2022 ANNUAL REPORT

BUILDING TOMORROW *together*

OMERS

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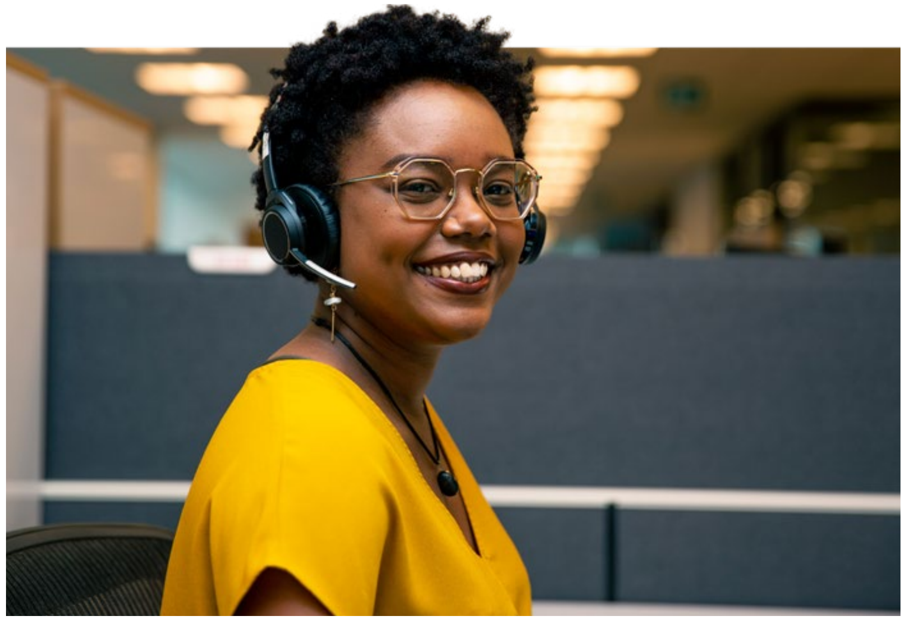
CONTRIBUTION RATES FOR 2022

Earnings up to $64,900	
9.2% NRA 60	**9.0%** NRA 65
Earnings above $64,900	
15.8% NRA 60	**14.6%** NRA 65

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 2023. **Pension payments to retired members increased by a cost-of-living adjustment of 2.74% in 2022 and 6.00% in 2023, representing 100% of the eligible increase calculated in accordance with the Plan text.**

OMERS | 60

2022 marked OMERS 60th Anniversary



We Are OMERS

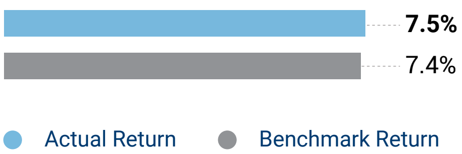
A jointly sponsored, defined benefit pension plan, with over 1,000 participating employers ranging from large cities to local agencies and over half a million active, deferred and retired members. Our members include union and non-union employees of municipalities, school boards, local boards, transit systems, electrical utilities, emergency services and children's aid societies across Ontario. 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.

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.

2022 at a Glance

4.2%	$4.9B	95%	3.75%
Net return	Net investment income	Funded status (smoothed)	Real discount rate

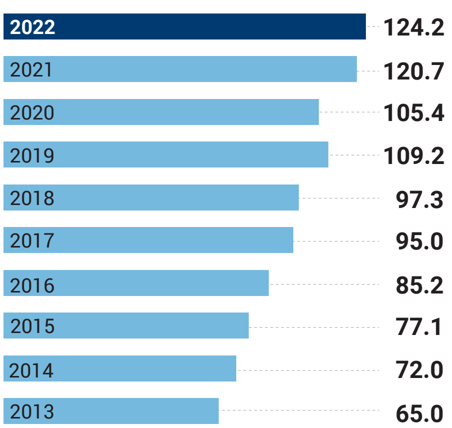
10-YEAR NET RETURN AND BENCHMARK



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

NET ASSETS (10-YEAR VIEW)

($ billions)



> **We are committed to providing sustainable, affordable and meaningful pensions to our members and our team takes great pride in the work that we do on their behalf.**

Blake Hutcheson,
President and CEO,
OMERS Administration Corporation

559,000
Total number of members

$5.9B
Total pension benefits paid in 2022

95%
Member satisfaction

92%
Employee pride

$31,930
Average annual pension paid to members retiring in 2022. Average annual pension paid to all members is $28,040.

This Annual Report is addressed to our members, employers, sponsors, unions, associations, employees, and the many others who are interested in OMERS 2022 performance and in our progress in ensuring that OMERS is a sustainable, affordable and meaningful defined benefit plan.

Introduction

2022 was an exceptionally challenging year for investors globally. Economic news was dominated by central banks aggressively raising interest rates and reducing liquidity support to markets in order to combat soaring inflation, which was fuelled by the overhang of government stimulus from the COVID-19 pandemic, war in Europe and extended pandemic lockdowns in China. These factors negatively impacted growth, triggering recession in European jurisdictions and increasing the risk of recession in Canada and the United States. As a result of these factors, global stock markets and bond markets both suffered sharp declines in the year.

Against that backdrop, OMERS investments performed well. Our strategies and teams delivered a net investment return of 4.2%. While this return fell short of our absolute return benchmark of 7.2%, which was established at the end of 2021 under better economic conditions, we are pleased to have protected members' capital by delivering positive returns in the worst investment environment since the 2008 global financial crisis.

As at December 31, 2022, net assets stood at $124 billion. We have a well-diversified portfolio and an asset mix that we believe will be resilient to near-term inflation and recession risks. Backed by consistently strong credit ratings and ample liquidity, we are well-positioned to pursue investment opportunities that are aligned to our long-term strategy. The improved interest rate environment should enable us to purchase assets that generate higher income with lower risk than were available in the low interest rate environment that persisted for many years.

After almost a decade of reporting a progressively stronger funded position, OMERS funded ratio dipped by 2% in 2022 to 95%, driven by high price inflation which boosted the pensions our retired members receive by 6%. While that increase was welcome news for pensioners, it adds to the costs of pensions creating additional pressure on plan funding. As always, we continue to carefully monitor our funded status.

As we look to the future, the Plan will face an array of challenges, including increasing longevity, a growing number of retirees for each active member, and the possibility of volatile and uncertain investment returns. We continue to examine ways to improve Plan resilience to face these challenges.

We also continue to maintain a focus on sustainable investing, integrating ESG factors into our investment process to better generate and protect value for our members. We provide an active voice on important investment industry initiatives and align our actions with relevant global practices. In 2022, we continued to make progress in this area, reducing our portfolio's carbon intensity by 32% since 2019, surpassing our 2025 goal of a 20% reduction.

We are committed to providing sustainable, affordable and meaningful pensions to our members and our team takes great pride in the work that we do on their behalf.

We are pleased to report a historically high 95% of members reported satisfaction in the service they received from our team. Further, beyond the monthly cash payment retired members receive, we know from our research that they report feeling healthier, having better financial security and experiencing a higher satisfaction with life than people who do not have a pension plan. Using 2020 data, the research also found that OMERS contributes approximately $12 billion to Ontario's GDP on an annual basis, supporting one in every 64 jobs in Ontario, and that this Plan serves as a compelling reason for members to stay with their employer.

In 2022, OMERS marked 60 years of providing defined benefit pensions. We are in our third generation of serving the people who keep Ontario communities thriving. While every milestone is a cause for reflection, our focus is firmly on the future and our ability to build for tomorrow and the generations of members to come.

Further detail on our 2022 activity follows in the pages of this Annual Report.

DELIVERING *value*

"Our ability to pay pensions to our members is at the forefront of all decisions we make as investors, and we prioritize quality, diversification and a long-term perspective in our investments."

Our ability to pay pensions to our members is at the forefront of all decisions we make as investors, and we prioritize quality, diversification and a long-term perspective in our investments.

In 2022, this approach and our active efforts to navigate the changing environment enabled us to earn a net return of 4.2%, adding $4.9 billion of investment income to the Plan.

Five main factors explain this year's performance relative to our benchmark.

1. Losses in public equities and bonds resulting from significant declines in global markets, driven by a highly uncertain macroeconomic environment, detracted from results.

Protecting our return from these losses were:

2. Our significant allocations to private investments (real estate, infrastructure, private equity), all delivered strong returns;
3. Favouring higher-yielding, short-term credit over lower-yielding long-term bonds proved resilient to rising interest rates;
4. Currency diversification improved returns as investors sought a safe haven in U.S. dollars, and roughly one-third of our portfolio is denominated in U.S. dollars; and
5. Mark-to-market gains on fixed-rate, long-term debt financed in prior years with lower borrowing rates.

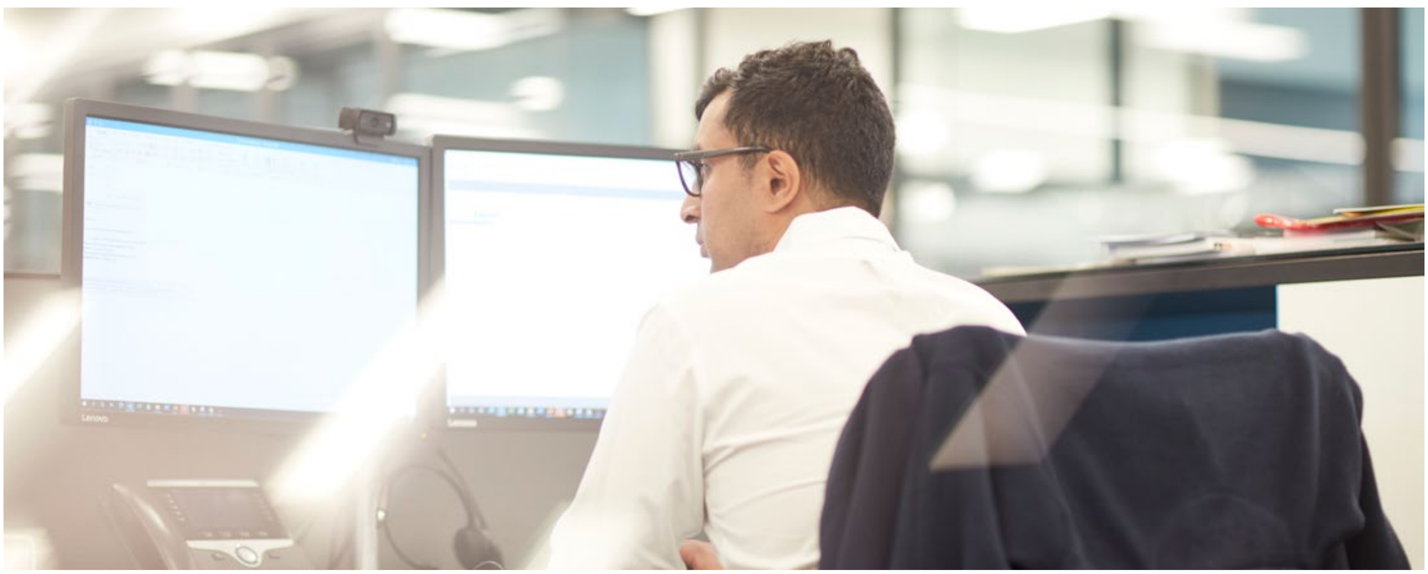
In a challenging year, our investment strategy served the Plan and its members well.

We have been highly active in managing the portfolio – reducing exposure to public equities in the face of recessionary risks, taking advantage of rising interest rates to purchase more attractively priced credit investments, realizing gains from selling private assets, driving value creation in existing assets and increasing exposures to U.S. dollars though lower currency hedging.

VTG, Germany

Over the year, we sold assets with the same level of discipline with which we invest, selling $12.1 billion of private assets in real estate, infrastructure and private equity, maximizing opportunities to generate value for the Plan. This activity, combined with actively managing foreign exchange and raising capital in the sustainable bond market, produced ample liquidity to take advantage of changing investment markets. We selectively invested in assets that represent compelling opportunities that align with our long-term strategy.

Serving generations of members, OMERS is a long-term investor, and while every year matters, our primary focus is on our ability to be sustainable over the long term. To that end, our 10-year return is 7.5%. We will maintain our disciplined focus on our high-quality, broadly diversified portfolio designed to perform well over the long term.



KEEPING YOUR INFORMATION SAFE

Members, employees and investment partners trust us with information that we need to do our jobs. We respect the importance of that information and continually review and improve our ability to keep this information safe, and have developed a broad strategy and platform to face the rapidly changing cyberthreat environment. Our approach uses the latest insights and technology to detect and combat unwanted and malicious software, while outreach across the organization keeps employees up to date on the latest threats and best ways to stay cybersafe.

HARNESSING THE POWER OF DATA

Every insight starts with information, but data without structure is meaningless. We have been working hard across OMERS to harness the power of data and analytics to provide insights on our work and the world around us, working with industry-leading partners like the Vector Institute, which are at the forefront of this thinking. In using current tools, we are providing employees the ability to focus on work that is engaging and interesting and has greater impact on behalf of our members.

ASSESSING *Plan resilience*

“We are now in our seventh decade of providing pensions to Ontario’s municipal workers, and we look forward to paying pensions for generations to come. We are steadfast in our focus on ensuring the Plan remains sustainable over the long term.”

We are now in our seventh decade of providing pensions to Ontario's municipal workers, and we look forward to paying pensions for generations to come. We are steadfast in our focus on ensuring that the Plan remains sustainable over the long term.

After almost a decade of reporting a progressively stronger funded position (from 86% in 2012 to 97% in 2021) – measured with an increasingly lower real discount rate – our funded ratio dipped to 95% at December 31, 2022, as measured on a "smoothed" basis, averaging our investment returns over five years. The funded ratio is a measure of OMERS assets to OMERS pension liabilities.

The largest reason for this decline was the impact of Canada's historically high rate of price inflation. For payments made in 2023, OMERS retirees received a 6% increase to their annual pension payments due to inflation indexation. This rate is well above our 2% long-term assumption for inflation, which is the target rate for the Bank of Canada.

When actual inflation exceeds the long-term rate assumed in our models, we need to set more money aside to pay future pensions and the funded ratio falls. We believe it will take another year or two for Canada's inflation rate to return closer to 2% and our assessment of liabilities reflect an allowance for higher inflation for 2023 and 2024.

Our funded ratio measured on a "fair value" basis (i.e., without smoothing) also decreased year over year from 100% to 95% due to the impact of price inflation described above and lower than expected 2022 investment returns.

The funded ratios as at December 31, 2022 were calculated at the same real discount rate used a year earlier. In previous annual reports, we have described our objective to progressively lower the discount rate used to measure the value of OMERS pension liabilities. This is being done incrementally to balance our long-term financial health with benefit and contribution rate stability. A lower discount rate makes the Plan more resilient through less dependence on annual investment returns.

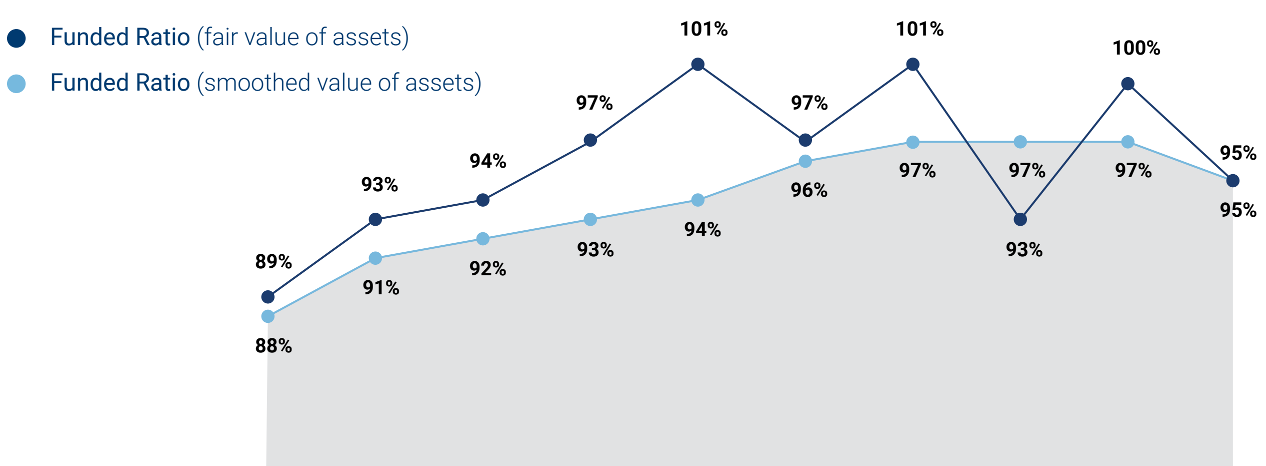
In 2022, we paused on the path of lowering the discount rate in light of the higher long-term interest rate environment. We will review our discount rate strategy, including reassessment of our target real discount rate in 2023.

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



	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Real Discount Rate	4.25%	4.25%	4.25%	4.20%	4.00%	4.00%	3.90%	3.85%	3.75%	3.75%
Inflation Assumption	2.25%	2.25%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Nominal Discount Rate	6.50%	6.50%	6.25%	6.20%	6.00%	6.00%	5.90%	5.85%	5.75%	5.75%

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 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, 194,000 of our 559,000 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. Our assessment of future benefit payments could also further increase if price inflation continues to outpace our expectations, or if inflation takes hold in the wage environment as it has for consumer prices.

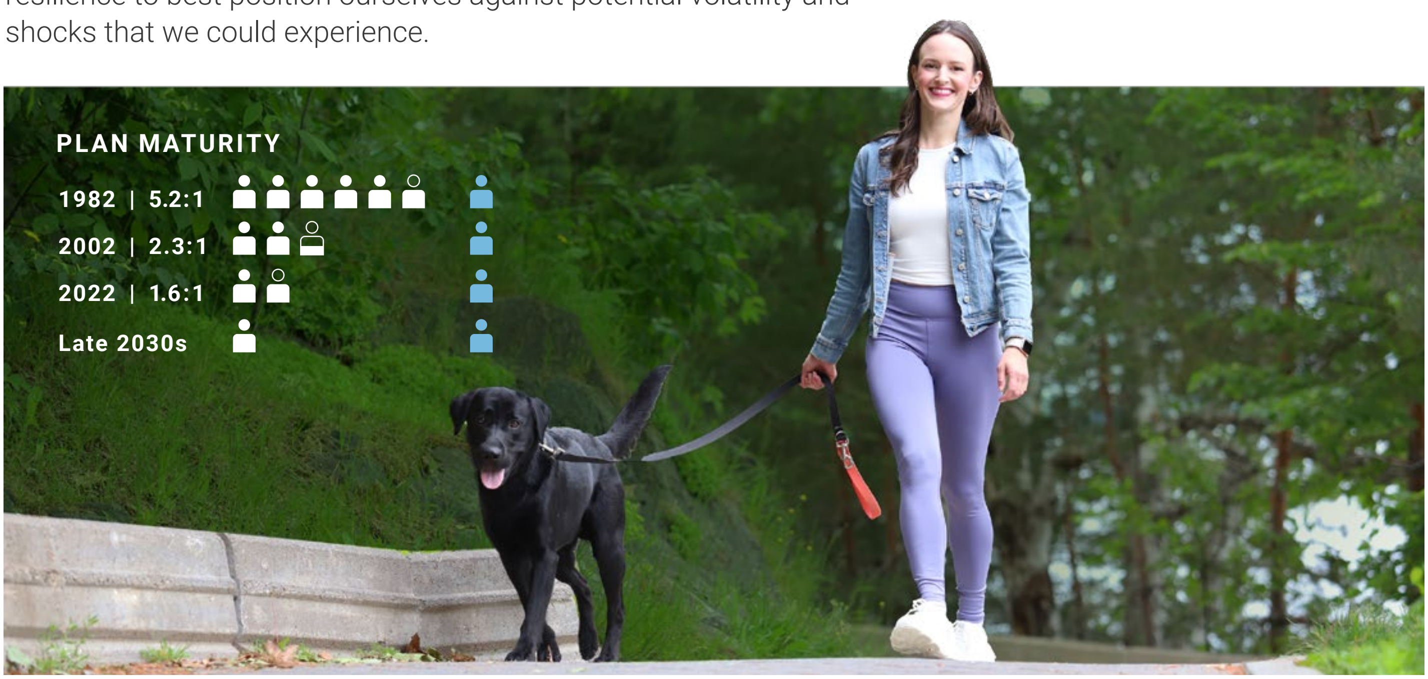
Plan maturity makes us increasingly dependent on investment returns to pay pensions – and there is a risk of a challenging investment environment ahead, with higher public market volatility, unpredictable geopolitics, trends towards de-globalization, population aging, the transition to a low-carbon economy, and fierce competition for quality investment assets and talent. This changing landscape brings risk but also opportunity – decarbonization threatens certain industries but creates growth in others, and higher interest rates make borrowing more expensive but improve returns on fixed income.

While we believe we are well-positioned to capture the unique opportunities ahead as an investor, we will also continue to assess and mitigate the risks facing the Plan, build reserves and increase our resilience to best position ourselves against potential volatility and shocks that we could experience.

“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.”

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.

Active Members Retired Members



MANAGING THE RISKS THAT WE FACE

The OMERS Plan is the collective responsibility of 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 over the long term, along with potential options to mitigate them. Our overriding objective is to ensure the Plan is sustainable, affordable and meaningful in a complex and fast-changing world.

The SC has sole responsibility for determining the Plan's benefit levels and contribution rates. From time to time, the SC may make changes to Plan design. We continue with our Plan Risk Assessment, focused on strengthening and protecting resilience against the potential risks on the horizon. The Board understands the challenging environment that exists for its members and employers and, in 2022, committed to making no changes to benefits or contributions for 2023, 2024, or 2025.

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.

"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."

INVESTING *sustainably*

"For us, sustainable investing involves integrating ESG factors into our investment process to better generate and protect value for our members over the long term."

For us, sustainable investing involves integrating ESG factors into our investment process to better generate and protect value for our members over the long term. We seek to be an active voice on important investment industry initiatives and to align our actions with relevant global best practices.

Our approach is captured in three pillars: Integration, Collaboration and Engagement. They cover a broad spectrum of activities: assessing potential new investments, encouraging sustainable actions across our portfolio that enhance long-term value, and working with diverse partners to influence and advocate for formalized standards and improved practices. The sustainable investing landscape continues to evolve very rapidly, and this necessitates continual assessment of our capabilities and practices. It also means our approach needs to remain transparent, relevant and effective today, and over time.

Our investment teams deploy capital into geographically diverse assets, with a relentless focus on quality, and strategically rotate capital out of investments when there are compelling opportunities to realize profits or rebalance our exposures to unlock better opportunities against our strategy. ESG factors are integrated into our investment analyses and asset management practices alongside other investment considerations. Each business unit leverages in-house ESG tools for due diligence and asset management activities.

In addition, our active management and engagement approach includes influencing companies through our board seats and proxy voting rights. Last year, we participated in significant industry efforts and initiatives, including the Investor Leadership Network, the global United Nations Climate Change Conference (COP27) and Climate Engagement Canada.

In 2022, OMERS Finance Trust also successfully raised US$1.1 billion in our first-ever sustainable bond offering, consisting of 10- and 30-year notes, with proceeds allocated to finance investments in areas including renewable energy, green buildings, and access to affordable basic infrastructure, such as broadband internet.

ON TRACK FOR NET ZERO 2050

We continued to make progress on our goal to reduce portfolio greenhouse gas emissions:

CO_2

OMERS has reduced its portfolio carbon footprint by

32% since 2019

net zero by 2050

Also in 2022, Oxford Properties, OMERS real estate arm, established a Green Financing Framework, enabling Oxford to finance sustainable investments and expenditures that support and drive the transition to a low carbon economy, and successfully completed their first financing under the Framework with a $600 million green bond issuance.

Oxford continues to be recognized as a leader in the real estate industry, including recognition from Fast Company, GRESB and PERE.

For more information on OMERS investing businesses and their sustainable investing progress, please refer to the MD&A.

GRESB ★★★★★ 2022

PERE AWARDS 2021

FAST COMPANY Most Innovative Companies 2022 NO. 09 OXFORD PROPERTIES

INVESTING IN THE FUTURE

Across our portfolio, in all asset classes, OMERS found the opportunity to make promising investments in sectors and companies that are finding opportunity in building a sustainable future.

Some of our many investment highlights include:

Groendus

This Netherlands-based energy transition platform is a developer, builder and operator of renewable power assets. Currently overseeing a portfolio of 300 solar projects, Groendus aims to provide its customers with a growing suite of energy transition solutions, such as electric vehicle charging and battery storage.

Group 14 Technologies

This company is on a mission to enable the electrification of everything by transforming lithium-ion batteries into higher-performing silicon batteries. Based in the US, Group14 is manufacturing and shipping its battery technology for applications including mobility, aviation, grid storage and beyond.

Indi Sydney City

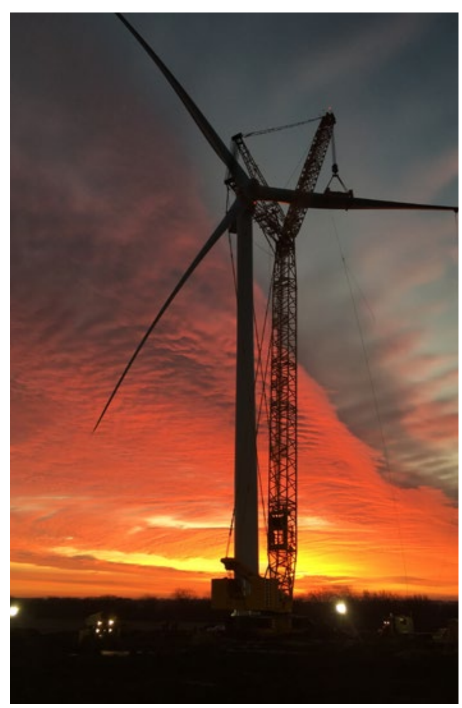
Located in Sydney, Australia, Indi Sydney City is an Oxford Properties–led build-to-rent project. Its construction will incorporate sustainability best practices in areas such as material choice, onsite renewable power generation and rainwater reuse. It will also feature a high-efficiency central cooling system as well as passive design principles to improve thermal comfort.

NovaSource

There's a growing business not just in installing solar panels, but also in their operation and maintenance (O&M). NovaSource is the world's largest independent solar O&M services provider, offering value in the design, maintenance and management of its customers' projects.

Digital Infrastructure

Digital connectivity has become more important to our day-to-day lives than ever. OMERS has recognized this in a significant way by making four global investments in digital infrastructure, across Australia, Germany and France.



Leeward Renewable Energy, US

SERVING *our members*

“OMERS members spend their careers in support of our communities – they are dedicated to serving the public and improving the quality of life of residents, while keeping communities clean, safe and livable. We deeply respect the work that they do every day, and every employee at OMERS is committed to our mission of providing them with a source of secure retirement income.”

Sixty years ago, OMERS was launched with 160 employers and approximately 8,000 members. Today, we proudly serve more than 559,000 members, partnering with over 1,000 employers to provide pension income to members upon their retirement. OMERS members spend their careers in support of our communities – they are dedicated to serving the public and improving the quality of life of residents, while keeping communities clean, safe and livable. We deeply respect the work that our members do every day, and every employee at OMERS is committed to our mission of providing them with a source of secure retirement income.

Our members are multi-generational and highly diverse. The youngest is 17 years of age and the oldest is 107. They live in small rural villages, large urban centres and communities of all sizes in locations across Ontario. Their needs and their aspirations for their retirement are as varied as they are.

We recognize this diversity and take great pride in delivering exceptional service with each interaction as members reach out to us for information, support and assistance. In 2022, we achieved an all-time high 95% approval-of-service rating from our members based on their assessment of their interactions with us. Individual days saw 100% satisfaction. We thank our members for recognizing the commitment to excellence that our teams strive for every day. We do not take your appreciation for granted, and will continue to earn your respect with each interaction every day.

Across the ways that we provide service – online, over the phone, by email – we continue to enhance internal and external platforms and modernize systems for an even better, more streamlined experience for members and employers.

COMMITTED TO SERVICE EXCELLENCE

161,800
Member phone calls

31,800
Secure communications messages

1,000
Live Chat (new!)

1,400
Member webinars/education

Much of 2022 was dedicated to updating our systems to enable all non-full-time (NFT) municipal employees who work for an OMERS employer to join the Plan. To prepare employers for this choice and change, we communicated with them regularly through a variety of channels, conducted in-person and virtual training, and enhanced our online employer portal, e-access, to support these undertakings. We also created a dedicated webpage on omers.com for NFT employees to learn more about how the OMERS Plan works, the benefits and facts about OMERS membership, and how to enrol. We thank all of these employers for their work and for enabling this opportunity for NFT employees to join. If you are an NFT employee and have joined OMERS as a result of this evolution, welcome!

Along with creating efficiencies for the NFT Plan change, we continued to build upon self-serve functionality for our members with the modernization of our online resource portal, myOMERS, to enable members to access information faster. A few of our modernization initiatives include:

- The continuation of our live chat pilot to enable a seamless dialogue between members and our Member Experience team via an additional communication channel. We continue to make enhancements to the live chat functionality and expect it to be fully operational this year.
- The implementation of a new online function to allow our Member Experience team to share a web session with a member and guide them through content on omers.com and myOMERS.
- The enhancement of our systems to support higher transaction volume and to improve the performance and efficiency of our applications used by members and employers.

With a commitment that extends beyond individual plan benefits, we continue to take steps to help members plan and prepare for their financial health in retirement, including an online retirement planner and our Additional Voluntary Contribution program. More information on these programs is available on our website at www.omers.com.

194,000

Retired members
(at December 31, 2022)

34,400

Number of new enrolments in 2022

“As we reflect on our members and employers, and the services they provide, we are struck by the significance of the work of municipal services in communities across Ontario.”

As we reflect on our members and employers, and the services they provide, we are struck by the significance of the work of municipal services in communities across Ontario. The COVID pandemic has brought to light the importance of public health, the reliance on timely emergency services, the necessary work of school boards, and the availability of parks and public spaces, all of which reinforce the value of the municipal sector and the work of OMERS members.

Grateful to be able to resume a tradition that began before the pandemic, OMERS President and CEO, Blake Hutcheson, and Executive Vice President and Head of Pensions, Celine Chiovitti, visited several member workplaces in 2022, including the Ottawa Police Service, the City of Toronto's R.C. Harris Water Treatment Plant, the City of Burlington Fire Headquarters, the Toronto Zoo and the Credit Valley Conservation Authority in Mississauga. Our sincere thanks to these workplaces for their hospitality. It was a wonderful opportunity to meet members where they work, to answer questions about OMERS, and share information about our commitment to a sustainable, affordable and meaningful Plan for today and into the future. More of these visits are planned in 2023.

UNITED by our Purpose

"Our work begins with purpose and has our members at the core. We are guided by our values of inclusion, integrity, humility and excellence. These values are evident not only in what we achieve, but also in how we achieve."

One truth that all organizations – large, small, anywhere in the world – share is that they are only as capable and successful as the people within them. And we continue to build and invest in a team that is committed to excellence.

Our work begins with purpose and has our members at the core. We are guided by our values of inclusion, integrity, humility and excellence. These values are evident not only in what we achieve, but also in how we achieve.

In 2022, with the sponsorship of OMERS President and CEO, Blake Hutcheson, we continued to invest in our people – building capabilities, reinforcing a culture of belonging and collaboration, while motivating each other to achieve success together beyond what any of us could achieve individually. We strive to be a place where people want to work, united by our purpose and our values, with a strong culture and unlimited global opportunities to make a difference. The 2022 Employee Experience survey shows employee pride at 92% (4 percentage points higher than the best-in-class industry benchmark) and we received numerous accolades and awards, including: one of the Best Workplaces in Canada, Best Workplaces in Financial Services, Best Workplaces in Ontario, Greater Toronto's Top Employers and one of Canada's Most Admired Corporate Cultures. This success is the outcome of a focused People Strategy, under which we continued to invest in inclusion and diversity, growth and development, and wellness.

OMERS is committed to building an inclusive and diverse global workplace that recognizes and values diversity of experience, background and perspective. The unique attributes and experiences we individually and collectively bring to work each day contribute to making better decisions, and to a stronger workforce and culture.

In 2022, we built on the strong foundation we achieved in previous years.

- We launched our Inclusion & Diversity Statement, setting out the principles and approaches with which OMERS seeks to advance inclusion and diversity across the organization.
- We completed a review of our Respect in the Workplace policy, which outlines our commitment to maintaining a respectful workplace, free from discrimination and all forms of harassment.
- We expanded our Women in Leadership program to retain and develop women at senior levels of the organization.
- We extended our enterprise-wide Conscious Inclusion training, with a strong focus on inclusive leadership and recruitment teams, and continued to support the evolution of grassroots-developed employee resource groups (ERGs). We have also continued with our Inclusive Leadership training for People Leaders, with 94% of participants saying they will apply what they have learned from the program.

87%

of employees agree that our workplace is inclusive, as measured by the Employee Experience Survey – Inclusion Index

+2% above best-in-class benchmark

Women in Leadership Program

39%

of participants were promoted during or shortly after the program

89%

assessed by their leaders as more equipped for the next career opportunity

WOMEN AT OMERS

48%

Total global workforce

40%

Executive Leadership Team representation

30%

Investment professionals representation, consistent with industry benchmarks provided by the Investor Leadership Network

EMPLOYEE RESOURCE GROUPS

Formed by employees and supported corporately, OMERS has six active employee resource groups that help to foster and promote belonging and shared connection across our global teams.

DiversAbilities – seeks to eliminate stereotypes and stigma associated with both visual and non-visual disabilities in the workplace and to lessen the stigma around mental health.

Indigenous Peoples Alliance – a community of Indigenous employees and non-Indigenous employee allies working together to support each other, raise awareness of issues faced by Indigenous people in society, and educate around Indigenous culture.

Briefcase Parents – creating a work culture, tools and resources that recognize and celebrate the multifaceted lives that parents bring to work and contribute to their success.

Multicultural Alliance – engagement of employees and allies of all cultural backgrounds in education and action – promoting equality and opportunity for all, celebrating our diversity and having authentic discussions to learn from each other.

Pride Alliance – support, networking and growth opportunities for LGBTQ2SIA+ employees, friends and allies, fostering an inclusive and welcoming environment that celebrates diverse views and creates a space of safety and authenticity.

Women at OMERS – provides a platform to network and engage in open dialogue about topics that empower women in the workplace and promote gender diversity. Within the ERG is the Women in Technology group, created to support career advancement for women in STEM roles at OMERS.

Growth and development continue to be important drivers of engagement and key focus areas for our employees.

In 2022,

- We have taken steps to enable better performance and development conversations by providing a single tool that captures talent profiles, feedback, learning content, impact goals, development plans, check-in conversations and performance reviews.
- We launched our second annual Development Month, a campaign that encourages people to own their growth and reinforces OMERS commitment to development.
- We introduced new tools to help our people identify and reflect on personal areas of strength and opportunities to develop.
- We launched an enterprise networking platform to help our people expand their professional network and learn about different roles across OMERS and Oxford.
- We refreshed our Leadership Capabilities Framework to build leadership as a mindset across the organization and encourage employees to adopt behaviours that drive an exceptional culture at every level.
- We added over 5,000 external courses to help employees build their skills and capabilities through a partnership with Coursera.
- We launched a new signature Leadership Development program for executives, enabling them to connect with our purpose, build on their leadership capabilities, and foster trusted relationships across the enterprise.

OMERS continues to be dedicated to improving the overall health and well-being of our employees. Our focus remains on encouraging employees to feel empowered to take ownership and engage in the number of programs and offerings we have made available. Our strategy continues to be headed by our Chief Medical Officer, and focuses on the physical, emotional, financial and social aspect of employee well-being while being tied together by our larger purpose.

In 2022,

- We provided people leader training on mental health, to continue to create psychologically safe work environments, equipping leaders with tools to help manage conversations effectively.
- We introduced new guidance on parental leave that will ease the transition back to work – a new Gradual Return to Work program.
- We implemented a new business metric that will plan vacation utilization, helping to head off the potential for burnout and ensuring that employees take the break that they have earned.

While the context in which we operated in 2022 was a challenging one, our determination and the strength of an organization with more than 60 years of experience enabled us to meet these challenges, protecting value on behalf of our members, serving them with exceptional care and building and retaining a global team that is focused on a clear sense of priority and purpose.

As we look ahead, there is more to be done to ensure that our Plan is sustainable, affordable and meaningful for generations of members. We are committed to taking the right steps to ensure that outcome 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 us at OMERS Annual Meeting, a hybrid event taking place on Tuesday, April 4, 2023 in-person at the Metro Toronto Convention Centre with simultaneous webcast. The meeting will begin at 9:00 AM EDT. For more information and to register for the Annual Meeting, please click here.

UPDATE ON Governance

“We believe that effective and transparent governance is fundamental to achieving our respective mandates. We are continually reviewing our governance models and practices to ensure that we achieve high governance standards.”

OMERS is governed by two corporations: OMERS Sponsors Corporation (SC) and OMERS Administration Corporation (AC). Each has a separate and distinct mandate as set out in the *Ontario Municipal Employees Retirement System Act, 2006* and described on our website at omers.com/omers-governance.

The two corporations and their Boards work together, closely and collaboratively, to meet a singular goal: to make OMERS a sustainable, affordable and meaningful defined benefit pension plan. The Boards have each adopted the OMERS 2025 Strategy to ensure operational alignment and a joint risk management process to promote a common understanding of, and approach to, managing relevant risks.

This bicameral structure enables broad input into decision-making. This is important because of the large number of OMERS stakeholders, the complexity of the Plans, and the need for focused expertise in key areas including plan design, member and employer services, and investments.

We believe that effective and transparent governance is fundamental to achieving our respective mandates. We are continually reviewing our governance models and practices to ensure that we achieve high governance standards.

JOINT BOARD ACTIVITIES

OMERS two Boards met jointly on several occasions in 2022. The focus of these sessions varied between education on critical areas impacting OMERS and discussion of key strategic topics. The education sessions focused on inflation, forecasts of OMERS membership, and municipal funding mechanisms. The strategic topics included discussion on long-term funding and discount rate strategy, liability assumptions and valuations, as well as updates on Plan Risk Assessment and the most recent Asset-Liability Study.

Our Joint Council, which is comprised of representatives from each Board, continued to be an effective forum to discuss governance and oversight matters of mutual importance to both Boards. Our Joint Council met 12 times during 2022, working closely together to create a critical communication link between the Boards. The Joint Council is supplemented by a management working group comprised of senior executives from AC and SC, who generally meet biweekly.

Finally, in conjunction with our ongoing engagement efforts, the SC and AC met sponsors and stakeholders throughout 2022 with more than 100 meetings, conferences and events. These engagements provided an opportunity to solicit feedback and build relationships while discussing areas of interest, such as OMERS investment results, climate commitments, Plan administration matters, and stakeholder communications. We look forward to continued engagement and dialogue with sponsors and stakeholders in 2023.

OMERS Sponsors Corporation

The Sponsors Corporation (SC) is responsible and accountable for determining benefit levels and contribution rates for the Plans and setting compensation levels and appointment protocols for both the SC and AC Boards.

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

SENIOR LEADERSHIP UPDATE

Following the retirement of Michael Rolland, and having completed a comprehensive search conducted in partnership with an external consultant, the SC Board appointed Ms. Laurie Hutchinson as its new Chief Executive Officer, effective April 18, 2022. We would like to thank Mr. Rolland for his leadership of the SC and for his willingness to defer his retirement into 2022, to allow for a smooth CEO transition.

Ms. Hutchinson is a proven pension plan executive who brings over 30 years of experience and knowledge of strategic plan management and pension governance. She brings first-hand knowledge of OMERS having served as a member of the AC Board since 2014. She is supported by an experienced Senior Leadership Team. You can read the biographies of Laurie and her Senior Leadership team at omers.com/leadership.

BOARD ACTIVITIES

The SC Board is a decision-making Board, supported by its staff who work closely with AC and external advisors. In 2022, the SC Board met regularly to advance discussions in respect of plan risk assessment, make decisions in respect of Board appointments, ensure governance effectiveness, and review management activities in several areas including communications and stakeholder relations. The SC Board also provided oversight over human resources and financial matters.

The focus on plan risk assessment in 2022 reflects our ongoing responsibility to determine whether plan changes are necessary to ensure the Plan remains sustainable, affordable and meaningful into the future; the risks affecting the Plan are set out in the "Assessing Plan Resilience" and "Management's Discussion and Analysis" sections of this Annual Report. We commit to continuing discussions on these issues with sponsors, stakeholders, employers and members throughout the assessment process as we progress towards a decision in 2023.

Some key Board activities and Plan decisions in 2022 are summarized below.

Benefits and Contributions

To assist employers and members with planning over the short-term, the SC Board confirmed the following:

- Contribution rates will remain at current levels for 2023, 2024 and 2025; and
- The annual inflation adjustment to pensions in pay will not be impacted by Shared Risk Indexing (SRI) in 2024 and 2025.

Plan Amendment

In response to feedback received by OMERS, the SC Board approved a technical plan change relating to the 2020 Plan amendment that expanded eligibility for non-full-time (NFT) employees to join the Plan. The approved Plan change will introduce some flexibility for the membership date of new NFT employees, to recognize the diversity of payroll systems and procedures across our employer base. The change is effective January 1, 2023. Additional details on these changes are available at omers.com.

Board Governance

The SC Board worked with an external governance expert to update the performance assessment framework for the Board, its Committees and Chairs, and to conduct the assessment for 2022. Based on this assessment, the SC Board has set objectives and initiatives for continuous enhancement in governance and efficiencies, which will begin to be implemented in 2023.

In addition, the SC Board led the appointment and reappointment process for Directors to the SC and AC Boards.

BOARD COMPETENCIES

The Corporate Governance Committee ("CGC") regularly reviews the attributes that each SC Director must possess and the competencies that the SC Board, as a whole, must satisfy. SC Directors are likewise regularly assessed against these attributes and competencies, particularly when they are eligible for reappointment to the SC Board. This review ensures that any skills gaps are identified and addressed by the SC Board, so that the SC Board is fully capable of carrying out its statutory objectives as set out in the *Ontario Municipal Employees Retirement System Act, 2006*. The required attributes and competencies of SC Directors are as follows:

SC Director Attributes and Competencies

Attributes	Competencies
Each SC Director must possess the following attributes: • Independence, integrity and sound judgment • Curiosity and courage to ask the right questions • Long-term, strategic outlook • Commitment to the defined benefit model • Demonstrated ability to operate effectively as part of a diverse team to arrive at a conclusion benefitting all	The SC Board as a whole must demonstrate competency in the following 7 areas: • Stakeholder Relations • Pensions – Design • Pensions – Funding • Governance • Government/Regulatory/Public Policy • Risk • Leadership Experience

Any skills gaps identified are addressed through, among other things, enhanced and targeted Director development and education, and for new Board members, tailored orientation sessions.

BOARD MEMBERSHIP CHANGES

The term of Mr. Frederick Biro ended on December 31, 2022 and Mr. Jason Chan ceased participation on the SC Board on March 9, 2022. Mr. Garry Cubitt was appointed as the replacement for Mr. Biro effective January 1, 2023 and Mr. Domenic Maugeri was appointed as the replacement for Mr. Chan effective August 16, 2022. Mr. Biro's contributions to OMERS are significant having joined the OMERS AC Board in 2000 and having served through 2013, which included serving as the AC Board Chair, prior to joining the SC Board in 2014. We extend our sincere thanks for his commitment to OMERS.

Mr. Frank Ramagnano's term as SC Board Chair ended on December 31, 2022, and he will continue to serve as Director on the SC Board until the end of 2023. The SC extends its gratitude and thanks to Frank for his significant contributions and leadership during his term as Chair.

In 2022, the SC Board confirmed the appointment of Mr. Barry Brown to the position of Chair, and Mr. Dan Axford was appointed to the position of Vice-Chair, each for a two-year term effective January 1, 2023 until December 31, 2024.

ORIENTATION AND EDUCATION

New Directors to the SC Board participate in an orientation process, which includes a comprehensive discussion of the history and mandate of the corporation, OMERS governance and strategy, plan design, risk, and current initiatives.

In 2022, because of pandemic-related closures and travel restrictions, participation in external conferences and education sessions continued to be significantly lower than in prior years.

REMUNERATION

Set out in the table is the remuneration for Directors of the SC Board for 2023. No other remuneration is provided to SC Directors. For Directors appointed after January 1, 2020, compensation is paid directly to the Director; for Directors appointed prior to this date, compensation may be paid to the Director or to the organization with which they are affiliated.

	2022 Annual Retainer
Chair	$95,000
Vice Chair	$75,000
Committee Chair	$49,000
All other Directors	$42,000

Generally, SC Board Directors are reimbursed for reasonable and necessary expenses incurred in connection with carrying out the business of the SC. These reimbursements relate primarily to travel and accommodation expenses incurred because of attendance at SC Board, committee or similar meetings. Directors are also reimbursed for mode of travel, tuition and other expenses incurred while attending relevant conferences – or other professional and educational programs – within Canada and the continental U.S.; however, travel time is not compensated.

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

Expenses may vary by year and by Director for a variety of reasons, including the availability and location of programs, number of scheduled and ad hoc meetings attended and the location of the Director's primary residence. Expenses in 2022 reflect an increased level of travel as meetings transitioned to hybrid meeting formats.

ATTENDANCE

SC Board member attendance at Board and committee meetings is summarized in the "Reference" section of this Annual Report.

OMERS Administration Corporation

The AC Board comprises 14 members nominated by sponsor organizations and appointed by the SC Board, plus an independent Chair, George Cooke, who was appointed by the SC Board in a joint process with the AC Board. Biographies and photographs of each AC Board member can be found at omers.com/board-of-directors.

AC's senior leadership is represented by its Executive Leadership Team (ELT), comprising management representing virtually every aspect of our enterprise. You can read the biographies of each of the ELT members at omers.com/leadership.

BOARD AND COMMITTEE ACTIVITIES

The environment in which OMERS operates was subjected to sustained uncertainty in 2022, not only due to the COVID-19 pandemic which continued to evolve but also due to a very volatile economic environment including high inflation, rising interest rates and geopolitical tensions. This uncertainty necessitated continued heightened oversight by the AC Board and its committees.

The AC Board and its Committees met quarterly to review management activities and to provide oversight in many areas, including investments, actuarial assumptions, risk management, governance, pension services and human resources. It continued to monitor foreign currency transition and liquidity management, investment management and portfolio construction, inflation, interest rates and economic projections, and OMERS revised return-to-office principles. The *ad hoc* Asset-Liability Study Committee which was established in 2021 to oversee a new asset-liability study completed its work in February 2022 with the approval of a new long-term asset mix. The AC Board reappointed George Cooke as the AC Board Chair, in a joint process with the SC Board, for a fourth and final term ending December 31, 2025 and updated the 2022 Standing Committee membership to reflect three new Board members and two new Committee Chairs.

The AC Board continued its regular education sessions with external speakers, including presentations on fiscal sustainability, the current state of global economies, the trajectory of U.S. politics and its impacts on OMERS, and the current threat landscape arising from the Russia-Ukraine conflict.

The Board also continued its oversight of OMERS approach to Sustainable Investing (SI). This included the AC Board's approval of the SI Policy after a comprehensive review and refresh that reflected OMERS evolving approach to integration, collaboration and engagement on environmental, social and governance (ESG) factors. The Board also approves enterprise climate-related goals, and building on OMERS commitment to net-zero emissions in its portfolio by 2050 and its 2025 interim goal of a 20% reduction in carbon intensity, it turned its attention in 2022 to working on a 2030 interim carbon reduction goal.

BOARD COMPETENCIES AND EFFECTIVENESS

AC's Governance & Risk Committee ("GRC") regularly reviews the attributes that each AC Director must possess and the competencies that the AC Board, as a whole, must satisfy. AC Directors are likewise regularly assessed against these attributes and competencies. This ensures that any skills gaps are identified and provided to the SC Board for consideration in appointing or reappointing AC Directors, and that the AC Board is fully capable of providing the oversight necessary for OMERS to achieve its statutory objectives as set out in the *Ontario Municipal Employees Retirement System Act, 2006*. The AC Board, upon recommendation of the GRC, approves both the attributes and the competencies, which are identified below:

AC Director Attributes and Competencies

Attributes/"Table Stakes"	Competencies
Each Director must possess the following attributes: • Independence, integrity and sound judgment • Long-term, strategic outlook with a stewardship mindset • Governance knowledge and experience at a major organization • Knowledge of business issues and financial matters • Demonstrated ability to operate effectively and collaboratively as part of a diverse team	The AC Board as a whole must demonstrate competency in the following 13 areas: • Senior Leadership Experience • People • Pension Funding • Pension Administration • Public Market Investing • Private Markets Investing • Environmental, Social, Governance Matters • Financial & Operational Controls • Government & Public Policy • Regulatory Affairs • Stakeholder Relations • Technology & Innovation • Risk

BOARD MEMBERSHIP CHANGES

The terms of Ms. Laurie Hutchinson, Ms. Debbie Fischer and Ms. Charlene Mueller as AC Directors ended on March 31, 2022, December 31, 2022, and January 25, 2023, respectively. The AC Board is grateful for their contributions during their tenure. Ms. Karen Figueiredo was appointed as the replacement for Ms. Hutchinson effective May 19, 2022 and Ms. Diane Kazarian was appointed as the replacement for Ms. Fischer, effective January 1, 2023. A replacement for Ms. Mueller is yet to be confirmed.

ORIENTATION AND EDUCATION

Directors new to the AC Board participate in an extensive orientation process, which includes a comprehensive discussion of the history and mandate of the corporation, OMERS business and planning process, its strategy and current programs.

Directors also participate in various educational programs and industry conferences, which are either approved or mandated by the organization. Additionally, in-house programs are developed with external experts to educate the AC Board on matters relevant to its duties and mandate. During 2022, the AC Board received presentations from external experts on various issues relevant to OMERS as described above.

In order to maintain their respective certified director designations, Directors are also required to meet certain educational requirements to remain current on key issues and to foster their professional development.

REMUNERATION

Set out in the table below are the retainers for Directors of the AC Board for 2023. Retainers are paid directly to AC Directors, and they are provided no other remuneration.

	2022 Annual Retainer
Chair	$185,000
Committee Chair	$90,000
All other Directors	$75,000

AC Board directors are reimbursed for reasonable and necessary expenses incurred in connection with carrying out the business of AC. These reimbursements relate primarily to travel and accommodation expenses for attending AC Board, Committee or other similar meetings. AC Directors receive an annual technology allowance to compensate them for the expenses incurred related to acquisition, maintenance and licensing of technology related to their Board duties, as well as covering incidental expenses. This is a taxable benefit. Travel time is not compensated.

Expenses may vary by year and by Director for a variety of reasons, including the availability and location of programs, number of scheduled and ad hoc meetings attended, and the location of the Director's primary residence. Expenses in 2022 rose due to increased investment in Director education, reflecting attendance for new Directors in the ICD Director Education Program to receive certified director accreditation and participation by two Directors in the Rotman ICPM Pension Governance Education Program.

Compensation for Members of the Appeals Committee

Board members who serve as members of the Appeals Committee are entitled to receive the applicable annual retainer payment plus an additional meeting fee for each day of attendance at a hearing of an Appeals Panel, provided they are present for the full hearing while in session – regardless of the duration of the hearing on any given day. The Chair of the Appeals Committee earns $1,000 per day and all other committee members earn $750 per day. There were no appeals hearings held in 2022.

ATTENDANCE

AC Board member attendance at Board and Committee meetings is summarized in the "Reference" section of this Annual Report.

MANAGEMENT'S Discussion & Analysis

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FUNDED RATIO

95%

2021: 97%

NET RETURN

4.2%

BENCHMARK: 7.2%
2021: 15.7%

REAL DISCOUNT RATE

3.75%

2021: 3.75%

NOMINAL DISCOUNT RATE

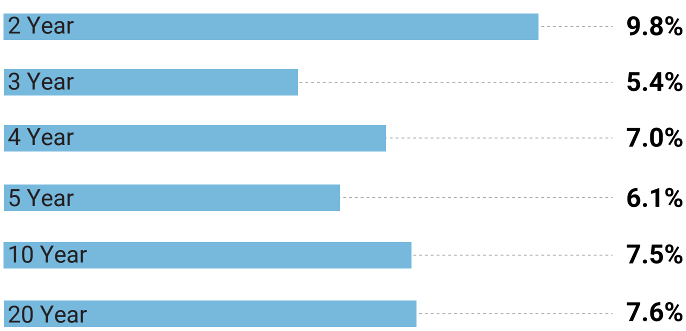
5.75%

2021: 5.75%

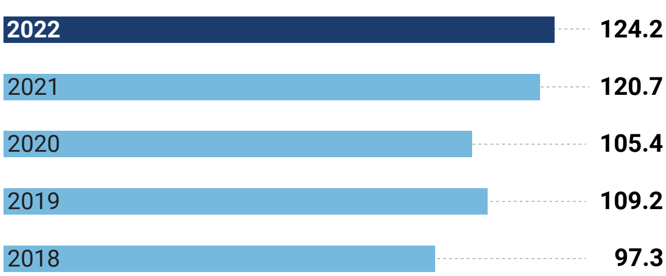
2022 ASSET MIX

Public Equity	23%
Credit	21%
Bonds	8%
Private Equity	18%
Infrastructure	21%
Real Estate	17%
Cash and Funding	(8)%

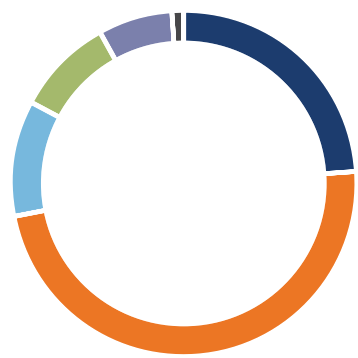
HISTORICAL NET RETURNS



NET ASSETS ($ BILLIONS)



2022 ASSETS BY GEOGRAPHY



Canada	24%
U.S.	48%
Asia-Pacific	11%
Europe excluding U.K.	9%
United Kingdom (U.K.)	7%
Rest of the World	1%

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

The AC Board of Directors has reviewed and approved the contents of this MD&A, as at February 27, 2023. The SC Board of Directors has reviewed and approved those sections that are relevant to SC's mandate, as at February 16, 2023.

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

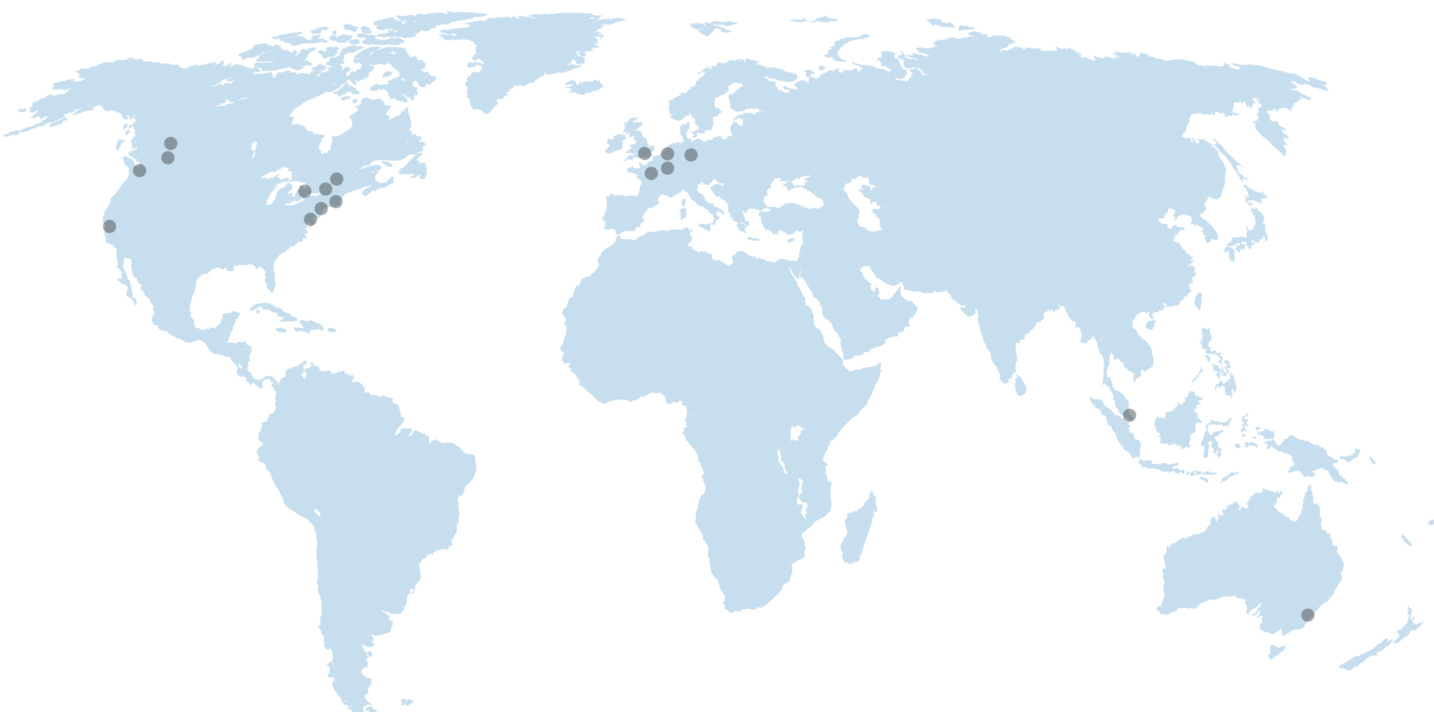
We use certain financial measures that are not based on Generally Accepted Accounting Principles (GAAP) as key metrics in our financial reporting to enable our readers to better understand our condition and results. Non-GAAP financial terms are listed and defined in the Glossary section of this MD&A.

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

Overview of OMERS

Founded in 1962, OMERS is a jointly sponsored, defined benefit pension plan, with approximately 1,000 participating employers ranging from large cities to local agencies, and 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 OMERS Pension Plans 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.



Overview of the OMERS Pension Plans

The OMERS Pension Plans comprise the OMERS Primary Pension Plan (Primary Plan or Plan), the Retirement Compensation Arrangement (RCA) for the OMERS Primary Pension Plan, and the OMERS Supplemental Pension Plan for Police, Firefighters and Paramedics (Supplemental Plan).

OMERS Primary Pension Plan

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

1. **Funding** The defined benefit component of the Primary Plan is funded by equal contributions from participating employers and from active members, and by the net investment earnings of the Primary Plan assets. AC determines the regulatory minimum and maximum funding requirements in accordance with the PBA and the ITA. SC sets actual contribution rates and benefits.
2. **Pensions** The defined benefit component of the Primary Plan is designed to provide lifetime defined benefit pensions, and its funding requirements are determined on a long-term basis. These pensions are calculated as a percentage of the member's annual earnings averaged over the highest 60 consecutive months, multiplied by years of credited service.
3. **Normal Retirement Age** The normal retirement age (NRA) is 65 years for all Primary Plan members, except for police officers and firefighters, who generally have a normal retirement age of 60 years. Effective January 1, 2021, an OMERS employer can elect to provide NRA 60 benefits to all or a class of paramedics. For unionized employees, access to NRA 60 benefits is subject to negotiation between employers and unions.
4. **Death Benefits** are payable upon the death of a member to a surviving spouse, eligible dependent children, a designated beneficiary, or to the member's estate. Depending on eligibility requirements, the benefits may be paid in the form of a survivor pension, lump sum payment or both.
5. **Escalation of Pensions** Inflation protection increases pensions each year, based on the increase in the average of the Canadian Consumer Price Index (CPI) for the preceding 12-month period ending in October compared to the average CPI for the same period of the previous year, as follows:
   - Benefits earned on or before December 31, 2022 receive full inflation protection, up to a maximum annual increase of 6%. Any excess is carried forward so it can be used in later years if and when CPI increases by less than 6%, provided the pension is still in pay.
   - Benefits earned on or after January 1, 2023 are subject to shared risk indexing, meaning that the level of inflation protection will depend on SC's annual assessment of the financial health of the Primary Plan, and may be less than the full inflation protection.
6. **Disability Pensions** A disability pension is available at any age to an active member who becomes totally and permanently disabled as defined by the Primary Plan. The pension is calculated using a member's years of credited service and the average annual earnings during the member's highest 60 consecutive months of earnings consistent with a normal retirement pension and is subject to a cap set out in the Primary Plan. Generally, disability pensions continue until normal retirement.
7. **Income Taxes** The Primary Plan is a Registered Pension Plan as defined in the ITA and is not subject to income taxes on contributions received or investment income earned. The operations of certain entities holding private equity, infrastructure, private credit or real estate investments may be taxable.

AVC Component

The AVC component of the Primary Plan permits members to make additional voluntary contributions on which the member earns the annual net investment return of the Primary Plan. The liability of the Primary Plan, with respect to the AVC component, is equal to members' AVC contributions, plus (if positive) or minus (if negative) the prorated, full-year net investment rate of return earned by the defined benefit component of the Primary Plan over the period of time that the AVC contributions had been invested. Funds invested in AVCs earned the Primary Plan's return of 4.2% in 2022. In 2021, funds invested in AVCs earned the Primary Plan's return of 15.7%.

Retirement Compensation Arrangement (RCA) for the OMERS Primary Pension Plan

The RCA provides pension benefits for Primary Plan members with earnings exceeding the amount that generates the maximum pension allowed by the ITA with respect to service after 1991. It is a separate trust arrangement and is not governed by the PBA and is not a Registered Pension Plan under the ITA. The RCA is governed by the OMERS Act, the ITA and other applicable legislation. It is funded on a modified pay-as-you-go basis by equal contributions from participating employers and active members and by the net investment earnings of the RCA fund.

Current and future contributions are determined annually to ensure that the existing RCA fund and future investment earnings are expected to be sufficient to pay projected benefits and expenses over the 20-year period following each actuarial valuation date. The RCA net assets available for benefits are invested and accounted for separately from the Primary Plan and the Supplemental Plan, and the accrued pension obligation of the RCA is valued separately from the Primary Plan and Supplemental Plan accrued pension obligations. Expenses of the RCA are paid from the cash flows of the RCA fund.

OMERS Supplemental Pension Plan for Police, Firefighters and Paramedics

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

Until March 31, 2024, unless the Supplemental Plan has sufficient funds based on the portion of contributions allocated for administrative expenses, any administrative costs of the Supplemental Plan are funded through a startup grant from the Province of Ontario.

Participation in the Supplemental Plan is effective only upon agreement between employee groups and their employer. As at December 31, 2022 and December 31, 2021, no such agreement existed and hence the Supplemental Plan had no assets, no liabilities and no members.

Primary Plan Funding

The Plan's funded status is an indicator of its long-term financial health. The following table summarizes metrics relevant to understanding the Plan's funded status at December 31, 2022 and 2021:

$ billions unless otherwise indicated	December 31, 2022	December 31, 2021
Funding ratio[1]	**95%**	97%
Funded deficit[2]	**(6.7)**	(3.1)
Real discount rate	**3.75%**	3.75%
Nominal discount rate	**5.75%**	5.75%
Net assets on a smoothed basis	**122.1**	116.2
Net assets on a fair value basis	**122.7**	119.3
Accrued pension obligations	**128.8**	119.3
Unrecognized net investment gains or (losses)	**0.6**	3.1

1 Net assets on a smoothed basis divided by accrued pension obligations, rounded to the nearest whole percentage.
2 The difference between net assets on a smoothed basis and pension obligations.

The following table presents the changes in the funded ratio and funding deficit during the year:

		Funded Ratio %		Funding Deficit $ billions
Beginning of year		97		(3.1)
Impact of higher-than-expected price inflation				
Experienced price inflation	(3)		(3.8)	
Change to the short-term price inflation assumption	(1)		(1.6)	
		(4)		(5.4)
Interest on deficit		n/a		(0.2)
Contributions from members and employers to pay down the deficit		–		0.4
Smoothed investment return above the discount rate		1		0.7
Other factors		1		0.9
End of year		**95**		**(6.7)**

The Plan's funded ratio decreased from 97% at December 31, 2021 to 95% at December 31, 2022, while its funding deficit increased from $3.1 billion to $6.7 billion. This is the first decline in the Plan's funded ratio since 2012. The primary reason for the decrease in the funded ratio and the increase in the funding deficit is higher-than-expected price inflation which caused an overall increase in the funding deficit of $5.4 billion. OMERS pensions increase annually by a formula linked to Canada's Consumer Price Index. That formula generated an increase of 6.5%, of which 6.0% was applied to pensions in pay on January 1, 2023 and 0.5% which will be carried forward to increase pensions in 2024. This increase in the funding deficit in 2022 comprised:

1. $3.8 billion related to increases to pensions in pay, which rose at a rate above our 2.00% long-term assumption; and

2. $1.6 billion related to a change in our short-term inflation assumption for future increases to pensions: we expect that Canada's inflation rate will not return to our long-term assumption until sometime after 2023, and we therefore expect two additional future years of above-average annual pension payment increases.

The impact of inflation on the Plan is further described on page 45 of this MD&A.

Both the real and the nominal discount rate used to value the Plan's pension obligations remain unchanged from the prior year, at 3.75% and 5.75%, respectively.

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

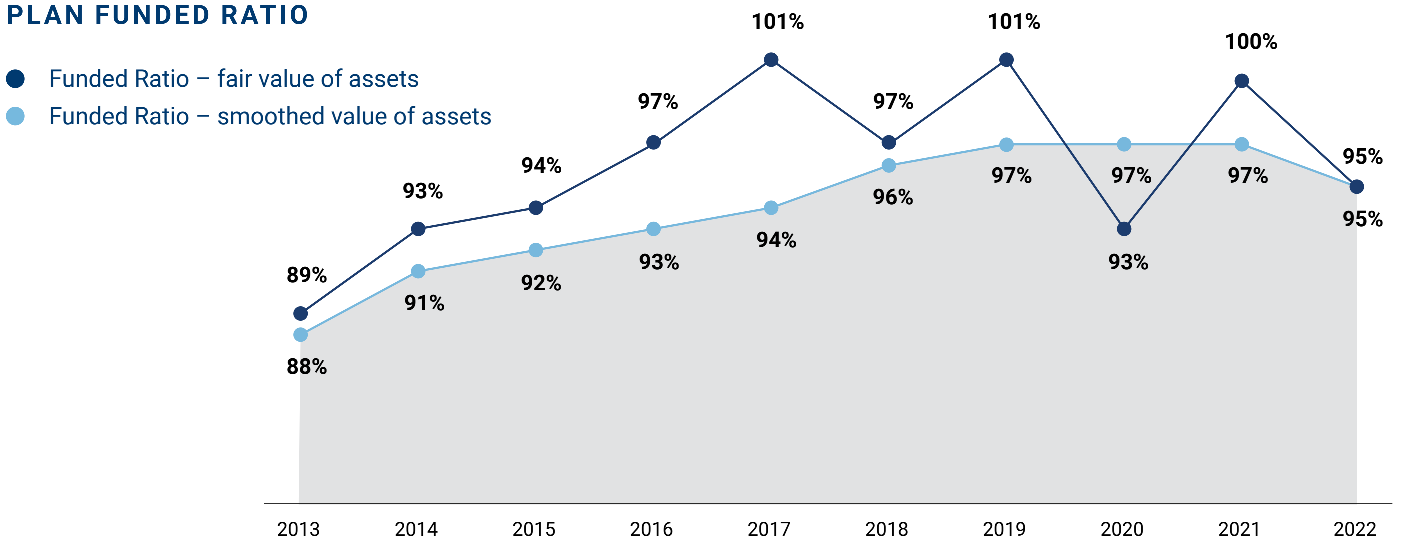
On a fair value basis, the funded ratio decreased from 100% as at December 31, 2021 to 95% as at December 31, 2022. As discussed above, the Plan's pension obligations grew by an amount that exceeded its growth in net investment assets during the year. The deficit on a fair value basis increased from $0.1 billion to $6.1 billion over the same period.

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

	December 31, 2022		December 31, 2021	
	Funded Ratio %	Surplus (Deficit) $ millions	Funded Ratio %	Surplus (Deficit) $ millions
Smoothed basis	**95**	**(6,678)**	97	(3,131)
Unrecognized investment (losses) or gains	**–**	**578**	3	3,062
Fair value basis	**95**	**(6,100)**	100	(69)

The following chart tracks the funded ratio of the Plan over the past 10 years on a fair value and smoothed value basis.

PLAN FUNDED RATIO



	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Real Discount Rate	4.25%	4.25%	4.25%	4.20%	4.00%	4.00%	3.90%	3.85%	3.75%	3.75%
Inflation Assumption	2.25%	2.25%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Nominal Discount Rate	6.50%	6.50%	6.25%	6.20%	6.00%	6.00%	5.90%	5.85%	5.75%	5.75%

OMERS has taken steps in recent years to manage funding risks that could impair our objective of providing sustainable, affordable and meaningful pensions to current and future members. These steps include progressively, yet prudently, lowering the real discount rate over the past 10 years, and amending the Plan's design in 2020 to introduce shared risk indexing, which, if invoked, will allow us to share risk more equitably between active and retired members as the Plan matures.

Inputs Into the Valuation of the Plan's Pension Obligations

DISCOUNT RATE

The funded ratio as at December 31, 2022, was calculated at the same real discount rate used a year earlier. In 2022, we paused on the path of lowering the discount rate in light of the higher long-term interest rate environment. We will review our discount rate strategy in 2023.

INFLATION

For many years, OMERS long-term assumption for price inflation in actuarial valuations has been 2% per annum, and in recent years this assumption closely tracked with actual experience. However, since March 2021, the CPI year-over-year increase has trended upwards, reaching a high of 8.1% in June 2022. It has gradually declined in subsequent months, and there is general agreement among economic forecasters, including the Bank of Canada, that the deceleration in CPI will continue, and inflation will return to the Bank of Canada's long-term inflation target of 2%. For this reason, the Plan's valuation of pension liabilities maintains a long-term inflation assumption at 2.00%.

However, as discussed above, the valuation also adopts a short-term adjustment to this assumption, reflecting Cost-of-Living Adjustment (COLA), increases to pensions in pay of 5.5% for 2024 (including the 0.51% carry-forward resulting from the cap-affected January 2023 COLA) and 3.0% for 2025.

Plan Design

There were no changes to contribution rates or benefits in 2022.

In 2022, the SC Board committed to benefit and contribution stability for 2023, 2024 and 2025. The Plan's blended contribution rate for 2023 is estimated to be 20.9% of contributory earnings (2022 – 21.0%). This blended contribution rate continues to exceed the minimum funding contribution rate last filed with the provincial pension regulator.

Challenges Facing the Plan

We manage the Plan with a long-term focus. While no one can predict the future, we need to consider the possible outcomes that could alter funding requirements or Plan design.

We pay particular attention to potential challenges facing the Plan, in terms of their likelihood and impact, as well as to the opportunities that may present themselves.

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

Immediate funding challenges include near-term headwinds from higher levels of inflation, and from the lingering impact of the COVID-19 pandemic on the global economy and on OMERS employers' workforces. Long-term funding challenges include increasing plan maturity, more volatile and uncertain investment returns and potential adverse demographic experience, as described below. The Plan remains underfunded and is maturing; it does not yet have sufficient reserves to mitigate the impacts of these risks.

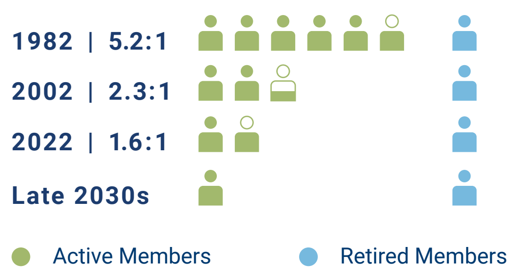
Increasing Plan Maturity

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

Countering these risks are some opportunities which could slow down the rate of maturity. These include a renewed appreciation for the work of municipal services following the COVID-19 pandemic leading to an expansion of services, and an increase in immigration levels, as recently announced by the Government of Canada, resulting in stronger population growth in Ontario, and therefore increased demand for municipal workers. As well, effective January 1, 2023, the Plan also has the opportunity to enroll new members who work non-full time for OMERS employers.

As the ratio of active to retired members continues to decline, pension payments will increasingly exceed pension contributions; in 2022, these totaled $5.9 billion and $4.5 billion, respectively. Based on existing Plan design, we expect the difference between the contributions received and benefits paid to continue to widen each year, but we anticipate this difference will remain within 2% of net assets for at least the next decade. This trend increases the Plan's reliance on investment income to pay pensions, making the Plan more vulnerable to any economic downturns. Our risk tolerance decreases as the Plan matures.

PLAN MATURITY



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

Inflation

Both price inflation and wage inflation can impact Plan funding. Price inflation above our long-term assumptions increases the COLA applied to pension benefits in pay, resulting in higher-than-expected benefit payments and pension obligations.

Wage inflation above our long-term assumptions also results in higher pension obligations. This is because pension benefits are based on the best 60 months of member earnings.

The impact of higher-than-expected inflation on the Plan's future investment returns differs across assets: some will benefit, while others will be negatively affected. We believe that our significant allocation to real assets, and our low allocation to nominal bonds, should help to mitigate this inflation risk.

Uncertain and Volatile Investment Return

The investing environment and path of future returns remains uncertain as the world faces global disruptions from geopolitical challenges, with high inflation, rapidly rising nominal interest rates and an increased risk of economic recession. Higher interest rates provide opportunities for improved returns from fixed income investments but increase the cost of borrowing for investment strategies that employ leverage, and increase the relative attractiveness of fixed income assets to other asset classes.

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

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

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

To manage these risks, OMERS regularly monitors the suitability of our investment strategies and periodically conducts studies to inform the selection of our asset mix. OMERS last completed an Asset-Liability Study in 2022, and will conduct another one in 2023, as further discussed below.

Adverse Demographic Experience

Adverse demographic experience includes increased longevity, higher-than-expected salary increases (from wage inflation or otherwise), and accelerated member retirement trends. If demographic experience differs adversely from our actuarial expectations we may be required to increase the value of our pension obligations and, therefore, our funding requirements.

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

We monitor our demographic experience against actuarial assumptions annually and conduct a detailed experience study at least once every five years, with the most recent study completed in 2018. We will conduct a new study in 2023.

RCA Funding

The RCA is funded on a modified pay-as-you-go basis and, unlike the Primary Plan, is not meant to be prefunded, given the tax implications of funding non-registered pension plans. We target a level of funding that ensures that the existing RCA fund, plus projected contributions and projected investment earnings are, in aggregate, sufficient to pay for benefits and expenses for a period of 20 years following the valuation date.

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

Because the RCA's partial funding model is based on contributions more than on investment returns, it is resilient to lower-than-expected investment returns.

The RCA's primary risk is that contributions collected will be insufficient to meet its 20-year funding target. This risk is compounded by the fact that the level of RCA contributions is dependent on Primary Plan contribution rates and on the number of active members who contribute to the RCA.

The RCA is also subject to increasing plan maturity and its associated risks.

OMERS continually monitors these risks and reflects them in our actuarial assumptions. Those assumptions are set out in Note 7 of the Consolidated Financial Statements.

In 2022, the RCA generated a net loss of 10.4% (2021 – return 20.7%), compared to the public equity benchmark's loss of 10.1%. The RCA invests primarily in passively managed Canadian and foreign equity funds, whose performance follow broad public equity indices, less the fund's management expenses. This represents a net investment loss of $12 million (2021 – income $22 million). During the year, RCA received contributions of $31 million (2021 – $29 million), paid out benefits of $34 million (2021 – $33 million) and administrative expenses of $1 million (2021 – $1 million). These activities resulted in a net decrease in the net assets available for benefits of $16 million (2021 – increase of $17 million).

At December 31, 2022, the RCA's net assets totalled $176 million (2021 – $192 million) and its accrued pension obligations were $1,235 million (2021 – $1,144 million).

Investment Results: Primary Plan

Economic Environment

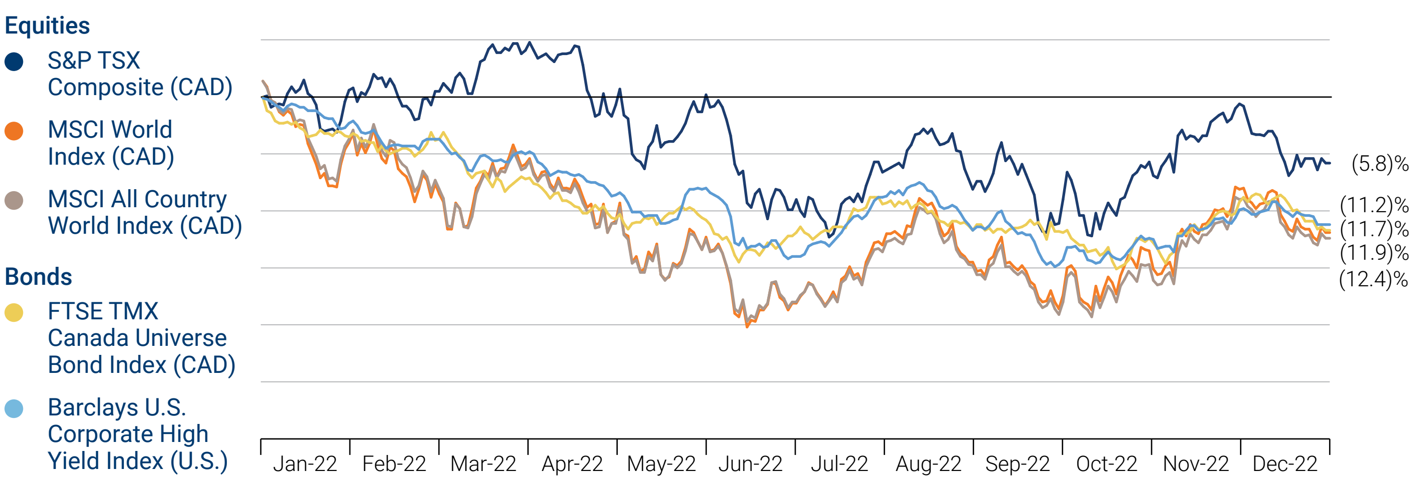
In 2022, the global economy experienced prolonged and acute stress from high global inflation; aggressive monetary tightening by numerous central banks; elevated geopolitical tensions, including the Russia-Ukraine conflict; and the lingering consequences of the global pandemic and responses to it. This stress resulted in a broad slowdown in economic growth across major economies.

Inflation continued to remain elevated and persistently above central bank targets across major economies. In each of Canada and the U.S., inflation peaked to a near 40-year high during the year, driven primarily by increased post-lockdown consumer demand for goods and services, elevated energy prices and global supply chain disruptions.

As a result, the central banks of major economies embarked on aggressive monetary tightening, rapidly hiking overnight interest rates in an effort to bring inflation within target ranges. The Bank of Canada overnight rate and U.S. Federal Reserve target interest rate range each increased by 400 bps and 425 bps in 2022. 10-year U.S. Treasury and Canadian government bond yields rose 236 bps and 186 bps.

In financial markets, impacts of aggressive monetary tightening and high inflation were widespread, and major equity and bond market indices suffered sharp declines. The following chart illustrates the performance of major equity and bond market indices in 2022, reported on a Canadian dollar basis, unless otherwise noted:

MAJOR PUBLIC MARKET INDICES



In this context, the Primary Plan earned a positive investment return for the year, net of expenses, of 4.2%, or $4.9 billion. This compares to a one-year absolute benchmark, approved by the AC Board in December 2021, of 7.2%, and to a net return of 15.7%, or $16.4 billion in the prior year.

Results

NET RETURN

4.2%

2021: 15.7%
10-YEAR AVERAGE: 7.5%

BENCHMARK

7.2%

NET INCOME

$4.9B

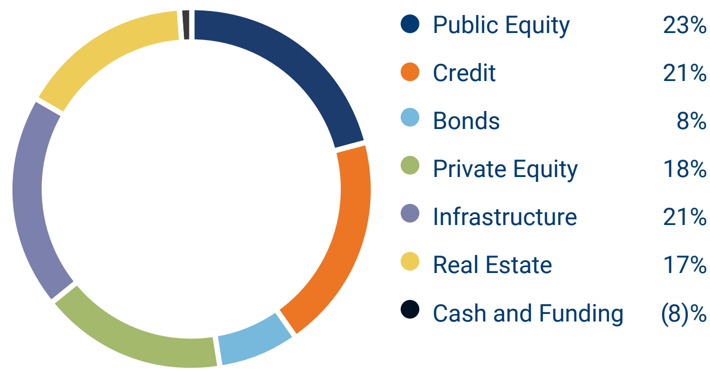
2021: $16.4B

NET ASSETS

$124.2B

2021: $120.7B

ASSET MIX



Our investment strategy is driven by our pension liabilities, with a focus on managing risk, achieving requisite returns and cash flows, and protecting our funded status. We maintain a disciplined approach to asset allocation and portfolio construction, and we employ diversification, a long-term investment horizon, direct investment strategies and financial and economic leverage to achieve our objectives. This strategy resulted in the Plan earning a positive one-year net investment return of 4.2% in 2022. Our private equity, infrastructure and real estate asset classes each exceeded their one-year absolute net investment return benchmarks. Our public investments – which comprise public equities, bonds and credit – did not achieve their absolute benchmarks, though their performance was in line with or exceeded relevant broad market indices'.

Asset class investment returns for the Primary Plan and RCA for 2022 and 2021 are presented in the table below. The primary factors explaining the Plan's performance are presented in the Introduction on page 5, and a review of each asset class's performance is presented in the following pages.

For the years ended December 31,			2022			2021
	Net Investment Income $ millions	Net Rate of Return %	Benchmark %	Net Investment Income $ millions	Net Rate of Return %	Benchmark %
Bonds	(385)	(3.8)		85	1.3	
Credit[1]	900	3.4		934	5.8	
Public Equity	(4,299)	(11.9)		6,589	20.7	
Cash and Funding	632	n/a		267	n/a	
Total Public Investments	(3,152)	(5.4)	5.7	7,875	14.6	5.8
Private Equity	2,613	13.7	11.2	3,975	25.8	8.0
Infrastructure	2,908	12.5	7.7	2,267	10.7	7.9
Real Estate	2,628	13.6	7.1	2,532	15.9	6.1
Total	**4,997**	**4.2**	**7.2**	**16,649**	**15.7**	**6.6**
Less: Income Credited to Administered Funds	73	4.2	7.2	234	15.7	6.6
Total Primary Plan	**4,924**	**4.2**	**7.2**	**16,415**	**15.7**	**6.6**
RCA Investment Fund[2]	(12)	(10.4)	(10.1)	22	20.7	20.5

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

2 Excludes the RCA refundable tax account with the Canada Revenue Agency. The RCA net rate of return including the refundable tax account in 2022 is (6.4)%, compared to 12.0% in 2021.

The Plan's Benchmarks and Investment Return History

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

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

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

Our benchmarks exclude the effect of potential foreign currency changes. They are also net of budgeted expenses. Short- and long-term variable incentive compensation is tied to actual Canadian dollar performance against these benchmarks.

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

The table below sets out OMERS 2022 net return, and our historical net returns over relevant multi-year periods:

	1-Year	2-Year	3-Year	4-Year	5-Year	10-Year
Net Return	4.2%	9.8%	5.4%	7.0%	6.1%	7.5%
Benchmark	7.2%	6.9%	6.9%	7.0%	7.1%	7.4%

Over the past five years, investors have experienced unprecedented market events, resulting in volatility in returns across much of the investing environment. The Plan's short-term returns reflect this volatility, as our 3- and 5-year returns are below their respective benchmarks, and 2- and 4-year returns have met or exceeded them.

The Plan's 10-year net return has exceeded the benchmark of 7.4%.

Please see the Reference section for details on financial results over the past ten years.

Asset Allocation and Exposure

Our Board-approved target asset mix is designed to mitigate long-term risk and deliver long-term returns to meet pension obligations. In early 2022, we concluded an Asset-Liability Study, and as a result, the AC Board approved the long-term target asset mix, which incorporates a higher allocation to private equities and infrastructure, and lower allocation to bonds. The updated long-term target asset mix is summarized in the adjacent chart.

Long-term Target Asset Mix	2022 Approved	Previous
Fixed Income	**27.5%**	**30.0%**
Bonds	7.5%	10.0%
Credit	20.0%	20.0%
Equities	**45.0%**	**45.0%**
Public Equities	27.5%	30.0%
Private Equities	17.5%	15.0%
Real Assets	**47.5%**	**45.0%**
Infrastructure	25.0%	22.5%
Real Estate	22.5%	22.5%
Cash and Funding	**(20.0)%**	**(20.0)%**
(includes cash and financing & derivative offsets)		

In connection with this process, the AC Board also approved an updated SIP&P, which reflected changes to the asset classifications for certain types of investments. These reclassifications were effective January 1, 2022 and had no impact on the Plan's total net investment assets. Specifically:

- Exposure offsets from credit default swaps and credit default swap indices and options, totalling $6,233 million, have been reclassified from Credit to Cash and Funding;
- Investments in intellectual properties, such as healthcare royalty streams totalling $1,460 million, have been reclassified from Private Equity to Credit; and
- Certain recourse debt balances have been reclassified from the asset class that was financed with those proceeds into Cash and Funding. These balances totalled $1,684 million.

The below table includes adjusted 2021 net exposure to illustrate these asset classification changes; the MD&A otherwise does not restate 2021 figures. Net returns were not significantly impacted by the reclassifications and are presented as disclosed in 2021's MD&A.

Since we completed this study in February 2022, Management believes that the economic environment has again experienced considerable changes, including shifts away from historical trends toward globalization of supply chains and inter-country dependencies, and rapid increases to interest rates to combat elevated levels of inflation. With this in mind, we plan to complete another Asset Liability Study in 2023 to evaluate the evolution of the market environment and ensure that our asset mix is optimized.

Our net exposure at December 31, 2022 totalled $126.3 billion (2021 – $122.5 billion), as set out in the table below. Net exposure at the end of 2022 includes balances related to administered funds of $1.8 billion (2021 – $1.7 billion), and other balances of $0.3 billion (2021 – $0.1 billion).

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

As at December 31,		2022		2021 (Adjusted)		2021
	Net Exposure $ millions	Asset Mix %	Net Exposure $ millions	Asset Mix %	Net Exposure $ millions	Asset Mix %
Fixed Income						
Bonds	**9,970**	**7.9**	7,684	6.3	7,684	6.3
Credit	**26,037**	**20.6**	24,326	19.8	16,912	13.8
	36,007		32,010		24,596	
Equities						
Public Equity	**29,652**	**23.5**	36,008	29.4	36,008	29.4
Private Equity	**23,215**	**18.4**	18,301	14.9	19,761	16.1
	52,867		54,309		55,769	
Real Assets						
Infrastructure[1]	**26,311**	**20.8**	25,441	20.8	24,036	19.6
Real Estate[1]	**21,202**	**16.8**	19,843	16.2	19,843	16.2
	47,513		45,284		43,879	
Cash and Funding	**(10,130)**	**(8.0)**	(9,057)	(7.4)	(1,698)	(1.4)
Total	**126,257**	**100.0**	122,546	100.0	122,546	100.0
Less: Administered Funds & Other Balances	**2,051**		1,819		1,819	
Total Primary Plan	**124,206**		120,727		120,727	

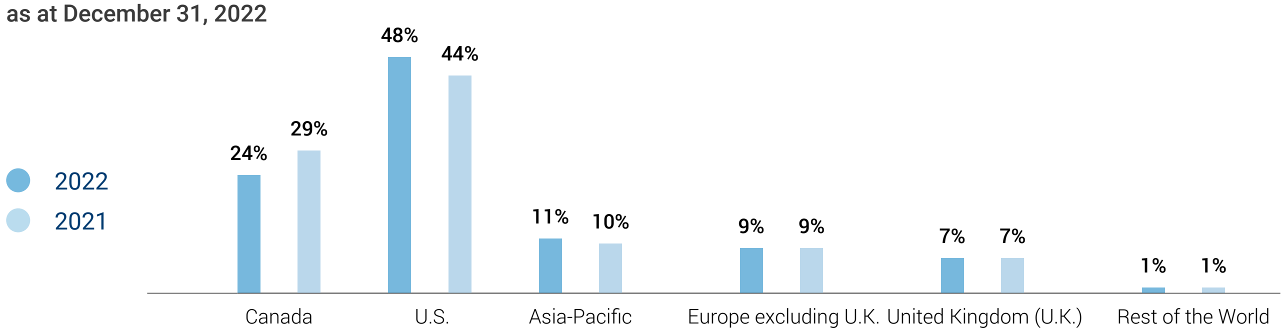
1 Presented net of liabilities related to OMERS Return Agreements, which are presented in Note 5 of the Consolidated Financial Statements.

Geographic Exposure

OMERS portfolio is diversified across primarily developed markets and geographies. While Canada continues to offer attractive long-term investment opportunities, prudence and related risk-management practices make it appropriate to diversify investments across global markets with different growth profiles. This includes increasing our exposure to the Asia-Pacific region.

The chart below presents the Plan's diversification by geography.

Assets by Geography
as at December 31, 2022



We do not have any direct investments in Russian-listed securities or direct private investments in Russia, and we consider our indirect exposure to Russia to be immaterial.

Currency Exposure

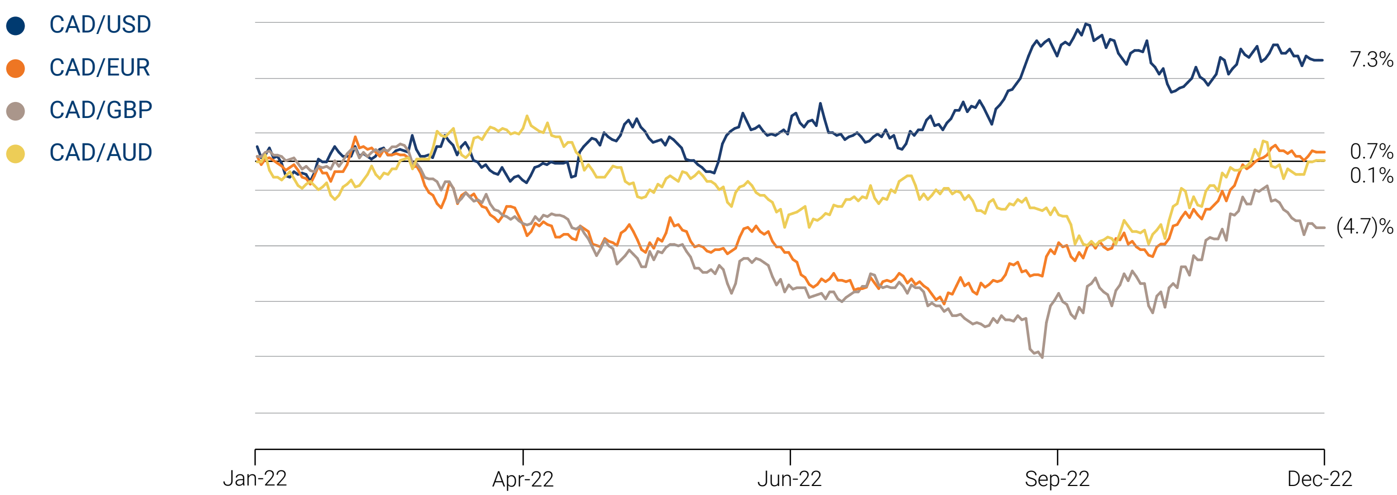
At the end of December 2019, OMERS was almost fully hedged against foreign currency fluctuations: only 8% of our investments were denominated in currencies other than the Canadian dollar, after giving effect to hedges. In 2020 we began increasing our exposure to foreign currencies through reduced use of foreign currency hedging contracts. We have continued on this path, and at December 31, 2022, 47% of our net exposure was exposed to foreign currencies, compared to 42% at the end of 2021.

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

At December 31,	2022		2021	
	$ millions	% of portfolio	$ millions	% of portfolio
Canadian Dollar	**66,233**	**53**	70,776	58
United States Dollar	**37,563**	**30**	30,988	25
British Pound Sterling	**5,554**	**4**	5,984	5
Euro	**5,268**	**4**	3,531	3
Australian Dollar	**3,078**	**2**	1,829	2
Other	**8,561**	**7**	9,438	7
Total	**126,257**	**100**	122,546	100

Doing so enhanced our available liquidity and balance sheet resilience to the market stresses we witnessed during the year. The U.S. dollar, which is broadly considered a safe-haven asset, strengthened against the Canadian dollar and most major currencies during the year. After a volatile year, the exchange rates of the Euro and Australian dollar to Canadian dollar ended relatively unchanged. The Pound Sterling similarly experienced volatility, and weakened over the year against the Canadian dollar. The diversification provided by our unhedged exposure to foreign currencies contributed $2.6 billion of unrealized foreign currency gains to our net investment income for the year, compared to $0.5 billion of unrealized foreign currency losses in 2021.

CANADIAN DOLLAR PERFORMANCE



Industry Exposure

OMERS portfolio is diversified across industries. The table below presents OMERS net exposure by industry based on Global Investment Industry Classification Standards (GICS) at December 31, 2022 and 2021.

As at December 31,	2022	2021
Real Estate	**17%**	16%
Government	**17%**	8%
Financials	**15%**	10%
Industrials	**13%**	11%
Utilities	**11%**	11%
Healthcare	**9%**	9%
Information Technology	**7%**	8%
Consumer Discretionary	**6%**	6%
Communication Services	**4%**	4%
Energy	**3%**	4%
Consumer Staples	**3%**	2%
Materials	**2%**	2%
Cash & Funding	**(7)%**	9%
Total	**100%**	100%

Liquidity and Capital Resources

We manage our liquidity and capital requirements with a diverse set of funding sources; we also use leverage prudently to support our liquidity management and to enhance our investment returns.

Our principal liquidity needs include meeting our pension obligations, funding investment acquisitions, meeting collateral demands related to our use of derivatives, and funding investment management and pension administration expenses. Our funding sources include income generated from our investments, the issuance of guaranteed commercial paper and term debt by OMERS Finance Trust (OFT), the use of derivatives and repurchase agreements, maintaining a portfolio of highly marketable securities, and contributions from our Plan members and employers.

Below is a summary of our available sources of liquidity:

As at December 31,	2022 $ billions	2021 $ billions
Liquid Assets[1]	**23.1**	25.1
Marketable Securities	**19.4**	20.4
Undrawn OFT Credit Line Capacity[2]	**4.2**	4.1

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

2 The credit facilities which may be drawn by OFT include a $3.9 billion three-year revolving credit facility maturing in 2025, which backstops our commercial paper program and is available for general corporate purposes; and a €225 million revolving credit facility maturing in 2023 which is also available for general corporate purposes.

As a means of diversifying our short-term liquidity sources, we established during the year a euro commercial paper program, enabling us to access commercial paper financing denominated in Euro, British Pound Sterling and Australian dollar, among other currencies. We also increased our use of repurchase agreements, which totalled $12.5 billion at December 31, 2022 (December 31, 2021 – $0.2).

OFT is an independent entity that issues debt unconditionally and irrevocably guaranteed by AC, and then extends loans to AC or/and entities in which AC has a majority economic interest.

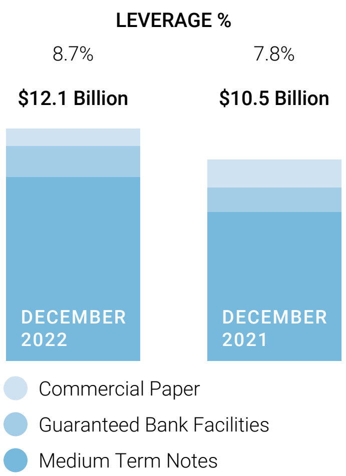
During the year, OFT issued USD $1.1 billion of sustainable term notes: a 10-year note of USD $600 million bearing a coupon of 3.50% maturing in 2032, and a 30-year note of USD $500 million bearing a coupon of 4.00% maturing in 2052.

At December 31, 2022, OFT had $9.5 billion (2021 – $8.1 billion) of outstanding term notes and $1.6 billion (2021 – $1.2 billion) of outstanding commercial paper. OFT can raise additional liquidity through the issuance of debt guaranteed by AC, including commercial paper and term debt, subject to leverage limits and Board approval.

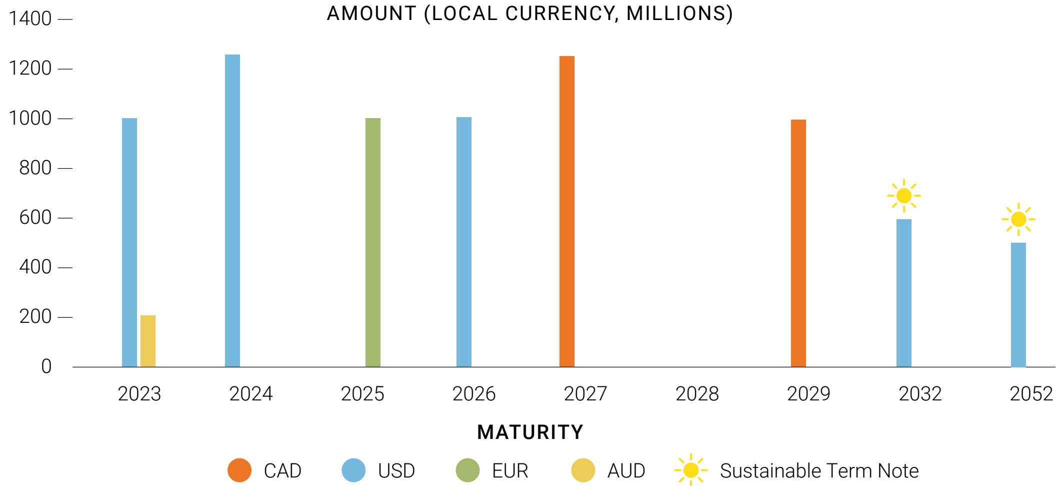
In addition to OFT's guaranteed debt, AC also unconditionally and irrevocably guarantees $0.8 billion (2021 – $1.5 billion) of debt for assets within our credit, infrastructure and real estate asset classes. This debt is generally used to fund development projects, credit investments and acquisitions.

Our leverage position and debt maturity profile are outlined below:

RECOURSE DEBT



MATURITY PROFILE OF OUTSTANDING DEBT OBLIGATIONS



At December 31, 2022, the weighted average interest rate on outstanding term debt was 2.39% (2021 – 1.36%). Of the outstanding debt, 68% is fixed-rate with more than 12 months to maturity. We evaluate our 30-day liquidity requirements daily by monitoring a standard liquidity coverage ratio. This evaluation includes stress testing that simulates major market events. On a monthly basis, we also evaluate OMERS ability to fund expected cash demands using available liquidity sources over a 12-month horizon.

We expect to have sufficient cash on hand to meet liquidity obligations even in the event of a significant market disruption.

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

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

Investment Management and Pension Administration Expenses

Internal investment management expenses were $693 million in 2022, compared to $657 million in 2021. The increase is primarily driven by higher compensation from hiring talent globally to grow and support our diverse investment portfolio and increased investment management fees as we expand our presence in the Asia-Pacific region. Also, we incurred higher office operating costs, and travel expenses which normalized in 2022 as pandemic-related restrictions were lifted. This increase was partially offset by lower pay-for-performance due to OMERS total plan being below our 2022 benchmarks.

In addition to internal investment management expenses, we incurred expenses for external manager performance and pooled fund fees of $37 million in 2022 compared to $110 million in 2021. These lower amounts are commensurate with the lower performance of external managers during the year, affected by drawdowns in the financial markets.

These costs aggregate to a management expense ratio of 60 basis points in 2022, compared to 68 basis points in 2021.

Pension administration expenses totalled $113 million in 2022, compared to $105 million in 2021. In 2022, we responded to a year-over-year 176% increase in digital communication volumes, a 22% increase in transaction volumes, and a 6% increase in call volumes. We continued to invest in our pension technology, as we implement shared risk indexing and non-full time employee expansion, and as we continue to advance the platforms that serve OMERS members and employers.

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

Sustainable Investing at OMERS

As a long-term investor, we focus on identifying and assessing changes that we see or anticipate in the world around us, which may affect the value or risk of our investments or present new opportunities. This includes frequent review and analysis of rapidly shifting environmental, social and governance (ESG) factors.

We believe that well-run organizations with sound ESG practices will perform better, particularly over the long term. This belief is articulated in our Statement of Investment Beliefs, Statement of Investment Policies and Procedures, and Sustainable Investing Policy, each of which is approved by the AC Board and can be found at omers.com. As a fiduciary, our approach to Sustainable Investing is grounded in assessments of how ESG factors inform or influence the value, risk and opportunity of our investments. Improvements in ESG data, metrics and disclosure will enhance the sustainability of our financial, social and environmental systems. We therefore believe that advocating for such improvements is in the best interests of our members.

Key highlights include:

- Conducted a comprehensive review of our Sustainable Investing Policy ("SI Policy"). OMERS SI Policy now provides more detail on our approach to integration, collaboration, and engagement, and added examples of the ESG factors that we consider when making investment decisions. Our SI Policy applies to all asset classes across OMERS portfolio. Its implementation varies by strategy in a manner consistent with our Sustainable Investing Framework.
- Calculated our 2021 portfolio carbon intensity, which was measured at 129 tCO2e/$M revenue – equating to a decrease of 32% from our 2019 baseline, surpassing our 2025 goal of a 20% reduction.
- Established a 2030 interim goal of reducing portfolio carbon intensity by 50% from 2019 and created a $3 billion transition sleeve for assets playing a key role in the global transition towards a lower-carbon economy.
- Issued an inaugural Sustainable Bond which was comprised of USD $600 million of 10-year notes and USD $500 million of 30-year notes under our Sustainable Bond Framework and an inaugural Green Bond of $600 million CAD launched under Oxford's Green Financing Framework. The issuance of our first sustainable and green bonds is an example of our commitment to the development of markets for sustainable finance and demonstrates conviction in our ability to profitably deploy capital into assets with strong green and social attributes.
- Hosted an ESG Peer Forum with our fellow Canadian pension Sustainable Investing teams, where we identified several areas of opportunity to collaborate including engagement with regulators and data providers.

Further details on our 2022 activities are outlined throughout this section.

Our Approach to Sustainable Investing

Three overarching pillars guide our approach to sustainable investing: Integration, Collaboration and Engagement. Recognizing the rapid evolution of the ESG landscape, we approach this dynamic area with an open and nimble mindset and commit to enhancing our capabilities and practices to ensure they remain transparent, relevant, and effective over time.

INTEGRATION

We seek to integrate ESG factors into our investment analysis and decision-making processes and our asset management practices. Our investment and asset management teams assess ESG factors through processes tailored to the applicable asset class and investment strategy. Our investment approval processes require specific consideration of material ESG risks and opportunities. These factors include climate change, labour practices and human rights, inclusion and diversity, business conduct and Board composition, among others.

Each investment team has developed an ESG assessment framework and asset management practices tailored to their unique asset class characteristics.

Direct-Drive Assets

OMERS employs a direct-drive[1] strategy with the majority of its investment assets. For these investment strategies, we integrate relevant ESG factors into our investment due diligence and approval processes, highlighting material ESG factors to the investment approval bodies. We also integrate relevant ESG factors into our asset management approaches; our influence in this regard is commensurate with our level of ownership.

1 Direct-drive strategy refers to the use of internal investment teams to source and manage investment assets, versus external investment managers.

External Managers

We work with our partners and external investment and asset managers for those investments not managed directly by OMERS. We have processes within each business unit to assess their alignment with the principles described in this Policy. We perform ESG assessments when engaging new external investment and asset managers, with the objective of avoiding inconsistency with OMERS approach to sustainable investing. This assessment includes the review of the managers' applicable ESG policies, reports and procedures.

Investment Exclusions

We are conscious that restricting investments in entire industries or sectors limits the range of investment opportunities and overall portfolio diversification. As such, the criteria for exclusion is necessarily very stringent. Our preferred approach is active engagement rather than divestment. However, OMERS may assess specific industries or sectors against ESG factors to determine whether to exclude them from our investment portfolios. We have developed a risk-based, principled framework to determine exceptional circumstances where we exclude investments.

Currently, we exclude investments in entities engaged in the manufacturing of the following products: civilian firearms, anti-personnel landmines, cluster munitions, and tobacco.

COLLABORATION

We collaborate with like-minded organizations, investors, regulators and legislators with a view to improving the foundations for sustainable investment.

We recognize that the long-term health and sustainability of financial, environmental and social systems can impact the delivery of the pension promise. As such, we believe that through collaboration with like-minded institutions, advocacy, and partnership building, we amplify the impact that OMERS can have on ESG performance. Our investment teams actively promote sustainable business practices and long-term perspectives through direct and collaborative engagement with management teams, boards of directors and the broader investment community.

Highlights of our collaboration efforts in 2022 include:

- Chief Executive Officer, Blake Hutcheson, continued in his role as Investor Leadership Network (ILN) CEO Council Co-Chair. As part of the ILN's mandate to advance diversity in investment and address climate risk, we contributed to the ILN Inclusive Finance Playbook[1] and the Net Zero Investor Playbook.[2]
- Chief Legal and Corporate Affairs Officer, Michael Kelly, continued in his role as a member of Canada's Sustainable Finance Action Council as well as its Disclosure Technical Expert Group, supporting mandated TCFD-based disclosure, and recommending strategies to improve the quality of climate-related disclosure for public and private assets.
- Chief Financial and Strategy Officer, Jonathan Simmons, continued in his role as Co-Chair of the Canadian Chapter of the Accounting for Sustainability (A4S) CFO Leadership Network. As part of their goal to inspire finance leaders to adopt sustainable and resilient business models, OMERS contributed to the Essential Guide to Incentivizing Action Along the Value Chain.[3]
- As a founding member of Climate Engagement Canada (CEC) OMERS contributes to the dialogue between the financial community and Canadian corporations to promote a just transition to a net-zero economy. In 2022, OMERS commenced engagements with several of the companies on the CEC Focus List and joined the CEC Industry Leaders Advisory Panel.

1 https://investorleadershipnetwork.org/wp-content/uploads/ILN_Playbook_VFinal_2022.pdf
2 https://investorleadershipnetwork.org/wp-content/uploads/ILN-Net-Zero-Investor-Playbook_2022.pdf
3 https://www.accountingforsustainability.org/content/dam/a4s/corporate/home/KnowledgeHub/Guide-pdf/A4S%20Essential%20Guide%20to%20Incentivizing%20Action%20Along%20the%20Value%20Chain.downloadasset.pdf

Advocacy

We are committed to promoting better transparency in ESG data and disclosure to improve the functioning of financial markets at the system or macro level. Building on our support for the establishment of the International Sustainability Standards Board ("ISSB") and the consolidation of leading investor-focused sustainability disclosure organizations, such as the Sustainability Accounting Standards Board ("SASB"), we continued to advocate for greater sustainability-related disclosure in 2022. For example, we continued to advocate for the harmonization of disclosure frameworks and standards that support frameworks that have been widely adopted by issuers and stakeholders, such as the Task Force on Climate-related Financial Disclosures ("TCFD"). Throughout the year, we also provided formal responses to consultations led by the Canadian Securities Administrators, the U.S. Securities and Exchange Commission ("SEC") and the Canadian Association of Pension Supervisory Authorities. In addition to our own submissions, we collaborated with our Canadian pension peers in submitting a joint response to the SEC and ISSB. Links to our full responses can be found on our website.

ENGAGEMENT

We seek to actively engage with our investee companies and other stakeholders to promote sustainable business practices and long-term thinking. Our approach to engagement is informed by our investment strategy and the level of control and influence we have in the investment asset.

Engagement with investee companies is critical to our stewardship of OMERS Plan assets. Through our engagement activities, including our proxy voting program, we seek to encourage actions by company boards and management teams that will enhance long-term shareholder value.

Proxy Voting

Consistent with our fiduciary obligations, OMERS exercises its ownership rights by voting proxies in a manner intended to optimize the long-term value of its investments. In 2022, we voted:

- on 6,229 items at 737 meetings; and
- for 42 shareholder proposals on environment and social items that included GHG reduction, reporting, and lobbying, as well as disclosure of sustainability information and diversity and inclusion.

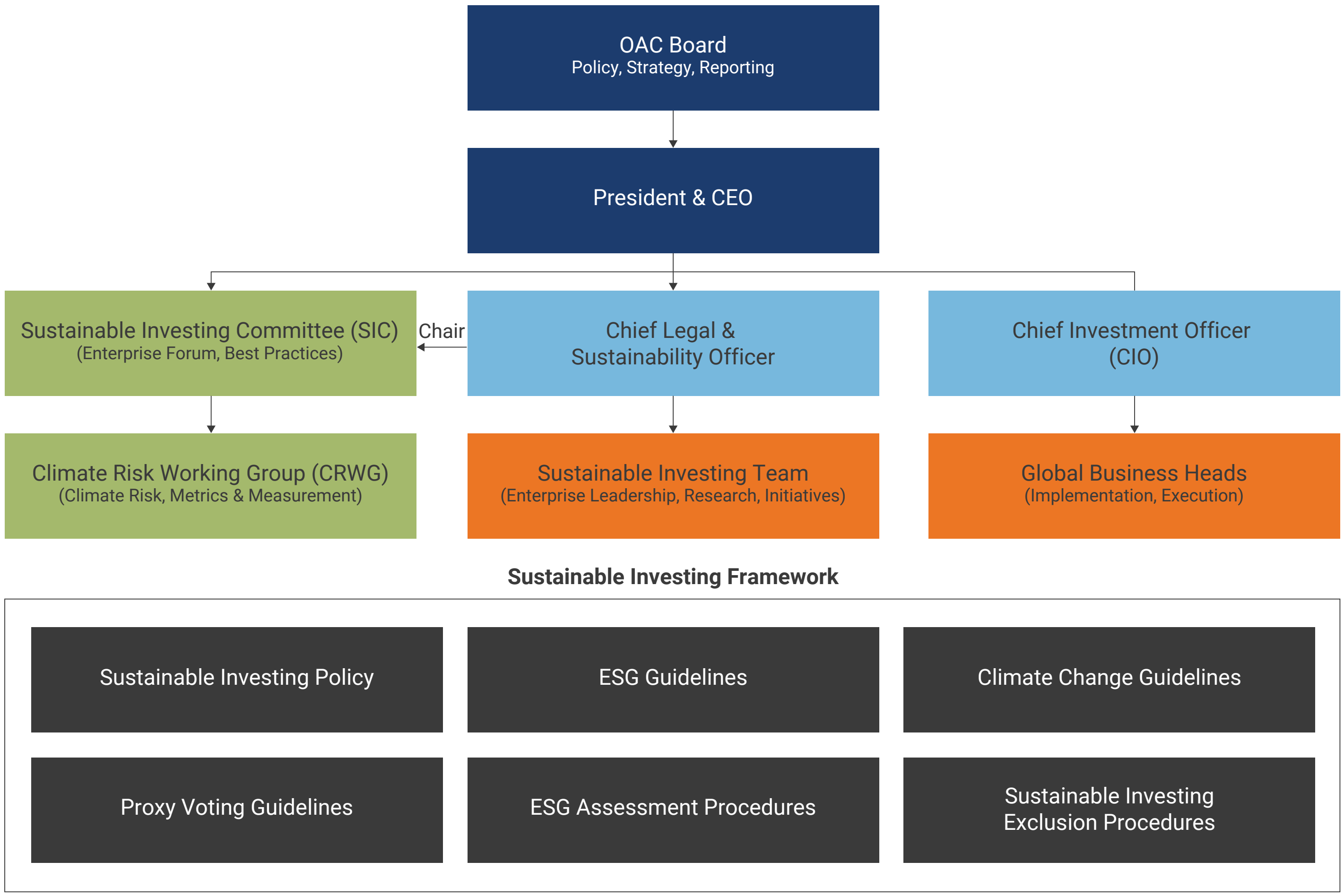
In our private markets investments where we hold direct ownership, OMERS engages directly with investee companies in various ways. For example, when we have a significant ownership stake, we typically have governance rights, which may include active board participation of our own employees or external director nominees. We also maintain regular interactions with board members and management teams and we seek to ensure effective communication of material ESG risks and opportunities.

Governance

The AC Board approves the Sustainable Investing Policy on an annual basis, setting our strategic approach, and our senior management is responsible for overseeing its execution. Regular sustainable investing reports and updates are provided to the Investment Committee of the Board and all Board members continue to receive reporting and continuing education on ESG-related matters.

The Board approves any enterprise climate-related goals or commitments.

The graphic below outlines how our SI framework fits with and across the organization:



Our Sustainable Investing Committee ("SIC") is chaired by our Chief Legal & Sustainability Officer, and includes the Chief Investment Officer, and representatives from each investment entity and business functions such as Risk, Finance, Legal, Human Resources and Communications. The SIC provides a forum to discuss sustainable investing issues, share best practices and advance OMERS knowledge and expertise in these areas. The SIC is accountable to the CEO and is responsible for developing OMERS ESG Guidelines and Climate Change Guidelines and approving the business unit ESG Assessment Procedures annually. A Climate Risk Working Group ("CRWG") has been established as a sub-committee of the SIC to develop a framework to evaluate climate risk across the portfolio.

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

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

Following are some examples of how ESG integration, collaboration and engagement are carried out in practice.

Capital Markets

Our Capital Markets team ("OCM") continued to evaluate ESG risks and opportunities that current and prospective investments face as a key component of their investment process. The team continued to evolve its monitoring and reporting of portfolio alignment with net zero and its approach to integrating ESG factors into investment decision-making. In 2022, the team modelled its portfolio emissions to 2030 with a view of ensuring its investments deliver meaningful reductions on the path to net zero.

Our portfolio managers promote sustainable business practices at the companies we invest in by active proxy voting and engagement, directly or in collaboration with like-minded investors. In 2022, we initiated several engagements through our involvement with Climate Engagement Canada. We also updated our Proxy Voting Guidelines to reflect our expectations of climate-related disclosure and disclosure of board diversity, as well as the expectation that ESG metrics be linked to compensation.

PORTFOLIO HIGHLIGHTS

OCM's Capital Solutions investment program continues to focus on equity and debt investments in themes including decarbonization and cleantech. In 2022, OMERS invested in Group14, a global manufacturer and supplier of advanced silicon-carbon technology for lithium-silicon batteries, which was awarded Time's Best Inventions of 2022.

Private Equity

Our Private Equity team continued to employ an ESG performance assessment framework, which prioritizes critical factors to enhance the value of each investment. The team also uses insights from its ESG framework to build value creation plans and Board agendas that help shape the priorities for each portfolio company.

In 2022, we added a dedicated resource to lead Private Equity's collective ESG efforts across the portfolio and launched an ESG roundtable to encourage the sharing of knowledge and best practices among our portfolio companies.

PORTFOLIO HIGHLIGHTS

NovaSource

In 2022, OMERS Private Equity announced that it has acquired a minority stake in NovaSource Power Services. NovaSource is a global leader in solar operations and maintenance ("O&M") services to utility, commercial, industrial, and residential customers, with over 20GW of solar assets under management. NovaSource is the largest independent solar O&M provider in the United States and globally.

Pueblo Mechanical & Controls

OMERS Private Equity acquired Pueblo Mechanical & Controls, a company that provides HVAC and plumbing installation, retrofit and repair services to customers in education, municipal, and healthcare end markets. Pueblo is well-positioned to capitalize on the secular trends towards energy efficiency, sustainability, decarbonization, and digitization that are driving demand.

ACHIEVEMENTS AND OUTCOMES

Our integration and engagement efforts have produced meaningful outcomes and achievements in 2022. Some examples include:

- **AMS**, **Paradigm**, **Precisely** and **Premise Health** are all award-winning workplaces. Each company was recognized in 2022 for being a top employer in their respective region or industry.
- **Gastro Health** has seen a 39% increase in female physician hires since launching its formal Diversity Equity and Inclusion (DEI) program, including the Women in GI network, in early 2021.
- **Lick** has been certified as a carbon neutral company. The OMERS Ventures portfolio company announced they will offset all CO2 emissions by supporting community initiatives in Rwanda and Colombia.
- **Dialpad**, in partnership with the Sacramento Kings, opened a community tech lab to help bridge the technological literacy and access gap for underserved students.

Infrastructure

Our Infrastructure team made significant progress in optimizing its portfolio, reducing exposure to hydrocarbons, and reducing the portfolio Weighted Average Carbon Intensity (WACI). In 2022, the team deployed capital across 11 transactions, in line with our allocation framework, which considers thematic focus areas and ESG factors.

Specifically, the Infrastructure team made progress in themes we believe will form the foundation for tomorrow's infrastructure: energy transition, mobility, natural systems, connections and community infrastructure.

PORTFOLIO HIGHLIGHTS

Groendus

OMERS Infrastructure's investment in Groendus represents the portfolio's first commercial and industrial distributed generation investment. This energy transition platform, which serves customers in the Netherlands, is a developer, builder and operator of renewable power assets. Currently overseeing a portfolio of 300 solar projects, it aims to provide its customers with an increasing suite of energy transition solutions, such as electric vehicle charging and battery storage.

Waveconn

Waveconn was created in August 2022 through the acquisitions of TPG Telecom Limited's mobile tower and rooftop portfolio and Stilmark, an independent Australian developer, owner and operator of mobile tower assets. Waveconn is a provider of critical telecommunications infrastructure with 1,400 tower and rooftop sites in Australia. This investment aligns with OMERS Infrastructure's efforts to build future-oriented platforms and to expand wireless connectivity to underserved markets.

Spring Lane Capital

In 2022, OMERS Infrastructure announced a joint investment opportunity with Spring Lane Capital to explore investments in growing businesses in North America that address sustainability in food, water, energy, transportation, and waste.

Oxford

Oxford's ESG program is focused on putting its assets on a net zero carbon pathway, improving the communities in which it invests and operates and enabling good ESG practices and performance across the organization – all in service of creating economic and social value through real estate.

ESG program highlights from the past year include:

- Developed and launched Oxford's Green Financing Framework, enabling Oxford to finance sustainable investments and expenditures that support and drive the transition to a low-carbon economy, and successfully completed the inaugural issuance of unsecured Green Bond;
- Initiated a global asset–level carbon footprinting exercise and began developing customized net zero pathway for assets;
- Awarded GRESB 5-Star rating and ranked in the top 4% amongst its global peers;
- Named one of Fast Company's World's Most Innovative Companies, awarded 9th place for Corporate Social Responsibility;
- Received the WELL Health-Safety Rating for 38 office assets; and
- Launched ESG education series focused on high-materiality content.

PORTFOLIO HIGHLIGHTS

- **The Stack, Vancouver, Canada** – achieved Canada Green Building Council's Zero Carbon Building – Design standard certification. Canada's first (and largest) commercial high-rise office tower.
- **125 Lincoln Street, Boston, USA** – project includes affordable housing units, paving way for public benefits.
- **Sony Centre, Berlin, Germany** – decarbonization plans in place to improve energy efficiency and reduce GHG emissions; once completed the updates will result in 375,000 KWh avoided energy consumption and 100 $tC0_2$ of avoided carbon emissions annually.
- **Oxford and SSE** – launched U.K.-wide EV charging network that will enable 2 million EVs to be charged annually at Oxford U.K. retail sites.
- **James Snow Business Park** – one of the first major projects to deliver solar energy to tenants as part of the base building infrastructure.

Climate-Related Disclosure

At OMERS we believe that climate change and the transition to a lower-carbon economy can have a significant long-term impact on the financial performance of the companies and assets in which we invest. We have endorsed the Task Force on Climate-Related Financial Disclosures (TCFD) as we believe it is the most effective standard to deliver the information investors need to assess climate risk. Our TCFD-aligned reporting follows:

Governance

The AC Board, senior management and our Sustainable Investing Committee all have active governance roles in our approach to climate change. Refer to the Update on Governance section on page 27.

Strategy

Climate change presents both physical and transition risks to OMERS investment portfolio. Physical risks include the risk of loss due to extreme weather events or longer-term shifts in climate patterns. This year, reflecting the latest recommendations from the TCFD, our CRWG established a Taskforce dedicated to exploring solutions for identifying and monitoring physical risks in the portfolio.

Transition risks include changes in government policy and regulation, technology, markets, and reputation, which may increase the costs of certain assets (e.g., carbon pricing) or their marketability (e.g., stranded assets). These changes may impact the value of our investments. The energy transition is a key element of OMERS Infrastructure team's strategy. Attractive investment opportunities in renewable and transitioning-enabling assets continue to arise and are evaluated by the team as they emerge.

Our approach to climate change is aligned with the three pillars of our Sustainable Investing Framework: Integration, Collaboration and Engagement, as described on previous pages, and the recommendations of the TCFD.

The TCFD recommends using various tools to help organizations better understand portfolio alignment with net zero and resilience under various climate pathways. In 2022, our CRWG established a taskforce dedicated to exploring forward-looking portfolio alignment tools. We also conducted our second climate scenario analysis, leveraging the capabilities of a third-party asset-liability management service provider. Through our analysis, we considered the risks and opportunities of macroeconomic factors such as long-term GDP growth and inflation, climate-related government policies, transition risks and physical risks. This exercise enabled us to explore three scenarios: an orderly transition towards net zero 2050, a disorderly transition, and a failed transition. These scenarios are aligned with certain Intergovernmental Panel on Climate Change scenarios.

The analysis completed demonstrates that the potential impacts to our portfolio are highly dependent on the scenario that unfolds and the sectors and regions in which we invest, rather than limited to specific asset classes, sectors, or geographies. The findings highlight areas of both risk and opportunity for the Plan and emphasize the importance of our integrated decision-making process, which considers climate-related scenario analysis at the total portfolio level. We anticipate continuing to refine this analysis as the variables for each scenario evolve, and as new information becomes available.

As a next step, we plan to launch our Climate Action Plan in 2023 that will outline these initiatives in more detail.

Risk Management

OMERS has a formal risk framework that governs our approach to identifying and managing risks, including those related to ESG and climate change. Climate change is explicitly mentioned in our Investment Risk Policy, Risk Appetite Statement, and related metrics are embedded in our quarterly Investment Risk Report that is presented to the Investment Committee of the Board.

The CRWG is comprised of risk professionals from each investment team, representatives from our Sustainable Investing Committee, and other functions across the Plan. The mandate of this group includes developing a framework to evaluate climate risk across the portfolio, including our total portfolio carbon footprint. This year we expanded our focus to incorporate the latest recommendations from the TCFD and market best practice and included physical risk assessments, internal carbon pricing, portfolio alignment tools, and defining climate-related taxonomies. The CRWG is a sub-committee of the Sustainable Investing Committee and is sponsored by the Chief Risk Officer.

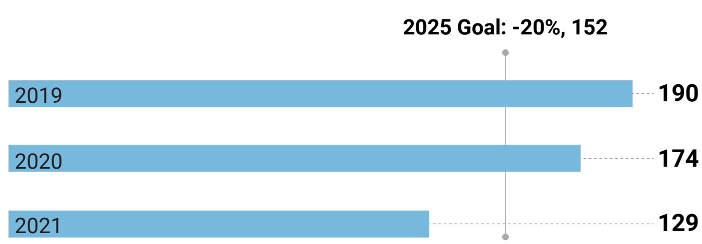
Where climate change impacts are considered material to a proposed investment, our teams analyze potential impacts to value or to risk – whether positive or negative. They involve internal or external experts as necessary. The ESG Assessment Procedures developed by each investment business unit help guide our approach throughout the lifecycle of an investment.

Metrics & Targets

In 2022, we continued to evaluate measures to help us understand the implications of climate change to OMERS portfolio and to enhance the view of our portfolio through this lens. We have established a 2030 interim goal to reduce portfolio carbon intensity 50% from 2019, building on our commitment to net zero by 2050. We have also created a $3 billion transition sleeve for assets playing a key role in the global transition towards a lower-carbon economy. These transition assets will be tracked separately and not included in OMERS carbon footprint.

We computed our third annual portfolio carbon footprint which continues to be based on the recommendations of the TCFD as we continue to monitor the evolving IFRS Sustainability Standards Board (ISSB) disclosure guidance. The TCFD recommends that asset owners report on their Weighted Average Carbon Intensity (WACI) as well as consider other climate-related metrics. WACI (tCO2e/$M Revenue) measures the portfolio's carbon efficiency by considering each asset's total emissions relative to its revenue and the weight of the asset in the OMERS portfolio. This metric is reported annually along with our carbon footprint (tCO2e/$M Invested).

Weighted Average Carbon Intensity (tCO_2e/$M Revenue):



In 2021, OMERS WACI was 32% lower than our 2019 Baseline. While this has surpassed our 2025 goal of a 20% reduction, it is important to note that WACI is a point-in-time test and can move up or down in any given year depending on many factors, including business revenues. Therefore, we cannot assume that the WACI trajectory will be linear over time. The portfolio carbon intensity reduction to date can be attributed both to portfolio transition from higher to lower emitting assets and to intensity reductions across several significant assets.

This year, we are also expanding our climate metrics disclosure to include absolute financed emissions, percentage of reported vs estimated emissions, and providing a breakdown of these metrics by asset group. This provides greater transparency and detail into emissions beyond total portfolio WACI.

OMERS 2021 CLIMATE METRICS:

	Equities[1]	Fixed Income[2]	Real Assets[3]	Total portfolio
Value of Exposure Analyzed ($B CAD)	48	11	51	**110**
Absolute Financed Emissions (tCO_2e)	1,696,765	332,193	1,910,952	**3,939,910**[4]
Carbon Footprint (tCO_2e/$M Invested)	35	30	38	**36**[4]
WACI (tCO_2e/$M Revenue)	100	112	160	**129**[4]
Company Reported Emissions	57%	30%	79%	**64%**
Estimated Emissions	43%	70%	21%	**36%**

1 Includes public and private equity holdings.
2 Includes bonds and credit holdings.
3 Includes infrastructure and real estate holdings.
4 Metric assured by PwC.

Absolute financed emissions represent the share of a portfolio company's emissions attributed to OMERS based on our ownership. Company reported emissions indicate emissions data directly reported by a company. This is a proxy for data quality to reflect what portion of the emissions data is coming from the company, as compared to estimated emissions which can be less reliable.

Following is a summary of our carbon footprinting methodology; additional detail can be found at omers.com/climate-change:

- Our carbon footprinting metrics are based on assets held as of December 31, 2021 and the most recent emissions data available;
- The market value of OMERS portfolio in-scope for our carbon footprint metrics is $116 billion, and represents all long-only non-government holdings with existing footprinting methodology where we have position transparency and data availability.[5] Based on this approach, we were able to footprint 95% of in-scope assets; and
- We use the "financed emissions approach", which attributes our share of an asset's emissions based on OMERS proportionate share of the asset's enterprise value – accounting for both the debt and equity share in an asset.

5 Market value is used to represent OMERS full economic exposure to issuer GHG emissions and includes notional value to account for equity derivatives. We do not include the following instruments: cash, short-term notes, currency instruments, short positions, interest rate swaps, commodities, and government securities.

- Our approach is in line with the TCFD recommendations for Asset Owners and the Greenhouse Gas (GHG) Protocol; and informed by guidance from Partnership for Carbon Accounting Financials (PCAF). In certain areas, OMERS approach differs from the PCAF standard due to reasons of practicality. The key difference is the use of standard enterprise value (EV) rather than the PCAF recommended enterprise value including cash (EVIC). However, this approach remains consistent with the general attribution principle articulated by PCAF which is that a financial institution should account for both the equity and debt share in a company when measuring financed emissions.
- We include Scope 1 (direct emissions that occur from sources owned or controlled by a company) and Scope 2 emissions (indirect GHG emissions associated with the purchase of electricity, steam, heat, or cooling). This year, we began tracking reported Scope 3 emissions and determined that approximately 25% of the companies in our in-scope portfolio by market value are disclosing this information. This limited disclosure is indicative of the wider challenge when it comes to Scope 3 emissions, which itself is divided into 15 different categories covering both the upstream and downstream value chain of a company. As an investor, we continue to advocate that companies disclose Scope 3 emissions where material.
- For private assets, GHG emissions are sourced directly. Where emissions data is not available, we apply an estimation approach using public proxies and GICS subindustry emission intensities. For public assets we use emissions data provided by MSCI Inc. (MSCI). Where company reported emissions are not available, estimates are provided by MSCI based on their carbon emissions estimation models.

Carbon accounting methodologies continue to evolve, and we continue to revise our approach and scope of coverage in line with these developments. OMERS 2019 WACI baseline was also revised in 2022 from 199 to 190 tCO_2e/$M Revenue. This was due to a refinement of data in alignment with current industry accepted carbon accounting approach for real estate and therefore Oxford's reporting. Emissions previously treated as Scope 1 and 2 for specific real estate assets are now classified as Scope 3. Oxford retroactively applied this change to data reported in previous years. This resulted in adjustments to OMERS overall WACI for 2019 and 2020.

For more details on the scope of analysis and further details on our methodology, please refer to omers.com/climate-change.

We engaged PricewaterhouseCoopers LLP, an independent third party, to conduct a limited assurance engagement on our 2021 carbon footprint metrics. Their assurance report is included in the Reference section of this Annual Report on page 147.

Green Assets

As part of OMERS approach to climate change, we are regularly looking for new models and metrics to evaluate the portfolio through an ESG lens. Understanding how the portfolio is positioned against green, low-carbon, and transition taxonomies is a key area of work for the CRWG. For the second year, we have calculated the portfolio's green asset exposure using the International Capital Market Association's (ICMA) Green Bond Principles. We plan to expand these categories over time as sustainable finance taxonomies are further developed. At year-end 2022, investments in green assets[1] totalled more than $19 billion including green buildings, renewable and low-carbon energy, and energy efficiency assets.

1 Green assets are presented as net of financial leverage and gross of economic leverage, recourse debt and other contractual liabilities.

Asset Class Performance

Public Investments

NET RETURN

(5.4)%

2021: 14.6%
5-YEAR AVERAGE: 3.1%

NET LOCAL RETURN

(7.5)%

BENCHMARK

5.7%

NET INCOME

$(3.1)B

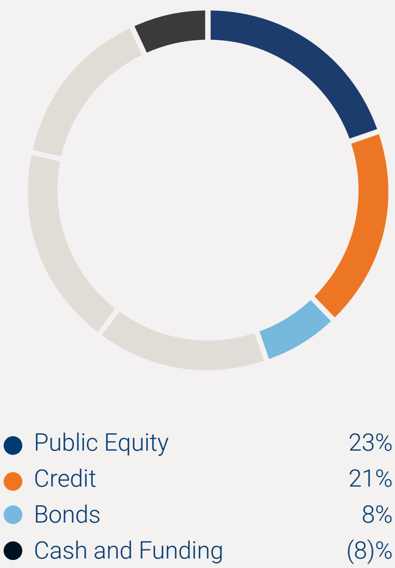
2021: $7.9B

NET EXPOSURE

$55.5B

2021: $58.9B

ASSET MIX



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

INVESTMENT APPROACH

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

2022 PERFORMANCE

Public investments generated a net loss of 5.4% in 2022, compared to our 2022 absolute return benchmark of 5.7%. This represents a net investment loss of $3.1 billion, compared to a net investment gain of $7.9 billion in 2021.

- Public equities generated a net loss of 11.9% in 2022 compared to a 20.7% gain in 2021. Our public equities performance is in line with that of global public equity indices (as measured in Canadian dollars), and was particularly impacted by our equity market exposure in the Asia-Pacific region. Currency effects increased the 2022 return by 1.8%. Public equities comprised 23.5% of OMERS portfolio at December 31, 2022 (2021 – 29.4%).

- Credit investments generated a net gain of 3.4% in 2022 compared to a gain of 5.8% in 2021. Our credit portfolio generated returns primarily from interest income, which was partially offset by valuation decreases resulting primarily from the effect of higher market interest rates. Our credit portfolio's average duration is three years, and is therefore less sensitive to changes in long-term yields. Currency effects increased the 2022 return by 3.0%. The credit asset class comprised 20.6% of OMERS portfolio at December 31, 2022 (2021 – 13.8%).
- Government and Inflation-linked bonds generated a net loss of 3.8% in 2022 compared to a return of 1.3% in 2021. The loss was primarily from valuation decreases from rising interest rates. Over the course of the year, we decreased this portfolio's average duration to less than one year to shelter it from more significant declines from rising interest rates. Currency effects increased the 2022 return by 0.3%. Bonds comprised 7.9% of OMERS portfolio at December 31, 2021 (2021 – 6.3%).

CAPITAL ALLOCATION

Public investments decreased to $55.5 billion from $58.9 billion at the end of 2021, primarily due to losses in public equities.

Private Equity

NET RETURN

13.7%

2021: 25.8%
5-YEAR AVERAGE: 9.2%

NET LOCAL RETURN

10.5%

BENCHMARK

11.2%

NET INCOME

$2.6B

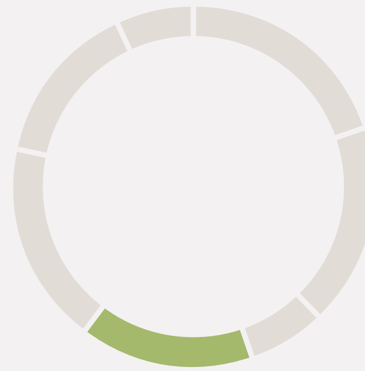
2021: $4.0B

NET EXPOSURE

$23.2B

2021: $19.8B

ASSET MIX



INVESTMENT APPROACH

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

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

2022 PERFORMANCE

Private equity assets generated a net return of 13.7% in 2022, compared to our 2022 absolute return benchmark of 11.2% (2021 – net return of 25.8%). This equates to net investment income of $2.6 billion in 2022 (2021 – net investment income of $4.0 billion). Currency effects increased the 2022 return by 3.2%.

Our private equity performance was driven by organic growth in our portfolio EBITDA, coupled with our accretive M&A activities, particularly in our business services and industrial verticals. The valuation multiples for the high-quality and recession-resilient assets we own generally remained unchanged throughout the year – though the valuations of our software and technology assets, which primarily reside in our venture and growth equity strategies and comprise less than 2.5% of OMERS assets, were negatively impacted by market conditions.

CAPITAL ALLOCATION

Total investments in private equity increased to $23.2 billion at the end of 2022, up from $19.8 billion in 2021. This increase was primarily driven by valuation gains and by net acquisition activity in the buyout segment. Key acquisitions included Network Plus (leading provider of repairs, maintenance and investment services to U.K. utility infrastructure), Medical Knowledge Group (a medical communications and commercialization service provider), Pueblo (leading regional provider of commercial HVAC services in the U.S.) and NovaSource (largest solar operations and maintenance provider globally).

Infrastructure

NET RETURN

12.5%

2021: 10.7%
5-YEAR AVERAGE: 10.2%

NET INCOME

$2.9B

2021: $2.3B

NET LOCAL RETURN

10.6%

NET EXPOSURE

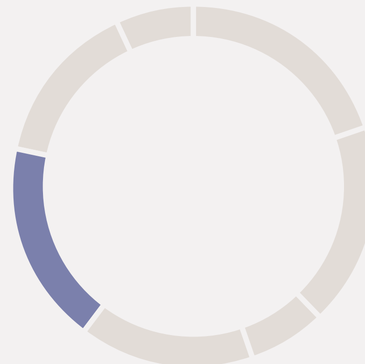
$26.3B

2021: $24.0B

BENCHMARK

7.7%

ASSET MIX



Infrastructure	21%

INVESTMENT APPROACH

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

2022 PERFORMANCE

Infrastructure assets generated a net return of 12.5%, compared to our 2022 benchmark of 7.7% (2021 – net return of 10.7%). This equates to net investment income of $2.9 billion in 2022 (2021 – $2.3 billion) and an operating cash yield of 3.1% in 2022, compared to 5.0% in 2021. Currency effects increased the 2022 return by 1.9%.

Our returns were supported by higher valuations due to significant transaction activity across the portfolio during the year, strong operational performance, and accretive financing activities across several assets, particularly in community infrastructure and nuclear power. Our 2021 return also reflects gains from sales completed or signed during the year, including the sale of Chicago Skyway (a toll road linking Chicago and northern Indiana) and GNL Quintero (a liquified natural gas regasification terminal in Chile).

CAPITAL ALLOCATION

Infrastructure investments increased to $26.3 billion in 2022, up from $24.0 billion in 2021. This increase was a combination of capital deployment and growth in the value of existing assets, offset by dispositions. During 2022, we made a number of acquisitions in the transportation, digital infrastructure and renewables sectors, including DirectChassis Link (the largest chassis provider in the U.S.), Waveconn (TPG Telecom's mobile tower portfolio and Stilmark in Australia), and Navisun (a U.S.-based distributed generation solar development platform).

In line with our capital rotation strategy, we completed the dispositions of our interest in Scotia Gas Networks (U.K. regulated gas distribution utility), Chicago Skyway, GNL Quintero, and Midland Cogeneration Ventures (the largest natural gas-fired cogeneration facility in the U.S.).

Real Estate

NET RETURN

13.6%

2021: 15.9%
5-YEAR AVERAGE: 6.5%

NET LOCAL RETURN

11.8%

BENCHMARK

7.1%

NET INCOME

$2.6B

2021: $2.5B

NET EXPOSURE

$21.2B

2021: $19.8B

ASSET MIX

Real Estate 17%

INVESTMENT APPROACH

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

Oxford's purpose is to create economic and social value through real estate – safeguarding the future and creating a world of opportunities for our customers, communities, partners and people. We invest in a diversified portfolio of industrial, office, retail, residential, life sciences, hotel, credit and niche alternative assets in Canada, the U.S., Europe and Asia-Pacific. Our real estate portfolio consists of approximately 113 million square feet of office, industrial, retail and life sciences space, including 9,000 residential units and 3,000 hotel rooms.

2022 PERFORMANCE

Real estate assets generated a net return of 13.6%, compared to our 2022 benchmark of 7.1% (2021 – net return of 15.9%). This equates to net investment income of $2.6 billion in 2022 (2021 – net investment income of $2.5 billion). Currency effects increased the 2022 return by 1.8%.

Our performance in 2022 was driven by strong returns from operations, development, gains on the disposition of certain office and industrial assets, a positive revaluation of our long-term debt and foreign exchange. This was partially offset by a decline in asset valuations which were negatively impacted by widening valuation metrics.

In this MD&A, we present our investments and performance by asset class. As such, Oxford's real estate credit business and public equity investment in HKSE-listed ESR Logistics are presented under "credit" and "public equity", respectively, and not in "real estate". Including the performance of its credit business and investment in ESR Logistics, the Oxford 2022 net return was 9.4%.

CAPITAL ALLOCATION

Real estate investments increased to $21.2 billion at December 31, 2022, up from $19.8 billion in 2021.

In 2022, Oxford continued to execute on its capital allocation strategy, increasing portfolio weightings in high-conviction growth sectors focused on the life sciences and industrial sectors. Key deployments included the acquisition of a portfolio of seven high-quality bulk distribution logistics assets in the U.K., growing our European logistics portfolio into Spain through the acquisition of seven last-mile assets, acquiring a 13-building life science portfolio in San Diego and purchasing a substantial office to life science conversion project in London.

Oxford continued to make significant progress on over 70 active development projects representing $2.8 billion in committed equity deployment (with $1.2 billion remaining).

Oxford successfully executed several office dispositions transactions across North America, Europe and Australia, including the sale of a 45% interest in Sony Center, an office-led mixed-use landmark property in Berlin; Royal Bank Plaza, an office complex in Toronto's financial district; St. John's Terminal, an office development in Manhattan, and a 49.9% interest in five Australian office assets.

Risk Management

OMERS activities expose us to a broad range of investment and non-investment risks, and therefore our ability to manage these risks is an important capability. We are focused on delivering sustainable, affordable and meaningful pensions to our members, and consistent with this pursuit we develop frameworks and processes to identify, measure and manage risks, including emerging risks, that may impact the Plan's long-term financial health.

2022 Risk Management Highlights

We continue to enhance our risk management practices and in 2022 our key initiatives included:

- Advancing liquidity risk management processes with dynamic real-time reporting and scenario analysis;
- Strengthening risk analytics capabilities as we transition to a new risk system;
- Enhancing the operational risk management processes with the introduction of additional key risk indicators;
- Increasing our focus on model risk governance with the completion of primary model validations and the introduction of an attestation process; and
- Deepening expertise with continued focus on building a team of experienced risk professionals.

Risk Governance

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

The AC and SC Boards have approved OMERS risk frameworks. The risk frameworks describe overall risk management governance and detail the structure for categorizing risks to which the two organizations are exposed. The Boards delegate the day-to-day management of risk to Management. The Chief Risk Officer is responsible for our Risk Management function, which provides independent and objective analysis and risk reporting to both the Executive Leadership Team and to OMERS Boards of Directors. This approach produces a unified risk assessment across both the AC and SC, enabling consistent frameworks to better understand and assess the broad range of risks and opportunities OMERS faces.

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

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

1ST LINE OF ACCOUNTABILITY "Risk Owner"	These groups that own OMERS primary business activities and are responsible for identifying and managing risk as part of their accountability.
2ND LINE OF ACCOUNTABILITY "Risk Partner"	These control groups and other corporate functions provide risk oversight of the first line.
3RD LINE OF ACCOUNTABILITY "Independent Assurance Provider"	Internal Audit is an independent, objective assurance and consulting function whose responsibility is to assess the strength and efficacy of OMERS internal controls.

Risk Appetite Statements

Our Boards of Directors annually approve OMERS risk appetite that provides a framework to assess the desired amount of risk the enterprise believes is appropriate to take in the pursuit of OMERS objectives.

The risk appetite statements:

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

The Primary Plan risk appetite statement addresses plan risk – also known as funding risk – which is the risk that OMERS is not able to deliver sustainable, affordable and meaningful pensions. Funding risk is inherent in the interaction of the four subsidiary risk categories. A separate risk appetite statement for the RCA addresses funding risk specifically for the RCA.

The subsidiary risk categories are defined as follows:

1. Pension Risk: The risk of significant changes in Plan liabilities and normal cost, or the risk of Plan design being inconsistent with design objectives;
2. Investment Risk: The risk that investments will underperform our return expectations;
3. Operational Risk: The risk of loss or other adverse impacts arising from operational failures, such as failure in people, processes, systems and infrastructure, and from external events; and
4. Governance Risk: The risk of adverse effects due to OMERS quality of decision-making resulting from its governance structure, processes and culture.

Reconciliation of Non-GAAP Measures

Reconciliation of Net Investment Assets to Net Exposure

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

			Reclassifications									
Consolidated Financial Statements		**Derivative Exposures[1]**	**Private Credit Funds and Royalty Agreements[2]**	**Corporate Bonds[3]**	**Real Estate Funds[4]**	**Recourse Debt[5]**	**Repurchase Agreements[6]**	**Contractual Agreements[7]**	**RCA[8]**	**Other Items**		**MD&A**
$ millions as at December 31, 2022												
Fixed Income												**Fixed Income**
Inflation-Linked Bonds	**2,670**									(13)		
Nominal Bonds and Debentures	**13,822**	1,024		(6,595)						(938)	**9,970**	Bonds
Private Debt and Mortgages	**8,955**	5,725	7,388	6,595		(2,756)				130	**26,037**	Credit
Equities												**Equities**
Public Equity	**16,602**	13,344							(95)	(199)	**29,652**	Public Equity
Private Equity	**31,128**		(7,388)		(433)					(92)	**23,215**	Private Equity
Real Assets												**Real Assets**
Infrastructure	**29,742**					(2,044)		(1,421)		34	**26,311**	Infrastructure
Real Estate	**24,633**				433	(3,015)		(690)		(159)	**21,202**	Real Estate
Short-Term Instruments												**Cash and Funding**
Cash and Short-Term Deposits	**25,837**	(20,093)				(3,627)	(12,503)	(57)	(6)	319	**(10,130)**	Cash and Funding
Investment-Related Assets & Liabilities	**(25,350)**					11,442	12,503			1,405		
Total Net Investment Assets	**128,039**	**–**	**–**	**–**	**–**	**–**	**–**	**(2,168)**	**(101)**	**487**	**126,257**	**Total Net Exposure**

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

Reconciliation of Net Investment Income

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

			Reclassifications								
Consolidated Financial Statements		**Derivative Exposures[1]**	**Private Credit Funds and Royalty Agreements[2]**	**Corporate Bonds[3]**	**Real Estate Funds[4]**	**Recourse Debt[5]**	**Contractual Agreements[6]**	**RCA[7]**	**Other Items**		**MD&A**
$ millions as at December 31, 2022											
Fixed Income											**Fixed Income**
Inflation-Linked Bonds	**84**	(167)							(26)		
Nominal Bonds and Debentures	**(407)**	(102)		184					49	**(385)**	Bonds
Private Debt and Mortgages	**561**	(212)	914	(184)		(210)			31	**900**	Credit
Equities											**Equities**
Public Equity	**(2,013)**	(2,291)						12	(7)	**(4,299)**	Public Equity
Private Equity	**4,047**	(527)	(914)		(9)	(0)			16	**2,613**	Private Equity
Real Assets											**Real Assets**
Infrastructure	**3,044**	62				(89)	(156)		47	**2,908**	Infrastructure
Real Estate	**2,809**	(83)			9	(56)	(61)		10	**2,628**	Real Estate
Cash and Short-Term Deposits	**307**	(151)				596			(120)	**632**	**Cash and Funding**
Derivatives	**(3,471)**	3,471								**–**	
Investment Liabilities	**241**					(241)				**–**	
Total Investment Income	**5,202**	–	–	–	–	–	(217)	12	–	**4,997**	**Total**
Income Credited under Contractual Agreements	**(290)**	–	–	–	–	–	217	(12)	–	**(85)**	**Income Credited under Contractual Agreements & RCA Investment Fund**
Net Investment Income/(Loss)	4,912	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	4,912	

1. Net Gain (Loss) on derivatives is classified as derivatives in the Consolidated Financial Statements, and is classified based on the asset exposure in this MD&A.
2. Income from private credit funds and royalty agreements is classified as private equity in the Consolidated Financial Statements, and is classified as credit in this MD&A.
3. Losses from corporate bonds are classified as nominal bonds and debentures in the Consolidated Financial Statements, and are classified as credit in this MD&A.
4. Income from private funds that are invested in real estate is classified as private equity in the Consolidated Financial Statements, and is classified as real estate in this MD&A.
5. Unrealized gains and interest expense related to recourse debt is classified as investment-related liabilities in the Consolidated Financial Statements, and is classified under respective asset classes in this MD&A.
6. OMERS has entered into contractual agreements that provide eligible clients with access to the performance of its real estate and infrastructure businesses. The Investment income related to these contracts is reported gross in Total Investment Income in the Consolidated Financial Statements and net in this MD&A
7. The Retirement Compensation Arrangement (RCA) for the OMERS Primary Pension Plan is classified as public equity in the Consolidated Financial Statements, and is not included in this MD&A.

Glossary of Financial Terms

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

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

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

Term	Definition	Comparability to Nearest GAAP Measure
Net Assets ($)	Equal to the Net Assets Available for Benefits of the Plan, as set out in Note 6 to the Consolidated Financial Statements. Note that this is a GAAP measure; it is named differently in the MD&A for convenience.	
Net Exposure ($) (Non-GAAP Term)	The aggregate dollar value of the Primary Plan and Administered Funds. This excludes OMERS Return Agreements as set out in Note 5 of the Consolidated Financial Statements. This comprises exposure through direct ownership and derivatives and is net of financial leverage. Exposure achieved through option contracts is measured on a delta-adjusted basis.	This measure is most similar to Net Investment Assets in Note 3 to the Consolidated Financial Statements. This MD&A presents a reconciliation between Net Exposure and Net Investment Assets on page 78. This MD&A presents Net Exposure in aggregate and by each asset class. We present our Asset Mix (defined below) using each asset class's Net Exposure, with an offset to "Cash and Funding".
Asset Mix (%) (Non-GAAP Ratio)	The proportion of our total Net Exposure attributed to each asset class. This is a method of presenting investment portfolio diversification aligned with our long-term asset mix.	n/a: the Consolidated Financial Statements do not present a disclosure similar to the percentage proportion of assets by asset class.
Assets by Geography (%) (Non-GAAP Ratio)	The proportion of our total Net Exposure, adjusted to include exposure through fixed income and equity derivatives, across major geographic regions. When we have a Net Exposure to a multinational enterprise, we attribute that Net Exposure to the "country of risk" listed by Bloomberg, or if unavailable, to the "country of incorporation". This is a method of presenting investment portfolio diversification.	n/a: the Consolidated Financial Statements do not present a disclosure similar to the percentage proportion of assets by geography.

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

Term	Definition	Comparability to Nearest GAAP Measure
Net Income (Loss) ($) (Non-GAAP Term)	The income (loss) generated by Net Exposure, including balances attributable to Administered Funds, presented in aggregate and by asset class.	This measure is most similar to Net Investment Income as presented in Note 8 to the Consolidated Financial Statements. This MD&A includes a reconciliation between Net Income (Loss) and Net Investment Income, on page 79.
Net Return (Loss) (%) (Non-GAAP Term)	The investment return generated (lost), net of investment expenses, over the period of time specified. This measure is annualized, if relevant, and is presented in aggregate and by asset class. We calculate net returns in accordance with standard industry computation methods.	n/a: the Consolidated Financial Statements do not present a ratio of the Plan's return to Net Exposure.
Net Local Return (Loss) (%) (Non-GAAP Term)	The investment return generated (lost), net of investment expenses, over the period of time specified, excluding any impact from foreign exchange. This measure is annualized, if relevant, and is presented in aggregate and by asset class. We calculate net local returns in accordance with standard industry computation methods.	n/a: the Consolidated Financial Statements do not present a ratio of the Plan's local return to Net Exposure.
Recourse Leverage (%) (Non-GAAP Term)	This ratio uses as its numerator total debt with recourse to AC, defined as the undiscounted principal value of the Debt listed in Note 4 of the Consolidated Financial Statements, translated at period-end foreign exchange rates. Its denominator is equal to total debt with recourse to AC plus Net Investment Assets as presented in Note 3 to the Consolidated Financial Statements. This measures the extent to which recourse leverage is used, relative to assets.	n/a: the Consolidated Financial Statements do not present a ratio of total debt with recourse to AC to Net Investment Assets.
Operating Cash Yield (%) (Non-GAAP Term)	The ratio of aggregate operating cash distributions to Net Exposure for any particular asset class, as calculated on a time-weighted basis. This measures the extent to which investment(s) generate returns in cash.	n/a: the Consolidated Financial Statements do not present a ratio of cash returned to Net Exposure of specified asset class.

FINANCIAL STATEMENTS
OMERS ADMINISTRATION CORPORATION

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

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

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

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

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

E.M. Blake Hutcheson
President and Chief Executive Officer
Toronto, Ontario
February 27, 2023

Jonathan Simmons, FCPA, FCA
Chief Financial and Strategy Officer

ACTUARIAL OPINION

We conducted actuarial valuations as at December 31, 2022 of the OMERS Primary Pension Plan (the "Primary Plan") and the Retirement Compensation Arrangement for the OMERS Primary Pension Plan (the "RCA") administered by OMERS Administration Corporation ("AC"). The purpose of the valuations is to fairly present the actuarial funded status of the Primary Plan and the RCA as at December 31, 2022, for inclusion in this Annual Report in accordance with Section 4600 of Part IV of the *Chartered Professional Accountants of Canada (CPA Canada) Handbook*.

The results of the actuarial valuation of the Primary Plan disclosed total going concern actuarial liabilities of $130,306 million in respect of benefits accrued for service to December 31, 2022 (comprising $128,789 million with respect to the defined benefit component and $1,517 million with respect to the AVC component). The actuarial value of net assets at that date were $123,628 million (comprising $122,111 million with respect to the defined benefit component and $1,517 million with respect to the AVC component), indicating a going concern actuarial deficit of $6,678 million.

The actuarial liability in respect of RCA benefits accrued for service to December 31, 2022, net of the RCA assets, was $1,059 million. The RCA is not fully pre-funded. The funding of the RCA is managed on a modified pay-as-you go basis and monitored to ensure that the fund will have sufficient assets to provide for the projected benefit payments over the 20-year period following each valuation date.

The actuarial valuations of the Primary Plan and the RCA as at December 31, 2022 were conducted using the Projected Benefit Method Prorated on Services, and membership data as at October 30, 2022 and financial information as at December 31, 2022 supplied by AC.

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

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

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

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

Respectfully submitted,
Towers Watson Canada Inc.

Philip Morse

Philip A. Morse
Fellow, Canadian Institute of Actuaries

Janis Cooper
Fellow, Canadian Institute of Actuaries

Toronto, Ontario
February 27, 2023

Independent auditor's report

To the Board of Directors of OMERS Administration Corporation

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of OMERS Administration Corporation and its subsidiaries (together, AC) as at December 31, 2022 and 2021, and the changes in its net assets available for benefits and changes in its pension obligations for the years then ended in accordance with Canadian accounting standards for pension plans.

What we have audited
AC's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2022 and 2021;
- the consolidated statements of changes in net assets available for benefits for the years then ended;
- the consolidated statements of changes in pension obligations for the years then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

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

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

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

Other information

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

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of AC's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on AC's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause AC to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within AC to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
February 27, 2023

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in millions of Canadian dollars) As at December 31,		**2022**		2021
Net Assets Available for Benefits				
Assets				
Investments (note 3)	**$**	**153,389**	$	136,112
Investment-related assets (note 3)		**1,745**		1,177
Contributions receivable				
From employers		**181**		174
From members		**181**		174
Other assets		**310**		253
Total Assets		**155,806**		137,890
Liabilities				
Investment-related liabilities (notes 3 and 4)		**27,095**		12,850
Amounts payable under contractual agreements (note 5)		**3,975**		3,771
Other liabilities		**354**		350
Total Liabilities		**31,424**		16,971
Net Assets Available for Benefits	**$**	**124,382**	$	120,919
Accrued Pension Obligation and (Deficit) Surplus				
Primary Plan (note 6)				
Defined Benefit component				
Accrued pension obligation	**$**	**128,789**	$	119,342
(Deficit) Surplus				
Funding (deficit) surplus		**(6,678)**		(3,131)
Actuarial value adjustment to net assets available for benefits		**578**		3,062
		(6,100)		(69)
Additional Voluntary Contributions component		**1,517**		1,454
Accrued Pension Obligation and (Deficit) Surplus of the Primary Plan		**124,206**		120,727
Retirement Compensation Arrangement (note 7)				
Accrued pension obligation		**1,235**		1,144
(Deficit) Surplus		**(1,059)**		(952)
Accrued Pension Obligation and (Deficit) Surplus of the Retirement Compensation Arrangement		**176**		192
Accrued Pension Obligation and (Deficit) Surplus	**$**	**124,382**	$	120,919

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

These Consolidated Financial Statements were approved by the Board of Directors on February 27, 2023.

Signed on behalf of the Board of OMERS Administration Corporation

George L Cooke　　　　P Somerville

George Cooke
AC Board Chair

Penny Somerville
AC Audit & Actuarial Committee Chair

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

(in millions of Canadian dollars) For the year ended December 31,		2022		2021
Changes Due to Investment Activities				
Net investment income (loss) (note 8)	**$**	**4,912**	$	16,437
Total Changes Due to Investment Activities		**4,912**		16,437
Changes Due to Pension Activities				
Contributions (note 10)		**4,624**		4,528
Benefits paid (note 11)		**(5,960)**		(5,516)
Pension administrative expenses (note 12)		**(113)**		(105)
Total Changes Due to Pension Activities		**(1,449)**		(1,093)
Total Increase		**3,463**		15,344
Net Assets Available for Benefits, Beginning of Year		**120,919**		105,575
Net Assets Available for Benefits, End of Year	**$**	**124,382**	$	120,919

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

CONSOLIDATED STATEMENT OF CHANGES IN PENSION OBLIGATIONS

(in millions of Canadian dollars) For the year ended December 31,	2022	2021
OMERS Primary Pension Plan (note 6)		
Defined Benefit Component		
Accrued pension obligation, beginning of year	**$ 119,342**	$ 111,820
Interest accrued on benefits	**6,811**	6,496
Benefits accrued	**4,053**	3,843
Benefits paid	**(5,861)**	(5,428)
Experience losses (gains), net	**2,800**	898
Changes in actuarial assumptions and methods		
Reduction of the discount rate	**—**	1,713
Increase in the short-term inflation assumption	**1,644**	—
Accrued Pension Obligation, End of Year	**128,789**	119,342
Additional Voluntary Contributions Component		
Additional Voluntary Contributions obligation, beginning of year	**1,454**	1,235
Contributions	**68**	82
Withdrawals	**(65)**	(55)
Attributed net investment income (loss)	**60**	192
Additional Voluntary Contributions Obligation, End of Year	**1,517**	1,454
Retirement Compensation Arrangement (note 7)		
Accrued pension obligation, beginning of year	**$ 1,144**	$ 1,152
Interest accrued on benefits	**35**	36
Benefits accrued	**35**	44
Benefits paid	**(34)**	(33)
Experience losses (gains), net	**38**	(65)
Changes in actuarial assumptions and methods		
Reduction of the discount rate	**—**	10
Increase in the short-term inflation assumption	**17**	—
Accrued Pension Obligation, End of Year	**$ 1,235**	$ 1,144

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1

Description of Plans Administered By OMERS Administration Corporation

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

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

OMERS Primary Pension Plan

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

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

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

- Funding: The defined benefit component of the Primary Plan is funded by equal contributions from participating employers and from active members, and by the net investment earnings of the Primary Plan assets. AC determines the regulatory minimum and maximum funding requirements in accordance with the PBA and the ITA. SC sets actual contribution rates and benefits.
- Pensions: The defined benefit component of the Primary Plan is designed to provide lifetime defined benefit pensions, and its funding requirements are determined on a long-term basis. These pensions are calculated as a percentage of the member’s annual earnings averaged over the highest 60 consecutive months, multiplied by years of credited service.

- Normal Retirement Age: The normal retirement age (NRA) is 65 years for all Primary Plan members, except for police officers and firefighters, who generally have a NRA of 60 years. Effective January 1, 2021, an OMERS employer can elect to provide NRA 60 benefits to all or a class of paramedics. For unionized employees, access to NRA 60 benefits is subject to negotiation between employers and unions.
- Death Benefits: Benefits are payable upon the death of a member to a surviving spouse, eligible dependent children, a designated beneficiary, or to the member's estate. Depending on eligibility requirements, the benefits may be paid in the form of a survivor pension, lump sum payment or both.
- Escalation of Pensions: Inflation protection increases pensions each year, based on the increase in the average of the Canadian Consumer Price Index (CPI) for the preceding 12-month period ending in October compared to the average CPI for the same period of the previous year, as follows:
    - Benefits earned on or before December 31, 2022 receive full inflation protection, up to a maximum annual increase of 6%. Any excess is carried forward so it can be used in later years if and when CPI increases by less than 6%, provided the pension is still in pay.
    - Benefits earned on or after January 1, 2023 are subject to shared risk indexing, meaning that the level of inflation protection will depend on SC's annual assessment of the financial health of the Primary Plan, and may be less than the full inflation protection.
- Disability Pensions: A disability pension is available at any age to an active member who becomes totally and permanently disabled as defined by the Primary Plan. The pension is calculated using a member's years of credited service and the average annual earnings during the member's highest 60 consecutive months of earnings consistent with a normal retirement pension and is subject to a cap set out in the Primary Plan. Generally, disability pensions continue until normal retirement.
- Income Taxes: The Primary Plan is a Registered Pension Plan as defined in the ITA and is not subject to income taxes on contributions received or investment income earned. The operations of certain legal entities holding private equity, infrastructure, private credit or real estate investments may be taxable.

The AVC component of the Primary Plan permits members to make additional voluntary contributions on which the member earns the annual net investment return of the Primary Plan. The liability of the Primary Plan, with respect to the AVC component, is equal to members' AVC contributions plus (if positive) or minus (if negative) the prorated, full-year net investment rate of return earned by the defined benefit component of the Primary Plan over the period of time that the AVC contributions have been invested.

Retirement Compensation Arrangement for the OMERS Primary Pension Plan

The RCA provides pension benefits for Primary Plan members with earnings exceeding the amount that generates the maximum pension allowed by the ITA with respect to service after 1991. It is a separate trust arrangement and is not governed by the PBA and is not a Registered Pension Plan under the ITA. The RCA is governed by the OMERS Act, the ITA and other applicable legislation. It is funded on a modified pay-as-you-go basis by equal contributions from participating employers and active members and by the net investment earnings of the RCA fund.

Current and future contributions are determined annually to ensure that the existing RCA fund and future investment earnings are expected to be sufficient to pay projected benefits and expenses over the 20-year period following each actuarial valuation date. The RCA net assets available for benefits are invested and accounted for separately from the Primary Plan and the Supplemental Plan, and the accrued pension obligation of the RCA is valued separately from the Primary Plan and the Supplemental Plan accrued pension obligations. Expenses of the RCA are paid from the cash flows of the RCA fund's assets.

OMERS Supplemental Pension Plan for Police, Firefighters and Paramedics

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

Until March 31, 2024, unless the Supplemental Plan has sufficient funds based on the portion of contributions allocated for administrative expenses, any administrative costs of the Supplemental Plan are funded through a startup grant from the Province of Ontario.

Participation in the Supplemental Plan is effective only upon agreement between employee groups and their employer. As at December 31, 2022 and December 31, 2021, no such agreement existed and hence the Supplemental Plan had no assets, no liabilities and no members.

NOTE 2

Summary of Significant Accounting Policies

Basis of Presentation

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

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

Certain comparative figures have been revised to conform to the current year's presentation, including those set out in Note 8 – *Net Investment Income (Loss)* and Note 15 - *Segment Information*.

Use of Estimates and Judgments

Preparing these Consolidated Financial Statements requires AC Management (Management) to make estimates, judgments and assumptions that affect the reported values of assets and liabilities, income and expenses, accrued pension obligations and related disclosures. Actual results could differ from these estimates. Areas of significant accounting estimates and judgment include the valuation of real estate, infrastructure, private equity, private debt investments, derivatives and pension obligations. The recent rapid increases in interest rates and inflation contributes to heightened uncertainty related to estimates and assumptions for these valuations. In all cases, Management's estimates are sensitive to key assumptions and drivers that are subject to material change, and Management continues to monitor developments in these inputs.

Investments and Valuations

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

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

Fair values are determined as follows:

(i) Short-term deposits are recorded at amortized cost, which together with accrued interest income, approximates fair value.

(ii) Inflation-linked bonds, nominal bonds and debentures are valued at year-end quoted market prices, where available, based on quotes from industry standard sources. Public equities are valued using quoted market exchange prices.

(iii) Investments whose quoted market prices are not available, such as mortgages and private debt, are estimated using discounted cash flows based on current market yields for comparable securities, independent asset appraisals and financial analysis.

(iv) Investments in externally-managed funds, whose individual securities valuations are not available to AC, are recorded based on the values provided by the fund manager, after Management evaluates these for reasonability.

(v) The fair value of derivatives, including swaps, futures, options, credit default swaps and forward contracts, are determined using quoted market prices, where available, or discounted cash flows using current market yields, where quoted market prices are not available.

(vi) Investments in private equity, infrastructure and real estate assets, held either directly or through limited partnership arrangements, generally do not have a publicly-available market price. For such investments, the completion of a recent purchase or sale of an identical or similar investment is often the most objective determination of fair value. While not exact, valuation procedures are able to provide estimates or identify likely ranges that a reasonable counterparty would pay for such assets. Management values private investments as follows:

  (a) For investments in real estate and infrastructure, assets are primarily valued based on observable pricing for similar investments and by estimating the present value of projected cash flows generated by the investment using a risk-adjusted discount rate and, where appropriate, risk-adjusted capitalization rates. Discount rates, capitalization rates and projected cash flows are based on internal assumptions and external inputs.

  (b) For private equity investments, assets are primarily valued by applying earnings multiples and in consideration of movements in market multiples and recent transactions.

  (c) For non-operating and startup directly-held private investments, assets are measured at fair value. However, recognizing the higher uncertainty and risk associated, these investments may be measured at cost as the best measurement of fair value until such time as the fair value is reliably measurable or until stabilized operations are achieved.

  (d) For private fund investments, where AC's ability to access information on underlying individual fund investments is restricted, such as under the terms of a limited partnership agreement, the investment's value is equal to the value provided by the fund's general partner unless there is a specific and objectively verifiable reason to vary from the value provided.

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

Derivative Financial Instruments

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

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

Net Investment Income (Loss)

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

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

Transaction and Pursuit Costs

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

External Manager Fees

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

Investment Liabilities

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

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

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

Pending Trades

Pending trades include accrued receivables and payables from unsettled transactions.

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

Foreign Currency Translation

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

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

Accrued Pension Obligation

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

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

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

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

Actuarial Value of Net Assets and Actuarial Value Adjustment

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

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

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

(Deficit) Surplus

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

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

Contributions

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

Benefits

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

Administrative Expenses

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

New Accounting Pronouncements

During 2022, amendments were issued to Section 4600 which are effective for annual periods beginning on or after January 1, 2024. These amendments have not been adopted early by AC for the December 31, 2022 reporting period and are not expected to have a material impact on the Consolidated Financial Statements.

NOTE 3

Investments

A. Investments at Fair Value and Cost

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

As at December 31,	2022 Fair Value	2022 Cost	2021 Fair Value	2021 Cost
Fixed Income				
Inflation-linked bonds	**$ 2,670**	**$ 2,442**	$ 2,957	$ 2,674
Canadian nominal bonds and debentures	**9,714**	**10,032**	6,781	6,781
Non-Canadian nominal bonds and debentures	**4,108**	**4,287**	1,734	1,821
Private debt and mortgages	**8,955**	**9,294**	9,393	9,645
Total Fixed Income	**25,447**	**26,055**	20,865	20,921
Equities				
Public Equity				
Canadian public equities	**2,270**	**2,090**	3,857	3,216
Non-Canadian public equities	**14,332**	**14,272**	14,840	12,380
Total Public Equity	**16,602**	**16,362**	18,697	15,596
Private Equity (i)				
Canadian private equities (ii)	**2,643**	**2,572**	2,724	2,564
Non-Canadian private equities	**28,485**	**21,817**	22,641	18,922
Total Private Equity	**31,128**	**24,389**	25,365	21,486
Total Equities	**47,730**	**40,751**	44,062	37,082
Real Assets				
Infrastructure investments	**29,742**	**28,779**	29,691	28,856
Real Estate investments	**24,633**	**20,672**	23,604	20,644
Total Real Assets	**54,375**	**49,451**	53,295	49,500
Short-Term Instruments				
Cash and short-term deposits (iii)	**25,837**	**25,845**	17,890	17,890
Total Investments	**153,389**	**142,102**	136,112	125,393
Investment-Related Assets				
Investment receivables	**553**	**553**	286	286
Deferred, prepaid and other assets	**54**	**54**	55	54
Derivatives	**496**	**250**	740	213
Pending trades	**642**	**642**	96	97
Total Investment-Related Assets	**1,745**	**1,499**	1,177	650
Investment-Related Liabilities				
Investment liabilities (note 4)	**(25,894)**	**(26,305)**	(12,264)	(12,448)
Derivatives	**(1,087)**	**(92)**	(529)	(90)
Pending trades	**(114)**	**(114)**	(57)	(57)
Total Investment-Related Liabilities	**(27,095)**	**(26,511)**	(12,850)	(12,595)
Net Investment Assets	**$ 128,039**	**$ 117,090**	$ 124,439	$ 113,448

(i) Includes venture capital investments of $1,956 (December 31, 2021: $1,931).

(ii) There were no resource properties held as at December 31, 2022 and December 31, 2021.

(iii) Includes restricted cash of $223 (December 31, 2021: $287).

B. Investment Fair Value Hierarchy

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

Level 1

Fair value is based on unadjusted quoted prices in active markets for identical assets or liabilities. Level 1 primarily includes publicly-listed equity investments, cash and derivative contracts traded on a public exchange.

Level 2

Fair value is based on valuation methods that make use of inputs, other than quoted prices included in Level 1, that are observable by market participants either directly through quoted prices for similar but not identical assets, or indirectly through observable market information used in valuation models. Level 2 primarily includes short-term deposits, debt securities and derivative contracts not traded on a public exchange, public fund investments and investment-related liabilities, including debt and securities sold under repurchase agreements.

Level 3

Fair value is based on valuation methods whose significant inputs are based on unobservable market data. Level 3 primarily includes private market investments such as real estate, infrastructure, private equity, mortgages and private debt.

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

As at December 31,				**2022**
	Level 1	**Level 2**	**Level 3**	**Total**
Fixed Income	**$ —**	**$ 16,492**	**$ 8,955**	**$ 25,447**
Public Equity	**16,371**	**—**	**231**	**16,602**
Private Equity	**—**	**—**	**31,128**	**31,128**
Infrastructure	**—**	**—**	**29,742**	**29,742**
Real Estate	**—**	**—**	**24,633**	**24,633**
Short-Term Instruments	**3,052**	**22,785**	**—**	**25,837**
Investment-Related Assets	**16**	**1,729**	**—**	**1,745**
Investment-Related Liabilities	**(52)**	**(27,043)**	**—**	**(27,095)**
Net Investment Assets	**$ 19,387**	**$ 13,963**	**$ 94,689**	**$ 128,039**

As at December 31,				2021
	Level 1	Level 2	Level 3	Total
Fixed Income	$ —	$ 11,472	$ 9,393	$ 20,865
Public Equity	18,202	271	224	18,697
Private Equity	—	32	25,333	25,365
Infrastructure	—	—	29,691	29,691
Real Estate	—	—	23,604	23,604
Short-Term Instruments	2,253	15,637	—	17,890
Investment-Related Assets	8	1,169	—	1,177
Investment-Related Liabilities	(95)	(12,755)	—	(12,850)
Net Investment Assets	$ 20,368	$ 15,826	$ 88,245	$ 124,439

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

	Fair Value Dec 31, 2021	Included in Total Investment Income (Loss)(i)	Transfers In(ii)	Transfers Out(ii)	Purchases	Sales and Return of Capital(iii)	Fair Value Dec 31, 2022	Unrealized Gains (Losses) Attributable to Investments in the Year(i) (iv)
Fixed Income	$ 9,393	$ 601	$ —	$ (537)	$ 4,151	$ (4,653)	$ 8,955	$ 16
Public Equity	224	16	—	—	—	(9)	231	7
Private Equity	25,333	4,408	60	(17)	5,702	(4,358)	31,128	3,189
Infrastructure	29,691	3,457	—	—	3,852	(7,258)	29,742	1,130
Real Estate	23,604	3,024	—	(60)	3,048	(4,983)	24,633	1,908
Total	$ 88,245	$ 11,506	$ 60	$ (614)	$ 16,753	$ (21,261)	$ 94,689	$ 6,250

The following table presents the changes in Level 3 investments for the year ended December 31, 2021:

	Fair Value Dec 31, 2020	Included in Total Investment Income (Loss)(i)	Transfers In(v)	Transfers Out(v)	Purchases	Sales and Return of Capital(iii)	Fair Value Dec 31, 2021	Unrealized Gains (Losses) Attributable to Investments in the Year(i) (iv)
Fixed Income	$ 10,059	$ 461	$ —	$ —	$ 3,179	$ (4,306)	$ 9,393	$ 5
Public Equity	233	10	—	—	—	(19)	224	(4)
Private Equity	19,743	4,751	—	(359)	4,052	(2,854)	25,333	3,368
Infrastructure	28,678	1,886	—	—	2,544	(3,417)	29,691	149
Real Estate	18,316	2,352	63	—	5,259	(2,386)	23,604	1,403
Total	$ 77,029	$ 9,460	$ 63	$ (359)	$ 15,034	$ (12,982)	$ 88,245	$ 4,921

(i) Excludes the impact of foreign currency hedging activities.

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

(iii) Includes realized foreign exchange gains and losses.

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

(v) Transfers out of Private Equity include an investment transferred into Real Estate and private investments that became publicly-traded where additional valuation inputs are applied.

(c) Fair Value Assumptions and Sensitivity

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

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

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

As at December 31,				**2022**	2021
	Significant Inputs	**Range of Inputs**	**Change in Significant Inputs**	**Change in Net Investment Assets**	Change in Net Investment Assets
Private credit	Discount rate	3.8% - 24.0% (2021: 1.1% - 18.3%)	**+/- 50 bps**	$ **-/+72**	$ -/+103
Private equity	Multiple[(i)]	4.5X - 21.5X (2021: 5.0X - 21.0X)	**+/- 0.50x**	**+/-865**	+/-730
Infrastructure investments	Discount rate	7.0% - 15.8% (2021: 7.0% - 15.8%)	**+/- 25 bps**	**-/+1,545**	-/+1,245
Real estate investments	Discount rate	4.4% - 10.0% (2021: 4.5% - 10.5%)	**+/- 25 bps**	**-/+701**	-/+730
Real estate investments	Terminal capitalization rate	3.0% - 8.5% (2021: 3.1% - 8.5%)	**+/-25 bps**	**-/+1,099**	-/+1,370

(i) Primarily reflects EBITDA and, in limited instances, revenue multiple.

The above sensitivity analysis excludes fund investments totaling $8,128 (December 31, 2021: $7,070) for which AC does not have access to the underlying investment information. For those investments, fair values are equal to the values provided by the fund's general partner, unless there is a specific and objectively verifiable reason to vary from the value provided.

C. Significant Investments

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

As at December 31,			**2022**			2021
	Number of Investments	**Fair Value**	**Cost**	Number of Investments	Fair Value	Cost
Public Investments	**7**	**$ 13,154**	**$ 13,254**	3	$ 5,848	$ 5,226
Private Investments	**20**	**34,621**	**28,021**	15	22,891	19,343
Total	**27**	**$ 47,775**	**$ 41,275**	18	$ 28,739	$ 24,569

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

Private investments in the table above include:

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

The effective date of the most recent valuation for the above listed investments was December 31, 2022.

D. Derivative Financial Instruments

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

As at December 31,		**2022**			2021	
		Fair Value			Fair Value	
	Notional Value	**Assets**	**Liabilities**	Notional Value	Assets	Liabilities
Fixed Income						
Interest Rate Contracts						
Swaps	**$ 225**	**$ 11**	**$ (2)**	$ 645	$ 6	$ (1)
Futures	**2,602**	**1**	**(1)**	753	—	—
Total Interest Rate Contracts		**12**	**(3)**		6	(1)
Credit Default Contracts						
Swaps	**10,467**	**—**	**—**	10,816	1	—
Swaptions						
- written	**—**	**—**	**—**	632	—	—
- purchased	**435**	**1**	**—**	632	1	—
Total Credit Default Contracts		**1**	**—**		2	—
Total Fixed Income		**13**	**(3)**		8	(1)
Equities						
Equity Contracts						
Swaps	**14,286**	**158**	**(329)**	15,343	414	(137)
Futures	**3,786**	**5**	**(11)**	3,484	3	(9)
Options						
- written	**3,326**	**—**	**(54)**	5,089	—	(75)
- purchased	**4,278**	**159**	**—**	7,743	195	—
Total Equity Contracts		**322**	**(394)**		612	(221)
Commodity Contracts						
Futures	**1,449**	**10**	**(7)**	1,548	5	(15)
Total Equities		**332**	**(401)**		617	(236)
Foreign Exchange Contracts						
Forwards	**32,043**	**142**	**(683)**	37,308	115	(292)
Options						
- written	**791**	**—**	**—**	—	—	—
- purchased	**2,558**	**9**	**—**	—	—	—
Total Foreign Exchange Contracts		**151**	**(683)**		115	(292)
Total		**$ 496**	**$ (1,087)**		$ 740	$ (529)

E. Investment Risk

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

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

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

AC manages market, credit and liquidity risk as follows:

a) Market Risk

Market risk is the risk that the fair value of an investment is impacted by changes in market prices such as foreign exchange rates, interest rates, equity prices, commodity prices, credit spreads and other price inputs. For derivative instruments, market risk arises from potential adverse changes in the value of derivative instruments as a result of changes in the underlying market variables. These underlying market variables may include the absolute and relative levels of interest rates, foreign exchange rates, equity prices, commodity prices, bond prices, and their implied volatilities.

To address market risk, investment teams employ tactics and strategies designed to measure, manage and monitor the risks and ensure the risks taken are commensurate with their expected returns. The investment teams monitor key market risk metrics such as volatility, drawdown, interest rate sensitivity, duration, credit spread risk, credit ratings, and foreign exchange exposures to assess the sensitivity of the total portfolio to each type of market risk. Actions will be taken to adjust portfolio exposures if risk sensitivities exceed the desired level or contradict the investment team’s market view. At the security level, the investment teams develop fundamental or quantitative models to help assess the fair value of each security. When the observed price significantly deviates from a security’s fair value, the portfolio manager may take action to reduce or increase position sizes.

(i) Foreign Exchange Rates

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

As at December 31,		**2022**		2021
		Fair Value By Currency		Fair Value By Currency
Currency	**Net Exposure**	**% of Total**	Net Exposure	% of Total
United States Dollar	**$ 37,632**	**30 %**	$ 31,114	25 %
British Pound Sterling	**5,554**	**4**	5,988	5
Euro	**5,268**	**4**	3,529	3
Australian Dollar	**3,078**	**2**	1,829	1
Hong Kong Dollar	**2,347**	**2**	2,860	2
Indian Rupee	**2,042**	**2**	2,428	2
All Other	**4,172**	**3**	4,150	4
Total Foreign Currency Exposure	**60,093**	**47**	51,898	42
Canadian Dollar	**67,946**	**53**	72,541	58
Total	**$ 128,039**	**100 %**	$ 124,439	100 %

Foreign Currency Sensitivity

After giving effect to the impact of foreign currency hedges and holding constant all other variables and underlying values, a five per cent increase or decrease in the value of the Canadian dollar against all foreign currencies would result in an approximate $3,005 (December 31, 2021: $2,593) decrease or increase in AC's net assets as shown below:

As at December 31,	**2022**	2021
	Change in	Change in
Currency	**Unrealized Loss/Gain**	Unrealized Loss/Gain
United States Dollar	**$ -/+ 1,882**	$ -/+ 1,556
British Pound Sterling	**-/+ 278**	-/+ 299
Euro	**-/+ 263**	-/+ 176
Australian Dollar	**-/+ 154**	-/+ 91
Hong Kong Dollar	**-/+ 117**	-/+ 143
Indian Rupee	**-/+ 102**	-/+ 121
All Other	**-/+ 209**	-/+ 207
Total	**$ -/+ 3,005**	$ -/+ 2,593

(ii) Interest Rate Risk

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

Sensitivity to changes in interest rates

AC's exposure to a 50 basis point increase (decrease) in interest rates, with all other variables held constant, would result in an approximate decrease (increase) in the value of directly managed fixed income investments and interest rate swaps, net of term note liabilities, of $181 (December 31, 2021: $176). This would be recognized as a change in unrealized loss (gain).

(iii) Price Risk

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

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

AC's investment in publicly-traded equities is achieved through both physical holdings and derivative exposures. A ten per cent increase (decrease) in the aggregate value of these public equities would result in an approximate increase (decrease) in public equity exposures and an unrealized gain (loss) of $2,995 (December 31, 2021: $3,644).

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

AC is also subject to price risk through changes in credit spreads on its fixed income investments and term note liabilities. A 50 basis point increase (decrease) in the credit spreads of these interest bearing instruments would result in an approximate net decrease (increase) in the value of fixed income investments and term note liabilities, and a net unrealized loss (gain) of $103 (December 31, 2021: $221).

b) Credit Risk

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

To manage counterparty credit risk, AC:

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

(i) Credit Quality

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

As at December 31,	Sovereign Governments	Provincial Governments	Corporate	Total	% of Total
					2022
AAA	**$ 9,686**	**$ —**	**$ 4**	**$ 9,690**	**19 %**
AA	**15,022**	**60**	**11,001**	**26,083**	**51**
A	**—**	**—**	**1,444**	**1,444**	**3**
BBB	**95**	**—**	**4,186**	**4,281**	**8**
Below BBB	**—**	**—**	**7,498**	**7,498**	**15**
Unrated	**—**	**—**	**2,288**	**2,288**	**4**
Total	**$ 24,803**	**$ 60**	**$ 26,421**	**$ 51,284**	**100 %**

As at December 31,	Sovereign Governments	Provincial Governments	Corporate	Total	% of Total
					2021
AAA	$ 6,631	$ —	$ —	$ 6,631	17 %
AA	4,057	383	13,940	18,380	47
A	—	233	1,226	1,459	4
BBB	474	—	3,316	3,790	10
Below BBB	—	—	6,857	6,857	18
Unrated	—	—	1,638	1,638	4
Total	$ 11,162	$ 616	$ 26,977	$ 38,755	100 %

Unrated securities in the table above relate to private real estate debt and mortgages with a weighted average loan-to-value ratio at the time of issuance of no greater than 75%.

(ii) Margin and Collateral

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

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

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

AC is permitted to sell or repledge collateral in the absence of default, with the exception of initial margin on OTC derivatives. The equivalent cash or securities must be returned to the counterparty should the counterparty demand a return of collateral. The fair value of collateral sold or repledged is $nil (December 31, 2021: $nil).

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

As at December 31,	**2022**	2021
Derivative-related		
Collateral received	**$ 911**	$ 687
Collateral pledged	**2,195**	1,485
Securities borrowing		
Collateral pledged	**1,346**	1,395
Securities sold under repurchase agreements		
Gross amounts of securities sold under repurchase agreements	**12,503**	152
Collateral pledged	**12,512**	152

(iii) Right of Netting and Offset

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

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

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

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

As at December 31,				Related amounts not set off in the Consolidated Statement of Financial Position		**2022**
	Gross amounts of recognized Financial Instruments	**Less amounts offset in Consolidated Financial Statements**	**Net amounts presented in Consolidated Financial Statements**	**Amounts subject to netting arrangements**	**Financial collateral (received) pledged**	**Net amount**
Financial Assets						
Derivative assets	**$ 496**	**$ —**	**$ 496**	**$ (351)**	**$ (9)**	**$ 136**
Total Financial Assets	**$ 496**	**$ —**	**$ 496**	**$ (351)**	**$ (9)**	**$ 136**
Financial Liabilities						
Derivative liabilities	**$ (1,087)**	**$ —**	**$ (1,087)**	**$ 351**	**$ 168**	**$ (568)**
Securities sold short	**(1,013)**	**—**	**(1,013)**	**—**	**1,013**	**—**
Securities sold under repurchase agreements	**(12,503)**	**—**	**(12,503)**	**—**	**12,503**	**—**
Total Financial Liabilities	**$ (14,603)**	**$ —**	**$ (14,603)**	**$ 351**	**$ 13,684**	**$ (568)**

As at December 31,				Related amounts not set off in the Consolidated Statement of Financial Position		2021
	Gross amounts of recognized Financial Instruments	Less amounts offset in Consolidated Financial Statements	Net amounts presented in Consolidated Financial Statements	Amounts subject to netting arrangements	Financial collateral (received) pledged	Net amount
Financial Assets						
Derivative assets	$ 740	$ —	$ 740	$ (410)	$ (188)	$ 142
Total Financial Assets	$ 740	$ —	$ 740	$ (410)	$ (188)	$ 142
Financial Liabilities						
Derivative liabilities	$ (529)	$ —	$ (529)	$ 410	$ 81	$ (38)
Securities sold short	(862)	—	(862)	—	862	—
Securities sold under repurchase agreements	(152)	—	(152)	—	152	—
Total Financial Liabilities	$ (1,543)	$ —	$ (1,543)	$ 410	$ 1,095	$ (38)

c) Liquidity Risk

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

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

As at December 31, 2022, AC maintained $23,071 of liquid assets comprised of $25,837 cash and short-term deposits, $2,670 inflation-linked bonds, $7,076 Canadian and United States government securities, all net of $12,512 pledged collateral (December 31, 2021: $25,137 of liquid assets comprised of $17,890 cash and short-term deposits, $2,957 inflation-linked bonds, $4,442 Canadian and United States government securities, all net of $152 pledged collateral).

(i) Terms to Maturity

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

As at December 31,			2022				2021	
	Within 1 Year	**1 to 5 Years**	**Over 5 Years**	**Total**	Within 1 Year	1 to 5 Years	Over 5 Years	Total
Debt (undiscounted principal and interest (re)payments) (i)	**$ 3,720**	**$ 6,573**	**$ 3,321**	**$ 13,614**	$ 2,060	$ 6,642	$ 2,325	$ 11,027
Securities sold short	**158**	**448**	**407**	**1,013**	72	278	512	862
Securities sold under repurchase agreements	**12,503**	**—**	**—**	**12,503**	152	—	—	152
Payables and other liabilities	**936**	**—**	**—**	**936**	619	—	—	619
Interest rate contracts	**3**	**—**	**—**	**3**	1	—	—	1
Equity contracts	**394**	**—**	**—**	**394**	221	—	—	221
Commodity contracts	**7**	**—**	**—**	**7**	15	—	—	15
Foreign exchange contracts	**683**	**—**	**—**	**683**	292	—	—	292
Total	**$ 18,404**	**$ 7,021**	**$ 3,728**	**$ 29,153**	$ 3,432	$ 6,920	$ 2,837	$ 13,189

(i) Includes commercial paper which is due within 1 year of $1,618 (December 31, 2021: $1,201).

Other liabilities included in the Consolidated Statement of Financial Position of $354 (December 31, 2021: $350) are due within 1 year.

The term to maturity of AC's derivative liabilities based on notional value is as follows:

As at December 31,			2022				2021	
	Within 1 Year	**1 to 5 Years**	**Over 5 Years**	**Total**	Within 1 Year	1 to 5 Years	Over 5 Years	Total
Interest rate contracts	**$ 2,081**	**$ —**	**$ —**	**$ 2,081**	$ 126	$ —	$ —	$ 126
Credit default contracts	**—**	**—**	**—**	**—**	632	—	—	632
Equity contracts	**16,156**	**—**	**—**	**16,156**	11,955	—	—	11,955
Commodity contracts	**620**	**—**	**—**	**620**	950	—	—	950
Foreign exchange contracts	**22,846**	**—**	**—**	**22,846**	20,060	—	—	20,060
Total	**$ 41,703**	**$ —**	**$ —**	**$ 41,703**	$ 33,723	$ —	$ —	$ 33,723

(ii) Commercial paper

OFT is authorized to issue up to an equivalent of $5,000 (December 31, 2021: $5,000) in commercial paper, which is unconditionally and irrevocably guaranteed by AC. As directed by the Investment Risk Policy, total debt with recourse to AC cannot exceed 10 per cent of total Net Investment Assets (gross of debt with recourse to AC). Commercial paper of $1,618 was issued as at December 31, 2022 (December 31, 2021: $1,201).

Commercial paper generally has short-term maturities, and the requirement to repay this debt at maturity increases liquidity risk. OFT manages this risk by maintaining a high credit rating and a $3,900 (December 31, 2021: $3,750) revolving credit facility with a syndicate of well-capitalized banks to backstop the commercial paper program and to use for other general corporate purposes. As at December 31, 2022, $nil was drawn against this facility (December 31, 2021: $nil).

NOTE 4

Investment Liabilities

AC's investment liabilities are as follows:

As at December 31,		2022		2021
Debt	$	**11,442**	$	10,631
Securities sold short		**1,013**		862
Securities sold under repurchase agreements		**12,503**		152
Payables and other liabilities		**936**		619
Total	$	**25,894**	$	12,264

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

As at December 31,					2022					2021
		Fair Value		**Cost**	**Weighted Average Interest Rate**		Fair Value		Cost	Weighted Average Interest Rate
Real Estate										
Credit facilities	**$**	**419**	**$**	**419**	**4.66 %**	$	450	$	450	0.90 %
Infrastructure										
Secured debt		**519**		**411**	**3.83**		1,070		1,019	1.43
OMERS Finance Trust										
Commercial paper (i)		**1,618**		**1,618**	**4.26**		1,201		1,201	0.23
Term notes		**8,886**		**9,510**	**1.85**		7,904		8,120	1.54
Credit facility (ii)		**—**		**—**	**—**		6		6	0.50
Total	**$**	**11,442**	**$**	**11,958**	**2.39 %**	$	10,631	$	10,796	1.36 %

(i) As at December 31, 2022, commercial paper outstanding has maturities from January 4, 2023 to March 9, 2023 with interest rates ranging from 1.56% to 4.71%.

(ii) €225 revolving credit facility expires on September 27, 2023 with an interest rate of EURIBOR + 0.50%. At December 31, 2022, €nil was drawn (December 31, 2021: €3.9).

OFT is authorized to issue term notes, which are unconditionally and irrevocably guaranteed by AC. As at December 31, 2022, term notes totaling $8,886 are outstanding (December 31, 2021: $7,904) and details are shown in the table below:

Maturity	Original Term	Currency	Principal Amount	Coupon
April 14, 2023	3 years	USD	1,000	1.125%
May 2, 2024	5 years	USD	1,250	2.500%
May 13, 2025	5 years	EUR	1,000	0.450%
March 26, 2026	5 years	USD	1,000	1.100%
April 21, 2027	7 years	CAD	1,250	1.550%
May 14, 2029	10 years	CAD	1,000	2.600%
April 19, 2032	10 years	USD	600	3.500%
April 19, 2052	30 years	USD	500	4.000%

NOTE 5

Amounts Payable Under Contractual Agreements

Amounts payable under contractual agreements are comprised of two balances:

(i) AC invests funds on behalf of The Board of Trustees of Toronto Metropolitan University (formerly Ryerson University) and the Transit Windsor Fund (collectively, the Administered Funds) under contractual agreements and may recover expenses for administering such funds. These Administered Funds are adjusted for income (loss) based on their proportionate share of the Primary Plan's net investment income. The Administered Funds have no set maturity date. These funds would become payable within one year of receipt of notice by AC in accordance with the terms of each of the management and custodial agreements between, among others, AC and the Administered Funds.

(ii) Through its subsidiary OMERS Investment Management Inc., AC established investment arrangements (OMERS Return Agreements) that provide eligible clients with access to the performance of all or parts of the annual investment return of the Primary Plan. The amounts due under the OMERS Return Agreements are adjusted for income (loss) based on an investment return equal to part of the Primary Plan's return. The term to maturity for the amounts due is greater than five years.

Amounts payable under contractual agreements are comprised of the following:

As at December 31,		2022		2021
Administered Funds	$	**1,807**	$	1,742
OMERS Return Agreements		**2,168**		2,029
Amounts payable under contractual agreements	$	**3,975**	$	3,771

NOTE 6

OMERS Primary Pension Plan

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

Statement of Financial Position

As at December 31,		2022		2021
Net Assets Available for Benefits	$	**124,206**	$	120,727
Accrued Pension Obligation and (Deficit) Surplus				
Defined benefit component				
Accrued pension obligation	$	**128,789**	$	119,342
(Deficit) Surplus				
Funding (deficit) surplus		**(6,678)**		(3,131)
Actuarial value adjustment of net assets		**578**		3,062
		(6,100)		(69)
Additional Voluntary Contributions component obligation		**1,517**		1,454
Total Primary Plan Accrued Pension Obligation and (Deficit) Surplus	$	**124,206**	$	120,727

Statement of Changes in Net Assets Available for Benefits

For the year ended December 31,	2022	2021
Statement of Changes in Net Assets		
Net investment income (loss)	$ 4,924	$ 16,415
Contributions	4,593	4,499
Benefits paid	(5,926)	(5,483)
Pension administrative expenses	(112)	(104)
Total Increase	3,479	15,327
Net Assets Available for Benefits, Beginning of Year	120,727	105,400
Net Assets Available for Benefits, End of Year	$ 124,206	$ 120,727

Accrued Pension Obligation of the Defined Benefit Component

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

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

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

Actuarial Assumptions	2022	2021
Assumed rate of long-term inflation	2.00 %	2.00 %
Real discount rate	3.75	3.75
Nominal discount rate	5.75 %	5.75 %

An adjustment for the assumed short-term inflation rate was introduced in the actuarial valuation as at December 31, 2022 to incorporate the expected continuation of an elevated rate of inflation in Canada through 2024. The cost of living adjustments reflecting inflation assumptions used in the actuarial valuation as at December 31, 2022 were 5.50% for the year 2024, 3.00% for the year 2025, and 2.00% for the years 2026 and beyond. The cost of living adjustment used in the December 31, 2021 actuarial valuation was 2.00% for all years. A 0.50% increase (decrease) in the cost of living adjustments for the years 2024 and 2025 (with no change in other assumptions) would result in an approximate increase (decrease) in the accrued pension obligation of $700.

Demographic assumptions are also used to estimate when future benefits are payable to members and beneficiaries, including assumptions about mortality rates, termination rates and patterns of early retirement. Each of these assumptions is updated periodically, based on a detailed review of the experience of the Primary Plan and on expectations for future trends. AC's external actuaries have provided their opinion that assumptions adopted are appropriate for valuing the Primary Plan's accrued pension obligation.

The retirement assumption is based on an age-based scale and reflects a possibility of retirement after normal retirement age. The mortality assumption is based on Primary Plan experience and includes a projection for longevity improvements in the future.

The assumed real rates of increases of pensionable earnings (i.e., increase in excess of the assumed long-term inflation rate) were last updated in 2018 to reflect recent experience of the Primary Plan and current expectations for future years. They are as follows:

	2022				2021			
	NRA60 (i)		**NRA65** (i)		NRA60 (i)		NRA65 (i)	
	Before 2023	**After 2022**	**Before 2023**	**After 2022**	Before 2023	After 2022	Before 2023	After 2022
Assumed real rate of pensionable earnings increases (weighted average of a table of age-related increases)	**1.8%**	**1.9%**	**1.1%**	**1.2%**	1.8%	1.9%	1.1%	1.2%
Rate of pensionable earnings increases (assumed rate of long-term inflation plus real rate of pensionable earnings increases)	**3.8%**	**3.9%**	**3.1%**	**3.2%**	3.8%	3.9%	3.1%	3.2%

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

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

As at December 31,	**2022**	2021
Nominal discount rate		
Decrease in assumption	**$ 9,700**	$ 9,200
Increase in assumption	**(8,600)**	(8,100)
Real rate of pensionable earnings increases		
Decrease in assumption	**(2,000)**	(2,000)
Increase in assumption	**2,100**	2,100

The accrued pension obligation as at December 31, 2022 takes into account known changes in the Primary Plan membership up to October 30, 2022, actual inflationary increases to pension payments and deferred pension payments to be implemented as at January 1, 2023, and estimated pensionable earnings and credited service accruals in 2022.

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

As at December 31,	**2022**	2021
Primary Plan fair value of net assets available for benefits	**$ 124,206**	$ 120,727
Less: Additional Voluntary Contribution net assets	**1,517**	1,454
Defined benefit net assets available for benefits	**122,689**	119,273
Less: Actuarial value adjustment	**578**	3,062
Actuarial value of net assets available for benefits	**122,111**	116,211
Less: Defined Benefit accrued pension obligation	**128,789**	119,342
Funding (deficit) surplus of actuarial value of net assets available for benefits over accrued pension obligation	**(6,678)**	(3,131)
Actuarial value adjustment to net assets available for benefits	**578**	3,062
(Deficit) Surplus of net assets available for benefits over accrued pension obligation	**$ (6,100)**	$ (69)

Actuarial Value of Net Assets of the Defined Benefit Component

The change in the actuarial value adjustment is as follows:

For the year ended December 31,	2022	2021
Expected interest on beginning actuarial value adjustment (i)	$ 203	$ (301)
Current year returns in excess of (below) the actuarial smoothing rate not recognized in the year (i)	(2,397)	7,358
Prior years' returns (above) below the actuarial smoothing rate recognized in the year	(290)	449
(Decrease) Increase in actuarial value adjustment	(2,484)	7,506
Actuarial value adjustment, beginning of year	3,062	(4,444)
Actuarial value adjustment, end of year	$ 578	$ 3,062

(i) Based on the actuarial smoothing rate in effect during the year of 6.63% (2021: 6.78%).

The unrecognized net investment returns are presented in the table below by the initial year they were earned and by the years in which they are expected to be recognized from 2023 through 2026. These amounts accrete annually at the actuarial smoothing rate for 2023, which is 7.97%.

Initial Year Earned	Actuarial Smoothing Rate in Effect for the Year	Actuarial Value Adjustment as at Dec. 31, 2022	Unrecognized Investment Returns to be Recognized in 2023	2024	2025	2026	Actuarial Value Adjustment as at Dec. 31, 2021
2018	6.00 %	$ —	$ —	$ —	$ —	$ —	$ (830)
2019	6.00 %	1,337	1,444	—	—	—	2,508
2020	5.90 %	(4,247)	(2,293)	(2,475)	—	—	(5,974)
2021	6.78 %	5,885	2,118	2,287	2,469	—	7,358
2022	6.63 %	(2,397)	(647)	(699)	(754)	(814)	—
		$ 578	$ 622	$ (887)	$ 1,715	$ (814)	$ 3,062

Starting from its December 31, 2021 determination, the actuarial value adjustment is constrained such that the resulting actuarial value of net assets is no more than 15% different from the fair value of net assets. As at December 31, 2022 this constraint had no impact on the actuarial value adjustment.

NOTE 7

Retirement Compensation Arrangement

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

The pension benefits provided by the RCA are not fully funded but are funded on a modified pay-as-you-go basis in order to minimize the impact of the 50 per cent refundable tax. Contributions to the RCA are based on the top-tier Primary Plan contribution rates applied to contributory earnings over a defined earnings threshold, which was (in dollars) $180,944 for 2022 (2021: $180,505). The defined earnings threshold is actively managed and monitored in such a way that current and future contributions to the RCA, together with the existing RCA fund balance and future investment earnings, are expected to be sufficient to provide for projected benefit payments and expenses over the 20-year period following each annual valuation date. Benefits in excess of the maximum amounts payable from the Primary Plan as allowed by the ITA are paid from the RCA.

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

Statement of Financial Position

As at December 31,		2022		2021
Net Assets Available for Benefits	**$**	**176**	$	192
Accrued Pension Obligation and (Deficit) Surplus				
Accrued pension obligation	**$**	**1,235**	$	1,144
(Deficit) Surplus		**(1,059)**		(952)
Accrued Pension Obligation and (Deficit) Surplus	**$**	**176**	$	192

Statement of Changes in Net Assets Available for Benefits

For the year ended December 31,		2022		2021
Net investment income (loss)	**$**	**(12)**	$	22
Contributions		**31**		29
Benefits paid		**(34)**		(33)
Administrative expenses		**(1)**		(1)
Total (Decrease) Increase		**(16)**		17
Net assets available for benefits, beginning of year		**192**		175
Net assets available for benefits, end of year	**$**	**176**	$	192

The accrued pension obligation of the RCA incorporates distinct actuarial assumptions for pensionable earnings increases, mortality rates and retirement rates reflecting the recent experience of its membership and future expectations. The nominal discount rate used for the RCA as at December 31, 2022 is 3.10% (December 31, 2021: 3.10%), which reflects the expected long-term return on the long-term asset mix of the RCA, including the effect of the 50 per cent refundable tax.

The assumed real rate of increases of pensionable earnings (i.e., increase in excess of the assumed long-term inflation rate) were last updated in 2020 and are as follows:

	2022				2021			
	NRA60 (i)		**NRA65 (i)**		NRA60 (i)		NRA65 (i)	
	Before 2023	**After 2022**	**Before 2023**	**After 2022**	Before 2023	After 2022	Before 2023	After 2022
Assumed real rate of pensionable earnings increases (weighted average of a table of age-related increases)	**2.5%**	**2.6%**	**1.6%**	**1.7%**	2.5%	2.6%	1.6%	1.7%
Rate of pensionable earnings increases (assumed rate of long-term inflation plus real rate of pensionable earnings increases)	**4.5%**	**4.6%**	**3.6%**	**3.7%**	4.5%	4.6%	3.6%	3.7%

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

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

As at December 31,		2022		2021
Nominal discount rate before reflecting the 50 per cent refundable tax				
Decrease in assumption	**$**	**56**	$	54
Increase in assumption		**(53)**		(50)
Real rate of pensionable earnings increases				
Decrease in assumption		**(76)**		(79)
Increase in assumption		**175**		199

NOTE 8

Net Investment Income (Loss)

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

For the year ended December 31,					2022
	Investment Income	Net Gain (Loss) on Investment Assets and Liabilities (ii)	Total Investment Income (Loss) (i)	Investment Management Expenses (note 12)	Net Investment Income (Loss)
Fixed Income					
Inflation-linked bonds	$ 12	$ 81	$ 93	$ (9)	$ 84
Nominal bonds and debentures	233	(614)	(381)	(26)	(407)
Private debt and mortgages	650	10	660	(99)	561
Total Fixed Income	895	(523)	372	(134)	238
Equities					
Canadian public equities	115	(164)	(49)		
Non-Canadian public equities	254	(2,101)	(1,847)		
Public equities	369	(2,265)	(1,896)	(117)	(2,013)
Canadian private equities	90	(77)	13		
Non-Canadian private equities	782	3,515	4,297		
Private equities	872	3,438	4,310	(263)	4,047
Total Equities	1,241	1,173	2,414	(380)	2,034
Real Assets					
Infrastructure	1,345	1,846	3,191	(147)	3,044
Real estate (iii)	840	1,995	2,835	(26)	2,809
Total Real Assets	2,185	3,841	6,026	(173)	5,853
Short-Term Instruments					
Cash and short-term deposits	181	132	313	(6)	307
Derivatives	—	(3,471)	(3,471)	—	(3,471)
Investment liabilities	(171)	412	241	—	241
Total Investment Income (Loss)	$ 4,331	$ 1,564	$ 5,895	$ (693)	$ 5,202
Less: Income credited under contractual agreements					290
Net Investment Income (Loss)					$ 4,912

For the year ended December 31,					2021
	Investment Income (iv)	Net Gain (Loss) on Investment Assets and Liabilities (ii)	Total Investment Income (Loss) (i)	Investment Management Expenses (note 12)	Net Investment Income (Loss)
Fixed Income					
Inflation-linked bonds	$ 19	$ 107	$ 126	$ (12)	$ 114
Nominal bonds and debentures	148	(147)	1	(14)	(13)
Private debt and mortgages	556	(107)	449	(83)	366
Total Fixed Income	723	(147)	576	(109)	467
Equities					
Canadian public equities	210	768	978		
Non-Canadian public equities	201	1,247	1,448		
Public equities	411	2,015	2,426	(109)	2,317
Canadian private equities	257	515	772		
Non-Canadian private equities	455	3,448	3,903		
Private equities	712	3,963	4,675	(307)	4,368
Total Equities	1,123	5,978	7,101	(416)	6,685
Real Assets					
Infrastructure	1,744	243	1,987	(106)	1,881
Real estate (iii)	813	1,516	2,329	(20)	2,309
Total Real Assets	2,557	1,759	4,316	(126)	4,190
Short-Term Instruments					
Cash and short-term deposits	20	(159)	(139)	(6)	(145)
Derivatives	—	5,434	5,434	—	5,434
Investment liabilities	(115)	363	248	—	248
Total Investment Income (Loss)	$ 4,308	$ 13,228	$ 17,536	$ (657)	$ 16,879
Less: Income credited under contractual agreements					442
Net Investment Income (Loss)					$ 16,437

(i) Total Investment Income (Loss) includes interest, dividends and net real estate operating income, net of external manager performance and pooled fund fees of $37 (2021: $110).

(ii) Net Gain (Loss) on Investment Assets and Liabilities is net of transaction and pursuit costs of $526 (2021: $371) and includes a net realized gain of $451 (2021: gain of $8,132) from foreign exchange and sale of assets.

(iii) Net real estate operating income includes Oxford Properties Group's operating expenses (net of property management income) of $66 (2021: $78). The total audit costs are $5 (2021: $4).

(iv) For 2021 presentation, Investment Income (Loss) from Investment Liabilities is reclassified from other line items, with no impact to Total Investment Income (Loss).

NOTE 9

Investment Returns

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

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

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

For the year ended December 31,	**2022**	2021
OMERS Primary Plan		
Total Gross Return	**4.75 %**	16.41 %
Returns applicable to OMERS Return Agreements		
OMERS Infrastructure	**12.01 %**	10.88 %
Oxford Properties	**9.38 %**	12.58 %

The above OMERS Primary Plan return and OMERS Infrastructure return are before the impact of base and performance fees paid to external fund managers and before investment management expenses. The OMERS Primary Plan net return after all investment costs for the year ended December 31, 2022 was 4.2% (December 31, 2021: 15.7%).

NOTE 10

Contributions

For the year ended December 31,		**2022**		2021
Current year required contributions (i)				
From employers	**$**	**2,207**	$	2,138
From members		**2,207**		2,138
		4,414		4,276
Transfers from other pension plans		**47**		64
Past service contributions from members		**80**		92
Past service contributions from employers		**15**		14
Defined benefit contributions		**4,556**		4,446
AVC contributions received		**68**		82
Total contributions (ii)	**$**	**4,624**	$	4,528

(i) Current year service contributions are funded equally by employers and active members. For NRA 65 members, the 2022 contribution rate was 9.0% (2021: 9.0%) of earnings up to $64,900 (2021: $61,600) and 14.6% (2021: 14.6%) of earnings above that level. For NRA 60 members, the 2022 contribution rate was 9.2% (2021: 9.2%) of earnings up to $64,900 (2021: $61,600) and 15.8% (2021: 15.8%) of earnings above that level.

(ii) As at December 31, 2022, OMERS had 1,037 employers (December 31, 2021: 1,030). OMERS has a process which reconciles contributions for each employer on a member by member basis. This detailed process ensures that contributions are consistent with member information supplied by the employers.

NOTE 11

Benefits

For the year ended December 31,	2022	2021
Retirement benefits	$ **4,943**	$ 4,573
Disability benefits	**29**	29
Death benefits	**137**	149
Transfers to other pension plans	**104**	72
Commuted value payments	**682**	638
Defined benefits paid	**5,895**	5,461
AVC benefits paid	**65**	55
Total benefits paid	$ **5,960**	$ 5,516

NOTE 12

Pension Administrative and Investment Management Expenses

A. Pension Administrative Expenses

For the year ended December 31,	2022	2021
Salaries, incentives and benefits	$ **72**	$ 68
Technology and systems development	**20**	19
Premises and equipment	**6**	5
Professional services and fees (i)	**10**	10
Travel and communication	**5**	3
Total Pension Administrative Expenses	$ **113**	$ 105

B. Investment Management Expenses

For the year ended December 31,	2022	2021
Salaries, incentives and benefits (ii)	$ **504**	$ 502
Technology and systems development	**42**	42
Premises and equipment	**30**	29
Professional services and fees (i)	**44**	33
Travel and communication	**27**	13
Investment management services	**51**	41
Other (income) expenses	**(5)**	(3)
Total Investment Management Expenses	$ **693**	$ 657

(i) Professional services and fees include independent actuarial costs of $1 (2021: $1) and external audit costs of $4 (2021: $3).

(ii) Net of management fees of $41 (2021: $44) earned from portfolio investments.

NOTE 13

Related Party Disclosures

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

- AC paid property taxes to municipal employers of $140 (2021: $147), obtained development permits from municipal employers of $35 (2021: $nil) and paid utility payments to utility employers of $28 (2021: $26). The amounts of property taxes paid and services purchased were based on normal levies by the individual municipal employers and were consistent with those that would be paid by a non-related party. The utility payments made to utility employer entities were based on normal usage and rates that would be paid by a non-related party.
- AC earned rental revenue from investee entities of $20 (2021: $27). The amounts of rental revenue earned were based on normal levies by the individual entities and were consistent with those that would be paid by a non-related party.
- AC entered into a lease arrangement with an agency of a municipal employer, whose employees are members of the Primary Plan. The terms of the lease are at fair market value and consistent with those that would be paid by a non-related party.

Key Management Personnel Compensation

Key management personnel consist of members of AC's Board of Directors and those senior executives responsible for planning and directing the activities of AC.

For the year ended December 31,	2022	2021
Salaries, short-term employee benefits and termination benefits	**$ 10**	$ 14
Post-employment benefits	**1**	1
Other long-term benefits	**10**	15
Total	**$ 21**	$ 30

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

NOTE 14

Capital

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

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

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

As the Primary Plan's administrator, AC has adopted a SIP&P for the Primary Plan, which sets investment objectives, guidelines and benchmarks used in investing the Primary Plan's assets, permitted categories of investments, asset-mix diversification and rate of return expectations. The SIP&P also establishes long-term strategic asset mix ranges and targets by asset class. The actual asset mix at December 31, 2022 was within the long-term asset mix ranges. The SIP&P was originally established in 1989 and is reviewed and approved annually by the Board. The SIP&P effective for the year ending December 31, 2022 was last amended on February 28, 2022 with effective date of March 1, 2022.

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

The RCA investments are based on an asset mix and SIP&P separate from those of the Primary Plan. The RCA SIP&P was originally established in 2007 and is reviewed and approved annually by the Board. The SIP&P effective for the year ending December 31, 2022 was last amended on February 28, 2022 with effective date of March 1, 2022.

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

The Supplemental Plan has no members, net assets or accrued pension obligations. The Supplemental Plan SIP&P was last amended on February 28, 2022.

NOTE 15

Segment Information

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

A. Investments at Fair Value by Segment

As at December 31,	2022	2021 (ii)
Fixed Income		
Bonds	$ 8,946	$ 6,931
Credit	20,312	17,791
	29,258	24,722
Equities		
Public Equity	16,308	18,268
Private Equity	23,215	18,301
	39,523	36,569
Real Assets		
Infrastructure	26,311	25,441
Real Estate	21,202	19,843
	47,513	45,284
Cash and Funding	9,963	15,971
Total Investments	$ 126,257	$ 122,546
Reconciliation to Investments by asset class (note 3A)		
OMERS Return Agreements	2,168	2,029
RCA (i)	101	120
Other	(487)	(256)
Net Investment Assets (note 3A)	$ 128,039	$ 124,439

(i) Excludes refundable tax account.

(ii) The AC Board approved updates to the SIP&P, which reflected changes to the asset classifications for certain types of investments and became effective January 1, 2022. For 2021 presentation, the fair value of investments by segment have been adjusted to reflect the reclassification, with no impact to Total Investments.

B. Net Investment Income (Loss) by Segment

For the year ended,		2022		2021
Fixed Income				
Bonds	$	(385)	$	85
Credit		900		934
		515		1,019
Equities				
Public Equity		(4,299)		6,589
Private Equity		2,613		3,975
		(1,686)		10,564
Real Assets				
Infrastructure		2,908		2,267
Real Estate		2,628		2,532
		5,536		4,799
Cash and Funding		632		267
		4,997		16,649
Less: Administered Funds		73		234
Total Primary Plan		4,924		16,415
Add: RCA		(12)		22
Net Investment Income (Loss) (note 8)	$	4,912	$	16,437

NOTE 16

Guarantees, Commitments and Contingencies

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

Guarantees are provided to third parties with respect to certain investments. The maximum amount payable under guarantees, standby letters of credit and contingent amounts payable provided as part of investment transactions was $2.3 billion as at December 31, 2022 (December 31, 2021: $2.8 billion).

Future financial commitments and contingencies include those relating to acquisitions of investments, funds managed by third parties, development of infrastructure and real estate projects and refurbishment of a major infrastructure asset. As at December 31, 2022, $4.3 billion (December 31, 2021: $3.4 billion) is expected to be due within one year and $14.2 billion (December 31, 2021: $14.7 billion) is expected to be due after one year.

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

As at December 31, 2022, AC was involved in certain litigation and claims. The outcome of such litigation and claims is inherently difficult to predict; however, in the opinion of Management, any liability that may arise from such contingencies would not have a material adverse effect on the Consolidated Financial Statements.

REPORT OF THE HUMAN RESOURCES COMMITTEE AND COMPENSATION DISCUSSION & ANALYSIS

Members in 2022	
Monty Baker (Chair)	Debbie Fischer
Paul Elliott	Rajiv Silgardo
Kevin Skerrett	David Tsubouchi
Bill Butt	George Cooke (ex officio)

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

In 2022, the HR Committee's work included:

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

Independent Compensation Adviser

The HR Committee engages an independent compensation adviser to provide advice and assistance in executing its responsibilities. Hugessen Consulting (Hugessen) is directly retained and instructed by, and reports directly to, the HR Committee. All work is pre-approved by the HR Committee, and Hugessen did not provide any non-Board-approved services to the organization during 2022.

During 2022, the independent adviser's scope of services included the following:

i. supporting the HR Committee in reviewing CEO pay and performance outcomes;

ii. providing independent executive compensation advice pertaining to the CEO and C-Suite executives (i.e., compensation philosophy, comparator groups, competitive pay positioning and pay mix);

iii. ensuring the HR Committee understood and was comfortable with the current compensation program for the CEO and C-Suite executives;

iv. providing counsel to the HR Committee on any recommendations made by Management;

v. reviewing proposals for new compensation plan designs; and

vi. assisting with any other items that the HR Committee requested.

The HR Committee has sole authority to approve the amount of the independent compensation adviser's fees. Executive compensation-related fees paid to our adviser in 2022 reflect the services as described above. The following table outlines the fees paid for services provided in 2022 and 2021:

	Executive Compensation-Related Fees		All Other Fees	
Adviser	2022	2021	2022	2021
Hugessen Consulting	$118,157	$90,419	Nil	Nil

HR Committee Composition and Meetings

Members of the HR Committee are appointed by the AC Board from among the Board's members and are independent of Management. Collectively, HR Committee members have skills, knowledge and experience in investment management, pensions, economics and public policy, executive leadership and strategy, risk management, talent management and executive compensation. The HR Committee had four regular meetings and two special meetings during 2022 to review key items according to its mandate and annual work plan. At the invitation of the Chair of the HR Committee, members of Management, including the CEO and the HR Committee's independent adviser, attended the meetings. At each meeting, there was an *in camera* session without Management present.

Chair of the Human Resources Committee Letter to Plan Members

2022 YEAR IN REVIEW

The Human Resources team had an impactful year in 2022, navigating complex challenges and new talent headwinds. Leveraging data from both our Employee Experience Survey and Workday, the team was able to understand the current landscape, predict people trends and offer recommendations from our suite of programs that focus on retaining our talent enterprise-wide, building connections, and maintaining stability within a challenging external environment. We continue to focus on increasing engagement across the enterprise, listening to the needs of our people, and investing in areas that matter the most.

In 2022, we continued to progress the People Strategy on four main goals that directly align with the OMERS 2025 Strategy and the CEO's priorities of People, Relationships, Brand, Culture and Future. These goals remain as:

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

We supported these goals in various ways in 2022, including:

- roll-out of a multi-pronged approach to executive development, including introducing our new flagship leadership development program, signifying meaningful investment in the growth of our leaders;
- expansion of our enhanced talent reviews to include our leaders with a title of Director and above, doubling those assessed in 2021, and the completion of more rigorous succession planning for critical roles;
- development of a new values-based employee recognition program;
- proactive focus on our pay-for-performance culture to ensure compensation remains competitive in challenging market conditions;

- continued support of our inclusion and diversity (I&D) strategy, including our robust set of inclusion initiatives, our enterprise-wide training, the launch of an I&D statement, and the support of our I&D council and Employee Resource Groups, which further solidifies OMERS commitment to building an inclusive and diverse global workplace that recognizes and values diversity in experience, background, and perspective;
- increased offerings available to support the overall well-being of our people, including a mental health training program for all People Leaders, a new enterprise-wide vacation policy, and a wellness platform for our global teams outside of North America; and
- delivery of Employment Brand tools and resources that contribute to strengthening our global employment brand.

COMPENSATION GOVERNANCE AND RISK

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

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

COMPENSATION HIGHLIGHTS

The following factors influenced year-end compensation awards:

- Investment return performance is measured by the annual Primary Plan net absolute return against an annual return range which produces an annual multiplier; the annual multipliers are then averaged over a five-year period.
- Our investments performed well against the economic and market backdrop in 2022. Our strategies and teams delivered a Primary Plan net absolute return of 4.2%. This return fell short when compared to our Primary Plan net absolute return target of 7.2%, which was established at the beginning of 2022 under better economic conditions. The primary factors that explain this year's returns are presented on page 7 of this annual report.
- As a direct result of our returns in 2022, variable compensation awards for the Plan's investment return performance have decreased due to an 80% score on that measure for the CEO and the other Named Executive Officers' balanced scorecards.

We review our Total Rewards programs regularly to ensure they remain effective.

CONCLUSION

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

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

Monty Baker
2022 Chair of the Human Resources Committee

Compensation Discussion and Analysis

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

Approach to Compensation

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

Compensation Principles

The executive compensation program is based on the following principles:

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

Elements of Executive Compensation

Executive compensation for 2022 consists of the following elements:

- base salary;
- variable compensation – comprising short-term incentives (STIP) and long-term incentives (LTIP); and
- benefit and retirement programs.

Compensation Element	Description	Compensation Type
Base Salary	Based on market benchmarking and reviewed annually.	Fixed
Short-Term Incentives (STIP)	Based on business and individual performance against pre-established objectives.	Variable (At-Risk)
Long-Term Incentives (LTIP)	Based on business and individual performance against pre-established objectives. LTIP awards are deferred and paid out 26 months after the end of the year in which they are awarded.	Variable (At-Risk)
Benefits and Retirement Programs	Includes vacation, life and disability insurance, health and dental benefits, and retirement programs.	Fixed

Design of the Executive Compensation Plan

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

Step 1	Establish target total compensation
Step 2	Establish balanced scorecards
Step 3	Evaluate performance
Step 4	Determine compensation awards

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

Step 1	Establish target total compensation

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

Total Compensation	=	Base Salary	+	Annual Cash Compensation (STIP)	+	Long-Term Compensation (LTIP)	+	Benefit and Retirement Programs

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

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

Step 2	Establish balanced scorecards

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

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

		2022 Weighting			
Performance Measure	**Rationale**	**CEO**	**Chief Investment Officer**	**Chief Financial & Strategy Officer**	**Other Senior Executives**
Investment Returns	Net absolute returns aligning executives with the interests of Plan members.	40%	60%	35%	35%
Key Strategy Execution and Leadership Objectives	Strategic initiatives aligning executives on collaborative enterprise and divisional priorities. Leadership objectives aligning executives with their impact on talent and culture.	60%	40%	65%	65%

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

Step 3	Evaluate performance

Following the end of the year, performance is assessed for each member of the C-Suite, which determines each individual's balanced scorecard factor within a range of 0% to 200%. The AC Board of Directors evaluates the performance of the CEO. Commentary on 2022 performance for the CEO is discussed in the section Compensation of the CEO.

Step 4	Determine compensation awards

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

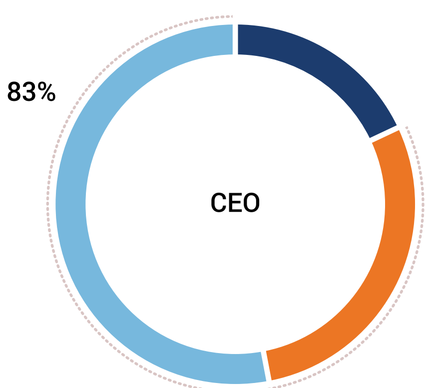
Variable Compensation Award	=	Variable Compensation Target	X	Balanced Scorecard Factor
		STIP + LTIP		0%–200%

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

TARGET COMPENSATION MIX

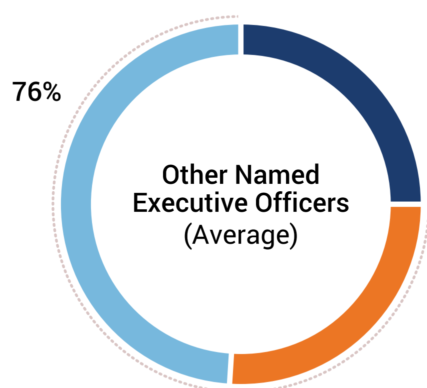
Aligned with OMERS pay-for-performance approach, total compensation for C-Suite executives is comprised primarily of variable compensation tied to investment and individual performance.

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



Target Compensation Mix

Base salary	17%
Short-term incentive	29%
Long-term incentive	54%



Target Compensation Mix

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

COMPARATOR GROUPS USED TO SET COMPETITIVE PAY

OMERS has identified comparator groups for its various businesses in setting competitive compensation to closely reflect the marketplace. The comparator groups are reviewed on a regular basis by the HR Committee.

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

Compensation Governance

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

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

ALIGNMENT TO FINANCIAL STABILITY BOARD PRINCIPLES FOR EFFECTIVE GOVERNANCE OF COMPENSATION

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

Compensation of the CEO

This section examines the 2022 performance and resulting compensation for the CEO.

Blake Hutcheson
Chief Executive Officer
OMERS Administration Corporation

2022 PERFORMANCE

A balanced scorecard was established for Mr. Hutcheson based on performance achieved against the Primary Plan net absolute return (40%) and execution against his strategic CEO priorities (60%) which include measures that are not related to financial performance. The AC Board assessed Mr. Hutcheson's 2022 performance against the following key individual objectives:

Leadership:

- Lead the enterprise with integrity, drive, conviction, and optimism, while working collaboratively.
- Connect our global Executives with each other to drive collaboration globally.
- Make sure our leadership team support our agenda and set of goals.

People:

- Continue to ensure we have the right structure and the right people leading all key areas globally to set us up for success.
- Promote high trust teams and resilience and a growth mindset among our relationship base, as well as the enterprise at large.
- Leverage people data to inform decisions on our employee experience.
- Work to redress the war on talent across OMERS by supporting our people in their growth and development and building long-term careers.

Culture:

- Launch our new values and leadership capabilities and champion winning behaviours.
- Set and deliver against new I&D goals to sustain a culture of inclusion.
- Reinforce importance of positive results with the appropriate risk management mindset.
- Embed wellness practices into our organization to foster a culture that promotes well-being.

Brand, Communication, Relationships:

- Act as the brand protector and ambassador for OMERS globally.
- Continue to drive our key messages internally and externally and grow our geo-political footprint and relationships globally.
- Lead and build trusted relationships with our plan members, stakeholders, partners, peers, and colleagues across our collective areas of responsibility.
- Establish our clear commitment to Environment, Social and Corporate Governance (ESG) and roll this out globally.

Future:

- Make go-forward decisions that advance our strategic priorities, and drive investment, operational excellence, and innovation.
- Engage in the execution of our balance sheet operating model.
- Communicate and openly support the need to take a long-term perspective in our investments, including incorporating our sustainable investing principles.
- Support the Sponsors Corporation with its mandate.

TOTAL COMPENSATION AWARDS

When determining compensation awards, the HR Committee aims to ensure there is a strong link between compensation and performance achieved. In determining Mr. Hutcheson's annual variable compensation awards for 2022, the AC Board assessed his performance against specific objectives that were agreed upon by the AC Board at the beginning of the year and that are consistent with the market-tested CEO compensation model utilized for several years at OMERS.

Given that the 2022 Primary Plan net absolute return was below our Primary Plan net absolute return target, based on the five-year average multiplier methodology an investment return performance score of 80% was awarded on that measure for Mr. Hutcheson's balanced scorecard.

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

- demonstrating calm leadership and communicating both realistic and optimistic plan positioning to instill confidence and belief in our long-term strategy in light of external instability and challenges;
- delivering consistent discipline across the portfolio resulting in positive fiscal returns, an outstanding result by any relative measure, in the worst investment environment since the global financial crisis;
- implementing talent plans and expanding talent reviews to drive more meaningful talent actions and to gain alignment on current talent agendas and opportunities to better serve future needs;
- launching four new executive development programs to invest in the growth of our leaders and equip them with the skills to model the right behaviours, shape our culture, and drive high performing teams;
- continuing to support our I&D strategy, including our robust set of inclusion initiatives, our enterprise-wide training, the launch of an I&D statement, and the support of our I&D council and Employee Resource Groups, which further solidifies OMERS commitment to building an inclusive and diverse global workplace that recognizes and values diversity in experience, background, and perspective;
- continuing to modernize and leverage data and technology to improve OMERS interface with members, leading to a 95% member satisfaction;
- producing significant progress on our commitment to ESG notably: co-Chairing the Investor Leadership Network CEO Council, decreasing OMERS portfolio carbon intensity by 30% since 2019 (surpassing our 20% reduction goal by 2025), issuing our first Sustainable Bond and Green Bond, and conducting a comprehensive review of our Sustainable Investing Policy;
- fostering a high-performance corporate culture that helps sustain a competitive advantage leading to OMERS being named one of Canada's Most Admired Corporate Cultures in 2022; and
- achieving other prominent workplace awards including the certification for OMERS in Canada as a Great Place to Work, as well as being recognized as one of Greater Toronto's Top 100 Employers, both for the second year in a row.

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

As a result, the AC Board approved a total variable compensation performance factor of 152%, which translated in the actual awards shown below.

Compensation Element	Target	Award
2022 Salary	$600,000	$600,000
2022 Short-Term Incentive	$1,015,000	$1,542,800
2022 Long-Term Incentive	$1,885,000	$2,865,200
Total	**$3,500,000**	**$5,008,000**

Summary Compensation Table

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

			Non-Equity Incentive Compensation				
Name and Principal Position	Year	Salary	Short-Term Incentive Plan (STIP)	Long-Term Incentive Plan (LTIP)[1]	Pension Contribution[2]	All Other Compensation	Total
Blake Hutcheson	**2022**	**$600,000**	**$1,542,800**	**$2,865,200**	**$62,693**	**$86,770**	**$5,157,463**
CEO	2021	$565,000	$1,549,380	$2,877,420	$59,506	$87,082	$5,138,388
	2020	$564,500	$1,027,650	$908,493	$56,704	$87,472	$2,644,819
Jonathan Simmons[3]	**2022**	**$450,000**	**$644,228**	**$1,196,423**	**$62,276**	**$1,112**	**$2,354,039**
Chief Financial	2021	$450,000	$686,525	$1,274,975	$59,506	$1,393	$2,472,399
& Strategy Officer	2020	$450,000	$418,950	$778,050	$56,704	$1,544	$1,705,248
Satish Rai[4]	**2022**	**$500,000**	**$1,064,000**	**$2,476,000**	**$62,693**	**$1,236**	**$4,103,929**
Chief Investment Officer	2021	$500,000	$1,263,500	$2,846,500	$59,506	$1,548	$4,671,054
	2020	$500,000	$498,750	$926,250	$56,704	$1,716	$1,983,420
Bob Aziz[5]	**2022**	**$450,000**	**$542,973**	**$1,008,378**	**$62,645**	**$48,890**	**$2,112,886**
Chief Operating Officer	2021	$450,000	$595,437	$1,105,812	$59,506	$49,171	$2,259,926
	2020	$449,474	$566,030	$879,770	$49,854	$51,079	$1,996,207
Michael Kelly	**2022**	**$400,000**	**$471,713**	**$876,038**	**$58,853**	**$20,035**	**$1,826,639**
Chief Legal &	2021	$400,000	$515,375	$957,125	$57,593	$20,284	$1,950,377
Sustainability Officer	2020	$400,000	$384,000	$768,000	$55,646	$20,419	$1,628,065

1 2020, 2021 and 2022 amounts shown represent the LTIP awards reflecting balanced scorecard performance for the calendar year.

2 Reflects matching pension contributions that OMERS makes on behalf of employees. Pension contributions are based on capped pensionable earnings, as described in the Pension Plan Benefits table later in this report. Mr. Aziz's 2020 pension contributions include matching contributions to the defined contribution pension plan from his previous role as Executive Vice President, Chief Legal Officer at Oxford.

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

4 Mr. Rai received a one-time 2022 LTIP award of $500,000 to recognize the impact of his strategic priorities and exceptional individual performance resulting in positive returns during the worst investment environment since the global financial crisis. In 2021, he received a one-time 2021 LTIP award of $500,000 in recognition of extraordinary individual performance and significant contributions to the outperformance of the 2021 Primary Plan net absolute return.

5 Mr. Aziz was appointed Chief Operating Officer in April of 2020. Mr. Aziz received a one-time 2020 STIP award of $200,000 and a one-time 2020 LTIP award of $200,000 for contributions related to his previous role at Oxford that are not eligible for a performance factor adjustment.

Incentive Plan Awards Table

The following table presents the target value, award value and payout value for outstanding long-term incentives (LTIP) for each Named Executive Officer. LTIP is granted at target value on January 1 of the year. The target value is adjusted to an LTIP award based on the balanced scorecard at the end of the same year. The LTIP award vests over a 36-month period from the grant date. The LTIP awards are then adjusted by a performance factor based on the OMERS Primary Plan's two-year net returns following the year of the award.

Payout values for 2021 and 2022 were determined using a forecasted Primary Plan performance factor of 112% and 115%, respectively. The payout value for 2020 is based on a Primary Plan performance factor of 121%.

The 2020 long-term incentive awards finished vesting on December 31, 2022 and were paid out, leaving the 2021 and 2022 long-term incentive awards outstanding.

Name	Year	Target Value	Award Value[1]	Vesting Date	Payout Value[2]
Blake Hutcheson[3]	2022	$1,885,000	$2,865,200	December 31, 2024	$3,294,980
CEO	2021	$1,712,750	$2,877,420	December 31, 2023	$3,222,710
	2020	**$1,712,750**	**$908,493**	**December 31, 2022**	**$1,099,277**
Jonathan Simmons[4]	2022	$812,500	$1,196,423	December 31, 2024	$1,375,886
Chief Financial & Strategy Officer	2021	$682,500	$1,274,975	December 31, 2023	$1,427,972
	2020	**$682,500**	**$778,050**	**December 31, 2022**	**$941,441**
Satish Rai[5]	2022	$1,543,750	$2,476,000	December 31, 2024	$2,847,400
Chief Investment Officer	2021	$1,543,750	$2,846,500	December 31, 2023	$3,188,080
	2020	**$1,543,750**	**$926,250**	**December 31, 2022**	**$1,120,763**
Bob Aziz[6]	2022	$682,500	$1,008,378	December 31, 2024	$1,159,634
Chief Operating Officer	2021	$682,500	$1,105,812	December 31, 2023	$1,238,509
	2020	**$682,500**	**$879,770**	**December 31, 2022**	**$1,022,522**
Michael Kelly	2022	$585,000	$876,038	December 31, 2024	$1,007,443
Chief Legal & Sustainability Officer	2021	$585,000	$957,125	December 31, 2023	$1,071,980
	2020	**$600,000**	**$768,000**	**December 31, 2022**	**$929,280**

1 2020, 2021 and 2022 amounts shown represent the LTIP awards reflecting balanced scorecard performance for the calendar year.

2 2020, 2021 and 2022 amounts shown represent the LTIP award value adjusted by the Primary Plan performance factor.

3 Mr. Hutcheson requested a $1,000,000 reduction to his 2020 LTIP award in recognition of the challenging economic environment and the hardship many of our members, employers and sponsors were experiencing as a direct result of the COVID-19 pandemic and its impact on OMERS.

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

5 Mr. Rai received a one-time 2022 LTIP award of $500,000 to recognize the impact of his strategic priorities and exceptional individual performance resulting in positive returns during the worst investment environment since the global financial crisis. In 2021, he received a one-time 2021 LTIP award of $500,000 in recognition of extraordinary individual performance and significant contributions to the outperformance of the 2021 Primary Plan net absolute return.

6 Mr. Aziz received a one-time 2020 LTIP award of $200,000 for contributions related to his previous role at Oxford that is not eligible for a performance factor adjustment.

Pension Plan Benefits

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

Pension Formula	Two percent (2%) of "best five" earnings multiplied by years of credited service (maximum of 35 years) less 0.675% of "best five" earnings capped at the five-year average YMPE (Year's Maximum Pensionable Earnings, as set by the Canada Pension Plan).
"Best Five" Earnings	The highest average of five consecutive years of contributory earnings. Contributory earnings are capped, as follows: • Cap on incentive pay: Post-2010 earnings are capped at 150% of contributory earnings calculated before incentive pay. • 7X YMPE Cap: Total contributory earnings are limited to seven times the YMPE (applies to all earnings if the member enrolled on/after January 1, 2014, and to post-2015 earnings if the member enrolled before January 1, 2014).
Normal Retirement Age	65
Early Retirement	Plan members are eligible to retire early when they reach age 55. Each member's unreduced date is the earliest of the date the member attains their 90 Factor (age and qualifying service), attains 30 years of qualifying service or turns age 65. If a member retires before their unreduced date, there is a 5% reduction factor per year short of their unreduced date.
Form of Pension	The pension is paid monthly for the life of the member, with 66 2/3% of the member's pension amount continuing to a surviving spouse after the member's death.

Termination Benefits

The treatment under each of the termination scenarios is governed by the terms of the 2022 Executive Compensation Plan, which are summarized in the following table:

	Short-Term Incentive Plan	Long-Term Incentive Plan
Resignation	Forfeited	Forfeited
Retirement (as defined by the compensation plan)	Entitled to a partial award, prorated to reflect the period of active employment	Outstanding awards will continue to mature in normal course
Termination Without Cause	Entitled to a partial award, prorated to reflect the period of active employment	Entitled to a partial award, prorated to reflect the period of active employment
Termination With Cause	Forfeited	Forfeited

FINANCIAL STATEMENTS
OMERS SPONSORS CORPORATION

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Independent Auditor's Report

To the Board of Directors of OMERS Sponsors Corporation

Opinion
We have audited the financial statements of OMERS Sponsors Corporation (the "SC"), which comprise the statement of financial position as at December 31, 2022, and the statements of operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the SC as at December 31, 2022, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion
We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the SC in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our audit opinion.

Other Information
Management is responsible for other information. The other information comprises the information, other than the financial statements and our auditor's report thereon, included in the OMERS 2022 Annual Report.

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

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

The OMERS 2022 Annual Report is expected to be made available to us after the date of the auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

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

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

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

Independent Auditor's Report (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the SC's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the SC's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the SC to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

BDO CANADA LLP

Chartered Professional Accountants, Licensed Public Accountants
Oakville, Ontario
February 16, 2023

STATEMENT OF FINANCIAL POSITION

(in Canadian dollars)

As at December 31,		**2022**		2021
Assets				
Current				
Cash	**$**	**17,242**	$	7,145
OMERS Administration Corporation receivable (Note 2)		**715,198**		1,106,898
Prepaid expenses and other assets		**79,547**		81,836
		811,987		1,195,879
Non-current				
OMERS Administration Corporation receivable (Note 2)		**312,249**		112,500
	$	**1,124,236**	$	1,308,379
Liabilities				
Current				
Accounts payable and accrued liabilities	**$**	**731,417**	$	1,113,020
Deferred revenue		**79,547**		81,836
		810,964		1,194,856
Non-current				
Accounts payable and accrued liabilities		**312,249**		112,500
		1,123,213		1,307,356
Net Assets				
Excess of revenues over expenses from operations				
Balance at beginning of year		**1,023**		1,023
Current year		**—**		—
Balance at end of year		**1,023**		1,023
	$	**1,124,236**	$	1,308,379

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

These financial statements were approved by the Board of Directors on February 16, 2023.

Signed on behalf of the Board of OMERS Sponsors Corporation

Barry Brown
Chair, SC Board

Joe Pennachetti
Chair, SC Audit Committee

STATEMENT OF OPERATIONS

(in Canadian dollars)

For the year ended December 31,		2022		2021
Revenues				
OMERS Administration Corporation expense reimbursement (Note 2)	**$**	**4,473,499**	$	4,443,821
Expenses				
Staff compensation		**3,128,603**		2,777,286
Legal		**89,684**		165,004
Audit		**19,323**		17,036
Professional advisors		**192,086**		439,823
Subscriptions, memberships and licenses		**59,873**		61,016
Other administrative		**27,344**		30,592
Insurance		**104,490**		106,596
Board remuneration (Note 3)		**780,649**		795,878
Board education and conferences (Note 3)		**41,310**		50,590
Board expenses (Note 3)		**30,137**		–
		4,473,499		4,443,821
Excess of Revenues Over Expenses from Operations	**$**	**–**	$	–

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

STATEMENT OF CASH FLOWS

(in Canadian dollars)

For the year ended December 31,		2022		2021
Cash was provided by (used in):				
Operating Activities				
Changes in non-cash working capital accounts				
OMERS Administration Corporation receivable	**$**	**191,951**	$	(220,747)
Prepaid expenses and other assets		**2,289**		(716)
Accounts payable and accrued liabilities		**(181,854)**		222,843
Deferred revenue		**(2,289)**		734
Increase in cash		**10,097**		2,114
Cash - Beginning of Year		**7,145**		5,031
Cash - End of Year	**$**	**17,242**	$	7,145

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

NOTES TO FINANCIAL STATEMENTS

(in Canadian dollars)

NATURE OF OPERATIONS

The OMERS Sponsors Corporation (SC) is a corporation without share capital under the *Ontario Municipal Employees Retirement System Act, 2006* (OMERS Act). The SC is the sponsor of the OMERS Pension Plans (OMERS Pension Plans or Plans) as defined in the OMERS Act. The OMERS Pension Plans are administered by OMERS Administration Corporation (AC) and include the OMERS Primary Pension Plan (Primary Plan), the Retirement Compensation Arrangement (RCA), and the OMERS Supplemental Pension Plan for Police, Firefighters and Paramedics (Supplemental Plan). The SC is responsible for making decisions about the design of the Primary Plan, the RCA, and the Supplemental Plan, amendments to those plans, setting contribution rates, and deciding whether to file actuarial valuations more frequently than is required under the *Pension Benefits Act* (Ontario) (PBA).

NOTE 1 - Significant Accounting Policies

a) Basis of Accounting

These financial statements have been prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNPO).

b) Revenue Recognition

AC expense reimbursement is recorded as revenue as the expenses are incurred in accordance with the joint SC/AC protocol. Amounts received in advance of revenue recognition are treated as deferred revenue.

c) Use of Estimates

The preparation of the financial statements is in conformity with Canadian ASNPO which require management to make estimates and assumptions that affect the reported values of assets and liabilities, income and expenses, and related disclosures. Actual results could differ from these estimates.

d) Financial Instruments

Measure of Financial Instruments

The SC initially measures its financial assets and liabilities at fair value and subsequently measures all its financial assets and liabilities at cost or amortized cost less impairment.

Financial assets measured at amortized cost are cash and AC receivable. Financial liabilities measured at amortized cost are accounts payable and accrued liabilities.

The SC has no financial assets measured at their fair value and has not elected to carry any financial assets or liabilities at fair value.

Impairment

Financial assets are tested for impairment when events or circumstances indicate possible impairment. Write-downs, if any, are recognized in excess (deficit) of revenues over expenses and may be subsequently reversed to the extent that the net effect after the reversal is the same as if there had been no write-down. There are no impairment indicators in the current year.

e) Income Tax Status

The SC is tax exempt under the Income Tax Act.

NOTE 2 - Related Party Transactions

During 2022, the SC received expense reimbursements of $4,473,499 (2021: $4,443,821) from the AC of which $1,027,447 (December 31, 2021: $1,219,398) was receivable at year-end.

The transactions are in the normal course of operations and are measured at the exchange amount.

The amounts due from related parties are non-interest bearing, unsecured and have no specific terms of repayment.

NOTE 3 - Board Remuneration and Expenses

Board remuneration and board education and conferences, and board expenses are in accordance with SC By-law No. 6.

NOTE 4 - Financial Instruments

The SC is exposed to various risks through its financial instruments. The following provides a summary of the SC's exposure to risk as at December 31, 2022:

a) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The SC is exposed to credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations; if there is a concentration of transactions carried out with the same counterparty; or of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions. The SC's main credit risk relates to its AC receivable. The AC receivable is due from an organization with a high-quality credit rating and therefore there is limited credit risk associated with this financial instrument. There have not been any changes in this risk from the prior year.

b) Liquidity Risk

Liquidity risk is the risk that the SC will encounter difficulties in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the SC will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. The SC is exposed to this risk mainly in respect to its accounts payable and accrued liabilities. The SC manages this risk by managing its working capital, ensuring that sufficient credit is available. There have not been any changes in this risk from the prior year.

c) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk, and price risk. The SC is not exposed to significant market risk. There have not been any changes in these risks from the prior year.

REFERENCE

pwc

Independent practitioner's limited assurance report in relation to the 2021 Carbon Footprint Metrics of OMERS Administration Corporation (OMERS) as included in the OMERS 2022 Annual Report

To the Board of Directors and Management of OMERS

We have undertaken a limited assurance engagement on select carbon footprint metrics detailed below (the select performance metrics) as presented in OMERS 2022 Annual Report for the year ended December 31, 2021.

Our limited assurance engagement was performed on the following select performance metrics:

Performance metrics	**December 31, 2021**
Weighted Average Carbon Intensity (WACI)	129 tCO2e/$M revenue
Carbon Footprint	36 tCO2e/$M invested
Absolute Financed Emissions	3,939,910 tCO2e

Management's responsibility
Management is responsible for the preparation of the select performance metrics in accordance with the applicable criteria established in Exhibit 1 (the criteria). Management is also responsible for such internal control as management determines necessary to enable the preparation of the select performance metrics that are free from material misstatement, whether due to fraud or error.

Our responsibility
Our responsibility is to express a limited assurance conclusion on the select performance metrics based on the evidence we have obtained. We conducted our limited assurance engagement in accordance with Canadian Standard on Assurance Engagements (CSAE) 3000, *Attestation Engagements Other than Audits or Reviews of Historical Financial Information.* This standard requires that we plan and perform this engagement to obtain limited assurance about whether the select performance metrics are free from material misstatement.

A limited assurance engagement involves performing procedures (primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures) and evaluating the evidence obtained. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users of our report. The procedures are selected based on our professional judgment, which includes identifying areas where the risks of material misstatement, whether due to fraud or error, in preparing the select performance metrics in accordance with the applicable criteria are likely to arise.

The extent of our procedures included but was not limited to inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records. Given the circumstances of the engagement, in performing the procedures listed above we:

- Reviewed the OMERS methodology and evaluated whether OMERS methods for determining the boundaries and quantification of the select performance metrics were appropriate and consistent with the applicable criteria.
- Through inquiries, obtained an understanding of the OMERS control environment and the information systems relevant to the select performance metrics quantification and reporting. Our procedures did not evaluate the design of particular control activities, obtain evidence about their implementation or test their operating effectiveness.
- Evaluated whether OMERS methods for developing estimates are appropriate and consistently applied.
- For a limited sample of assets, reconciled the select performance metrics data back to the underlying records. The sample included items selected across all the in-scope assets. The data inputs that were tested for each item included: total greenhouse gas emissions, enterprise value, market value, apportioning factor, and revenue. The testing of these data inputs entailed the reconciliation of the data back to supporting OMERS files, third party data providers and, where available, public records.
- Reviewed the select performance metrics disclosure in the OMERS 2022 Annual Report to ensure consistency with our understanding and procedures.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and, consequently, the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

The select performance metrics have been prepared in accordance with the applicable criteria prepared by OMERS management to report to the Board of Directors. As a result, the select performance metrics may not be suitable for another purpose. Our report is intended solely for OMERS. We acknowledge the disclosure of our report, in full only, by OMERS at its discretion, without assuming or accepting any responsibility or liability to any third party in respect of this report.

Our independence and quality control
We have complied with the relevant rules of professional conduct/code of ethics applicable to the practice of public accounting and related to assurance engagements, issued by various professional accounting bodies, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Canadian Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance Engagements,* and, accordingly, maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that OMERS select performance metrics for the year ended December 31, 2021 are not prepared, in all material respects, in accordance with the applicable criteria.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, BC
February 27, 2023

Exhibit 1

Select performance metrics and criteria

1. **Weighted Average Carbon Intensity (WACI)**

   Description: Portfolio's exposure to carbon-intensive companies, expressed in Metric tonnes CO2e/$M revenue for the year ended December 31, 2021.

   Methodology: Scope 1 and Scope 2 GHG emissions are allocated based on portfolio weights (the value of the investment relative to the portfolio value at the measurement date). Gross values should be used.

2. **Carbon Footprint**

   Description: Total carbon emissions for a portfolio normalized by the market value of the portfolio, expressed in Metric tonnes CO2e/$M invested as at December 31, 2021.

   Methodology: Scope 1 and Scope 2 GHG emissions are allocated to investors based on an equity ownership approach as described under methodology for Total Carbon Emissions. The portfolio value on the measurement date is used to normalize the data.

3. **Absolute Financed Emissions**

   Description: The absolute GHG emissions associated with the measured portfolio, expressed in Metric tonnes CO2-equivalent (tCO2e) as at December 31, 2021.

   Methodology: Scope 1 and Scope 2 GHG emissions are allocated to investors based on an enterprise value approach.

The reporting criteria against which the select performance metrics will be assessed is as follows:

- Management's internally developed criteria as outlined in the Climate-Related Disclosures, Metrics & Targets, carbon footprinting methodology summary of the OMERS 2022 Annual Report.
- Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures, available at: https://assets.bbhub.io/company/sites/60/2021/07/2021-TCFD-Implementing_Guidance.pdf
- Greenhouse Gas Protocol, Portfolio Carbon Initiative, Guidance for financial institutions to assess the climate impact from investing and lending activities. Available at: https://ghgprotocol.org/portfolio-carbon-initiative
- The Global GHG Accounting and Reporting Standard for the Financial Industry developed by the Partnership for Carbon Accounting Financials (PCAF), available at: https://carbonaccountingfinancials.com/standard

OMERS SPONSORS CORPORATION BOARD REMUNERATION AND EXPENSES

	2022		2021	
	Remuneration (i) (iii)	**Expenses (ii)**	Remuneration	Expenses
Ramagnano, Frank (Chair)	**$99,000**	**$4,148**	$99,000	$17,480
Brown, Barry (Vice-Chair)	**79,000**	**692**	79,000	17,480
Axford, Dan (iv)	**53,000**	**564**	53,000	13,110
Bailey, Paul (v)	**–**	**–**	46,000	–
Biro, Frederick (v)	**46,000**	**3,667**	46,000	–
Cananzi, Max (v)	**46,000**	**20,205**	–	–
Chan, Jason (v)	**11,500**	**–**	46,000	–
Derochie, Peter (iv)	**53,000**	**6,994**	53,000	–
Love, Marianne	**46,000**	**9,788**	46,000	–
Macaluso, Charlie (v)	**–**	**–**	46,000	–
Marks, Scott (v)	**46,000**	**11,972**	–	–
Maugeri, Domenic (v)	**17,250**	**–**	–	–
McConville, Mary (iv)	**53,000**	**–**	53,000	2,277
Pennachetti, Joe (iv)	**53,000**	**2,108**	53,000	–
Sahli, Sandra	**46,000**	**6,698**	46,000	–
Volpe, Giulia (vi)	**46,000**	**1,576**	46,000	–
Weatherup, John	**46,000**	**–**	46,000	243
Other Expenses (vii)	**39,899**	**3,033**	37,878	–
Total	**$780,649**	**$71,445**	$795,878	$50,590

(i) Remuneration is in accordance with By-law No. 6.

(ii) Includes reimbursement for normal out-of-pocket business expenses including education and meeting expenses incurred in conducting SC business. These expenses are reviewed by the Audit Committee on a quarterly basis.

(iii) All Directors are paid an annual technology allowance in the amount of $4,000 to cover all equipment and line charges required to review electronic Board Materials.

(iv) Committee Chairs:

D. Axford (Corporate Governance Committee); P. Derochie (Plan Design Committee); M. McConville (Human Resources & Compensation Committee); and J. Pennachetti (Audit Committee)

(v) Member Changes:

- P. Bailey and C. Macaluso retired from the Board as of December 31, 2021;
- M. Cananzi appointed to the Board effective January 1, 2022;
- S. Marks appointed to the Board effective January 11, 2022;
- J. Chan formally ceased participation on the Board as of March 9, 2022;
- D. Maugeri appointed to the Board effective August 16, 2022;
- F. Biro retired from the Board as of December 31, 2022.

(vi) In accordance with By-Law No. 6, the Board Member has directed their compensation to their appointing organization.

(vii) Other expenses include Board meeting expenses not allocated by individual and benefits (Canada Pension Plan contributions and Employer Health Tax).

2022 OMERS SPONSORS CORPORATION BOARD/COMMITTEE MEETINGS

Director	SC Board Meetings[i] (21)		Audit Committee (4)	Corporate Governance Committee (16)	Human Resources and Compensation Committee (6)	Plan Design Committee (9)	Joint Council (12)	Committees (Total)		All Meetings		Other Events and Meetings [ii]	All Events and Meetings	Education Days [iv]
	Attended	%	Attended	Attended	Attended	Attended	Attended	Attended /Eligible	%	Attended /Eligible	%	Attended	Attended	
Ramagnano, Frank (Chair) [iii]	21	100		15	6	9	12	42/43	98	63/64	98	7	70	4
Brown, Barry (Vice-Chair) [iii]	20	95	4			9	12	25/25	100	45/46	98	22	67	
Axford, Dan	21	100		16	6	9	12	43/43	100	64/64	100	5	69	
Biro, Frederick	20	95		15	5	9		29/31	94	49/52	94	1	50	
Cananzi, Max	21	100	4		6	9		19/19	100	40/40	100	12	52	19
Chan, Jason [v]	1	100								1/1	100		1	
Derochie, Peter	20	95	4			9		13/13	100	33/34	97	9	42	3
Love, Marianne	18	86		15	5	8		28/31	90	46/52	88	2	48	3
Marks, Scott	21	100	4			9		13/13	100	34/34	100	13	47	18
Maugeri, Domenic [vi]	7	88	1			4		5/6	83	12/14	86	1	13	
McConville, Mary	21	100		16	6	8		30/31	97	51/52	98	5	56	1
Pennachetti, Joe	20	95	4	15		9		28/29	97	48/50	96	4	52	3
Sahli, Sandra	21	100	4	16		9		29/29	100	50/50	100	6	56	1
Volpe, Giulia	21	100		16	6	9		31/31	100	52/52	100	3	55	10
Weatherup, John	18	86		11		7		18/25	72	36/46	78	2	38	
Overall Attendance		**96%**	**100%**	**94%**	**95%**	**96%**	**100%**		**96%**		**96%**			**62**

(i) These reflect SC Board meetings and strategic planning sessions which SC Board Directors were expected to attend.
(ii) Directors attended additional 'Other' meetings and events, such as the spring information meeting, joint education sessions with AC, new board member orientation, ad hoc meetings of special committees and attendance at committee meetings of which they are not members.
(iii) In addition to chairing the SC Board meetings, the Chair is an ex-officio member of the CGC and HRCC, and the Vice-Chair is an ex-officio member of the Audit Committee.
(iv) Education days refer to the actual number of days Directors spent at education programs or pension-related conferences and exclude travel time.
(v) J. Chan formally ceased participation on the Board on March 9, 2022. Attendance reflects the meetings for which he was eligible to attend.
(vi) D. Maugeri's attendance reflects his participation in Board and Committee meetings after his appointment to the Board on August 16, 2022.

OMERS ADMINISTRATION CORPORATION BOARD REMUNERATION AND EXPENSES

	2022		2021	
	Remuneration (i) (iii)	**Expenses** (ii)	Remuneration	Expenses
Cooke, George (Chair)	**$189,000**	**$891**	$189,000	$53
Armstrong, John (iv)	**79,000**	**25,808**	–	–
Baker, Monty	**94,000**	**–**	94,000	–
Beatty, David (iv)	**–**	**–**	79,000	–
Beggs, Darcie (iv)	**–**	**–**	79,000	–
Butt, William (Bill)	**94,000**	**–**	94,000	–
Elliott, Paul	**88,825**	**11,243**	79,000	1,512
Fenn, Michael	**79,000**	**–**	79,000	–
Figueiredo, Karen (iv)	**49,359**	**21,753**	–	–
Fischer, Debbie	**79,000**	**–**	79,000	2,456
Hutchinson, Laurie (iv)	**22,500**	**210**	90,000	2,444
Inskip, Cliff	**79,000**	**–**	79,000	4,509
Mueller, Charlene	**79,000**	**–**	79,000	–
Silgardo, Rajiv	**79,000**	**9,549**	79,000	160
Skerrett, Kevin (iv)	**79,000**	**–**	–	–
Somerville, Penny	**94,000**	**–**	94,000	–
Tsubouchi, David	**79,000**	**–**	79,000	–
Wu, Yung	**79,000**	**–**	79,000	–
Other Expenses (v)	**–**	**21,176**	–	11,769
Total	**$1,342,684**	**$90,630**	$1,351,000	$22,903

(i) Remuneration of the Directors of the AC Board is in accordance with the Director Remuneration Policy effective January 1, 2022.

(ii) Includes reimbursement for normal out-of-pocket business expenses including education and meetings expenses incurred on behalf of AC. These expenses are reported to the Audit & Actuarial Committee annually.

(iii) All Directors (except L. Hutchinson) are paid an annual technology allowance in the amount of $4,000 to cover all equipment and line charges required to review electronic Board materials.

(iv) Member Changes:

- D. Beatty and D. Beggs retired from the Board as of December 31, 2021;
- J. Armstrong and K. Skerrett appointed to the Board effective January 1, 2022;
- L. Hutchinson retired from the Board on April 1, 2022;
- K. Figueiredo appointed to the Board effective May 19, 2022.

(v) Other Expenses include AC Board meeting and AC/SC Joint Session expenses not allocated by individual.

2022 OMERS ADMINISTRATION CORPORATION BOARD/COMMITTEE MEETINGS

Director [i]	AC Board (9)		Audit & Actuarial Committee (5)	Governance & Risk Committee (5)	Human Resources Committee (6)	Investment Committee (14)	Appeals Committee (1)	Asset-Liability Study Committee (2)[ii]	Joint Council (12)	Committees (Total)		Overall Attendance: All Meetings		Overall Attendance: Scheduled Meetings [iii]	
	Attended	%	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended /Eligible	%	Attended /Eligible	%	Attended /Eligible	%
Armstrong, John	9	100	5			14				19/19	100	28/28	100	16/16	100
Baker, Monty	9	100	5		6			2		13/13	100	22/22	100	16/16	100
Butt, William (Bill)	9	100			6	14		2		22/22	100	31/31	100	16/16	100
Cooke, George (Chair) [vi]	9	100	5	5	6	14	1	2	11	44/45	98	53/54	98	26/26	100
Elliott, Paul [iv]	9	100		5	6		1	2	11	25/26	100	34/35	97	16/16	100
Fenn, Michael	9	100	5			13				18/19	95	27/28	96	16/16	100
Figueiredo, Karen [iv]	5	100	3	2						5/5	100	10/10	100	9/9	100
Fischer, Debbie	8	89		5	6		1			12/12	100	20/21	95	15/16	94
Hutchinson, Laurie [iv]	3	100	1					2		3/4	75	6/7	86	2/3	67
Inskip, Cliff	9	100	5			13				18/19	95	27/28	96	16/16	100
Mueller, Charlene	4	44	2	3			1			6/11	55	10/20	50	7/16	44
Silgardo, Rajiv	9	100			5	13		2		20/22	91	29/31	94	15/16	94
Skerrett, Kevin	9	100	5		6					11/11	100	20/20	100	16/16	100
Somerville, Penny [v]	8	89	4	5		14		2	12	37/37	100	45/46	98	18/19	95
Tsubouchi, David	9	100		5	6		1			12/12	100	21/21	100	16/16	100
Wu, Yung	9	100		5		12				17/19	89	26/28	93	13/15	87
Overall Attendance		**95%**	**93%**	**92%**	**98%**	**96%**	**100%**	**100%**	**94%**		**95%**		**95%**		**94%**

(i) AC Directors also attended other discretionary meetings such as the Annual Meeting, Joint Sessions with SC, Sponsor and Stakeholder Forums, and in-house education sessions.
(ii) The Asset-Liability Study Committee was disbanded effective February 3, 2022.
(iii) Scheduled meetings are regularly scheduled Board and Committee meetings which exclude special meetings called on short notice.
(iv) K. Figueiredo appointed to the Board effective May 19, 2022; L. Hutchinson retired from the Board effective April 1, 2022.
(v) P. Somerville became a member of the Audit & Actuarial Committee effective May 5, 2022.
(vi) The Board Chair is an ex officio member of the Appeals, Audit & Actuarial, Governance & Risk, Human Resources and Investment Committees.

TEN-YEAR FINANCIAL REVIEW

(millions of Canadian dollars)

As at December 31,	**2022**	2021	2020	2019	2018	2017	2016 (ii)	2015	2014	2013
Net Assets Available for Benefits										
Public markets	**67,886**	57,452	51,806	50,757	45,272	56,870	49,572	43,631	47,300	41,709
Private equity	**31,128**	25,365	20,811	22,561	20,246	10,759	10,981	11,482	8,767	9,208
Infrastructure	**29,742**	29,691	28,678	25,292	20,796	18,053	17,443	16,349	14,401	13,533
Real estate	**24,633**	23,604	18,316	20,497	22,110	15,470	15,084	27,642	22,253	17,603
	153,389	136,112	119,611	119,107	108,424	101,152	93,080	99,104	92,721	82,053
Other investment assets	**1,745**	1,177	2,189	1,749	2,780	3,978	5,063	1,062	1,017	744
Investment liabilities	**(27,095)**	(12,850)	(13,185)	(8,616)	(10,923)	(7,175)	(10,254)	(20,534)	(19,490)	(16,463)
Net investment assets	**128,039**	124,439	108,615	112,240	100,281	97,955	87,889	79,632	74,248	66,334
Non investment assets (liabilities)										
Amounts payable under contractual agreements	**(3,975)**	(3,771)	(3,401)	(3,485)	(3,247)	(3,138)	(2,896)	(2,719)	(2,397)	(1,524)
Other net assets	**318**	251	361	625	405	381	367	332	245	271
Net Assets Available for Benefits	**124,382**	120,919	105,575	109,380	97,439	95,198	85,360	77,245	72,096	65,081
Accrued Pension Obligation and Surplus (Deficit)										
Primary Plan - Defined benefit component										
Accrued pension obligation	**128,789**	119,342	111,820	106,443	99,058	93,614	86,959	81,924	76,924	73,004
Funding (deficit) surplus	**(6,678)**	(3,131)	(3,211)	(3,397)	(4,191)	(5,403)	(5,720)	(6,977)	(7,078)	(8,641)
Actuarial value adjustment of net assets available for benefits	**578**	3,062	(4,444)	4,928	1,401	6,008	3,379	1,718	1,771	341
	(6,100)	(69)	(7,655)	1,531	(2,790)	605	(2,341)	(5,259)	(5,307)	(8,300)
Primary Plan - Additional Voluntary Contributions component pension obligation	**1,517**	1,454	1,235	1,244	1,023	817	595	445	360	276
Primary Plan - Accrued Pension Obligation and Surplus (Deficit)	**124,206**	120,727	105,400	109,218	97,291	95,036	85,213	77,110	71,977	64,980
Retirement Compensation Arrangement										
Accrued pension obligation	**1,235**	1,144	1,152	928	851	813	739	679	619	614
(Deficit) Surplus	**(1,059)**	(952)	(977)	(766)	(703)	(651)	(592)	(544)	(500)	(513)
Retirement Compensation Arrangement - Accrued Pension Obligation and Surplus (Deficit)	**176**	192	175	162	148	162	147	135	119	101
Accrued Pension Obligation and Surplus (Deficit)	**124,382**	120,919	105,575	109,380	97,439	95,198	85,360	77,245	72,096	65,081

(millions of Canadian dollars) For the year ended December 31,	**2022**	2021	2020	2019	2018	2017	2016 [ii]	2015	2014	2013
Changes in Net Assets Available for Benefits										
Net assets available for benefits, beginning of the year	**120,919**	105,575	109,380	97,439	95,198	85,360	77,245	72,096	65,081	60,767
Changes Due to Investment Activities										
Total investment income	**5,895**	17,536	(2,700)	12,362	2,957	10,477	8,575	5,441	7,082	4,000
Investment management expenses	**(693)**	(657)	(276)	(581)	(540)	(409)	(427)	(351)	(384)	(266)
	5,202	16,879	(2,976)	11,781	2,417	10,068	8,148	5,090	6,698	3,734
Income credited under contractual agreements	**(290)**	(442)	(25)	(326)	(212)	(333)	(292)	(306)	(222)	(97)
Net Investment Income (loss)	**4,912**	16,437	(3,001)	11,455	2,205	9,735	7,856	4,784	6,476	3,637
Changes Due to Pension Activities										
Contributions										
Current year required contributions	**4,414**	4,276	4,186	4,054	3,988	3,858	3,690	3,650	3,515	3,434
Other contributions	**210**	252	229	295	382	335	275	230	171	210
Total Contributions	**4,624**	4,528	4,415	4,349	4,370	4,193	3,965	3,880	3,686	3,644
Benefits										
Benefits paid	**(4,972)**	(4,602)	(4,315)	(3,910)	(3,574)	(3,293)	(3,041)	(2,826)	(2,616)	(2,437)
Transfers, commuted value and other benefit payments	**(988)**	(914)	(810)	(736)	(703)	(712)	(585)	(621)	(450)	(473)
Total Benefits Paid	**(5,960)**	(5,516)	(5,125)	(4,646)	(4,277)	(4,005)	(3,626)	(3,447)	(3,066)	(2,910)
Assumption of City of Toronto Pension Plans	**—**	—	—	973	36	—	—	—	—	—
Pension administrative expenses	**(113)**	(105)	(94)	(190)	(93)	(85)	(80)	(68)	(81)	(57)
Net Assets Available for Benefits, End of Year	**124,382**	120,919	105,575	109,380	97,439	95,198	85,360	77,245	72,096	65,081
Nominal Discount Rate										
Primary Plan	**5.75 %**	5.75 %	5.85 %	5.90 %	6.00 %	6.00 %	6.20 %	6.25 %	6.50 %	6.50 %
Retirement Compensation Arrangement	**3.10 %**	3.10 %	3.15 %	3.15 %	3.15 %	3.15 %	3.15 %	3.15 %	3.25 %	3.25 %
Net Return										
Primary Plan - Defined Benefit Component										
Time weighted return on market value	**4.2 %**	15.7 %	(2.7)%	11.9 %	2.3 %	11.5 %	10.3 %	6.7 %	10.0 %	6.0 %
Absolute return target	**7.2 %**	6.6 %	6.9 %	7.5 %	7.3 %	7.3 %	7.9 %	7.8 %	7.7 %	7.5 %
Primary Plan - Additional Voluntary Contribution Component										
Time weighted return on market value	**4.2 %**	15.7 %	(2.7)%	11.9 %	2.3 %	11.5 %	10.3 %	6.7 %	10.0 %	6.0 %
Retirement Compensation Arrangement Investment Fund [i]										
Time weighted return on market value	**(10.4)%**	20.7 %	11.6 %	20.9 %	(1.6)%	13.1 %	7.8 %	12.5 %	14.5 %	28.5 %
Benchmark	**(10.1)%**	20.5 %	12.6 %	21.5 %	0.1 %	12.8 %	8.7 %	12.2 %	14.6 %	30.2 %

(i) Excludes the RCA refundable tax balance with the Canada Revenue Agency.
(ii) AC has changed the presentation of debt related to real estate. Effective January 1, 2017 real estate investment assets are presented net of related debt. 2016 comparatives have been restated.

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