



2021 ANNUAL REPORT
HIGHLIGHTS



Building Tomorrow Together



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We Are OMERS

A jointly sponsored, defined benefit pension plan, with 1,000 participating employers ranging from large cities to local agencies and over half a million active, deferred and retired members.

Our members include union and non-union employees of municipalities, school boards, local boards, transit systems, electrical utilities, emergency services and children's aid societies across Ontario. Contributions to the Plan are funded equally by members and employers.

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

The benefits OMERS provides are funded equally from active members' and their employers' contributions, combined with investment income. We expect that the majority of future benefit payments for today's active members will be funded by investment returns.

OMERS actively seeks out opportunities to engage with decision-makers to advocate for the advantages of the jointly sponsored, defined benefit pension model.

CONTRIBUTION RATES FOR 2021

Earnings up to \$61,600

9.2% NRA 60	9.0% NRA 65
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Earnings above \$61,600

15.8% NRA 60	14.6% NRA 65
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The current average contribution rate paid by members is 10.5%, which is matched equally by employers. Contribution rates and benefit accruals remain unchanged for 2022. Pension payments to retired members increased by a cost-of-living adjustment of 0.94% in 2021 and 2.74% in 2022, representing 100% of the eligible increase calculated in accordance with the Plan text.

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

2021 at a Glance

15.7%

Net return

\$16.4B

Net investment income

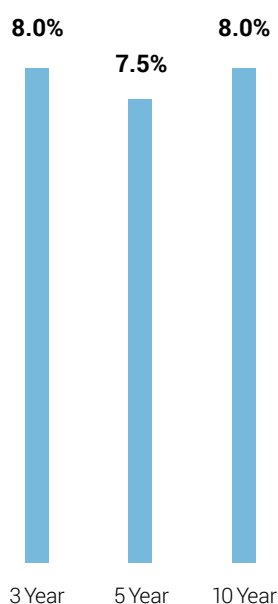
97%

Funded status (smoothed)

3.75%

Real discount rate

HISTORICAL NET RETURNS FOR 3, 5 AND 10 YEARS

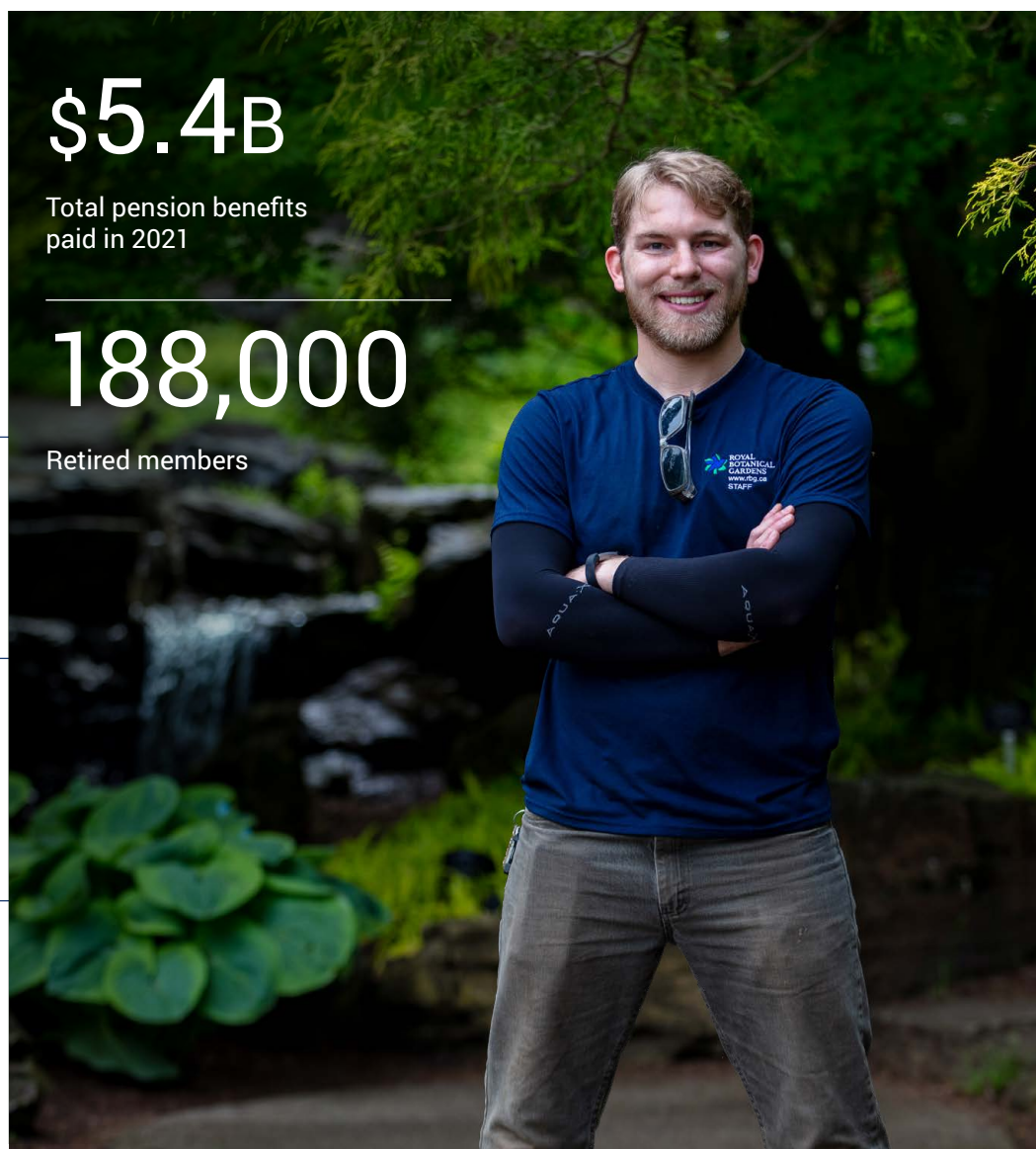


\$5.4B

Total pension benefits
paid in 2021

188,000

Retired members



NET ASSETS (\$ BILLIONS)



93%

Member satisfaction



86%

Employer satisfaction



\$33,240

Average annual pension for members retiring in 2021



OMERS commitment:

Net zero

Greenhouse gas emissions by 2050



81%

Employee engagement

PLAN MATURITY

1981 | 5.6:1



2001 | 2.3:1



2021 | 1.6:1



Late 2030s



Plan maturity is one of the headwinds facing the Plan. The ratio of active members to retired members is a common measure of plan maturity. Our ratio today is less than 2:1. It is expected to reach less than 1:1 in the late 2030s.

Refer to "Challenges Facing the Plan" in the MD&A.

OMERS | 60

2022 marks OMERS 60th Anniversary

This Annual Report is addressed to our members, employers, sponsors, unions, associations, and the many others who are interested in OMERS 2021 performance, and in our progress in making OMERS a sustainable, affordable and meaningful defined benefit Plan.

Introduction

As the pandemic continues, community remains of paramount importance as we all strive to stay connected, safe and well. OMERS active and retired members and their employers continue to support and build our communities across Ontario, and we would like to sincerely acknowledge and thank you for your leadership and dedication through these turbulent times.

Serving our members and supporting their employers is at the heart of who we are and drives everything we do. We are committed to delivering strong results and excellent service. In 2021, we earned a 15.7% net investment return, well above the benchmark we set at the start of the year. We also served our 541,000 members, who span five generations, exceptionally well, achieving a 93% member satisfaction rating based on your feedback.

OMERS has now grown to \$121 billion in assets and our long-term returns were bolstered by our 2021 results.

As we build for tomorrow, we also set the important goal of achieving net zero greenhouse gas emissions for our global and diverse portfolio by 2050. This expands on our goal of a 20% carbon intensity reduction for the portfolio by 2025. Most importantly, it advances our efforts to make your Plan more environmentally sustainable and responsible for the generations to come.

This past year also brought OMERS to the cusp of a milestone, as we prepare this spring to mark our 60th anniversary. For six decades we have been serving

our members, consistently paying pensions. As we look to the future, the Plan faces some challenges. At a 97% smoothed funded status, the OMERS Plan is not fully funded. There is a growing number of retired members for each active member, and people are living longer, so pensions are paid over a longer period. The benefits we pay already exceed the contributions we receive, and the gap is expected to grow. This increases our reliance on investment returns.

Addressing these challenges will require a continued focus on ensuring that we have the right assets and the right talent. It will also require a keen focus on the future and ongoing efforts to improve the Plan's long-term resilience by building sufficient reserves. Our commitment to providing sustainable, affordable and meaningful pensions to our members is our purpose and our privilege, and the reason we come to work every day.

More detail on all of these topics will follow in this Annual Report.



Delivering Today



IndInfra Trust, India

Results

In 2021, we earned a one-year net investment return of 15.7%, equivalent to \$16.4 billion of net investment income. We outperformed our absolute benchmark of 6.6% by more than \$9 billion.

OMERS investing strategy and high-quality, diversified portfolio positioned us well to capture these favourable returns as the pandemic restrictions eased and the economy began to recover. We continued to pursue our strategy, with a focus on a long-term target asset mix, allocating capital to our high-conviction sectors, and actively managing our portfolio.

Four factors in particular contributed to the Plan's outperformance:

1. Public equities generated a net return of 20.7%. Our portfolio of diversified, high-quality public equities performed well in 2021. Approximately 45% of our outperformance is explained by our public equities asset class.
2. The private equity businesses we own grew their earnings and increased in value throughout 2021 – organically and through acquisitions. In addition, our return in this asset class includes a significant sale of one of our private equity businesses. Taken together, private equity returned 25.8%, and explains 30% of our outperformance relative to our benchmark.
3. Over the years we have increased our allocation to industrial real estate. In 2021, this real estate significantly increased in value, due to the growing demand for warehousing and logistics spaces resulting from online sales and e-commerce. We also earned meaningful profits from our active development program. In total, real estate earned 15.9%, and explains 15% of our outperformance relative to our benchmark.
4. By design, our infrastructure investments continued to deliver strong and consistent multi-year returns, with a 10.7% return in 2021; our investments in clean power and regulated assets increased in value, supported by strong investor demand.

OUR 2021 BENCHMARK

The OMERS Administration Corporation Board approves an annual investment return benchmark in December of each year, for the following year. By achieving or exceeding that annual target benchmark return, we ensure that we are making steady progress towards improving the Plan's financial health.

Our 2021 benchmark return of 6.6% was set in December 2020. It assumed that recovering from the economic impact of the pandemic would be gradual and would take a few years. It assumed interest rates would remain low and that the investment environment would continue to be disrupted. Our benchmark reflected the uncertainty of these unprecedented times.

For more information on our benchmark, refer to the MD&A.

Beyond these key factors, we also remained committed to investing in higher-yielding, short-dated credit investments, which delivered a return of 5.8% for the Plan, mostly from interest income, despite the low interest rate environment. Our low allocation to long-dated government bonds protected our returns from negative valuations as long-term bond yields rose in 2021. Movements in foreign currencies had a limited net impact on our returns, and we continued to enhance the Plan's liquidity and diversification by reducing our currency hedges.

In short, we exceeded our benchmarks across all segments of our portfolio.



Riverbend Business Park, Canada

MANAGING OUR TOTAL PORTFOLIO

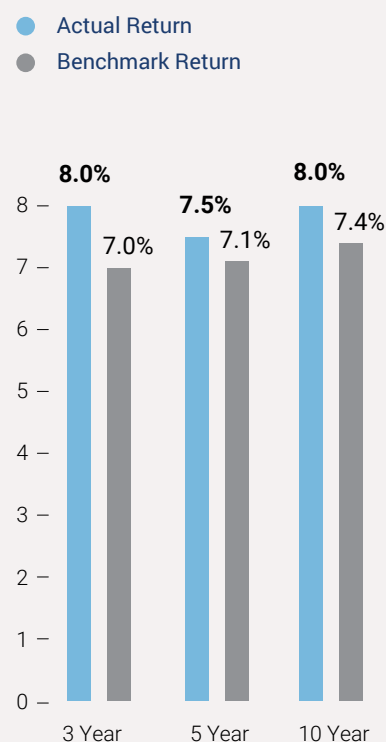
The Total Portfolio Management team takes a view of the entire diverse OMERS portfolio to help optimize the Plan's investment strategy. This includes how we build our portfolio, manage our currency exposure and liquidity, plan for different scenarios, and carry out our economic and thematic research. We have built on our capabilities and evolved our approach while managing market volatility. We use leverage and derivatives prudently to enhance investment returns, and are highly rated by four credit rating agencies, including two 'AAA' ratings. Our portfolio generated healthy cash flow through dividends, interest payments, rents and operating profits.

Our high-quality portfolio of assets now totals \$121 billion, with investments across geographies, currencies, asset classes and sectors, and is designed to continue to meet our return targets within an acceptable level of risk. This year, we continued to diversify our asset mix, rotating more capital into real estate, infrastructure, private credit and private equity. We have ample liquidity to take advantage of future market opportunities as they emerge.

Today, our 10-year average return is 8.0%.

We pay pensions over decades, meaning we put great emphasis on our long-term returns. As at December 31, 2021, our 3-, 5- and 10-year returns exceeded their multi-year benchmarks.

HISTORICAL NET RETURNS AT 3, 5 AND 10 YEARS



Refer to the MD&A for an explanation of how OMERS sets our multi-year benchmarks.

Supporting Ontario's Economy and Communities

OMERS activities help to generate almost \$12 billion of GDP annually in Ontario and provide social value to communities across the province. Almost \$7 billion of the economic contribution is generated by retirees spending their pension payments, and approximately \$5 billion comes from OMERS investments and operations in the province. Together, this activity supports more than 118,000 jobs provincially. Based on their review of 2020 data, this was the conclusion of independent research conducted for OMERS by the Canadian Centre for Economic Analysis.

A second study, which examined survey responses of OMERS members who live in Ontario and the responses of the general Ontario public, found that providing a secure and stable pension delivers value beyond monetary benefits. The research reported a strong association between pension plan participation and a higher satisfaction with life for both active and retired members. It also found that access to a secure and stable pension provides a strong bond between employees and employers.

Contributing to Ontario's Economy

Based on 2020 data

\$11.9B

OMERS approximate contribution to Ontario's economy

\$3.3B

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

1 in every 64 jobs

The number of jobs supported by OMERS activities in Ontario; a total of 118,000 jobs

- **1/4** of these jobs are held by people under the age of 30
- **1/3, or 39,000,** of the 118,000 jobs are in rural communities



Almonte, Ontario

91%

of active OMERS members (and 87% of members under the age of 35) said their OMERS membership is an important factor in their decision to stay with their employer

Generating social value Pension plans result in higher life satisfaction

The research found that people with a pension plan are almost 50% more likely to report higher satisfaction with life than people who do not participate in a pension plan.

"This is largely due to the reported positive impacts on their long-term financial security, positive impacts on physical and mental health, less stress, and higher community involvement and leisure time. It also demonstrates the potential value of extending access to pensions to more people across society."

— Social Value Benefits Report, 2021

Social Value: Meaningful Benefits for Individuals and Communities

The study leveraged and compared survey responses of more than 4,000 Ontario-based OMERS members and more than 1,000 responses from the general Ontario public.

Responses from OMERS retired members indicated the following:

FINANCIAL SECURITY

20%

higher feeling of financial security

48%

felt they had saved well to meet their retirement needs



MENTAL AND PHYSICAL HEALTH

15%

higher satisfaction with their health

42%

rated their physical health as very good or excellent



54%

more likely to report higher satisfaction with life



REDUCED STRESS

22%

more likely to report lower stress levels

29%

less likely to attribute stress to financial concerns



90%

attributed higher life satisfaction to being part of a defined benefit pension plan



COMMUNITY INVOLVEMENT AND LEISURE

38%

more likely for OMERS retired members to volunteer time in their community

94%

donated to charities and not-for-profits

Source: Social Value Benefits Report, 2021. This research report is available on [omers.com](https://www.omers.com)

SECTION 2

Assessing Plan Resilience



It is a milestone year for OMERS as we mark six decades of delivering retirement income to Ontario's municipal workers. We will leverage the institutional knowledge and expertise we have built over the past 60 years as we look forward to serving current and future generations of OMERS members well into the future.

This is a significant responsibility, and one that we take very seriously. As we look to pay pensions for generations to come, we are keenly focused on ensuring the Plan remains sustainable over the long term.

At December 31, 2021, OMERS funded ratio on a smoothed basis stood at 97%, measured based on a real discount rate of 3.75%. Our funded ratio is unchanged from a year ago, and reflects the effects of smoothing (averaging our investment returns over five years), and the effects of lowering our “discount rate” – that is, measuring our pension liabilities in a way that makes the Plan slightly less dependent on investment returns each year. We lowered our discount rate by 10 bps in 2021, and we intend to incrementally lower our discount rate over time. We have set a target real discount rate of 3.00%, which will be reviewed annually.

Alongside member and employer contributions, long-term investment returns have been a significant driver of the improvements in the Plan's financial health over the past 10 years, during which period the smoothed funded ratio has increased by more than 10%.

As a result of the high investment return for 2021, our funded ratio measured on a “fair value” basis (i.e., without smoothing) improved year over year from 93% to 100%. This means that the fair value of our assets equals the measured value of our pension liabilities.

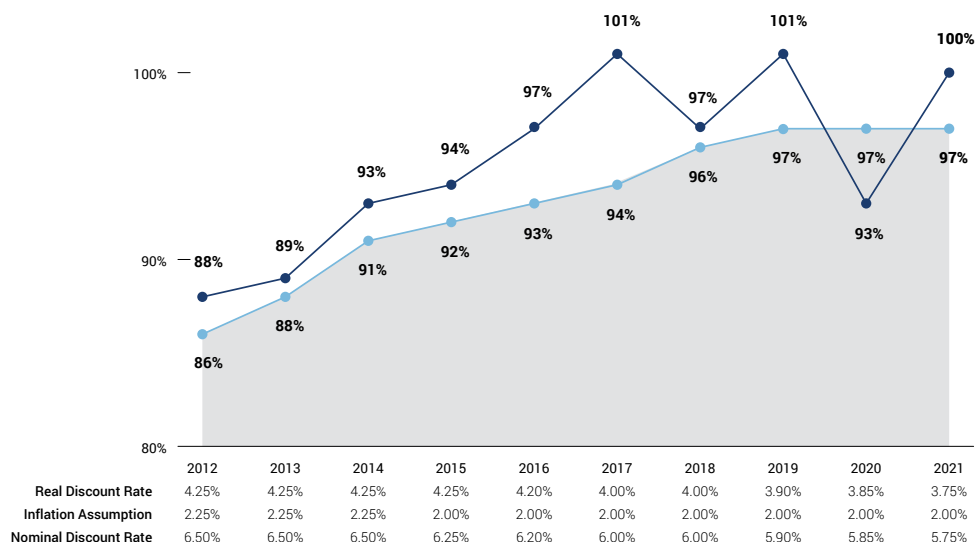
FUNDED RATIO AND REAL DISCOUNT RATE

The “funded ratio” is the ratio of net investment assets to long-term pension obligations. It is an indicator of the long-term financial health of the Plan. It can be calculated on a “smoothed” or “fair value” basis:

- “Smoothed” evens out the variations in annual returns over a five-year period. In this way, contribution rates and benefits are set using a more stable, long-term view of investment performance.
- “Fair value” uses year-end values of OMERS assets, without any adjustments. Because our investment returns vary each year, this calculation results in a funded ratio that will also vary year over year. In some years the variation will be significant.
- The real discount rate is a key assumption in calculating the funded ratio.

PLAN FUNDED RATIO

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



The Plan's net assets grew year over year, but we remain focused on the long term. The long-term funding risk of the Plan remains our priority as we have more work to do to build the reserves we need for the risks that we face.

We assume that, in the future, our members will enjoy increased life expectancy, meaning pensions will be paid out for longer. We expect that the number of retired members collecting pensions will increase and outpace the growth of our active members who contribute to the Plan. Today 188,000 of our 541,000 members are retired, and we have fewer than two active members for every retiree. We expect that by the late 2030s, we will have less than one active member for every retiree. In short, we are a maturing pension plan. We also carefully monitor and plan for changing member workforce trends to determine any impact to the Plan.

As a maturing plan, OMERS now pays out more in benefits than we collect in contributions, and that gap will continue to increase over time. That makes us increasingly dependent on investment returns to pay pensions – and there is a risk of a challenging investment environment ahead, with higher public market volatility, continued low interest rates, unpredictable geopolitics, the transition to a low-carbon economy, and fierce competition for quality investment assets and talent. It also means that we will need to continue to assess and mitigate the risks facing the Plan, and build reserves to best position ourselves against potential shocks that we could experience.



SECTION 3



Serving Our Members



541,000

OMERS members

81,000

Number of members eligible to retire today

\$26,937

Average annual pension for all current retirees

Our Plan provides stable retirement income to more than 188,000 current retirees, and the promise of future stable retirement income to over 353,000 active and deferred members across Ontario. These members span five generations, from pre-baby boomers to Generation Z: our oldest member is 106, and our youngest is 16.

Recognizing this range, we offer our members a variety of ways to connect with us. We know that nothing replaces the important relationships and discussions that OMERS members have with our personable and professional teams. Our member experience team had close to 192,000 conversations with our members in 2021. Members rated their experience highly, resulting in a 93% satisfaction rate. In addition, our pension education team had the opportunity to connect with more than 12,000 members through live webinars and in-person events.

We also heard valuable feedback on where we can do even better, so we're innovating and adapting.

We're expecting a dramatic increase in the number of members retiring in the coming years: today, 81,000 members are eligible to retire but are still working and contributing to the OMERS Plan. We're getting ready for this retirement cohort by continuing to modernize our platforms.

In 2021, we:

- released the first iteration of our new core pension system, and made significant changes to our legacy systems, that set the foundation for greater flexibility in the future;
- introduced a pilot for chat functionality, including back-end automation, in order to expand the channels through which our members receive service;
- built an enhanced Retirement Planner for members' use in preparation for their retirement. This tool enables members to enter information about their assets, other sources of income, and expenses, to provide a more holistic view of their financial health in retirement; and
- created efficiencies in the pension estimates process through automation, resulting in more members having quicker access to their pension estimates. This is especially relevant as more and more members request these estimates.

Each of these activities is aimed at improving our members' experience, through any channel they wish to use to engage with us.

For employers, we launched two new resources in 2021. We completed the redesign and development of a new portal, e-access, that will enable us to stay better connected and we launched OMERS Learning Experience, the new learning platform for employers. These initiatives allow our employers to service our members more quickly, efficiently and accurately.

16

Age of youngest member

106

Age of oldest member



SECTION 4

Building for Tomorrow

Leeward Renewable Energy, United States

We are relentlessly future focused in order to find and secure the right investment opportunities and the right talent, while managing the risks that we face. This focus and commitment remain essential to provide members with sustainable, affordable and meaningful pensions.

The Right Assets in the Right Places

We continue to seek out, secure and deploy capital in high-quality assets across geographies. This includes increasing our private investments, particularly in high-conviction sectors such as industrial and residential real estate, digital infrastructure, and clean power and transitioning energy networks.

For example, we believe that investments in healthcare, laboratory services and medical devices present compelling opportunities in the dynamic life sciences sector. The importance of industrial and logistics space has increased globally, driven by the growth of e-commerce and demand for expedited supply chains.

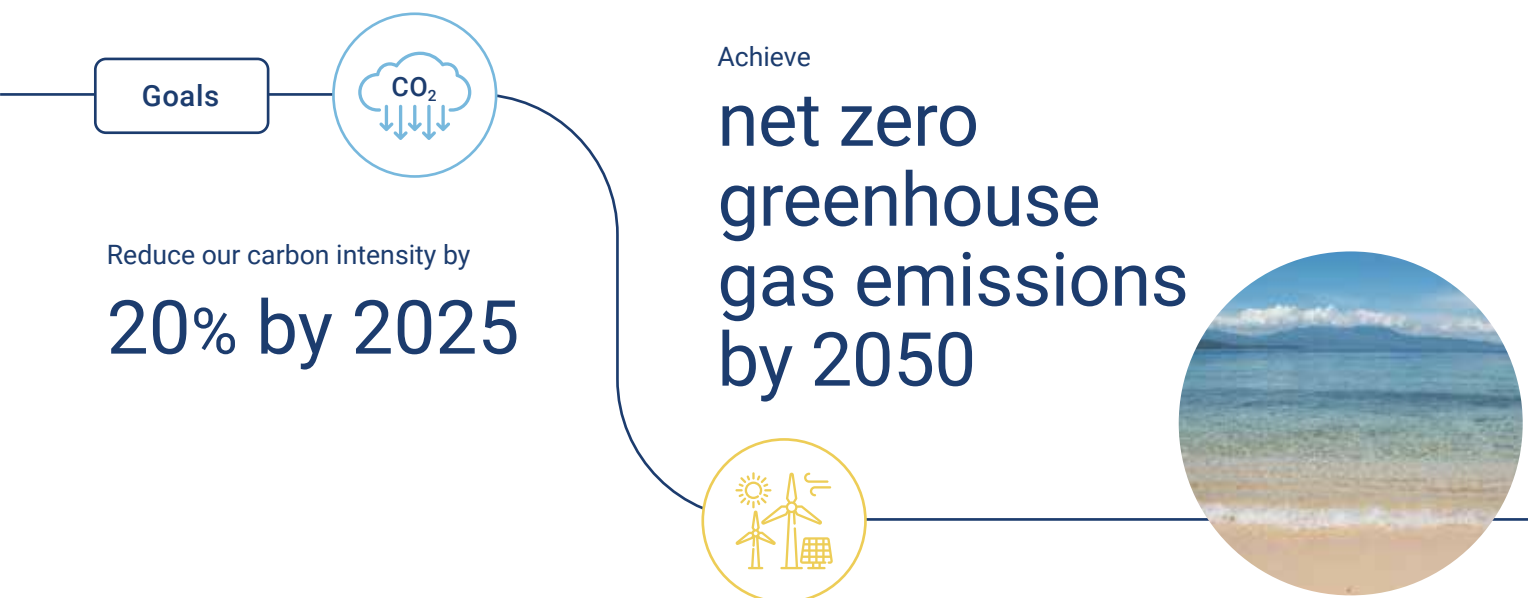
We will continue to diversify our investments geographically, including in the Asia-Pacific region, where demographic trends and economic growth potential are attractive. Today we have 10% of our

portfolio invested in the region, across all our asset classes, with skilled investment and management teams in Singapore and Australia.

Our strategy also includes actively managing our portfolio. We work with our investee companies to build and grow good businesses into global leaders. We sell some or all of our interests when we encounter compelling opportunities to realize profits, or when we need to rebalance our exposures. We influence our companies through our board seats and voting rights.

In 2021, we issued a mid-year investment update for the first time, responding to interest from our members, employers, sponsors and stakeholders. We will continue to provide a mid-year update each year in addition to this Annual Report. This mid-year report will typically be made available in August.

TRANSITIONING TO A LOW-CARBON ECONOMY



We continue to assess both the impact and the risk of climate change on our portfolio, as well as the opportunities presented by the transition to a low-carbon economy. In 2021, OMERS made a commitment to achieve net zero greenhouse gas emissions across our portfolio by 2050. This long-term goal complements the short-term goal we announced last year of reducing our portfolio's carbon intensity by 20% by 2025.

We continue to look for ways to prudently shift our portfolio towards a lower-carbon economy, seeking opportunities across all asset classes. Our real estate arm, Oxford Properties, has reduced its carbon footprint by 35% since 2015, and is developing its first zero carbon office building in Vancouver, while our infrastructure team is building its expertise with the addition of a new leader for its ESG program. Many of our investee companies are also on this same journey. For example, healthcare provider Aledade is already "carbon neutral", and the Ontario-based nuclear power plant Bruce Power has committed to "net zero" by 2027.

35%

Oxford Properties has reduced its carbon footprint by 35% since 2015

Carbon neutral

Healthcare provider Aledade is already "carbon neutral"

INVESTING IN A GREEN FUTURE

We believe that climate change is one of the defining issues of our time, so we look for ways to prudently shift our portfolio towards the green energy transition. We seek opportunities across all asset classes, focusing on three key themes:

Green buildings

THE STACK is an Oxford Properties office tower in development in Vancouver. The tower is aiming for a LEED Platinum green standard target and will be one of two towers in Canada to be a part of the Net Zero Carbon pilot.

Renewables

AZURE POWER provides low-cost and reliable renewable power solutions to customers throughout India, while safeguarding peoples' health and safety and giving back to the environment and communities in a socially responsible way.

Energy efficiency

NORTHVOLT is a Sweden-based supplier of sustainable, high-quality battery cells and systems. Its mission is to deliver the world's greenest lithium-ion battery with a minimal CO2 footprint, helping enable the transition to a decarbonized future.



The Right Talent

Serving our members is our core purpose. OMERS teams, across functions and geographies, are dedicated to you, to your future and to Building Tomorrow Together.



OUR VALUES

1

Inclusion

We believe and invest in each other. We know that inclusion, and the diversity it nurtures, drives innovation, global perspective, a successful platform and exceptional long-term outcomes.

2

Integrity

United by our purpose and fortified by trust, we work in an open and honest way to deliver on our commitments and secure the results that safeguard futures.

3

Humility

We know our members, our markets and our team – we also deeply respect the value that comes from listening, learning and engaging. Through collaboration, insight and strong partnerships, we build bright tomorrows for our members.

4

Excellence

Extremely proud of what we do and whom we do it for, we set our own bar high. We are fiercely competitive in everything we do and approach each day with the drive to outperform.

The challenges created by the pandemic fueled our determination to keep our people safe and well, so they could keep up their service to you. This included programs aimed at enhancing the overall wellness and mental health, inclusion, as well as growth and career development, while providing the technology enhancements needed to keep us working and teaming seamlessly, even while remote. We continued to feel connected to one another, and committed to our members, despite another year that at many times kept us physically apart.



INVESTED IN INCLUSION

We continue to make progress on our inclusion and diversity strategy, leveraging employee feedback, leadership training and survey insights to build a more inclusive workplace.

Our Inclusion & Diversity Council is chaired by OMERS President and CEO Blake Hutcheson and Chief Human Resources Officer Nancy Nazer, setting the tone from the top, with representation from across businesses, functions and geographies.

Women in Leadership Program

40%

of participants were promoted during or shortly after the program

90%

assessed by their managers as more equipped for the next role

"My team is a community that understands that I'm different and cares about how I feel."

Judine Allen, Manager, Investment Finance, Toronto

Enhanced recruitment and referral programs to focus on inclusion

Established **new partnerships** to attract a more diverse pool of new graduate talent

Inclusive Benefits

Extended **flexible fertility coverage**

Offered **gender affirmation coverage**



Six Employee Resource Groups – Building Community & Engagement

Briefcase Parents
DiversAbilities (*new*)
Indigenous Peoples Alliance (*new*)
Multicultural Alliance
Pride@OMERS
Women@OMERS

"The commitment that everybody at OMERS has made to I&D is something we can be extremely proud of."

Jambu Palaniappan, Managing Director, OMERS Ventures, London



GROWING OUR CULTURE

87%

Employee Experience Survey – Inclusion Index

+4 points above best-in-class benchmark

90%

of Employee Experience Survey respondents completed the voluntary self-identification information

Building Accountability

In 2022, accountability for Inclusion and Diversity is embedded in scorecards for all Executive Leadership Team members.

As we continue our journey, we have made some significant progress on our People Strategy in 2021 that includes:

- An expanded leadership team that brings diversity of experience and global perspective. Under this new leadership, we enhanced our focus on inclusion, expanded operational capabilities and created new opportunities, including for growth and succession.
- An 81% engagement rating, three points above the external best-in-class benchmark, in our newly launched Employee Experience Survey. All employees were invited to participate in this survey, which measured their pride, motivation and willingness to recommend OMERS as a workplace of choice. Leaders across OMERS have used their teams' feedback to develop specific action plans.
- A continued focus on deliberate and proactive expansion of recruitment pipelines and career development opportunities for women. In particular, the Women in Leadership Program, aimed at retaining and developing high-performing women at senior levels, contributed to our achievement of an 87% Inclusion Index score drawn from the Employee Experience Survey, 4 points above the best-in-class benchmark.
- Impactful conscious inclusion sessions held for our global leaders, building on an enterprise-wide education program the year before.
- Achieved certification as one of Canada's Great Places to Work and selected as a Greater Toronto Area Top 100 Employer, based on factors including our work atmosphere, benefits, training and skills development, and community involvement.

Continuing our journey to advance representation of women

WOMEN AT OMERS
as of December 31, 2021

47%

Total global workforce

40%

Executive Leadership Team

26%

Investment Professionals

Aligned to industry average
as provided by the Investor
Leadership Network



Managing the Risks that We Face

The OMERS Plan is the collective responsibility of deeply committed executive teams and experienced Boards of Directors at the Sponsors Corporation (SC) and Administration Corporation (AC).

As part of our responsibility to manage the Plan, we regularly evaluate and assess the likelihood and impact of risks to the Plan, along with potential options to mitigate them.

We are making progress on the priority to lower our discount rate over time, as another key component of strengthening Plan resiliency. This will be done incrementally, to balance our long-term financial health with benefit and contribution rate stability.

Through informed decision-making and leading governance practices, our overriding objective is to ensure the Plan remains sustainable, affordable and meaningful in our complex and fast-changing world. The SC has sole responsibility for determining the Plan's benefit levels and contribution rates.

In 2020, "shared risk indexing" (SRI) was introduced as an optional tool that could be invoked to assist with improving Plan resilience by reducing future inflation increases on benefits earned after December 31, 2022, based on an annual assessment of the Plan's financial health. Shared risk indexing would allow risk to be more equitably spread across all generations of active and retired members. For more information on shared risk indexing, please refer to the MD&A.

As we continue to assess the Plan's long-term financial sustainability, we are focused on strengthening and protecting its resilience against the potential risks on the horizon. Members, employers, sponsors and stakeholders are an important part of the OMERS community, and we will continue to prioritize keeping them informed as we focus on ensuring that the Plan serves the needs of all members now and for decades to come.



MANAGING THE DISCOUNT RATE

This key actuarial assumption is used to calculate the present value of members' future pension benefits and is based on a variety of factors, including long-term investment return expectations. OMERS current discount rate is higher than our long-term target. Gradually lowering the discount rate will make the Plan less reliant on investment returns and more resistant to potential adverse market conditions. Lowering the discount rate decreases our

funded ratio, but strengthens the Plan's long-term resilience. So in 2021, we reduced the real discount rate used to calculate our liabilities by 10 basis points, from 3.85% to 3.75%. This reduction is in line with our strategy and moves the real discount rate closer to our long-term target. Including our assumption for long-term inflation of 2.00%, our year-end "nominal" discount rate is 5.75%.

Conclusion

OMERS plays an important part of Ontario's economy and retirement system. We serve more than half a million members across the province, with \$121 billion in assets across the globe invested on their behalf.

Looking back, we have added to the retirement security and peace of mind for our members for 60 years. Today, your Plan owns high-quality, diverse investments across the globe that have been carefully selected to generate returns to pay pensions. We have made, and will continue to make, meaningful commitments towards a green future. We are strengthening and modernizing our services and platforms to meet your needs as we build a skilled and talented team dedicated to our common purpose.

Our Plan is maturing, and we will keep building our resiliency so that we can continue to deliver defined benefit pensions for future generations.

There is so much more to do. We look to the next 60 years, and beyond, ready to take on the challenges and opportunities that lie ahead as we Build Tomorrow Together.

OMERS members, employers, sponsors and stakeholders are integral to our community. We are deeply committed to engaging with you regularly to share information and partner on areas of mutual interest. We invite you to join our Annual Meeting taking place via webcast on Monday, April 11, 9:00 AM to 11:00 AM EST. For more information and to register for the Annual Meeting, please [click here](#).





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