 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 counterparty credit risk in its bilateral OTC derivative transactions. Credit risk exposure for bilateral 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. The assignment of internal credit ratings incorporates major credit rating agency assessments, high-quality asset manager and sell-side research, comprehensive counterparty due diligence, and independent fundamental credit analysis. Counterparty default risk and credit risk exposures are monitored on a daily basis. External credit ratings as provided by recognized credit rating agencies are also monitored daily.

The credit risk exposure of debt investments and bilateral 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)							2025
	Bonds and Short-term Investments	Real-rate Products	Securities Purchased Under Agreements to Resell	Other Debt	Shareholder Loans	Bilateral OTC Derivatives	Total
AAA/R-1 (high)	\$ 69,868	\$ 8,440	\$ -	\$ 118	\$ -	\$ -	\$ 78,426
AA/R-1 (mid)	17,102	2,311	6,861	88	-	800	27,162
A/R-1 (low)	1,546	1,464	12,015	91	-	2,905	18,021
BBB/R-2	1,117	-	-	262	-	-	1,379
Below BBB/R-2	6,050	-	-	6,498	-	-	12,548
Unrated <sup>1</sup>	867	1	-	8,232	14,697	-	23,797
	\$ 96,550	\$ 12,216	\$ 18,876	\$ 15,289	\$ 14,697	\$ 3,705	\$ 161,333

Credit rating (Canadian \$ millions)							2024
	Bonds and Short-term Investments	Real-rate Products	Securities Purchased under Agreements to Resell	Other Debt	Shareholder Loans	Bilateral OTC Derivatives	Total
AAA/R-1 (high)	\$ 64,918	\$ 9,008	\$ -	\$ 486	\$ -	\$ -	\$ 74,412
AA/R-1 (mid)	5,344	1,798	2,427	311	-	602	10,482
A/R-1 (low)	119	672	6,509	185	-	1,095	8,580
BBB/R-2	1,126	-	-	247	-	-	1,373
Below BBB/R-2	4,536	-	-	8,448	-	-	12,984
Unrated <sup>1</sup>	788	4	-	6,682	16,881	-	24,355
	\$ 76,831	\$ 11,482	\$ 8,936	\$ 16,359	\$ 16,881	\$ 1,697	\$ 132,186

<sup>1</sup> 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 below. 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)	2025	2024
Guarantees (NOTE 14)	\$ 459	\$ 966
Loan commitments (NOTE 13)	1,508	1,108
Notional amount of written credit derivatives (NOTE 2c)	221,761	136,137
<b>Total off-balance sheet credit risk exposure</b>	<b>\$ 223,728</b>	<b>\$ 138,211</b>

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, 2025, 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 \$61.0 billion (2024 – \$66.6 billion), U.S. Treasury issued securities of \$14.2 billion (2024 – \$4.5 billion), Province of Ontario bonds of \$2.0 billion (2024 – \$4.1 billion), and receivable from the Province of Ontario (see NOTE 3) of \$4.1 billion (2024 – \$3.8 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 measured 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, 2025 was \$71.0 billion (2024 – \$52.5 billion).<sup>1</sup>

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) <sup>2</sup>	2025	2024
<b>Equity</b>		
Public equity	\$ 17.0	\$ 9.5
Private equity	18.5	23.0
Venture growth	10.0	6.5
<b>Fixed income</b>	<b>11.5</b>	14.0
<b>Inflation sensitive</b>		
Commodities	6.0	6.0
Natural resources	2.0	2.5
Inflation hedge	2.5	2.5
<b>Real assets</b>		
Real estate	7.5	7.0
Infrastructure	6.0	8.0
<b>Credit</b>	<b>5.5</b>	5.0
<b>Absolute return strategies</b>	<b>2.0</b>	2.5
<b>Funding and other</b>	<b>39.5</b>	30.5

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

<sup>2</sup> Rounded to the nearest \$0.5 billion.

### 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 – a 1% increase/decrease in nominal interest rates would result in a decrease/increase in the value of bonds and derivative contracts included in the Fixed income, Credit, Real assets and Funding and other asset classes of \$4.7 billion (2024 – \$5.8 billion).
- The sensitivity to changes in real interest rates – a 1% increase/decrease in real interest rates would result in a decrease/increase in the value of real-rate products and derivative contracts included in the Fixed income asset class of \$1.2 billion (2024 – \$1.2 billion).
- The sensitivity to changes in market-implied inflation – a 1% increase/decrease in the market-implied rate of inflation would result in a increase/decrease in the value of derivative contracts included in the Inflation hedge category of the Inflation sensitive asset class of \$0.6 billion (2024 – \$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)	2025	2024
Currency	Net Exposure	Net Exposure
United States Dollar	\$ 41,307	\$ 90,874
Euro	14,734	9,064
Swiss Franc	8,221	5,226
Japanese Yen	7,230	9,626
Mexican Peso	5,750	5,064
Chinese Renminbi	5,267	4,076
Indian Rupee	4,507	4,555
Brazilian Real	2,399	1,968
Korean Won	1,932	1,688
Chilean Peso	1,885	2,299
Other	7,918	7,691
	\$ 101,150	\$ 142,131

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)	2025	2024
Currency	Change in Net Investment Value	Change in Net Investment Value
United States Dollar	\$ 2,065	\$ 4,544
Euro	737	453
Swiss Franc	411	261
Japanese Yen	362	481
Other	1,483	1,367
	\$ 5,058	\$ 7,106

## (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, 2025, Ontario Teachers' maintains \$97.6 billion of available liquid assets (2024 – \$64.3 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:

	<b>2025</b>			
(Canadian \$ millions)	Within One Year	One to Five Years	Over Five Years	Total
Securities sold under agreements to repurchase	\$ (29,119)	\$ -	\$ -	\$ (29,119)
Securities sold but not yet purchased				
Equities	(1,413)	-	-	(1,413)
Fixed income	(8,150)	-	-	(8,150)
Commercial paper	(2,669)	-	-	(2,669)
Term debt <sup>1</sup>	(3,685)	(15,505)	(12,347)	(31,537)
Cash collateral received under credit support annexes	(2,753)	-	-	(2,753)
Derivative-related, net	(2,093)	-	-	(2,093)
	<b>\$ (49,882)</b>	<b>\$ (15,505)</b>	<b>\$ (12,347)</b>	<b>\$ (77,734)</b>

	<b>2024</b>			
(Canadian \$ millions)	Within One Year	One to Five Years	Over Five Years	Total
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 <sup>1</sup>	(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)
	<b>\$ (36,951)</b>	<b>\$ (16,404)</b>	<b>\$ (13,782)</b>	<b>\$ (67,137)</b>

<sup>1</sup> 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, 2025 is \$nil (2024 – \$13 million).

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)	2025	2024
<b>Securities purchased under agreements to resell and sold under agreements to repurchase</b>		
Gross amounts of securities purchased under agreements to resell <sup>1</sup>	<b>\$ 18,876</b>	\$ 8,936
Collateral held	<b>18,803</b>	8,852
Gross amounts of securities sold under agreements to repurchase <sup>1</sup>	<b>29,119</b>	18,313
Collateral pledged	<b>29,031</b>	18,267
<b>Securities borrowing and lending</b>		
Securities borrowed	<b>1,469</b>	1,548
Collateral pledged <sup>2</sup>	<b>1,723</b>	1,878
<b>Derivative-related</b>		
Collateral received <sup>3</sup>	<b>8,029</b>	5,082
Collateral pledged <sup>4</sup>	<b>8,982</b>	10,102

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

2 Includes cash collateral of \$nil million (2024 – \$92 million).

3 Includes cash collateral of \$2,753 million (2024 – \$1,044 million) and initial margin collateral of \$3,733 million (2024 – \$3,408 million).

4 Includes cash collateral of \$2 million (2024 – \$1 million) and initial margin collateral of \$3,606 million (2024 – \$3,000 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 such as International Swaps and Derivatives Association (ISDA) Master Agreements and Global Master Repurchase Agreements (GMRAs) with counterparties 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:

	2025					
(Canadian \$ millions)	Gross Amounts	Less: Amounts Offset	Net Amount Presented in NOTE 2a	Amounts Subject to Netting Agreements	Securities and Cash Collateral <sup>1</sup>	Net Exposure
<b>Financial assets</b>						
Securities purchased under agreements to resell	\$ 18,876	\$ -	\$ 18,876	\$ (17,364)	\$ (1,511)	\$ 1
Derivative-related receivables	5,464	-	5,464	(1,660)	(3,699)	105
	24,340	-	24,340	(19,024)	(5,210)	106
<b>Financial liabilities</b>						
Securities sold under agreements to repurchase	(29,119)	-	(29,119)	17,364	11,733	(22)
Derivative-related liabilities	(2,093)	-	(2,093)	1,660	48	(385)
	\$ (31,212)	\$ -	\$ (31,212)	\$ 19,024	\$ 11,781	\$ (407)

	2024					
(Canadian \$ millions)	Gross Amounts	Less: Amounts Offset	Net Amount Presented in NOTE 2a	Amounts Subject to Netting Agreements	Securities and Cash Collateral <sup>1</sup>	Net Exposure
<b>Financial assets</b>						
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
<b>Financial liabilities</b>						
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)

<sup>1</sup> 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)	2025			2024		
	Number of Investments	Fair Value	Cost	Number of Investments	Fair Value	Cost
Public investments <sup>1</sup>	14	\$ 59,857	\$ 59,303	9	\$ 48,742	\$ 47,345
Private investments <sup>2</sup>	10	44,893	32,659	12	37,032	22,653
	24	\$ 104,750	\$ 91,962	21	\$ 85,774	\$ 69,998

1 As at December 31, 2025, includes fixed income investments in Government of Canada bonds, Government of Canada treasury bills, other international sovereign debt, Real-return Government of Canada bonds and U.S. treasury bonds.

2 As at December 31, 2025, includes ownership interests in: BroadStreet Capital Partners, Heritage Royalty Limited Partnership, IDEAL Group, Space Exploration Technologies Corp., SSEN Transmission; Fund investment in: Baldr Fund Inc., Baldr Feeder Fund LP; 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)	2025	2024
Contributions receivable	\$ 3,994	\$ 3,674
Accrued interest receivable	140	93
	\$ 4,134	\$ 3,767

The receivable as at December 31, 2025, from the Province of Ontario consists of \$2,166 million, which was received in January 2026, and an estimated \$1,968 million to be received with interest in January 2027. The receivable as at December 31, 2024, from the Province of Ontario consisted of \$1,678 million, which was received in January 2025, and an initial estimate of \$2,089 million which was received in January 2026. 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 \$214,538 million (December 31, 2024 – \$213,166 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. During 2025, the board approved a change to the approach for determining the long-term inflation rate to reflect current best estimate assumptions. Effective December 31, 2025, the long-term inflation rate is equal to the mid-point of the Bank of Canada policy target range. Prior to December 31, 2025, the long-term inflation rate was equal to 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 2025 to reflect increasing nominal bond yields and an increase in the long-term inflation rate.

The changes in economic assumptions resulted in a net decrease in the value of accrued pension benefits of \$7,479 million (2024 – net decrease of \$2,942 million).

A summary of the primary economic assumptions is as follows:

	As at December 31, 2025	As at December 31, 2024
Nominal discount rate <sup>1</sup>	<b>4.65%</b>	4.25%
Salary escalation rate <sup>2</sup>	<b>3.00%</b>	2.80%
Long-term inflation rate <sup>3</sup>	<b>2.00%</b>	1.80%
YMPE/ITA limit growth <sup>4</sup>	<b>3.00%</b>	2.80%
Real discount rate <sup>5</sup>	<b>2.60%</b>	2.40%

1 As at December 31, 2025, holding all other assumptions constant, a 100 basis point decrease in the discount rate would result in an increase in pension liabilities of approximately \$39.2 billion (December 31, 2024 – \$40.1 billion).

2 As at December 31, 2025, the salary escalation rate reflects an increase of 2.50% on September 1, 2025 for all members. The estimated salary increase rate of 3.00% is applicable starting September 1, 2026.

3 As at December 31, 2025, holding all other assumptions constant, an additional 100 basis point increase in the assumed annual pension benefit increase for 2027 would result in an increase in pension liabilities of approximately \$1.2 billion (December 31, 2024 – \$1.2 billion).

4 Year's Maximum Pensionable Earnings (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 nominal discount rate and the long-term inflation rate.

The non-economic assumptions were updated in 2025 to reflect recent experience of Plan members related to expected retirement rates. The changes in non-economic assumptions resulted in a net increase in the value of accrued pension benefits of \$345 million (2024 – net decrease of \$2,770 million).

The changes in economic and non-economic assumptions resulted in a net decrease in the value of accrued pension benefits of \$7,134 million (2024 – net decrease of \$5,712 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. 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, 2025 accrued pension benefits reflect the inflation protection levels as stated in the January 1, 2025 funding valuation report.

As noted in the filed January 1, 2025 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, 2025 and 2024 are as follows:

Pension Credit	Inflation Protection Level <sup>6</sup>
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

6 Inflation protection levels per the January 1, 2025 and January 1, 2024 filed funding valuations.

## (c) Experience gains and losses

Experience losses on the accrued pension benefits of \$1,522 million (2024 – \$921 million) arose from differences between the actuarial assumptions (both economic and non-economic) and actual results.

## 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							2025
(Canadian \$ millions)	Income <sup>1</sup>	Net Gain (Loss) on Investments <sup>2</sup>	Investment Income <sup>3</sup>	Management Fees	Transaction Costs	Net Investment Income	
<b>Equity</b>							
Publicly traded							
Canadian	\$ 56	\$ (808)	\$ (752)	\$ –	\$ (4)	\$ (756)	
Non-Canadian	(9)	4,006	3,997	(4)	(32)	3,961	
Non-publicly traded							
Canadian	312	(593)	(281)	(3)	(5)	(289)	
Non-Canadian	602	895	1,497	(3)	(134)	1,360	
	961	3,500	4,461	(10)	(175)	4,276	
<b>Fixed income</b>							
Bonds	954	39	993	(1)	(19)	973	
Short-term investments	3	833	836	(1)	(3)	832	
Canadian real-rate products	274	(78)	196	–	–	196	
Non-Canadian real-rate products	17	22	39	–	–	39	
Other debt	1,305	(740)	565	(2)	(3)	560	
	2,553	76	2,629	(4)	(25)	2,600	
<b>Alternative investments</b>	301	2,310	2,611	–	(3)	2,608	
<b>Inflation sensitive</b>							
Commodities	(730)	8,734	8,004	(1)	(3)	8,000	
Timberland	19	187	206	–	–	206	
Natural resources	414	(349)	65	(7)	(4)	54	
	(297)	8,572	8,275	(8)	(7)	8,260	
<b>Real assets</b>							
Real estate	471	(1,270)	(799)	(19)	(45)	(863)	
Infrastructure	1,229	(213)	1,016	(24)	(111)	881	
	1,700	(1,483)	217	(43)	(156)	18	
<b>Overlay<sup>4</sup></b>	(10)	707	697	–	–	697	
<b>Total</b>	\$ 5,208	\$ 13,682	\$ 18,890	\$ (65)	\$ (366)	\$ 18,459	

1 Income includes interest, dividends, and other investment-related income and expenses.

2 Consists of net realized gain from investments of \$24,010 million and net change in unrealized gains (losses) from investments of \$(10,328) million.

3 Net of certain management and performance fees.

4 Includes income from investments that manage the foreign exchange risk for the total fund.

Net Investment Income						2024
(Canadian \$ millions)	Income <sup>1</sup>	Net Gain (Loss) on Investments <sup>2</sup>	Investment Income <sup>3</sup>	Management Fees	Transaction Costs	Net Investment Income
<b>Equity</b>						
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
<b>Fixed income</b>						
Bonds	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	1,268	1,065	2,333	(2)	(3)	2,328
	1,768	(507)	1,261	(2)	(32)	1,227
<b>Alternative investments</b>	261	5,367	5,628	–	(2)	5,626
<b>Inflation sensitive</b>						
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
<b>Real assets</b>						
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
<b>Overlay<sup>4</sup></b>	(11)	(4,511)	(4,522)	–	–	(4,522)
<b>Total</b>	\$ 4,987	\$ 19,046	\$ 24,033	\$ (59)	\$ (320)	\$ 23,654

1 Income includes interest, dividends, and other investment-related income and expenses.

2 Consists of net realized gain from investments of \$9,808 million and net change in unrealized gains (losses) from investments of \$9,238 million.

3 Net of certain management and performance fees.

4 Includes income from investments that manage the foreign exchange risk for the total fund.

## NOTE 6. Investment 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:

	2025		2024	
	Investment Returns	Investment Benchmark Returns	Investment Returns	Investment Benchmark Returns
Equity	6.1%	16.7%	16.7%	24.8%
Fixed Income	2.6	2.6	4.8	4.8
Inflation sensitive	13.6	13.2	18.6	19.1
Real assets	(0.4)	5.3	4.9	7.0
Credit	5.8	4.5	17.2	16.8
Total-fund net return <sup>1</sup>	6.7%	11.7%	9.4%	12.9%

<sup>1</sup> 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, 2025 by the external actuary and disclosed a funding surplus of \$29.1 billion. The co-sponsors classified the surplus as a contingency reserve.

## NOTE 8. Contributions and benefits

### (a) Contributions

(Canadian \$ millions)	2025	2024
<b>Members</b>		
Current service <sup>1</sup>	\$ 1,919	\$ 2,033
Optional credit	43	45
	<b>1,962</b>	2,078
<b>Province of Ontario</b>		
Current service	1,902	2,013
Interest	103	73
Optional credit	39	40
	<b>2,044</b>	2,126
Designated employers	51	43
Transfers from other pension plans	13	17
	<b>64</b>	60
	<b>\$ 4,070</b>	\$ 4,264

<sup>1</sup> Contributions past due in 2025 are less than \$1 million (2024 – less than \$3 million).

### (b) Benefits

(Canadian \$ millions)	2025	2024
Retirement pensions	\$ 7,707	\$ 7,434
Death benefits	626	576
Commutated value transfers	69	60
Disability pensions	24	25
Family law transfers	17	18
Transfers to other plans	4	9
Refunds	1	2
Benefits paid	<b>8,448</b>	8,124
Other payments <sup>2</sup>	–	–
	<b>\$ 8,448</b>	\$ 8,124

<sup>2</sup> 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)	2025	2024
Salaries, incentives and benefits	\$ 647	\$ 617
Premises and equipment	115	108
Professional and consulting services	69	65
Information services	51	47
Communication and travel	21	24
Custodial fees	4	4
Statutory audit fees	5	5
Board and committee remuneration	2	2
Other	12	13
	<b>\$ 926</b>	\$ 885

### (b) Member services expenses

(Canadian \$ millions)	2025	2024
Salaries, incentives and benefits	\$ 61	\$ 57
Premises and equipment	17	16
Professional and consulting services	10	7
Other	3	3
	<b>\$ 91</b>	\$ 83

### (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 2026 are approximately \$21.7 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](http://www.optrust.com) and [www.opb.ca](http://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 \$20.7 million (2024 – \$17.6 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 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)	2025	2024
Short-term employee benefits	\$ 30	\$ 25
Post-employment benefits	2	2
Termination benefits	3	–
Other long-term benefits	26	24
	\$ 61	\$ 51

## **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,<sup>1</sup> the Plan cannot be in a deficit position when such reports are filed.<sup>2</sup> 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 in the Partners' Agreement.

<sup>1</sup> 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.

<sup>2</sup> 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.

## **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. During the year, the board approved to increase the limit from \$14,500 to \$16,000 per member, effective January 1, 2025. 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.

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)	2025	2024
<b>Statements of financial position</b>		
<b>NET ASSETS AVAILABLE FOR BENEFITS</b>		
Assets	\$ 123	\$ 100
Liabilities	(9)	(10)
	114	90
<b>ACCRUED PENSION BENEFITS AND DEFICIT</b>		
Accrued pension benefits	499	496
Deficit	(385)	(406)
	\$ 114	\$ 90

For the year ended December 31 (Canadian \$ millions)	2025	2024
<b>STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS</b>		
Contributions	\$ 39	\$ 43
Investment income	1	1
	40	44
Benefits paid	(16)	(16)
Expenses	–	–
	(16)	(16)
Increase in net assets available for benefits	\$ 24	\$ 28

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, 2025, these commitments totaled \$19.1 billion (2024 – \$22.6 billion).

## NOTE 14. Guarantees and indemnifications

### (a) 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. Ontario Teachers' made a \$28 million payment under these guarantees during the year ended December 31, 2025 (2024 – \$nil).

Ontario Teachers' guarantees certain investee loan and credit agreements which will expire by 2026. Ontario Teachers' maximum exposure is \$113 million as at December 31, 2025 (2024 – \$646 million). The investee companies have drawn \$49 million under the agreements (2024 – \$387 million).

Ontario Teachers' guarantees certain lease agreements for an investee company which will expire by 2059. Ontario Teachers' maximum exposure is \$212 million as at December 31, 2025 (2024 – \$210 million). There were no default lease payments in either 2025 or 2024.

Ontario Teachers' also guarantees the ability of certain investee companies to settle certain financial obligations. Ontario Teachers' maximum exposure is \$134 million as at December 31, 2025 (2024 – \$110 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
September 2020	USD	\$1.50 billion	September 2030	1.250%
October 2020	CAD	\$1.25 billion	October 2027	1.100%
November 2020 <sup>1</sup>	EUR	€0.75 billion	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	£0.5 billion	May 2026	1.125%
November 2021 <sup>1</sup>	EUR	€0.5 billion	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	€0.5 billion	October 2029	3.300%
November 2022 <sup>1</sup>	CAD	\$1.00 billion	June 2032	4.450%
February 2023 <sup>1</sup>	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%
May 2025 <sup>1</sup>	EUR	€1.00 billion	December 2031	2.850%

<sup>1</sup> 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, 2025 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, 2025, the principal amounts of commercial paper issued was \$2,703 million (2024 – \$2,818 million).

## (b) 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, 2025 (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 and 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;
- With respect to OTPP's Paris Aligned Reduction Target (PART), our assurance procedures did not cover the underlying emissions data of the portfolio companies. Our work focused on providing assurance over the calculation of the metric.
- 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 International 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 such data. 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, 2025, 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' 2025 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' 2025 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 6, 2026

## Schedule 1

Our limited assurance engagement was performed on the following select performance metrics for the year ended December 31, 2025.

Select Performance Metrics	Unit of Measurement	Year Ended December 31, 2025
Total portfolio carbon emissions	kilo tonnes carbon dioxide equivalent (ktCO <sub>2</sub> e)	5,207
Value of holdings	\$ million	222,413
Total portfolio carbon footprint intensity	metric tonnes carbon dioxide equivalent (tCO <sub>2</sub> e)/CAD \$ million	23
Total operational carbon emissions	metric tonnes carbon dioxide equivalent (tCO <sub>2</sub> e)	8,794
Paris Aligned Reduction Target (PART) metric	% of eligible emissions aligned with PART	52%

## Schedule 2

Select Performance Metrics	Definition
Total portfolio carbon emissions	<p><b>Total portfolio carbon emissions</b> 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:</p> <ul style="list-style-type: none"> <li>• <b>Public equities</b> include shares in public companies and derivative positions in internally and externally managed public equity strategies.</li> <li>• <b>Private assets</b> internally and externally managed private equity including those 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).</li> <li>• <b>Corporate fixed income</b> 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.</li> </ul> $\sum_{i=0}^n \frac{\text{OTPP's Equity + Debt in issuer}_i}{\text{Enterprise Value}_i} * \text{Scope 1 and 2 emissions}_i$ <p><sup>1</sup> Enterprise value equals market cap of equity plus book value of debt. Cash is not deducted.</p> <p><b>Exclusions:</b></p> <ul style="list-style-type: none"> <li>• Sovereign debt</li> <li>• Holdings in portfolios that are benchmarked to commodities or cash/cash equivalents that are short-term or transient in nature</li> </ul>
Value of holdings	<p><b>Value of holdings</b> is the value of the following asset classes: public equities, private assets, corporate fixed income covered within the total portfolio carbon emissions calculation.</p> <p><i>For public equity and private assets:</i></p> <ul style="list-style-type: none"> <li>• Market value of Ontario Teachers' public equity and private asset investments</li> <li>• Notional value of equity option derivatives</li> </ul> <p><i>For corporate fixed income:</i></p> <ul style="list-style-type: none"> <li>• Book value of Ontario Teachers' public and private credit investments</li> <li>• Market value of Ontario Teachers' credit external funds</li> <li>• Inflation-adjusted notional values of Ontario Teachers' credit inflation-linked securities</li> <li>• Nominal value of Ontario Teachers' credit derivatives</li> <li>• Notional value of credit option derivatives</li> </ul>

Select Performance Metrics	Definition
Total portfolio carbon footprint intensity	Quotient of total portfolio carbon emissions divided by value of holdings.
Total operational carbon emissions	<b>Total operational carbon emissions</b> is the sum of emissions related to Ontario Teachers' scope 1 emissions, location-based scope 2 emissions and scope 3 emissions. Scope 3 emissions is limited to air travel, ground transportation and paper use and disposal.
Percentage of eligible emissions with PART-aligned targets	<p><b>Percentage of eligible emissions with PART-aligned targets</b> is calculated as follows:</p> $= \frac{\sum \text{OTPP's share of emissions for eligible companies with PART-aligned targets}}{\sum \text{OTPP's share of emissions for all eligible companies}}$ <p>For each eligible company, Ontario Teachers' share of emissions is calculated as follows:</p> $= \text{OTPP's enterprise value share} \times \text{company's emissions (Scope 1 and 2)}$ <p><b>Where:</b></p> <ul style="list-style-type: none"> <li>• <b>Ontario Teachers' enterprise value share</b> is Ontario Teachers' equity in the company (at market value) divided by the company's enterprise value. Enterprise value equals market capitalization of equity plus book value of debt, without deducting cash. The enterprise value share is determined as at 2023 mid-year, if available; otherwise, it is based on the next most recent available mid-year or year-end update.</li> <li>• <b>Company's emissions</b> are defined as the company's Scope 1 and Scope 2 emissions in the baseline year. The baseline year is the company's target baseline year (if a target has been set), otherwise 2019, or the next available year. The most recent emissions data (based on company reported emissions or estimates aligned with OTPP's PCF methodology if not available) may be used when there are significant operational changes or changes in ownership levels.</li> </ul> <p><b>Definitions:</b></p> <ul style="list-style-type: none"> <li>• <b>Eligible companies</b> include private companies in which Ontario Teachers' holds at least a 20% equity ownership interest as of December 31, 2025, and held at least two years.</li> <li>• <b>Eligible companies with PART-aligned targets</b> are eligible companies that have targets that meet Ontario Teachers' Paris Aligned Reduction Target (PART) criteria as specified in the Ontario Teachers' Annual Report.</li> </ul>

# 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 emissions intensity reduction target. To include as much of the portfolio as possible, we use an enterprise value<sup>1</sup> 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

$$\sum_{i=0}^n \frac{\text{OTPP's Equity + Debt in issuer}_i}{\text{Enterprise Value}_i} + \text{Scope 1 and 2 emissions}_i$$

## 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, 2025. 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.

<sup>1</sup> 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,<sup>1</sup> 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 as at December 31, 2025:

Methodology/Data Sources	Public Equity and Corporate Fixed Income			Private Assets and Corporate Fixed Income			Total	
	% 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	39%	18%	23%	63% <sup>2</sup>	34%	61%	52%	51%
2. Estimate based on company-specific factors	34%	16%	59%	2%	1%	2%	17%	18%
3. Estimate based on similar publicly listed companies	0%	0%	0%	1%	1%	2%	1%	1%
4. Proxy based on GICS sub-industry average emissions	27%	12%	18%	34%	18%	35%	30%	30%
5. Trucost models	0%	0%	0%	0%	0%	0%	0%	0%
<b>Total</b>	<b>100%</b>	<b>46%</b>	<b>100%</b>	<b>100%</b>	<b>54%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

<sup>1</sup> Source: S&P Global Sustainable<sup>1</sup>, ©2025 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.

<sup>2</sup> 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, 91% 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.

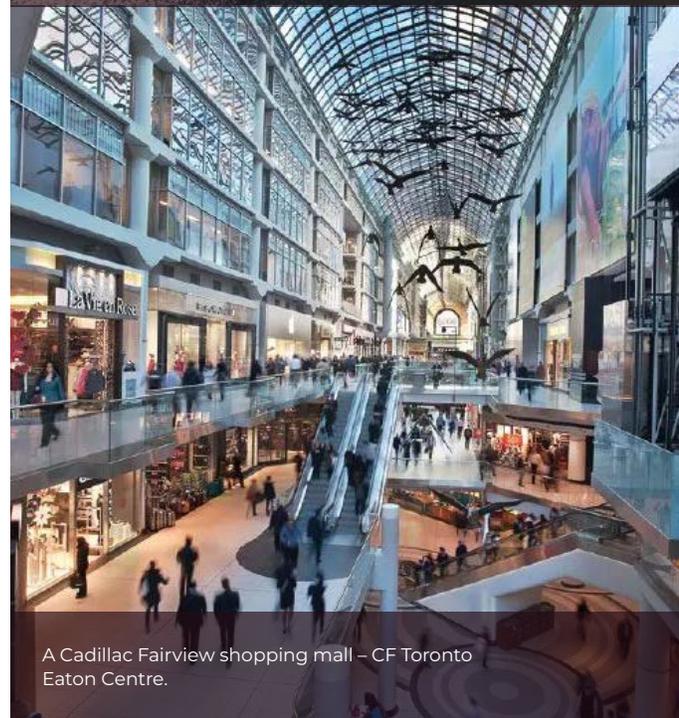
Given our international footprint, we use emissions factors from a range of sources with a bias to those reported through international governance mechanisms. This can introduce additional time lags and variations in Global Warming Potentials in the data used.

## Scope

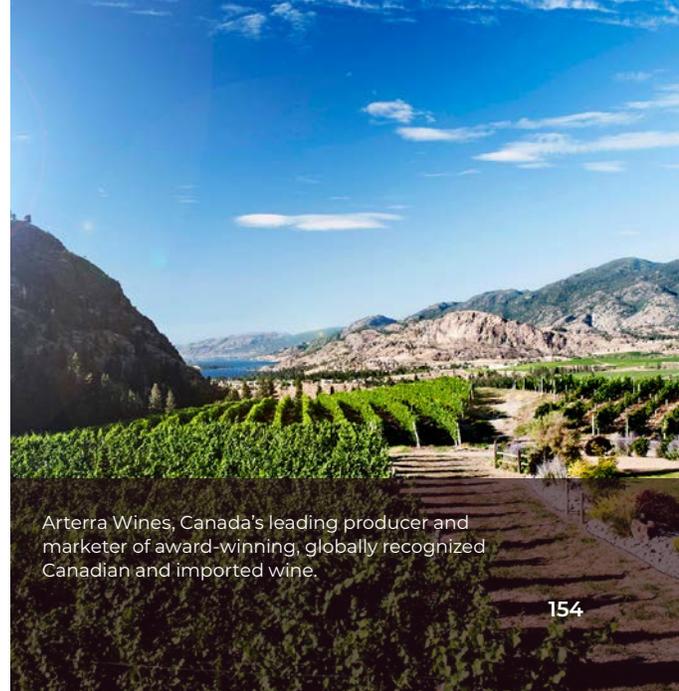
Our reported operational carbon footprint covers fiscal years 2025, 2024 and 2019 to align with our portfolio carbon footprint baseline. We used an operational control approach to set boundaries for the calculation. The operational carbon footprint covers combustion of natural gas for building heat, purchased energy in the form of electricity and district heating/cooling, air travel, ground transportation and paper use and disposal.



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



A Cadillac Fairview shopping mall – CF Toronto Eaton Centre.



Arterra Wines, Canada's leading producer and marketer of award-winning, globally recognized Canadian and imported wine.

# Paris Aligned Reduction Target methodology

## Overview

The Paris Aligned Reduction Target (PART) program is Ontario Teachers' approach to support and recognize portfolio companies in developing greenhouse gas (GHG) emissions reduction targets. Ontario Teachers' has targeted to have 67% of eligible emissions aligned with PART by 2025. The PART program criteria are management-developed and informed by the Science Based Targets initiative (SBTi), but are not fully aligned with SBTi requirements.

## Scope

The PART program covers portfolio companies for direct private investments in which OTPP has a minimum 20% equity ownership interest as of December 31, 2025, and held at least two years. A two-year onboarding period allows time for companies to develop and establish decarbonization targets that meet the PART criteria. If the portfolio company has not been in the portfolio for two years as of December 31, 2025, it can be excluded under PART for the purpose of tracking against the 2025 target.

## Criteria

Companies with targets validated or approved by the SBTi are automatically recognized as PART-aligned. For all other companies, the following criteria apply:

### Scope 1 and 2 criteria:

Companies are to follow one of the following approaches:

- **Absolute contraction approach:** The company sets a 4.2% linear annual reduction in absolute emissions over a medium-term target horizon, generally aligned with a 5 -10-year time frame. Target durations of up to 15 years may be considered acceptable, provided the linear annual reduction rate remains consistent with the 4.2% pathway. Alignment is determined based on the linear annual reduction rate,

rather than strict adherence to a specific target duration. The 4.2% reduction target is non-base-year dependent.

- **Intensity approach:** The company to set an intensity-based reduction target. It will be informed by the SBTi's Sectoral Decarbonization Approach (SDA) or other relevant sector decarbonization pathways.
- **Alternative absolute contraction approach:** If a portfolio company cannot target a 4.2% linear annual reduction due to financial infeasibility, technical constraints, and/or regulatory restriction, we allow for target ambition level that yields a minimum 2.5% linear annual reduction. In such cases, additional due diligence is required to demonstrate that all material decarbonization levers have been comprehensively evaluated, including:
  - Completeness check on material decarbonization opportunities in the decarbonization plan. Levers commonly executed in the sector will be documented and compared against the company's list of levers for completeness. A detailed explanation is necessary to justify the absence of any commonly executed levers in their decarbonization plan.
  - Financial calculation validation. The evaluation of financial feasibility of levers should consider assumptions on energy rate escalation, availability of government incentives, and carbon pricing. A detailed explanation is necessary to justify the absence of any of the considerations

### Scope 3 criteria:

Where Scope 3 emissions constitute 40% or more of a company's total GHG footprint, the company must develop a Scope 3 Action Plan covering at least 67% of total Scope 3 emissions. Acceptable approaches include:

- **Absolute approach:** 2.5% linear annual reduction in absolute emissions over a medium-term target horizon, generally aligned with a 5 -10-year timeframe. Target durations of up to 15 years may be considered acceptable, provided the linear annual reduction rate remains consistent with the 2.5% pathway. Either annual or on a Compound Annual Growth Rate (CAGR) basis  
OR/ AND
- **Intensity approach:** 7% annual reduction in emissions intensity, measured either in tCO<sub>2</sub> per physical output or tCO<sub>2</sub> per gross economic value added (GEVA).  
OR/ AND
- **Engagement approach:** Engage with suppliers with the goal of improving Scope 3 emissions reduction practices. Explicitly, we do not mandate that portfolio companies require their suppliers to set Science-Based Targets to satisfy this Scope 3 criteria. With engagement plans, additional validation is conducted to ascertain whether practices around governance, strategy, risk management and metrics are adhered to, including senior-level accountability and regular reporting, a clear strategy that prioritizes material suppliers and engages relevant internal stakeholders, effective monitoring of engagement progress, and consistent collection of Scope 3 emissions data aligned with broader climate targets.

## Methodology

To calculate the PART alignment percentage metric, OTPP aggregates its proportional share of emissions for eligible companies with PART-aligned targets and divides this total by the OTPP's share of emissions for all eligible companies. The calculation of the PART metric is summarized as follows:

$$= \frac{\sum \text{OTPP's share of emissions for eligible companies with PART-aligned targets}}{\sum \text{OTPP's share of emissions for all eligible companies}}$$

For each eligible company, Ontario Teachers' share of emissions is calculated as follows:

$$= \text{OTPP's enterprise value share} \times \text{company's emissions (Scope 1 and 2)}$$

Where:

- Ontario Teachers' enterprise value share is Ontario Teachers' equity in the company (at market value) divided by the company's enterprise value. Enterprise value equals market capitalization of equity plus book value of debt, without deducting cash. The enterprise value share is determined as at 2023 mid-year, if available; otherwise, it is based on the next most recent available mid-year or year-end update.
- Company's emissions are defined as the company's Scope 1 and Scope 2 emissions in the baseline year. The baseline year is the company's target baseline year (if a target has been set), otherwise 2019, or the next available year. The most recent emissions data (based on company reported emissions or estimates aligned with OTPP's PCF methodology if not available) may be used when there are significant operational changes or changes in ownership levels.

Definitions:

- Eligible companies include private companies in which Ontario Teachers' holds at least a 20% equity ownership interest as of December 31, 2025, and held at least two years.
- Eligible companies with PART-aligned targets are eligible companies that have targets that meet Ontario Teachers' PART criteria.

## Emissions data

Emissions data for each portfolio company are retrieved from individual company's reported sources.

# Statement to Members

In November 2024, a proposed class action was commenced against the Ontario Teachers' Pension Plan Board in relation to its investment in FTX and the subsequent write-down of that investment. In 2025, the plaintiff discontinued the litigation.

In early November 2022, we became aware that customer funds might have been misused by FTX. On November 11, 2022, FTX filed for bankruptcy protection. On November 17, 2022, Ontario Teachers' publicly acknowledged the write-down of its USD \$95 million investment in FTX International and FTX US, which was made through our Teachers' Venture Growth (TVG) platform.

The impact of this investment loss on the Plan was immaterial, representing just 0.05% of total net assets. It had no impact on our fully funded status, our ability to meet pension obligations, or member benefits.

Our decision to invest in FTX was informed by comprehensive due diligence conducted over several months. This process was supported by top external advisors and aligned with our disciplined approach to diversification across asset classes. The investment was strategically sized at a modest level within the context of total net assets to mitigate potential risks to the Plan's funding status.

Following the write-down, in 2023, we undertook a thorough review of our investment process to capture lessons learned. This review validated the robustness of our due diligence framework and confirmed that we had effectively identified risks.

Through our review in 2023, we confirmed that our diligence had involved extensive risk analysis and the use of external expertise from leading consulting, legal (U.S.) and accounting firms, including crypto specialists. It had also included diligence on the management team at FTX and the strength of its advisory board. However, as we later learned, misconduct had been actively concealed from all of FTX's investors. A U.S. court ruled that FTX had fraudulently misused customer funds, and its CEO was convicted of seven counts of fraud and conspiracy and sentenced to 25 years in prison.

Through our review, we also identified opportunities to enhance our processes, including: (1) enhancing governance requirements including in investments with emerging founder-CEOs, (2) considering risks holistically and enhanced planning for worst-case scenarios involving inter-related risks materializing at the same time, and (3) strengthening cross-enterprise collaboration to capture our broad expertise.

As long-term investors, we recognize that all investments carry risk. While the FTX investment represented only a small portion of the Plan, we take losses seriously and have embedded these learnings into our investment approach going forward.

# Forward-looking statements

This annual report contains forward-looking information and statements (“forward-looking statements”) that are intended to enhance the reader’s ability to assess the future financial and business performance of Ontario Teachers’.

The forward-looking 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 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,” “contribute,” “achieve,” and similar expressions, or future or conditional verbs such as “will,” “would,” “should,” “could,” “may” and similar expressions.

Because the forward-looking 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 differ materially from those expressed or implied. 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 their inherent uncertainty.

Ontario Teachers’ forward-looking 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, except as required by law.

## Cautionary statement

Addressing climate change 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 this 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 assumptions and estimates in good faith 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 climate related policies. 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 seek to enhance the accuracy of this data through independent limited assurance engagements. 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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