2024 Annual Report

L-R: HOOPP members Hannah Fogel, Clinical Educator and Irene Zahrebelny, Patient Care Manager.

Contents

Our story

Our history

> HOOPP was founded in 1960 by the Ontario Hospital Association (OHA) to give hospital staff across the province a better way to plan and save for retirement. Back then we were known as the Hospitals of Ontario Pension Plan.

In 1993, HOOPP became an independent, not-for-profit trust, governed by a Board of Trustees with nominees from the OHA and four settlor unions: the Ontario Nurses' Association (ONA), the Canadian Union of Public Employees (CUPE), the Ontario Public Service Employees Union (OPSEU) and the Service Employees International Union (SEIU).

In 2010, our name was changed to the Healthcare of Ontario Pension Plan to better reflect the evolution of the healthcare sector and the organizations that we serve.

Today, we are one of the leading defined benefit (DB) pension plans in Canada. We continue to take great pride in serving a growing number of healthcare workers and employers across the province.

Our mission and values

HOOPP is focused on providing Ontario healthcare workers with a secure lifetime pension in retirement. That goal is reflected in everything we do and in the mission and values that guide us, drive our day-to-day efforts and define how we work together in support of our members.

Our commitment to members and employers

> Our members and employers are at the centre of everything we do. We are proud to serve the people and healthcare organizations who do so much for Ontario communities.

For members, we are committed to delivering on our promise to provide the pension they have earned. As a core part of that, we strive to deliver the highest level of service and support, expanding our digital services so members can choose to access them in person, by phone or online, based on their needs and preferences. Our goal is for our members to have easy access to the pension information they need, when they need it and how they want to receive it.

These efforts include continuing to enhance the guidance, service and education we provide. As a trusted partner, we want to help members make informed decisions related to their HOOPP pension and their retirement, supported by our team of pension experts.

HOOPP also maintains strong relationships with Plan employers, enabling them to give their employees access to a world-class pension that plays an important part in their recruitment and retention activities. Employers play a critical role in promoting the value of HOOPP to their eligible employees and to help them do that, we provide employers with a range of easy-to-share educational materials.

Highlights

In 2024, HOOPP:

- provided retired and deferred members with a full cost of living adjustment (COLA) of 3.4%, effective April 1, 2024, to help pensions keep up with rising prices
- announced that contribution rates will remain unchanged until at least the end of 2026—since they have not changed since 2004, that is more than 20 years of cost stability for members and employers
- provided a benefit formula improvement, effective July 1, 2024, that gives eligible active members with contributory service in 2023 a larger lifetime pension
- engaged with members, highlighting the value of the Plan, through over 2.5 million individual interactions; over 7,000 members attended 44 virtual sessions and 10 in-person educational pension seminars in nine cities across the province

Our commitment in action: Helping members plan ahead for their loved ones

Survivor benefits help protect loved ones after a member has passed away, before or after retirement. In 2024, a personalized and interactive Survivor Benefits Guidance tool was developed and launched, providing members the option to access additional online information about this valuable benefit. This online tool is accessible through HOOPP Connect and helps members at any age and stage of their working life learn how survivor benefits are considered part of their overall estate plan, so they can plan for the future.

With this guidance, members can:

- learn how spousal benefits work in retirement
- understand key factors to consider when choosing a spousal pension option
- determine which of the three spousal pension options may be the most suitable for their situation
- see estimates of their pension and the spousal pension under each option

HOOPP members without a qualifying spouse when they retire can use the tool to help understand what their beneficiaries or their estate could receive when the member passes away in retirement.

From our members...

"I have been retired for 10+ years now and thanks to HOOPP, I was able to retire early knowing I had a stable, reliable income. Life is good and with HOOPP, life is better!"

- Wendy Stevenson
Retired HOOPP member

Our commitment to investing for the future

As a large Canadian pension plan, we are dedicated to safeguarding the retirement assets of healthcare workers throughout Ontario. Financial markets can be unpredictable and volatile, so our liability-aware investing (LAI) approach is designed to protect member pensions from challenges in the global marketplace.

A HOOPP investment today is intended to secure a pension for tomorrow. We estimate that investment returns will fund approximately 80% of the benefits we pay to members when they retire. Our strategy focuses on generating long-term, risk-adjusted returns across all investing environments, ensuring we deliver on our pension promise. We combine this long-term focus with a diversified portfolio that has the agility needed to respond to market challenges and opportunities.

One example is geographical diversification, which helps us manage risks by avoiding concentration in a single market or region. Within this global approach, Canada is the core of our investment portfolio because it is a safe and stable country that offers attractive investment opportunities. Investors must always weigh risk and reward when choosing potential investments. All else being equal, we prefer to invest in Canada when the risk and reward are appropriate. We have allocated billions of dollars to Canadian enterprises, in both public and private firms and we maintain very large holdings in Canadian federal and provincial government bonds which generate safe and reliable returns. These investments, along with the annual pension payments to our members, inject billions into Canada's economy, supporting growth at home.

We also continue to implement our sustainable investing strategy which includes considering climate risks and opportunities in our investment selection process and engaging with company management teams to urge them towards making their companies more resilient through decarbonization. You can learn more in the *Sustainable investing* and *Climate disclosures* sections of this report.

Highlights

- HOOPP's long-term, liability-aware investment strategy continued to deliver resilient Total Fund returns while maintaining a strong funded status.
- We continued to maintain a large position in inflation-protected securities such as Canadian real return bonds (RRBs), and U.S. treasury inflation-protected securities (TIPS). The principal value of these securities rises with inflation, helping to preserve purchasing power. For more on recent changes to RRBs, see page 37.
- HOOPP has invested over $1 billion in Canadian federal, provincial, and municipal green and sustainable bonds. Green bonds provide funding for projects across Canada, including those aimed at improving public transit infrastructure and projects to protect communities from the physical impacts of climate change.

Our commitment in action: The opening of our London office

The official opening of our London, U.K. office in June 2024 marked an exciting milestone for HOOPP. The European market is crucial to our geographic diversification, and having investment staff based in London enables us to build higher quality relationships and improved access to deals. We believe this office will add value to the Fund and will benefit members long into the future.

Our commitment to our people and culture

At HOOPP, we believe our greatest strength is our people. Being able to attract and retain the best talent helps us better serve our members. To do this, we work hard to build and maintain a positive culture, one that is high-performing and inclusive and supports our employees while reflecting the diversity of our membership.

To help make sure that our employees continue to have the right skills and expertise to support the delivery of our pension promise, we provide staff with a range of development opportunities. These include formal learning programs, customized leadership courses and specific skill building. We also offer regular internal educational workshops, while supporting external training and certifications.

Our focus on the well-being of our staff supports a positive and engaged work environment. We offer comprehensive benefits and wellness programs that continually evolve to meet our employees' changing needs.

Our equity, diversity and inclusion (EDI) program, championed by leaders from all areas of the organization and our Employee Resource Groups (ERGs), helps create an inclusive culture where we embrace differences and learn from one another.

Highlights

In 2024 we received the following awards and accolades:

- recognized as one of Greater Toronto's Top Employers for the fifth consecutive year
- ranked #9 on LinkedIn's Top Companies in Canada list
- winner of the International Coaching Federation Toronto PRISM Award for integrating coaching into our culture through leadership development programs
- winner of the Brandon Hall Group™ Silver award for excellence in the Best Performance Management category
- winner of the Workplace Benefit Awards in the Mental Health category

Our commitment in action:
Sharing and learning from our Mosaic Moments

As part of our ongoing commitment to EDI and as a way for our staff to actively participate in and learn more about HOOPP's diverse culture, in 2024 we introduced Mosaic Moments. This internal online social channel, recognizes cultural and commemorative days and encourages employees to share their stories.

To spark engagement, each month we post a list of dates based on those published by the Government of Canada and the Canadian Centre for Diversity and Inclusion. Our ERGs help us align our list with our employee demographics. Employees who are celebrating these special days share memories, traditions, and photos on the channel. If they are recognizing something that is not listed, they are encouraged to share more information to give everyone an opportunity to learn and better understand the diversity of our HOOPP community.

From our members...

"I was an employee of HOOPP for almost seventeen years and for those years I was also a member of the Plan...I'm now a retired pensioner and have been for 17 years. How fortunate am I to have not only been employed by a great organization, but also to be a member of one of the country's top pension plans and be able to enjoy the benefits of a secure pension in my retirement years."

- Bob Brown
Retired HOOPP employee and member

Our commitment to promoting retirement security for all Canadians

> We believe that when more Canadians have access to a secure retirement, we **all** benefit. That is why we are committed to influencing the conversation on retirement security in Canada.

We know the value that Canada-model pension plans, like HOOPP, provide members and their families. We also recognize that people are very concerned about the cost of living and may find it hard to save for retirement on their own. More than half of Canadians do not have access to any form of collective savings arrangements.

HOOPP regularly commissions research about retirement security in Canada, and the value of Canada-model pension plans. These plans provide retirees with a predictable stream of income and they are a powerful driver of Ontario's economy. We work with research partners to highlight the broader economic benefits and better understand how Canadians and their employers think about pensions and retirement.

At the same time, we strive to amplify the voices of other thought leaders, including researchers and public figures, on this critical subject to help inform and drive a national dialogue about retirement security.

Highlights

- Our Canadian Retirement Survey found that high interest rates and living costs continue to have a significant negative impact on Canadians' ability to save and manage the cost of daily life, threatening their retirement preparedness. While many Canadians are struggling, women and those closest to retirement reported having lower savings and higher levels of financial stress.
- The results of our Canadian Employer Pension Survey found while fewer businesses invested in their employees compared to 2023, businesses that introduced or improved retirement benefits reported better-than-normal employee productivity.
- Our pension advocacy group, The Pension Collective, grew to more than 15,000 members. Over the course of the year, we held four educational online webinars for attending members to learn about and discuss pension and retirement issues that impact Canadians.

Our commitment in action: How defined benefit pension plans help support Ontario's economy

Developed in collaboration with industry peers, our latest white paper, Defined Benefit Pension Plans – Supporting Ontario's Economy, explored the economic impacts of DB plan payouts. It found that in 2023:

- DB pension plans supported an estimated 1.2 million Ontario retirees and their families, paying out an estimated **$42.7 billion to beneficiaries** annually.
- Spending of DB pension payments on goods, services, and taxes contributed **$34.6 billion to Ontario's gross domestic product** (GDP)—nearly double the GDP generated by the province's accommodation and food services industry, and representing 3.2% of Ontario's total GDP.
- 98% of DB pension payments spent by beneficiaries are spent within Canada.
- This spending helped support the equivalent of more than 250,000 full-time jobs in Ontario.

In today's environment, with many Canadians feeling unprepared for retirement and struggling to save due to the high cost of living, DB pensions offer financial stability and peace of mind by alleviating some of the stress around retirement planning, while also driving significant economic growth.

Messages from our leadership

Chairs’ message

Dan Anderson
Board Chair

Gerry Rocchi
Board Vice-Chair

> While the world and the economic environment continue to change, HOOPP remains steadfast in its commitment to provide members with a secure pension. HOOPP’s Board of Trustees has an important role to play and it is one we take very seriously. We provide governance and oversight to HOOPP management on all aspects of the pension plan so that the organization can continue to fulfil its commitment today and in the years ahead.

Offering great value for members

We are pleased with the Plan’s performance in 2024, which is detailed in this report. We know that members are most concerned about the strength of the Plan and its funded status of 111% should provide members with peace of mind about their pension. Funded status is one of the best indicators of the Plan’s ability to pay pensions to members over the long run. This marks the 15th consecutive year that Plan assets have exceeded liabilities (i.e., pensions owed to members).

This strong funded status allowed the Board to make several decisions in support of members. In June 2024, it was announced that the Board had approved a benefit formula improvement for eligible active members who have service in the Plan in 2023, providing them with a larger lifetime pension when they retire. This marks four pension increases since 2018, offering active members added retirement security.

To help pensions keep up with rising prices, retired and deferred members are receiving a cost of living adjustment (COLA). We know how valuable this benefit is for members and since 2014 we have provided annual adjustments at 100% of the increase in the consumer price index.

The Board also approved keeping contribution rates unchanged through 2026. Remarkably, considering the difficult economic environment over the last number of years, HOOPP's contribution rates have remained unchanged since 2004—providing more than 20 years of stability and great value for members and employers.

We believe that HOOPP stands out for providing multiple benefit improvements, while also offering full COLA and keeping contribution rates unchanged. All of this demonstrates the overall strength of the Plan, as well as our deep commitment to putting members first.

In addition, the Board was able to take an important step to protect the safety and security of future pension benefits for members. In keeping with new research published by the Canadian Institute of Actuaries, HOOPP has increased pension liabilities to reflect that Canadians, including our members, now have a longer life expectancy and are expected to draw from their retirement savings for a longer period of time. This change led to a decrease in the Plan funded status but provides an updated view of future pension obligations.

An evolving Plan

A resilient investment portfolio is key to supporting Plan strength. The Board's approach to governance and oversight continues to evolve to reflect an increasingly complex investment environment, coupled with a need to respond quickly to market challenges and opportunities. While Canada remains a core market for the Fund, HOOPP's new office in London, U.K., which opened in 2024, is a measured expansion that supports Fund diversification and will help make the Plan more resilient throughout changing economic conditions over the long run.

Evolution is not limited to the financial world; Ontario's healthcare sector also continues to change and grow. The Board is committed to ensuring that the Plan keeps pace, so that HOOPP remains the pension plan of choice among healthcare workers in the province.

To expand access to the Plan, HOOPP announced in late 2024 that effective January 2025, incorporated physicians in Ontario are eligible to join the Plan. Opening HOOPP to physicians is another way to strengthen the Plan and help more of Ontario's healthcare workers build the foundation for a financially secure retirement.

"The Board is committed to ensuring that the Plan keeps pace, so that HOOPP remains the pension plan of choice among healthcare workers in the province."

Welcoming physicians into HOOPP was done in a way that ensures they are joining the same Plan as our current members, with only minor modifications to make sure that all members are treated fairly. This innovative and effective approach bodes well for continued Plan growth and will help broaden our membership as Ontario's healthcare sector continues to evolve.

HOOPP's approach to managing the significant risks related to climate change is another area where the organization continues to evolve and grow. HOOPP is making progress on implementing the strategy it adopted in 2023 and is on track to meet the interim targets for 2025 and 2030 on its commitment to reducing portfolio emissions to net-zero by 2050. Its current areas of focus include: encouraging companies to adopt credible, science-based transition plans that can directly reduce greenhouse gases; increasing green investments; and improving the measurement and assessment of climate risk on the portfolio.

Board and leadership changes

In 2024, several Trustees were appointed to fill vacant roles: Kevin Cook (OCHU-CUPE appointee), John Sinclair (OHA appointee) and Kristof Barocz (SEIU Healthcare appointee). In addition, the following Observers were appointed: Sarah Correia (SEIU Healthcare appointee), Debra Alves (OHA appointee), Dinaz Dadyburjor (OHA appointee), and Poul Winslow (OHA appointee).

We want to acknowledge and thank Dave Verch (OCHU-CUPE appointee) and Giselle Branget (OHA appointee), who left the Board following two and three years of service, respectively.

In 2025, after 26 years at HOOPP, including five as President & CEO, we are celebrating Jeff Wendling's service to the organization. Following Jeff's decision to retire, the Board completed an extensive search for a successor and met with many highly qualified candidates. Ultimately, the Board chose Annesley Wallace to become HOOPP's next President & CEO effective April 1, 2025, following Jeff's retirement on March 31, 2025.

Annesley's extensive experience includes holding the Chief Pension Officer role and overseeing the global infrastructure portfolio at a major Canadian pension plan. This track record of leadership and strategic thinking across investment management and pension administration helped solidify her as our preferred candidate. We look forward to working closely with Annesley and we are confident that she is the right person to lead the organization and continue our mission of providing retirement security to Ontario healthcare workers.

We congratulate Jeff on his retirement and thank him for everything he has done for the organization. During Jeff's tenure as President & CEO, through some of the most challenging market conditions in history, the Plan remained fully funded, helping HOOPP solidify its place as one of the top-performing pension plans in the world.

In closing, we want to thank HOOPP staff and management for their continued dedication and hard work. Most importantly, we thank our members, who do so much for our communities.

Dan Anderson

Dan Anderson
Board Chair

Gerry Rocchi

Gerry Rocchi
Board Vice-Chair

A special note from the Board

We want to thank Gerry Rocchi, who completed his term and stepped down from the Board, effective December 31, 2024. Appointed as a Trustee in 2017 and as Vice Chair in 2022, Gerry brought extensive experience in Board governance, investment management, finance, business development and strategy to his role. During his tenure, Gerry demonstrated passion for Board effectiveness and Plan resilience, and was instrumental in the development of HOOPP's Climate Change Strategy.

We also congratulate Anthony Dale, President and CEO, Ontario Hospital Association on his appointment as Chair of the HOOPP Board, effective January 1, 2025.

President & CEO's message

On behalf of everyone at HOOPP, I want to express my heartfelt gratitude to our members in the healthcare sector. Your unwavering commitment to Ontario communities continues to inspire and drive us forward in our mission to deliver on our pension promise.

In 2024, global financial markets were swayed by a mix of optimism and caution, driven by central bank policies and factors such as the U.S. presidential election and geopolitical conflicts in the Middle East and Ukraine. In Canada we saw a decline in inflation rates that fuelled optimism for interest rate cuts, and this led to a rally in both bonds and stocks towards the end of the year.

HOOPP posted a one-year return of 9.7%, bringing the Fund's net assets to $123 billion. This return was supported by solid performance in both public and private equity markets. As well, HOOPP's infrastructure investments and absolute return strategies had a very good year. Notably, the balance sheet management strategy performed well, effectively capitalizing on various market opportunities.

Most importantly, the Plan's funded status remains strong at 111%. In other words, the Plan has $1.11 in assets for every $1 that is owed in pensions.

In addition to Plan performance, we focus on providing exceptional support to members at every stage of their pension experience, from enrolment through retirement. Our goal is to connect with members where and how they want to interact with us so we can best meet their evolving needs. While HOOPP members are extremely satisfied with the support we provide, we are always looking for ways to improve, including building out and enhancing online digital tools that offer education and guidance.

The Plan continues to grow in membership and employers. In 2024, membership increased by about 18,000 to more than 478,000, driven by current employers increasing their active membership, as well as new employers joining the Plan.

Over the course of the year, the Plan grew by an additional 32 employers, bringing the year-end total to 709. This represents a 4.7% increase from 2023 to 2024 and a 44% increase in employers over the last decade. Growth in 2024 was primarily driven by small healthcare providers, including hospices, mental health clinics and community services organizations, creating more opportunities for those in healthcare to keep working within the sector throughout their careers.

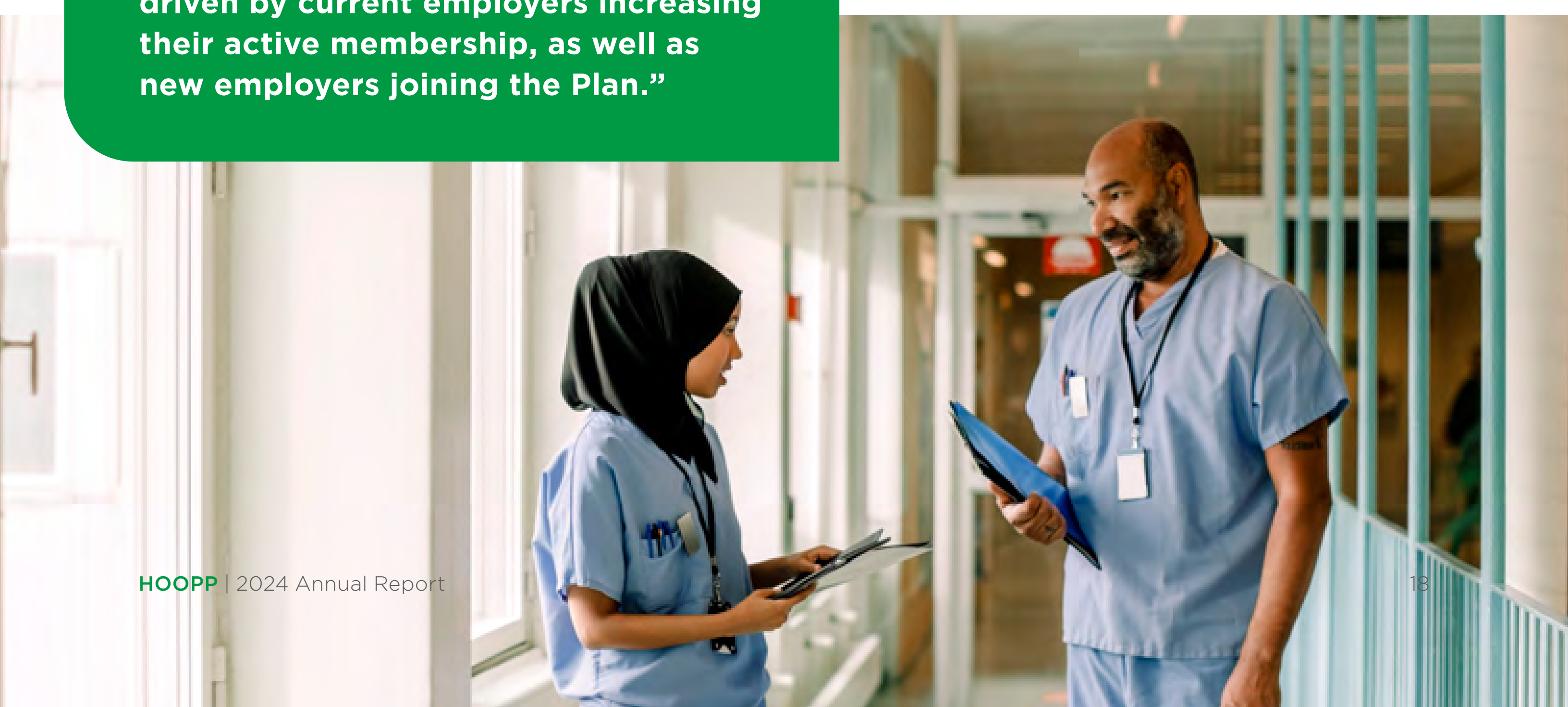
Strategic growth also enables us to expand our pension coverage in the healthcare sector. For example, effective January 2025, Plan membership was opened to include incorporated physicians who run their own practice or provide services from a medical clinic or hospital. This change, which will help Ontario physicians build a financially secure retirement, is also a step toward our goal of being able to support all healthcare workers in the province.

Managing growth and risk

As the Plan grows and global markets and investing become more complex, our organization has expanded and evolved our risk management practices by continuing to build out compliance frameworks, capabilities and policies. For example, the Risk team is now involved early in transaction and strategy due diligence, allowing for a more comprehensive risk review. Similarly, the Legal division has expanded its role in transaction due diligence and the assessment of operational readiness for new assets. Robust policies, effective governance and a strong risk-aware culture help increase the organization's resilience.

In addition to strengthening our Information Technology operations to optimize efficiency, we remain focused on staying ahead in key risk areas such as disaster recovery and cybersecurity to build resilience and enhance security. Our enterprise crisis and continuity program helps make sure we are prepared for, and can respond to and recover from incidents.

"In 2024, membership increased by about 18,000 to more than 478,000, driven by current employers increasing their active membership, as well as new employers joining the Plan."



Building on our strong foundation

We also made progress in other areas that will help position HOOPP for continued success in the years ahead. Here are some examples.

- **Expanding our global reach:** HOOPP's new office in London, U.K., opened in June 2024 following several years of development. This important step has improved access to investment opportunities in the U.K. and Europe, particularly in private markets.
- **Making progress on our Climate Change Strategy:** We continue to work towards our interim 2025 and 2030 targets, keeping us on track to reach our goal of net-zero emissions in our investment portfolio by 2050. More details about our progress are provided in the *Sustainable investing* and *Climate disclosures* sections of this report and on **hoopp.com**.
- **Strengthening EDI and culture:** As an important element of our work culture, we continued to make progress on integrating EDI practices throughout our organization. Our strong employee engagement continued throughout the year, and we received a variety of top employer awards.
- **Advocating for retirement security:** HOOPP commissions research and supports activities to help advance the conversation on retirement security in Canada. Our white paper found that DB pensions contributed more than $34 billion to Ontario's economy in 2023, confirming that they not only offer financial stability and peace of mind for members, but also drive significant overall economic growth.
- **Developing our latest strategic plan:** The Board and many people across the organization, as well as the Board, contributed to the development of our 2025-2029 Strategic Plan. We will work with HOOPP's new CEO to finalize and implement the plan, which will help HOOPP remain one of the strongest and most stable pension plans in Canada.

HOOPP has accomplished a great deal this year, my final full year as President & CEO. In September 2024, I announced my plans to retire and, with Annesley Wallace being named as my successor, my official retirement date is set for March 31, 2025.

After spending so much of my career at HOOPP, I recognize that what drew me here and what kept me inspired is our goal to provide Ontario healthcare workers with retirement security. It is at the core of everything we do. As the organization has grown and evolved over the years, our focus on members has never changed. Delivering on our pension promise has helped HOOPP become one of the top-performing pension plans in the world.

As I step away from the organization, I want to thank Ontario's healthcare workers, who continue to take care of us. I also want to thank our Board of Trustees for its guidance and support, and our Executive Team for its leadership. Finally, I want to say to all HOOPP staff: You are and always will be HOOPP's greatest strength. I appreciate your hard work and unwavering dedication to serving our members.

While I leave HOOPP with mixed emotions, I do so with great confidence, knowing that the organization is in very capable hands with Annesley at the helm. Her experience and leadership, combined with the strong team HOOPP already has in place, mean the future is bright and our members can enjoy peace of mind knowing their pension will remain secure.

Jeff Wendling
President & Chief Executive Officer

Management's Discussion & Analysis

2024 Plan performance

as at December 31, 2024

Funded status

111%

Net assets

$123.0 billion

Fund return for 2024[1]
9.7%

10-year annualized fund return **7.5%**

Net investment income
$11.1 billion

[1] Return is for the Fund, which includes the Registered Pension Plan and Retirement Compensation Arrangement (RCA), excluding the RCA refundable tax balance with the Canada Revenue Agency. The Fund return is net of total cost of investing. Including the refundable tax balance, the Fund return, net of total cost of investing, is 9.6%.

Plan membership

as at December 31, 2024

478,879

Total members

(an increase of 18,498 from the end of 2023)

292,334
Active members

134,565
Retired members

51,980
Deferred members

$32,000
average annual pension for newly retired members

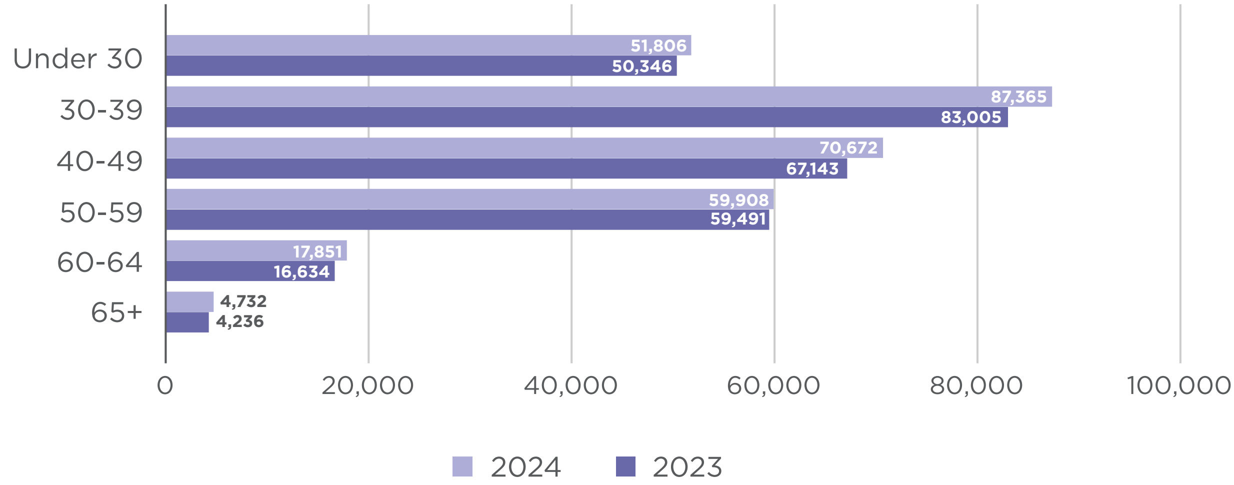
3.4%
COLA for retired and deferred members
(effective April 1, 2024)

82%
of active members are female

69%
of active members work full-time

31%
of active members work part-time

Active members by age group



Our employers

709

Total employers

(The Plan grew by an additional
32 employers since the end of 2023)

219

Small healthcare organizations

141

Hospitals

102

Family health teams

94

Service providers

82

Foundations

71

Community health centres

Plan funding

Funded status

> Funded status compares the Plan's assets to its liabilities (i.e., pension obligations). It is one of the most important indicators of the health of the Plan and our ability to pay pensions and provide COLA to members today and in the future.

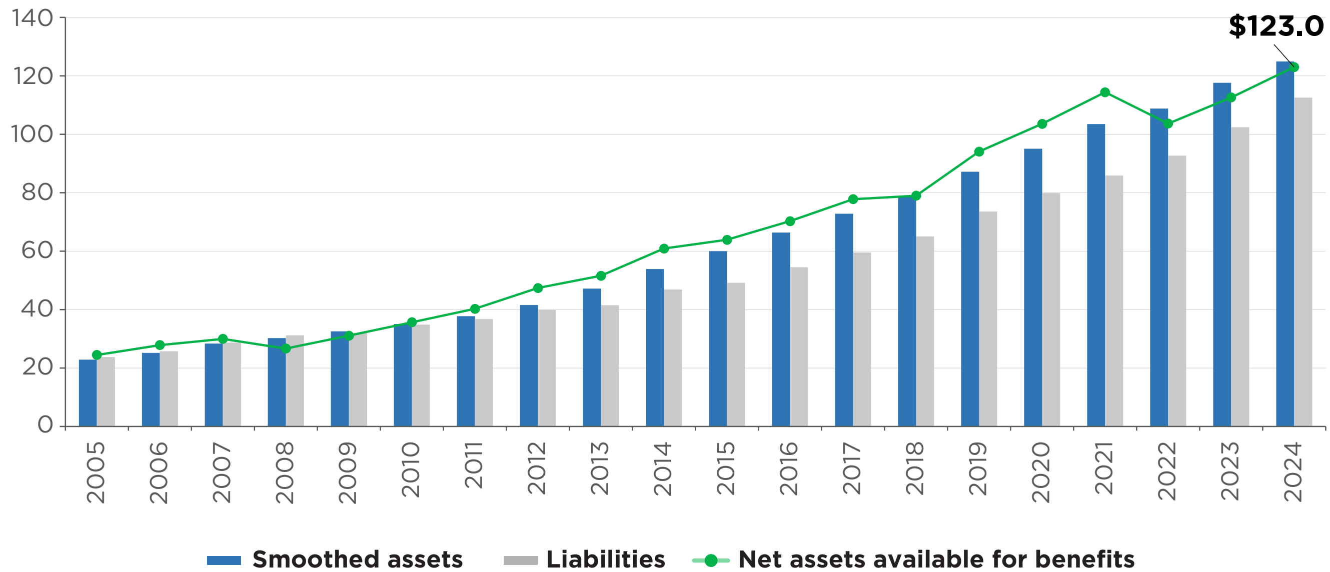
Our primary approach to maintaining a positive funded status and managing funding risk is to follow an investment strategy where Plan liabilities are closely considered when investing Fund assets. This approach is focused upon helping the growth of the investment portfolio meet or exceed the growth in our pension obligation to members.

For regulatory filing purposes, we report our funded status on a smoothed asset value basis. The asset smoothing approach reflects the long-term nature of our pension promise because it gradually recognizes the Fund's investment returns over five years. This approach minimizes the impact of market volatility in any one year and helps the Plan avoid making decisions based on short-term market fluctuations.

At the end of 2024 the Plan reported a surplus (i.e., more assets than liabilities) for the 15th consecutive year. The graph on the next page shows the Plan's net and smoothed assets against its liabilities over time.

20-Year History - Assets and Liabilities

($billions)



The strength of the Plan's funded status allowed the Board to grant a benefit improvement in respect of 2023 contributory service. The Plan also remains strong following an increase to liabilities to reflect a longer life expectancy of our members, which further protects the safety and security of our future pension benefits. New research published by the Canadian Institute of Actuaries in 2024 indicates that Canadians are expected to live longer. Consistent with this new research, HOOPP updated the mortality tables it uses to calculate Plan liabilities at the end of 2024 to reflect an anticipated increase in life expectancy of our Plan members.

HOOPP's funded status based on smoothed assets ended the year at 111% down from where we finished in 2023 due, in part, to the increase in liabilities reflecting the longer life expectancy noted above and the benefit improvement granted in respect of 2023 contributory service.

The Plan's funded status for 2024 and 2023, both on a smoothed asset value and on a net asset basis, is shown below.

111%

Smoothed asset value to regulatory pension obligations

2023 value: 115%

109%

2024 net assets to regulatory pension obligations

2023 value: 110%

Major drivers of the change in funded position

The table below summarizes the change in the Plan's funded status compared to 2023, based on changes in net assets and pension obligation as well as the smoothing adjustment for each year. Net investment income of $11,123 million is the largest driver in the $10,382 million increase in net assets in 2024.

($ millions)	2024	2023
Net investment income	**11,123**	9,625
Changes due to operations		
Contributions*	**3,626**	3,397
Benefit payments	**(3,890)**	(3,643)
Operating expenses	**(477)**	(418)
Total changes due to operations	**(741)**	(664)
Total change in net assets available for benefits	**10,382**	8,961
Change in pension obligation**	**(10,125)**	(9,733)
Net change in surplus on a net assets basis	**257**	(772)
Funded ratio on a net assets basis	**109%**	110%
Change in smoothing adjustment†	**(3,041)**	(196)
Regulatory funded ratio	**111%**	115%

* The contribution figure for 2023 includes $63 million related to the Carefor asset merger/transfer.
** Information related to the change in pension obligation is provided on page 35.
† Change in the average of the current net assets and the net assets for the four preceding years brought forward with interest calculated based on each year's future expected rate of return and adjusted for contributions and benefit payments.

Details of the performance of individual strategies within the investment portfolios can be found in the *Investments* section, starting on page 36.

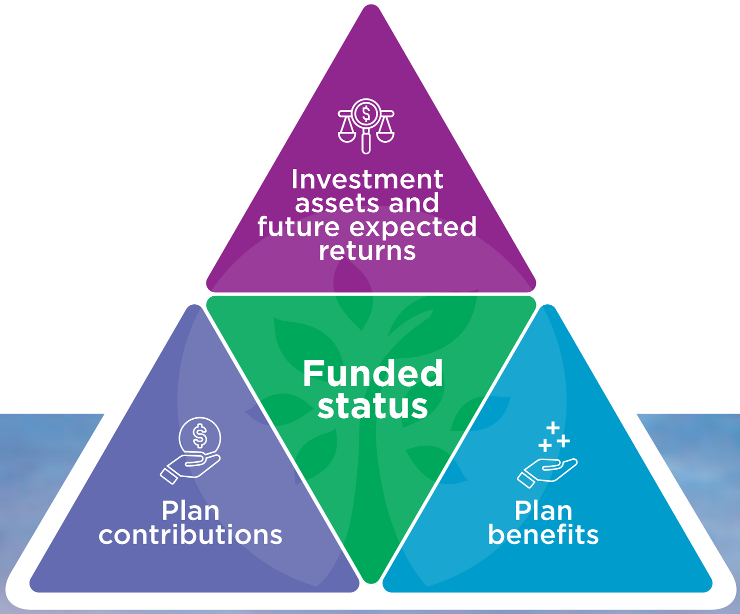
More information about changes in our liabilities can be found in the *Plan liabilities* section on pages 34-35.

Pension plan funding management

Fluctuations in the financial market environment have the potential to affect our Plan’s funded status. Delivering on the pension promise is a complex challenge that involves prudently managing risks to ensure our funded status remains at acceptable levels.

We balance three main components to meet our promise to members:

- **the level of pension benefits provided at retirement**
- **contribution rates from Plan members and their employers**
- **total investment assets and future expected investment returns**



Our objective in managing benefit levels is to provide a stable and predictable level of pension income that, together with income from other sources, contributes to a secure retirement for our members. Benefit levels are determined with thoughtful consideration of contribution rates. Our Board strives to keep contribution rates stable; they have not changed since 2004 and will remain at the current level until at least the end of 2026.

We also consider elements related to investments, including asset allocation, current and future expected returns, and risk. Investment returns play an essential role in our mission to deliver on the pension promise because we estimate approximately 80% of pension benefits will be funded by investment returns. As such, HOOPP's approach to expected investment returns and risk is the component most actively managed by our management team with oversight by the Board.

Prudently and effectively balancing these three components is intended to secure the long-term financial sustainability of the Plan.

From our members...

"My pension has kept pace with inflation which was particularly helpful over the last few years. Seeing the HOOPP cheque deposited into my bank account every month still brings a smile to my face after 20+ years. We are well served by HOOPP."

- Bruce Antonello
Retired HOOPP member

Future funding sustainability

Funding risk, which is the risk that future investment returns (and to a lesser extent, contributions) are not able to fund Plan liabilities, is the greatest threat to our Plan's long-term financial sustainability. Funding risk is also discussed in Note 6 of the *Consolidated Financial Statements*. In general, the two broad categories of risk that contribute to total funding risk are investment risk and demographic risk.

Investment risk

Prudently managing investment risk is key to mitigating funding risk. We take investment risk to earn sufficient returns to meet our pension obligations and to keep contribution rates stable, reasonable and affordable. Our Board-approved Risk Appetite Framework specifies how much investment risk HOOPP is willing to take in pursuit of its strategic objectives.

Investment returns are the most significant source of funding for pension benefits paid to members and are a critical determinant of how benefit levels and contribution rates are managed. In establishing an appropriate investment strategy, we strive to generate sufficient returns to meet our pension obligations and manage our contribution rates, while accepting a level of risk that does not jeopardize our ability to meet those obligations.

These are the three investment risks that have the greatest impact on our Plan:

- **Interest rates:** Interest rates affect the prices of many investments, as well as their expected future rates of return. If they lead to a change in the discount rate assumption, interest rate changes can also affect the calculation of Plan liabilities. More information about the discount rate can be found on page 35.
- **Inflation:** Increases in inflation could lead to higher wages, which form the basis of the pension benefits paid to our members. Increases in inflation can also lead to higher cost-of-living enhancements to the pension benefits.
- **Equity markets:** Investment returns may fall short of the levels necessary to pay future pension benefits if equities and other return-seeking strategies fail to generate sufficient returns. Extreme investment losses may cause substantial declines in the Plan's funded status.

Demographic risk

Demographic risk is an important consideration, though its magnitude is difficult to anticipate because changes associated with demographic risk occur gradually over long periods of time.

These changes include:

- **increasing life expectancy**
  (i.e., longevity risk)
- **changing retirement trends**
  (e.g, earlier retirements)
- **increase in the average age of members**

Both the longer-term trend and year-over-year changes in demographics must be duly considered. Demographic trends are part of the Board's annual review of all actuarial assumptions, with the support of the Board's Plan actuary. For large pension plans like HOOPP, year-over-year changes are usually minor. The demographic characteristics of HOOPP today and into the foreseeable future, are expected to remain relatively stable.

Plan maturity

The proportion of active to retired members in a pension plan naturally changes over time. This is often referred to as plan maturity. Plan maturity is important to monitor because it can affect our Plan's ability to recover from a severe decline in assets.

Among other factors, one key determinant of how quickly a plan matures is the rate at which new and younger active members join the plan and replace newly retired members. Over longer time periods, the average age of plan participants can rise.

However, with consistent membership growth, HOOPP continues to be a relatively young pension plan; the average age of HOOPP's active participants is virtually unchanged from 20 years ago.

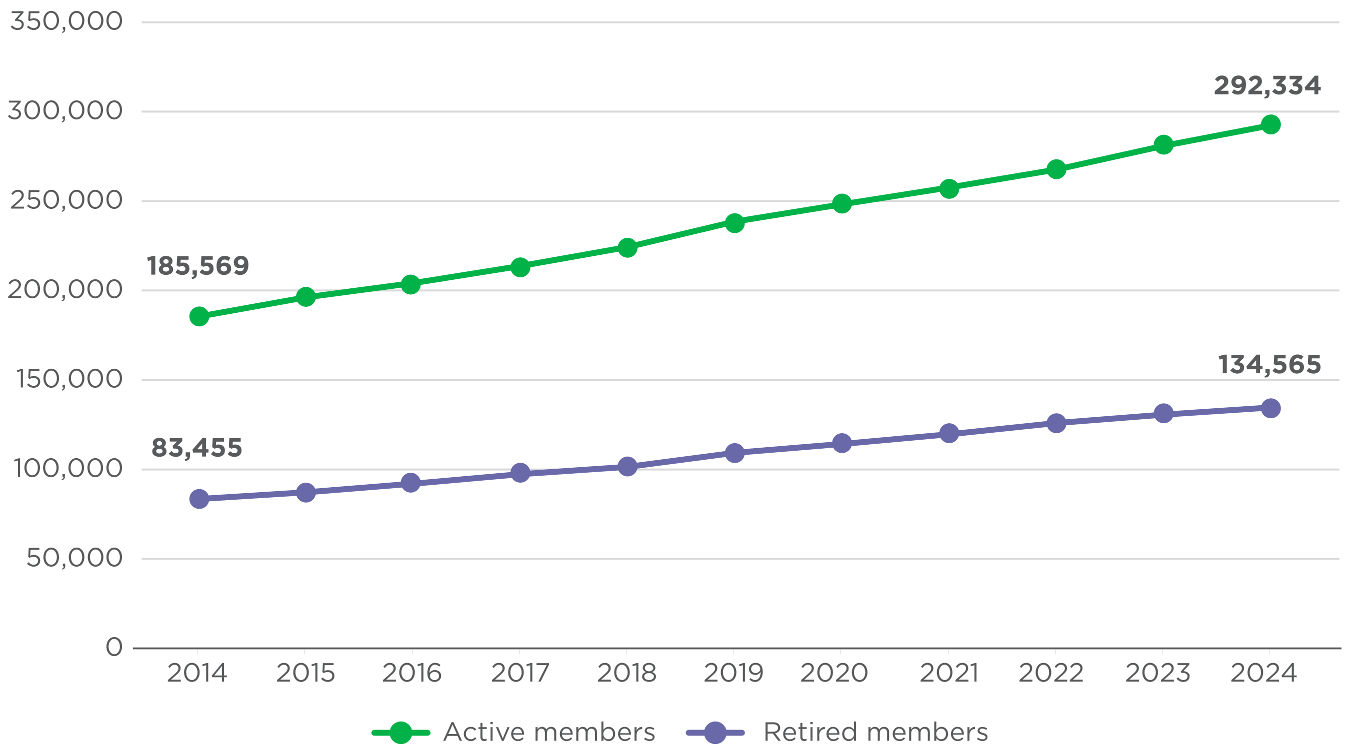
Another measure of Plan maturity is the ratio of active to retired members. This ratio declined from 2.6 in 2004 to 2.2 at the end of 2014 and remains unchanged at 2.2 at the end of 2024. Projections into the future estimate that the ratio of active to retired members will only drop to 1.9 over the next decade. The gradual decline in this ratio over many years shows that the Plan is maturing very slowly.

Ratio of active to retired members by year

Active to retired ratio as at Dec. 31 of stated year, except 2034, which is projected.

The chart below shows growth in active and retired members over 10 years. The strong growth in the number of active members has contributed to slow change in the ratio of active to retired members.

Active and retired member growth



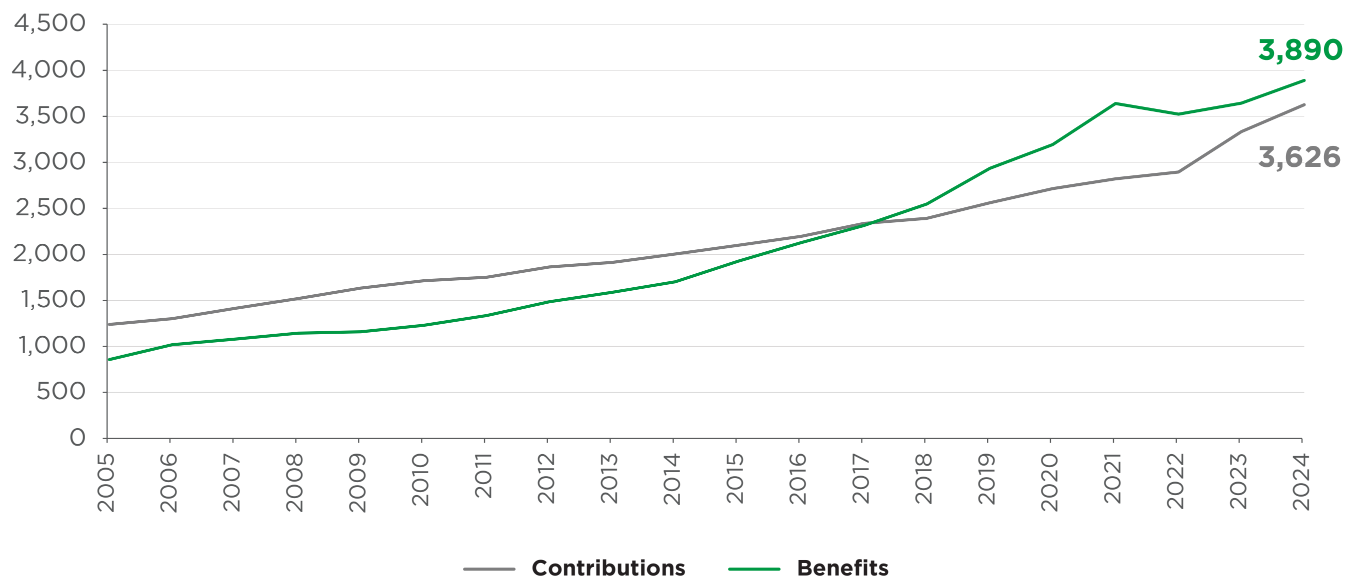
Net cash flow

Net cash flow, which is the difference between contributions received and pension benefits paid, is another measure of a pension plan's maturity. More mature plans pay out much more in benefits to retired members than they receive in contributions from active members. This increases a plan's sensitivity to investment market declines because the remaining asset base, which would be used to recover from investment losses, is further reduced. Funding deficiencies are also more difficult to address in a mature plan. For example, a contribution rate increase among a small proportion of active members would have less impact on addressing a deficiency, if one were to exist.

The chart below reflects the ongoing maturation of the Plan. Total benefits paid have exceeded total contributions since 2018, producing a negative cash flow on this basis. This is an expected outcome as a pension plan naturally matures and it does not indicate that HOOPP is unable to pay its promised benefits. The Plan remains fully funded, which means it is projected to have sufficient assets to pay the promised benefits. However, it is an aspect of plan maturity we must continue to monitor over time.

Contributions vs. benefits

($ millions)



The chart illustrates net cash flow using total contributions and total benefits, which include past service purchases, transfers to and from other plans, and lump-sum transfers on termination or death. Total benefit payments were higher in 2021 due to an increase in lump sum commuted value payments in that year; total contributions were higher from 2023 in connection with retroactive pay increases as a result of employer-related arbitration awards in 2023. Further details can be found in Notes 8 and 9 of the *Consolidated Financial Statements*.

Plan liabilities

Our Plan's liabilities are estimated using current and future benefit payments and several economic and demographic assumptions.

Economic assumptions include:

- inflation and COLA expectations
- future growth rate of employee wages
- future expected rate of return of investment strategies

Key demographic assumptions include:

- retirement age of members
- member life expectancy

In estimating the Plan's total pension obligation, all assumptions are made based on the principle that the Plan will continue to operate on a long-term basis. Using these and other assumptions, together with actual member data, the benefits owed to Plan members are projected for each future year, out over almost 80 years.

Actual future economic and demographic outcomes will differ from the assumptions made. The difference between the actual outcomes and the assumptions made is a source of funding risk, as previously discussed in the *Future funding sustainability* section on page 30.

The Plan's pension liabilities fluctuate for a number of reasons.

First, as members contribute to the Plan throughout the year, they accrue or earn future benefits. In addition, the value of previously earned benefits grows at the rate of expected return of the Fund. Pension benefits paid out during the year offset this growth, reducing the Plan's total pension obligation. The Plan's pension obligations increased by a larger amount in 2023 than in 2024 due, in part, to several employer-related arbitration awards with respect to pay increases that year.

Secondly, in 2024, the Board approved an increase to the Plan's benefit formula in respect of active members' contributory service in 2023, increasing the pension obligation by $604 million. There were no benefit improvements for active members approved by the Board in 2023. Further details can be found in Note 11 of the *Consolidated Financial Statements*.

Thirdly, changes in economic or demographic assumptions, such as changes in the discount rate, future expected inflation rate, estimated life expectancy or retirement age, affect the calculation of our pension obligation. The Plan's pension obligation increased by a total of $3,337 million in 2024 from changes in assumptions. This increase is primarily driven by the increase in the estimated life expectancy of our Plan members.

The table below shows, at a high level, what factors contributed to changes in the Plan's pension obligation in 2023 and 2024.

Pension obligation	2024	2023
($ millions)		
Pension obligations at the start of the year	**102,454**	**92,721**
Increases in benefits due to interest, accruals, less benefit payments, and economic and demographic experience	6,184	6,840
Benefit improvement	604	-
Changes in assumptions	3,337	2,893
Pension obligations at year end	**112,579**	**102,454**

Key economic assumptions

The sum of the inflation rate assumption and the real discount rate assumption is the discount rate assumption, as outlined below.

Assumption	2024	2023
Inflation rate*	2.00%	2.00%
Real discount rate	3.65%	3.65%
Discount rate	5.65%	5.65%

* Rate of price inflation of 2.0% (2023: 2.6% for 2024, 2.1% for 2025 and 2.0% per annum thereafter). Assumed inflation protection: 100% of CPI for all years of service, notwithstanding its discretionary nature (2023: 100% of CPI for all years of service, notwithstanding its discretionary nature).

Financial results are sensitive to changes in assumptions. The discount rate is impacted by changes in interest rates and other asset class return assumptions. The table below shows how an increase or decrease of one percentage point in the discount rate assumption would affect pension obligations.

Change in assumption	Discount rate assumption	Pension obligations ($ millions)	Change in pension obligations (as a %)
+1.00%	6.65%	97,020	-14%
	5.65%	112,579	
-1.00%	4.65%	132,746	18%

Investments

Our investment strategy continued to deliver positive results for members, highlighted by our strong funded status of 111%.

HOOPP has historically employed a liability-driven investing (LDI) approach, which is primarily used by pension funds and insurance companies to align investment decisions and portfolio exposures with financial obligations. LDI has been key to HOOPP's past success in generating strong returns, as it worked extremely well in an economy with low inflationary risk. However, we are now navigating a fundamentally different economic regime, requiring us to continue to evolve our investment approach, with liability-aware investing (LAI) at its core.

Like the traditional LDI approach, LAI seeks to match the Plan's pension liabilities with portfolio exposures. It also incorporates additional factors—such as liquidity requirements, economic growth and inflation—that are critical for a pension delivery organization to consider. An LAI approach allows us to more nimbly respond to market changes, proactively address economic conditions, manage risk and seize opportunities. This focus on safety and soundness helps us continue delivering on our pension promise to provide members with a secure pension in retirement, and to provide other benefits such as inflation protection through COLA.

HOOPP is a major investor in bonds in general and Canadian bonds specifically as they comprise a significant portion of our Canadian portfolio and generate safe and reliable returns. In addition, money raised through government bond sales helps pay for the public services and infrastructure we all rely on – including hospitals, public transit and schools. We also actively maintained our weighting to public equities, which are important to our investment strategy, due to their growth potential, inflation protection, income generation and diversification. Although 2024 was volatile for equities, we ended the year with a strong overall return in this asset class.

As a pension management organization, we are focused on building a portfolio to best deliver on the pension promise and providing retirement security for our members, now and in the future.

Real Return Bonds

Canadian Real Return Bonds (RRBs) offer pension funds an essential risk-management tool to protect against inflation. Our commitment to Canada is strong and RRBs give Canadian pension funds another way to invest at home. The cancellation of the federal RRB program forces plans to purchase U.S. Treasury Inflation-Protected Securities (TIPS), resulting in fewer dollars invested in Canada. HOOPP continues to strongly advocate for the federal government to immediately begin reissuing RRBs.

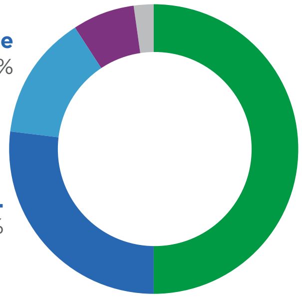
A Canadian RRB is a type of government bond that ensures that the purchasing power of the investment is maintained over time. As these bonds adjust their payouts based on inflation rates, they help maintain purchasing power and, in the case of pension plans like HOOPP, help hedge against the impact of inflation on liabilities. This makes them a useful tool for investors looking to preserve their investments' real value, especially in periods of rising inflation.

Investing in the future of innovation

In the fall of 2024, HOOPP participated in a fundraising round for Tenstorrent Holdings Inc., a next-generation computing company that builds computers for artificial intelligence (AI). The company emphasizes the development of energy-efficient AI hardware for data centers and AI applications, and has a significant presence in Toronto. The company aims to continue to grow its investment level and workforce in Canada.

HOOPP geographic exposure as at December 31, 2024

Numbers below have been rounded to a whole percent



Our strategy is designed to weather both the challenging and supportive market conditions, by prioritizing the safety and security of pensions and our funded status.

2024 results

HOOPP's investment results in 2024 were:

- a net investment income of $11.1 billion
- an increase in net assets to $123 billion from $112.6 billion in 2023

The table below shows investment performance for 2024 and 2023, as well as the 10-year and 20- year performance of the Fund (registered pension plan).

	2024	2023	10-Year	20-Year
Fund Return (net of direct investment costs)	10.0%	9.4%	7.7%	9.0%
Fund Return (net of total cost of investing)	9.7%	9.1%	7.5%	8.7%
Benchmark*	8.7%	10.4%	5.5%	7.0%
Relative performance**	1.0%	-1.3%	2.0%	1.7%

* Benchmarks are established to measure the performance of investment strategies relative to the risk taken. Some of these benchmarks are discussed below in the discussion of specific investment strategies.

** Relative performance shown above is compared to the Fund return, net of total cost of investing. In the prior year's MD&A, relative performance was compared to the Fund return, net of direct investment costs. For more information on costs, see the *Cost management* section on page 56.

Although growing our assets is important to our future ability to deliver on our pension promise, we remain focused on the long term and conduct our planning in terms of multiple years, not single years. We are confident in our focus on funded status and our ability to pay pensions now and in the future.

Our liability-aware investing (LAI) approach, because of its integrated focus on liquidity and pension liability hedging, allows us to manage risks and seize opportunities as they arise, proactively addressing changing economic conditions more comprehensively. For more information on our long-term performance, see the ten-year review table on page 58.

Active management return

Active management return, or relative performance (the performance an active manager delivers that exceeds the result of a benchmark passive index), has been a consistent strength at HOOPP, especially over 10- and 20-year periods.

2024 investment environment

In 2024, several key factors influenced Canadian, U.S. and global financial markets.

In Canada, the year began with both equity and fixed-income markets anticipating the eventual loosening of monetary policy by the Bank of Canada. With the Canadian economy attributing a sizeable portion of GDP to housing and related activity, elevated mortgage rates weighed on both Canadian household activity and consumer credit, ultimately creating a headwind to consumption. This placed a drag on economic growth conditions and softened the labour market. The progress on inflation throughout the first half of the year alongside weaker growth dynamics prompted the Bank of Canada to begin its easing campaign, which in turn lifted fairly compressed equity market valuations and underpinned some modest optimism in the economic outlook.

In the U.S., the economic landscape was shaped by a combination of expansionary fiscal policies and resilient economic data. The U.S. Federal Reserve's monetary policy posture played a crucial role in dampening inflationary pressures but, unlike Canada, the popularity of fixed-rate mortgages partially insulated U.S. households from tighter financial conditions.

Alongside expectations that interest rates would begin to fall by mid-year, consumption measures proved resilient stoking optimism in equity markets. While valuations were extended, corporate earnings delivery caught up and ultimately supported U.S. equity markets. This was compounded by notable strength in the technology sector where emerging trends in AI gained traction. A strong labour market, interest rate differentials, notable GDP growth, and geopolitical uncertainty abroad also generated support for the U.S. dollar.

European financial markets were influenced by a sustained geopolitical risk premium and the EU's cyclical sector composition in a tighter monetary policy backdrop. With Europe's industrial base being highly integrated with a sluggish Chinese manufacturing sector, growth dynamics were hindered.

Overall, financial markets in 2024 were characterized by both optimism and caution, with a loosening of global central bank policies and a mix of fiscal measures and geopolitical factors playing pivotal roles in shaping market performance across different regions.

Portfolio performance

The table below shows how much each investment strategy contributed to net investment income in 2024 and 2023, net of performance fees, management fees and transaction costs.

	Net interest and dividend income	Net gain (loss)	2024 net investment income	2023 net investment income*
($ millions)				
Capital markets				
Fixed income – short-term	1,009	(797)	212	187
Fixed income – bonds	2,343	(1,239)	1,104	3,056
Public equities	36	5,259	5,295	4,424
Other capital markets	(1,783)	2,698	915	140
Total capital markets	**1,605**	**5,921**	**7,526**	**7,807**
Private markets				
Real estate	536	(316)	220	(1,049)
Private equity	307	1,587	1,894	1,982
Infrastructure	139	637	776	425
Private credit	343	364	707	460
Total private markets	**1,325**	**2,272**	**3,597**	**1,818**
Total	**2,930**	**8,193**	**11,123**	**9,625**

* Comparative amounts have been reclassified to conform with the current year's presentation.

The net investment income generated by the above-mentioned strategies is presented in the *Consolidated Financial Statements* in accordance with the requirements of accounting standards. More detail on the performance of these portfolios is found in the section below.

Capital markets

Fixed income

The fixed-income portfolio consists of a bond portfolio holding fixed-rate and inflation-indexed bonds and a short-term and cash portfolio. The bond portfolio is the backbone of HOOPP's LAI strategy and helps offset the sensitivity of the Plan's pension liabilities to changes in interest rates and inflation. The bonds in this portfolio provide government-guaranteed rates of return, serve as high-quality liquid collateral to support other investment activity and are a diversifying asset for the Fund.

HOOPP's fixed-income portfolio weathered another year of extreme volatility resulting from concerns over inflation and government deficits earlier in the year, followed by softening inflation and a slowing Canadian economy, leading to sizable rate cuts by the Bank of Canada during the second half of the year. More significantly, North American yield curves steepened, meaning shorter-term bond yields fell (i.e., prices rose) due to rate cuts. Meanwhile, longer-term bond yields rose (i.e., prices fell), especially in the U.S., on fiscal worries out of Washington.

Positive overall total returns were generated by interest and coupon income, as well as by price performance in shorter-term Canadian government-guaranteed bonds, including provincials, agencies and mortgage bonds. These returns more than mitigated the price losses on longer-term bonds in Canada and on TIPS. Lastly, active management decisions, as well as the timely acquisition of inflation-indexed bonds, aided the results.

Public equities

Public equities provide HOOPP with long-term growth to generate investment returns. By building a balanced portfolio through index exposures, we aim to generate returns over time. HOOPP invests in public equities in Canada, the U.S. and internationally. This geographic diversification provides improved return opportunities.

In 2024, public equities delivered strong gains ($5.3 billion net investment income), supported by economic resilience, improving inflation and a shift by central banks toward monetary easing. While recession concerns had eased from prior years, the early part of the year saw lingering caution around economic momentum. However, consumer spending and job growth remained resilient, particularly in the U.S. Inflation declined steadily, prompting major central banks to cut rates. The Federal Reserve delivered an interest rate cut in September, followed by two additional cuts in November and December. By year-end, improved investor sentiment fuelled a broad-based market rally.

U.S. equities saw strength across multiple sectors, led by technology and financials, with large market capitalizations, as lower borrowing costs and strong corporate earnings supported market gains. Earnings growth remained a key driver, alongside monetary policy adjustments, reinforcing investor confidence. Emerging markets lagged due to uneven economic recoveries and geopolitical risks, while European stocks underperformed amid sluggish growth

Other capital market strategies

Other capital market strategies at HOOPP include the strategic reweighting of foreign exchange, equities, fixed income and corporate credit and uncorrelated alternative investment programs. The alternative investment programs have historically been a strength at HOOPP and benefit the Fund by generating positive returns that have low correlation to traditional asset classes such as stocks and bonds.

The credit portfolio is included as part of the other capital market strategies in 2024, resulting in a total net investment income of $915 million. The 2024 returns are attributed to strong performance of credit and insurance-linked securities portfolios and positive performance within the foreign exchange overlay program, as HOOPP benefited from exposure to a rising U.S. dollar.

Private markets

Private equity

The mandate of HOOPP Capital Partners' (HCP) is to continue building a global portfolio that provides diversified exposure to private capital securities with attractive risk-adjusted returns. HCP's platform is positioned to provide long term, patient capital to companies seeking funding to grow and transform their business. HCP partners with founders, management teams and like-minded institutional investment partners to invest in private companies that need funding for activities such as:

- ownership transition and succession
- expansion and strategic growth initiatives
- strategic acquisitions

In 2024, HCP's private equity portfolio delivered a currency-hedged return of 12.7% and $1.9 billion in net investment income.
HCP's positive returns reflected strong performance in larger direct investments, including partial monetization and strong operating performance within branded consumer assets. HCP ended 2024 with over $17 billion of assets under management.

During 2024, HCP continued to advance a robust pipeline of investment opportunities while maintaining discipline in selectively adding new investments to the portfolio. Merger and acquisition transaction volumes continued to be muted in 2024, as sellers with high-quality assets waited for improved market conditions, including lower interest rates, before coming to market. With the successful opening of our London office, HCP focused on relationship development and deal pipeline expansion across the U.K. and Europe.

Infrastructure

Infrastructure investing encompasses the facilities, services and installations considered essential to the functioning and economic productivity of a society. HOOPP Infrastructure (HI) aims to deliver attractive, sustainable returns through high-value and long-duration investments in sectors such as communications and data, power generation and transmission, energy, transportation and utilities.
HI is executing on this mandate through a combination of direct deals, a small number of private infrastructure funds and related co-investments.

In 2024, HI delivered an annual hedged return of 12.3%. Net asset value grew $1.8 billion, reaching $7.6 billion or approximately 6% of the Fund by year end.

HI's largest and longest-held assets in the transportation, utilities and communications and data sectors were key contributors to the $776 million return. HI's fund investments performed consistently, and in line with expectations, with each fund's respective development stage, delivering solid returns from a highly diversified portfolio of assets.

The infrastructure asset class continues to evolve and be influenced by major changes in capital flows and increases in the capital needs of infrastructure businesses. Over time, these changes should lead to more favourable investment conditions in the asset class.

Real estate

The real estate mandate is to invest in commercial (e.g., industrial, office and retail), residential and certain alternative (e.g., life science, cold storage, student housing) real estate to produce steady cashflow with capital appreciation. These income streams have a high degree of reliability and, in times of inflation, can act as a good match for managing long-term pension liabilities.

In 2024, real estate's net investment income was $220 million and the portfolio generated over $1 billion in total distributions with a net return of 1.4% on a currency-hedged basis. Despite strong income returns, high interest rates continued to adversely affect real estate values and negative capital depreciation offset part of these income gains. By the end of the year, the gross market value of real estate's portfolio increased to $21.0 billion from $19.5 billion.

The return was influenced by divergent performance among strategies:

- **Industrial:** strong performance by our core industrial portfolio was offset by negative performance in our Southern California portfolio.

- **Office:** a rebound of the valuation of certain trophy office assets with strong tenancies was offset by continued write-downs in periphery and U.S. office.
- **Retail:** gains in stabilized shopping centres and our investment in a public retail REIT were offset by negative performance of retail assets still in transition.
- **Alternatives:** strong performance in core student housing was countered by a negative mark-to-market impact of a cold storage investment.

Real estate accomplished several strategic objectives in 2024 that have positioned the portfolio favourably for the future, including:

- divesting non-strategic industrial land holdings in the U.S., realizing a gain over carry value of $230 million
- exercising discipline in new acquisitions and made a US$100 million commitment to a Medical Office fund and a €75 million follow-on investment to a European residential fund
- progressing development projects with nearly $1 billion invested in developing high-quality assets to enhance the portfolio and generate future cash flows

Private credit

Private credit provides portfolio diversification and attractive risk-adjusted returns by providing debt capital to borrowers who need to raise funds for the purpose of financing, operating or growing their business or to fund infrastructure or real estate projects. HOOPP has private credit expertise across various asset classes—including real estate, infrastructure, private equity and structured credit—and, manages this portfolio collaboratively across the respective teams.

The portfolio was bolstered by robust interest income, fund distributions and positive asset valuations across direct and credit fund investments. In 2024, both the U.S. and European private credit markets experienced significant surges in deal volume. The broader private credit portfolio benefited from maturities and early debt prepayments. Investments were made in several opportunities that capitalized on the dislocated markets, focusing on high-quality borrowers with weak documentation, liquidity issues, or near-term maturities that contributed to gains over the year.

From our members...

"The security of our well-managed HOOPP pension means I have little to no anxiety about finances. I'm so grateful to this pension plan in addition to my other investments."

- Dianne Dillon
Retired HOOPP member

Sustainable investing

HOOPP integrates environmental, social and governance (ESG) factors into our investment analysis and decision making. We believe companies that effectively manage relevant ESG risks and create value through ESG-related opportunities are more likely to outperform their peers in the long run. ESG factors include those related to climate change, such as the risk of damage from extreme weather events and the opportunity to reduce both costs and greenhouse gas (GHG) emissions through energy efficiency initiatives.

Our climate strategy

In early 2023, we released our **Climate Change Strategy** which outlines how we plan to achieve net-zero[2] portfolio emissions by 2050. Our plan is a multi-decade endeavor and so we have set periodic milestones to guide our path.

We have purposefully designed interim targets that work in tandem, with each reinforcing the other. Our plan focuses on investing in assets that we expect to deliver attractive risk-adjusted returns by taking advantage of climate-related opportunities, as well as encouraging portfolio companies to adopt and implement credible transition plans that reduce the GHG emissions entering the atmosphere over time and improve the resilience of their businesses to climate-related risks. The objective of these efforts is to achieve a reduction in the carbon intensity of our investment portfolio and do so in a way that prioritizes actual emissions reductions over selling assets that may reduce our portfolio carbon footprint but not the world's footprint.

Our interim targets for 2025 and 2030 are summarized below. Learn more about HOOPP's progress against targets and our use of certain climate-related terminology in the *Climate disclosures* section of this report.

[2] Our net-zero portfolio plan covers our investments' Scope 1 and Scope 2 greenhouse gas emissions and was developed by referencing guidance from the **Science Based Targets initiative (SBTi)**. and the **Net-Zero Asset Owner Alliance**.

Interim climate change targets[3]
By 2025, we target:

80%

Having 80% of our assets providing reported emissions* for more accurate calculations.

Having started Scope 3 portfolio emissions tracking.

Excluding new direct investments in private thermal coal and oil exploration and production companies.**

By 2030, we target:

28
tCO_2eq/$M

Reducing our portfolio's carbon footprint to 28 tCO_2eq/$M, compared to our baseline of 41 tCO_2eq/$M at the end of 2021.***

Reducing our real estate portfolio's emissions* by 50% on an absolute basis versus a 2019 baseline through direct decarbonization efforts at our owned properties under our operational control.

$23B
green investments

Committing over $23 billion towards green investments.

50%
transition plans

Having 50% of our infrastructure and private equity portfolios covered by credible transition plans.

* Scope 1 and Scope 2. For more information on the various scopes, please see our **Climate Change Strategy on hoopp.com**.

** We may make exceptions for high-emitting assets with credible and fully costed decarbonization plans.

*** Scope 1 and Scope 2 emissions.

Highlight:

HOOPP is a founding member of Climate Engagement Canada (CEC), a finance sector-led initiative aimed at establishing dialogue with Canadian companies to increase climate resilience. In 2024, the CEC published its second annual benchmark assessment for the focus companies. Comparing these results to the previous year's assessment, CEC focus companies generally made incremental progress, including more companies detailing actions they will take to decarbonize and disclosing climate-related lobbying activities.

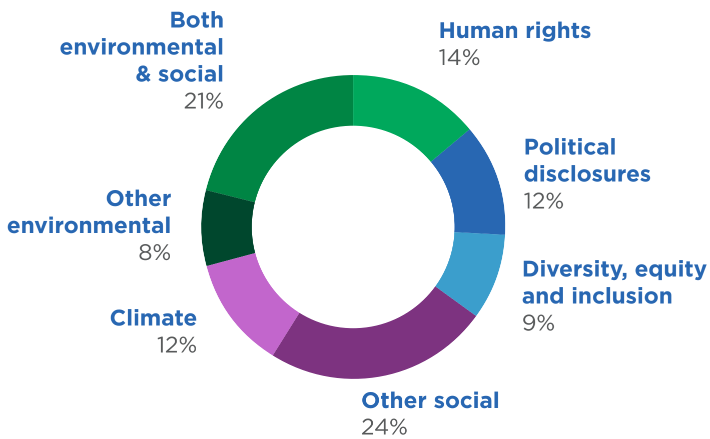
[3] HOOPP's interim targets will be updated and evolve throughout the period to 2050, including as we take into account our portfolio emissions calculations over time. Future targets are to be determined. Interim 2025 targets are as at December 31, 2025 and 2030 targets are as at December 31, 2030. Refer to the *Climate disclosures* section on page 60 for definitions and further information on our targets.

Driving value through stewardship

Responsible stewardship, a key piece of our investment management approach, helps protect and enhance the value of our investment portfolio. We use our influence as an investor to promote corporate behaviour that is aligned with sustainable, long-term value. Our stewardship activities include engaging with companies to encourage change and exercising our voting rights.

2024 proxy vote highlights

Numbers below have been rounded to a whole percent



In 2024 we voted on over 10,700 proposals. The chart above illustrates the types of proposals we voted on, with over two-thirds relating to companies' boards of directors. The board of directors is responsible for the overall governance of a company, providing oversight of and direction to management. As a shareholder, HOOPP has the right to vote for board directors. We exercise this right and may withhold our support for director candidates based on multiple factors, including instances of ineffective governance or insufficient diversity on their board. You can learn more about how we vote in our **Proxy Guidelines**.

In 2024:

- We voted against management on approximately 16% of proposals. We vote in accordance with what is in the best interests of HOOPP, which may result in our votes conflicting with management's recommendation. Our duty is to our members and we are committed to exercising our voting rights in a manner that supports ongoing delivery of the pension promise.
- We voted against 27% of proposals on executive compensation. When reviewing these proposals, we assess how pay and performance align. For example, we expect compensation to incentivize the creation of long-term value for shareholders, be tied to individual and corporate performance, and not be excessive.
- We voted for 38% of proposals related to environmental or social themes, and 32% of climate-related shareholder proposals. When reviewing shareholder proposals we consider multiple factors, such as the materiality of the proposal topic, how prescriptive the proposal is, and market-specific considerations.

Plan overview and governance

> HOOPP has been serving Ontario healthcare workers and their employers since it was first formed in 1960.

The Plan is a contributory, defined benefit, multi-employer pension plan registered under the *Pension Benefits Act* (Ontario) and the *Income Tax Act* (Canada). The Plan is regulated under the *Pension Benefits Act* as a jointly sponsored pension plan. The Board and management team administer the Plan and manage and invest the Fund with a focus on and dedication to meeting this mission in the best interests of HOOPP members. This shared focus and dedication are consistent with the fiduciary duties owed to all Plan beneficiaries by our Trustees and staff.

The Agreement & Declaration of Trust (ADT) made as of November 22, 1993, and most recently amended and restated effective December 1, 2021, is the trust document entered into by the OHA and four settlor unions that, among other things, constitutes and empowers the current Board. The ADT is the foundation for the governance of the HOOPP Plan and Fund.

The Board of Trustees

The Board's focus is the administration of the HOOPP Plan and oversight of the investment and management of the assets of the Fund. Its duties include:

- approving changes to the Plan
- setting contribution levels
- establishing investment policy
- overseeing investment performance
- approving annual operating budgets

Members of the Board also serve on the following five specialized committees that are responsible for making recommendations to the Board within the scope of their mandates.

Asset-Liability Management Committee

The Asset-Liability Management Committee supports the Board in the fulfilment of its responsibilities for the management of the Fund and the Plan liabilities, so that HOOPP continues to be adequately funded to meet its pension promise. Its mandate also includes oversight of key investment policies and frameworks that relate to sustainable investing, including climate risk management, climate investment strategies, and progress towards HOOPP's climate targets.

Committee Chair: William Moriarty
OHA-appointed Trustee

Audit & Finance Committee

The Audit & Finance Committee supports the Board in the fulfilment of its responsibilities regarding HOOPP's annual business and financial plan and budget, external and internal audit, financial reporting, statutory compliance, internal control systems, sustainability reporting, including climate disclosures, information technology environment and enterprise risk management.

Committee Chair: Nick Zelenczuk
OHA-appointed Trustee

Governance Committee

The Governance Committee supports the Board in the fulfilment of its responsibilities and management of associated risks (including reputational risk) for: governance policies and initiatives; strategic planning process; the oversight of subsidiaries; advocacy, government and stakeholder relations; litigation; the oversight of HOOPP's Climate Change Strategy; including oversight for reporting on HOOPP's progress related to its strategy; and overseeing the continuing effectiveness of the Board and its committees.

Committee Chair: Andrea Kay
Chief Executive Officer, Ontario Nurses' Association

Human Resources & Compensation Committee

The Human Resources & Compensation Committee supports the Board in the fulfilment of its responsibilities for human resources practices, total rewards, and compensation policies. Its mandate also includes CEO succession planning, compensation, and performance.

Committee Chair: Gerry Rocchi
OHA-appointed Trustee

Plan Committee

The Plan Committee supports the Board in the fulfilment of its responsibilities and management of associated risks for the design of benefits and administration of the Plan, including employer participation, Plan compliance and Plan actuarial matters. Its mandate also includes oversight of Plan administration policies, processes and practices.

Committee Chair: Sharon Richer
Secretary-Treasurer, Ontario Council of Hospital Unions (OCHU)

HOOPP's Board of Trustees
Seated (L to R): Laura Dumoulin, William Moriarty, Karim Mamdani, Dan Anderson, Anthony Dale, Debra Alves, Julie Cays
Standing (L to R): Sara Labelle, Sarah Correia, Poul Winslow, Gerry Rocchi, Cam Nelson, Matthew Stout, John Sinclair, Sharon Richer, Nick Zelenczuk, Andrea Kay, Kristof Barocz, Karli Farrow, Kevin Cook, Dinaz Dadyburjor
Absent: Sandi Blancher, Treena Hollingworth

Delegations of authority

Authority for the day-to-day administration of the Plan and management of the Fund is delegated by the Board to the Plan Manager, who holds the title of President & Chief Executive Officer (CEO). This delegation is reviewed and approved by the Board at least once each year. In turn, the President & CEO delegates authority to select designated employee roles within HOOPP for a variety of investment and operational purposes. These delegations are also regularly reviewed and kept current and appropriate.

Board advisors

The Board may retain professional advisors to support it in the fulfilment of its duties. The roles, responsibilities and accountabilities of HOOPP's agents, advisors and other service providers are set out in agreements with each party.

The Board's key external service providers include:

- Plan actuary
- auditors
- custodian
- independent legal counsel
- investment advisors
- compensation advisor
- climate change advisor

Governance review processes

Good governance requires periodic reviews of an organization's structures, mandates, policies, practices and procedures to determine whether they should be updated or changed. Both our Board and management team conduct such periodic reviews to ensure that governance structures are kept up to date and responsive to organizational changes and HOOPP's regulatory and operating environment.

Risk management and internal controls

Risk management is a critical element of HOOPP's ability to provide members with a secure retirement pension for life. Managing risks appropriately ensures that future returns and asset growth will be sufficient to fund Plan liabilities.

Our Risk division covers all relevant risk categories, such as investment and liquidity risk, enterprise and operational risk, and risk related to compliance mandates. Reporting to the President & CEO, the Chief Risk Officer is responsible for the continuing development, maintenance and execution of risk management activities at HOOPP, in support of the delivery of HOOPP's strategic imperatives and pension promise.

The Risk division ensures our risk management and compliance programs continue to evolve to meet our future needs, while providing expertise and comprehensive risk reporting to the Board.

Governance

At the HOOPP management committee level, the Operations Committee provides management oversight for matters within its mandate relating to operational and compliance risks, and the Investment Risk Committee (IRC) provides management oversight over all matters pertinent to investment and financial risks.

As part of its oversight role, the Board is responsible for ensuring that an effective risk management program is in place. The accountability for overseeing enterprise risk management (ERM) and compliance is delegated to the Audit & Finance Committee and Governance

Committee, respectively, while the Asset-Liability Management Committee provides oversight on investment and liquidity risk.

Within HOOPP, roles and responsibilities for the management of risk are assigned in keeping with the general principles of a three lines of defence model. The first line of defence consists of business units that own, take and control risk. It includes units that manage investments, administer the pension plan and provide other supporting operational activities and corporate functions. The second line of defence consists of the Risk division which provides policies, frameworks, tools, reporting, and objective challenge to enable risk to be managed in the first line of defence. It provides the Board with the risk-based information it needs to undertake its risk oversight responsibilities. Internal Audit constitutes the third line of defence which provides independent assurance to the Board on the design and operating effectiveness of our internal controls. All three lines of defence work in partnership to effectively manage risk across HOOPP.

Investment governance

HOOPP has made many changes over the last several years to improve capabilities to detect financial and non-financial risk—including tax-related risks, associated with the investments we make. We have increased transparency; both the Board and management provide more active oversight. The Risk team is now involved early in transaction and strategy due diligence, allowing for a more comprehensive risk review. Certain parts of compliance and legal due diligence are being standardized for transactions and strategies. A tax department within the Finance division works with the Investment Management teams to ensure tax risks of new strategies and transactions are appropriately assessed during due diligence. The division also ensures the impact of changes in tax regulation on existing exposures are identified and managed. Similarly, the Legal division has expanded its role in transactions and the Finance division coordinates the assessment of operational readiness for new assets. The IRC mandate has been revised to ensure a review of both financial and non-financial risks for any new asset, transaction or strategy. These are just some of the new processes and strategies we have put in place and developed to improve investment due diligence and transparency and to manage risk.

Risk Appetite Framework

HOOPP's Board-approved Risk Appetite Framework (RAF) is reviewed annually and articulates the maximum risk that HOOPP is willing to take in pursuit of its strategic objectives. The RAF includes risk appetite statements, metrics, and limits as well as reporting requirements relative to major risk categories covering:

- **Funding risk** that HOOPP cannot generate sufficient return on investment to meet the pension promise.
- **Liquidity risk** that could result in HOOPP not meeting its short-term debt obligations or not being able to access markets when needed to sell or buy assets.
- **Operational risk** including the potential disruption or loss resulting from people, processes, systems, or external events.
- **Compliance risk** caused by the failure to abide by laws, rules, regulations, and internal governance processes and policies.
- **Reputational risk** that results from negative changes in perceptions of stakeholders (including members, employers, employees, market counterparties, regulators and

government bodies, media, peers, and third-party vendors/suppliers), and/or ineffectively managed financial, operational, and compliance risks.

Enterprise Risk Management

All these risks are managed within our firm-wide Enterprise Risk Management (ERM) capabilities. ERM is the establishment of common risk management practices and tools applicable to all risk categories enterprise wide. It is intended to increase positive outcomes and reduce negative surprises. Practices and tools are designed to facilitate the consistent and systematic identification, assessment, monitoring and reporting of key risks in a timely and complete manner. Such practices include, amongst other things:

- the use of stress-testing tools and advanced analytics to measure the impact of potential future economic scenarios on both Fund assets and Plan liabilities and also to best manage the risks relating to investment assets, pension obligations payable in the future, and the investment strategies employed to achieve the required risk-adjusted returns
- the application of a prudent and cautious approach to manage liquidity risk, ensuring the Fund's ability to meet obligations seamlessly under different economic and financial conditions
- the use of an enterprise risk taxonomy, risk severity matrix, and key risk indicators to identify, analyze and measure financial and non-financial risks
- the establishment of, and adherence to, various financial and non-financial risk limits that are aligned with the RAF
- integrated risk management practices that assess and monitor ESG and climate risks, including transition and physical risks
- tools for analyzing operational risk and reporting on operational risk events
- programs designed to assess regulatory risk and manage the compliance control environment
- the integration of risk considerations in strategic and business planning processes
- the use of systems and data that enable and support the management of risk at HOOPP
- comprehensive risk reporting to management and the Board

For a more detailed discussions on how investment risks are managed see Note 6 in the *Consolidated Financial Statements* and our climate risk disclosures. Note 6 includes discussion on market, credit and liquidity risk. Our climate disclosures cover transition risk, physical risk and scenario analysis.

Other important governance and risk management programs and processes include:

- **Code of Conduct, Respect in the Workplace (Harassment and Violence) Policy and supporting policies** that emphasize:
    - our commitment to members and other beneficiaries
    - the roles and responsibilities of Board members, staff and HOOPP's agents and advisors in helping to fulfill the commitment
    - the responsibilities and core values expected of our staff in the workplace
- **efficient and effective Board and Committee reporting and decision-making processes**
- an **internal audit** team that provides independent assurance to management, the Audit & Finance Committee and the Board relating to the design and operating effectiveness of internal controls
- **programs and processes** for managing the recruitment, retention, performance and development of HOOPP staff, our most critical resource

- **separate business-line level risk and governance functions** in the Finance, Plan Operations, and IT divisions that bolster our internal capabilities as we continue to navigate an increasingly complex regulatory and investment environment
- **a Privacy Office** that works with HOOPP staff members to develop, maintain, and execute appropriate policies and procedures to protect the personal information of our members and staff
- **data and information security capabilities and ongoing maintenance of records and data retention schedules** in accordance with both Board and organization-level policies
- **disaster recovery and business continuity programs** that are mature and tested to help maintain and, where needed, improve the resiliency of our core operations and processes in the event of disruption

Internal controls over financial reporting

As part of our commitment to good governance, we follow the standards outlined in National Instrument 52-109 published by the Canadian Securities Administrators for reporting issuers, although these rules and policies are not binding on HOOPP.

Our President & CEO and Chief Financial Officer (CFO) are responsible for ensuring that procedures are in place to maintain appropriate internal controls over financial reporting (ICFR) and financial statement note disclosures. These controls are designed to provide reasonable assurance regarding the reliability of financial reporting, including the preparation of financial statements for external purposes in accordance with Canadian accounting standards for pension plans.

In 2024, we leveraged the framework and criteria set out in the Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission to conduct a comprehensive evaluation of our internal controls over financial reporting.

The results of our evaluation of the effectiveness of our ICFR confirm they are properly designed and operating effectively to provide reasonable assurance regarding the reliability of financial reporting as at December 31, 2024.

Cost management

HOOPP incurs costs to invest Fund assets and to administer Plan benefits on behalf of our membership. We ensure cost efficiency by:

- linking planned spending to strategic priorities through an annual planning process
- having budgets reviewed and approved by both the management team and the Board
- linking pay to performance to ensure that compensation costs are directly linked to desired outcomes
- monitoring spending continuously
- comparing costs with peers. HOOPP's costs continue to compare reasonably to other leading Canadian pension funds

HOOPP incurs operating costs for staff compensation, technology, facilities, and other items to support the administration of the Plan and the investment of Fund assets. Together, these make up HOOPP's total operating costs.

Plan administration costs

In 2024, HOOPP incurred $142 million in costs to administer the Plan, an increase from $133 million in the previous year. The increase reflects continued strategic investments in risk management, technology, and other costs related to Plan administration. HOOPP remains focused on spending prudently to deliver the pension promise in a cost effective way.

Investment operating costs

In 2024, HOOPP incurred $335 million, or 28 basis points, in investment operating costs, compared to $285 million, or 26 basis points, in 2023 as a result of planned investments in staffing and technology to support new income-generating opportunities globally and enhanced risk management.

Total operating costs

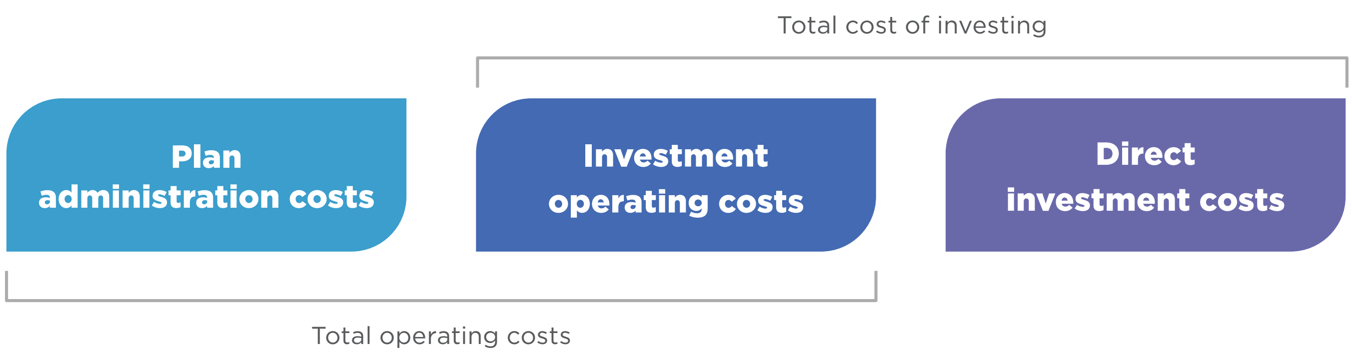
Total operating costs are made up of plan administration costs and investment operating costs. In 2024, HOOPP's total operating costs were $477 million or 40 basis points of average net assets available for benefits, an increase from 39 basis points in 2023. These modest cost increases are directly linked to planned enhancements to HOOPP's risk management and income generation capabilities, which will ensure that we remain resilient and successful into the future.

Direct investment costs

HOOPP pays management fees to invest via external managers to leverage external expertise and scale for specialized strategies and markets. Transaction costs, which are directly attributable to the acquisition or sale of investments, are also incurred as part of Fund investment activities. These direct investing costs are expensed as incurred and are reflected in our net investment income. In 2024, HOOPP incurred $423 million in management fees and transaction costs, compared to $354 million in 2023. The change is primarily due to indirect private market investment, which is part of HOOPP's strategy to maximize risk-adjusted returns over the long term.

Total cost of investing

The total cost of investing is made up of investment operating costs and direct investment costs. HOOPP's total cost of investing represented 64 basis points of average net assets available for benefits in 2024, compared to 59 basis points in 2023. HOOPP's 2024 fund return of 9.7% is reported net of these investment costs.



Ten-Year Review

Ten-Year Review[1]

(unaudited)

For the years ended December 31

(Canadian $ millions)	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS										
Net assets available for benefits, beginning of the year	**$112,635**	$103,674	$114,414	$103,983	$ 94,102	$ 79,019	$ 77,755	$ 70,359	$ 63,924	$ 60,848
Change in net assets available for benefits										
Net investment income	**11,123**	9,625	(9,758)	11,595	10,661	13,662	1,666	7,598	6,579	3,103
Contributions	**3,626**	3,397	2,894	2,820	2,715	2,561	2,391	2,336	2,195	2,099
Transfer of assets from merged pension plans	**—**	—	—	—	—	2,065	—	—	—	—
Benefits paid	**(3,890)**	(3,643)	(3,524)	(3,639)	(3,192)	(2,934)	(2,547)	(2,314)	(2,127)	(1,925)
Operating expenses	**(477)**	(418)	(352)	(345)	(303)	(271)	(246)	(224)	(212)	(201)
Total change in net assets available for benefits	**10,382**	8,961	(10,740)	10,431	9,881	15,083	1,264	7,396	6,435	3,076
Net assets available for benefits, end of the year	**$123,017**	$112,635	$103,674	$114,414	$103,983	$ 94,102	$ 79,019	$ 77,755	$ 70,359	$ 63,924
NET ASSETS AVAILABLE FOR BENEFITS										
Investment assets	**239,876**	203,211	184,623	216,730	191,386	180,438	172,487	178,310	163,789	147,336
Investment liabilities	**(117,256)**	(90,933)	(81,248)	(102,551)	(87,638)	(86,581)	(93,701)	(100,803)	(93,661)	(83,616)
Net Investments	**122,620**	112,278	103,375	114,179	103,748	93,857	78,786	77,507	70,128	63,720
Net non-investment assets (liabilities)	**397**	357	299	235	235	245	233	248	231	204
Net assets available for benefits	**123,017**	112,635	103,674	114,414	103,983	94,102	79,019	77,755	70,359	63,924
Pension obligations	**112,579**	102,454	92,721	85,902	79,852	73,547	65,128	59,602	54,461	49,151
Surplus	**$ 10,438**	$ 10,181	$ 10,953	$ 28,512	$ 24,131	$ 20,555	$ 13,891	$ 18,153	$ 15,898	$ 14,773
Funded status	**111 %**	115 %	117 %	120 %	119 %	119 %	121 %	122 %	122 %	120 %
Investment Performance										
Investment return - net of direct investment costs [2]	**10.0 %**	9.4 %	(8.6)%	11.3 %	11.4 %	17.1 %	2.2 %	10.9 %	10.4 %	5.1 %
Investment return - net of total cost of investing [2]	**9.7 %**	9.1 %	(8.8)%	11.1 %	11.2 %	16.9 %	2.0 %	10.7 %	10.2 %	4.9 %
Benchmark return	**8.7 %**	10.4 %	(13.2)%	8.6 %	9.8 %	15.1 %	— %	7.9 %	6.1 %	4.0 %

(1) The comparative amounts in the table have been reclassified to conform to the current year's presentation.

(2) Return is for the Fund, which includes the Registered Pension Plan and Retirement Compensation Arrangement (RCA), excluding the RCA refundable tax balance with the Canada Revenue Agency. For more information on costs, see the Cost Management section on page 56.

Consolidated Financial Statements

Management's Responsibility for Financial Reporting

The consolidated financial statements of the Healthcare of Ontario Pension Plan (the Plan) and the accompanying notes, which are an integral part of the consolidated financial statements, have been prepared by management and approved by the Board of Trustees (the Board).

Management is responsible for the integrity and fairness of the information presented, including amounts that are based on best estimates and judgments. These consolidated financial statements have been prepared in accordance with the Canadian accounting standards for pension plans and are compliant with the requirements of Part IV of the Chartered Professional Accountants of Canada (CPA Canada) Handbook - Accounting, specifically Section 4600, *Pension Plans*, and the relevant sections of the Canadian accounting standards for private enterprises (ASPE) in Part II of the CPA Canada Handbook - Accounting. The consolidated financial statements also comply with the financial reporting requirements of the *Pension Benefits Act* (Ontario) and *Regulations* (PBA). The significant accounting policies are disclosed in note 1 to the consolidated financial statements and the financial information presented throughout the annual report is consistent with that found in the consolidated financial statements.

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

The consolidated financial statements have been prepared by management and approved by the Board. The Audit & Finance Committee, consisting of four members who are not officers or employees of the Plan, reviews the consolidated financial statements and recommends them to the Board for approval. The Audit & Finance Committee also assists the Board in its responsibilities by reviewing recommendations from the external and internal auditors, and management's action plans to respond to recommendations for improvements in internal control over financial reporting arising from their audits. The Audit & Finance Committee meets regularly with management and the external and internal auditors to review the scope and timing of their audits, findings, and recommendations for improvement, and to satisfy itself that it has appropriately discharged its responsibilities.

The Plan's external auditor, PricewaterhouseCoopers LLP, was appointed by the Board and is directly responsible to the Audit & Finance Committee. The Plan's external auditor has conducted an independent examination 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 external auditor has full and unrestricted access to management and the Audit & Finance Committee to discuss their audit approach and any findings arising from their audits of the consolidated financial statements that relate to the integrity of the Plan's financial reporting and the adequacy of the systems of internal control.

Jeff Wendling	Barbara Thomson
President & Chief Executive Officer	Chief Financial Officer

March 6, 2025

Actuaries' Opinion

Mercer (Canada) Limited (Mercer) was retained by the Board of Trustees of the Healthcare of Ontario Pension Plan (the Board) to perform an actuarial valuation of the Plan as at December 31, 2024. The purpose of this valuation is to determine pension obligations of the Plan as at December 31, 2024, for inclusion in the Plan's consolidated financial statements in accordance with Section 4600, *Pension Plans*, of the Chartered Professional Accountants of Canada (CPA Canada) Handbook - Accounting.

We have undertaken such a valuation and provided the Board with our related report. As this valuation was undertaken for purposes of the Plan's consolidated financial statements under the CPA Canada Handbook Section 4600, *Pension Plans*, it might not be appropriate for other purposes and should not be relied upon or used for any other purpose.

The results of the valuation disclosed total going concern pension obligations of $112,579 million in respect of service accrued to December 31, 2024 and a smoothed value of net assets of $124,956 million determined at the same date.

The valuation of the Plan's going concern pension obligations was based on:

- members' demographic data provided by HOOPP management as at October 1, 2024 and members' pay data provided as at December 31, 2023, all of which was projected to December 31, 2024, using management's estimates of experience for the intervening periods;
- the benefits specified by the terms of the Plan including the 2024 CPI adjustment which will become effective April 1, 2025 in respect of all pensioners' and deferred vested members' benefits;
- subsequent events, if any, that were known by February 7, 2025, the date when our related report was completed, and that materially impacted the valuation; and
- assumptions about future events (for example, economic factors such as future rates of inflation and returns on the pension fund, as well as demographic factors) which were developed by Plan management in consultation with Mercer and have been adopted by Plan management and approved by the Board.

Changes have been made to the actuarial assumptions affecting the pension obligations since the previous valuation for the purpose of the Plan's consolidated financial statements at December 31, 2024, as described in the notes to the consolidated financial statements.

The smoothed value of the Plan's net assets was based on financial information provided by HOOPP management and the asset smoothing method adopted by Plan management which smoothes out short-term market fluctuations.

We have reviewed the data used for the valuation and have performed tests of reasonableness and consistency.

In our opinion,

- *the membership data are sufficient and reliable for the purpose of the valuation;*
- *the assumptions adopted are appropriate for the purpose of the valuation;*
- *the methods employed in the valuation are appropriate for the purpose of the valuation; and*
- *this valuation has been completed in accordance with our understanding of the requirements of the Chartered Professional Accountants of Canada (CPA Canada) Handbook Section 4600, Pension Plans.*

Nonetheless, differences between future experience and our assumptions about such future events will result in gains or losses which will be revealed in future valuations.

Our valuation was prepared and our opinions given in accordance with accepted actuarial practice in Canada.

Mercer (Canada) Limited

Luc Girard	Joseph Fung
Fellow, Canadian Institute of Actuaries	Fellow, Canadian Institute of Actuaries

March 6, 2025

Independent auditor's report

To the Board of Trustees of Healthcare of Ontario Pension Plan

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Healthcare of Ontario Pension Plan and its subsidiary (together, HOOPP) as at December 31, 2024 and 2023, 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

HOOPP's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2024 and 2023;
- 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 HOOPP 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.

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 HOOPP'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 HOOPP or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing HOOPP'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 HOOPP'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 HOOPP'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 HOOPP 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.

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

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

PricewaterhouseCoopers LLP

Chartered Professional Accountants,
Licensed Public Accountants

Toronto, Ontario

March 6, 2025

Consolidated Statements of Financial Position

As at December 31	2024	2023
(Canadian $ millions)		
Assets		
Investment assets (note 2)	**$ 239,876**	$ 203,211
Contributions receivable		
Employers	**150**	142
Members	**111**	111
Other assets (note 7)	**360**	292
	240,497	203,756
Liabilities		
Investment liabilities (note 2)	**117,256**	90,933
Other liabilities	**224**	188
	117,480	91,121
Net assets available for benefits	**123,017**	112,635
Pension obligations (note 11)	**112,579**	102,454
Surplus (note 11)	**$ 10,438**	$ 10,181

See accompanying Notes to the Consolidated Financial Statements.

ON BEHALF OF THE BOARD OF TRUSTEES

Anthony Dale	Dan Anderson	Nick Zelenczuk
Chair, Board of Trustees	Vice Chair, Board of Trustees	Chair, Audit & Finance Committee

March 6, 2025

Consolidated Statements of Changes in Net Assets Available for Benefits

For the years ended December 31		2024		2023
(Canadian $ millions)				
Net assets available for benefits, beginning of year	**$**	**112,635**	$	103,674
Investment operations				
Net investment income (note 4)		**11,123**		9,625
Investment operating expenses (note 10)		**(335)**		(285)
		10,788		9,340
Plan operations				
Contributions (note 8)				
Employers		**1,965**		1,795
Members		**1,661**		1,602
Benefits paid (note 9)		**(3,890)**		(3,643)
Plan operating expenses (note 10)		**(142)**		(133)
		(406)		(379)
Change in net assets available for benefits		**10,382**		8,961
Net assets available for benefits, end of year	**$**	**123,017**	$	112,635

See accompanying Notes to the Consolidated Financial Statements.

Consolidated Statements of Changes in Pension Obligations

For the years ended December 31		2024		2023
(Canadian $ millions)				
Pension obligations, beginning of year	**$**	**102,454**	$	92,721
Changes in pension obligations				
Interest accrued on benefits		**5,825**		5,374
Benefits accrued		**3,978**		3,571
Amendments to the plan (note 11)		**604**		—
Changes in actuarial assumptions (note 11)		**3,337**		2,893
Experience losses (note 11)		**271**		1,538
Benefits paid (note 9)		**(3,890)**		(3,643)
		10,125		9,733
Pension obligations, end of year	**$**	**112,579**	$	102,454

See accompanying Notes to the Consolidated Financial Statements.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

Description of the Plan

The following description of the Healthcare of Ontario Pension Plan (HOOPP or the Plan) is a summary only. A complete description of the Plan provisions can be found in the *HOOPP Plan Text*, the official Plan document.

General

The Plan is a contributory defined benefit jointly sponsored pension plan, where factors, such as earnings and years of service, define members' benefits. The Plan was established under an *Agreement and Declaration of Trust* (as amended) for the benefit of eligible employees of participating employers.

The Board of Trustees (the Board), consisting of 16 voting members, governs HOOPP. The Ontario Hospital Association (OHA) appoints eight Trustees, while four unions, namely the Ontario Nurses' Association (ONA), the Canadian Union of Public Employees (CUPE), the Ontario Public Service Employees Union (OPSEU) and the Service Employees International Union (SEIU), each appoints two Trustees. Each Trustee has a legal obligation to administer the Plan in the best interests of all its members, regardless of their union or other affiliation.

HOOPP is registered with the Financial Services Regulatory Authority of Ontario (FSRA), and with the Canada Revenue Agency (CRA) under Registration Number 0346007. HOOPP is a Registered Pension Plan (RPP) and is not subject to income taxes in Canada. The Plan may be subject to taxes as a result of income earned in other jurisdictions.

The Board is responsible for administering the Plan in accordance with the PBA, the *Income Tax Act* (Canada) and *Regulations* (ITA), the *Plan Text* and HOOPP's policies and procedures.

Funding

Plan benefits are funded by contributions and investment earnings. The Board's Funding Decision Framework aims to secure the pension promise and achieve long-term stability in contribution rates for both employers and members. Actuarial funding valuations are conducted annually to determine pension obligations, the funded position, and contribution requirements of the Plan.

Under the terms of the Plan, contributions are set by the Board to cover the total annual cost of benefits. This includes the current service cost of benefits plus special payments required to amortize unfunded pension obligations less any surplus amortization amounts, if applicable.

Retirement Pensions

A retirement pension is based on the member's contributory service, the highest average annualized earnings during any consecutive five-year period, and the most recent five-year average year's maximum pensionable earnings (YMPE).

Members can receive an unreduced pension at the earlier of age 60 or as soon as they have completed 30 years of eligibility service, provided they have attained at least 55 years of age. Members are eligible to retire at age 55, usually with a reduced pension.

Members who retire early will receive a bridge benefit until age 65 or death, whichever occurs first. The bridge benefit supplements a member's basic HOOPP pension until age 65 when Canada Pension Plan benefits normally begin.

Members who choose to work beyond age 65 can continue to earn benefits until November 30 of the calendar year in which the member turns age 71, when they must begin to receive their pension.

Disability Benefits

Disability benefits are available to members with a disability who meet the eligibility requirements. A waiver of contributions permits those members to accumulate contributory service while on an eligible health leave.

In addition, HOOPP offers a disability pension, based on the member's contributory service and average annualized earnings earned to the date of disability to eligible members who have been assessed as permanently disabled, with no reduction for early pension commencement and no entitlement to a bridge benefit.

Death Benefits

A death benefit may be available to a surviving spouse or designated beneficiary upon the death of a member. Depending on eligibility requirements, the benefit may be paid in the form of a survivor pension or lump-sum payment.

Portability

Members who terminate employment shall be entitled to receive a deferred pension. They may also opt to transfer the commuted value of the benefit out of HOOPP to another pension plan or registered retirement vehicle, subject to locking-in provisions and certain age restrictions.

Members wanting to purchase eligible periods of past service can transfer the funds to HOOPP, provided the transfer meets all eligibility requirements.

Inflation Protection

Retirement pensions and deferred pensions are adjusted annually by an amount equal to 75% of the previous year's increase in the Canadian Consumer Price Index (CPI) for all contributory service earned through to the end of 2005. The Board may approve an annual increase above the guaranteed level up to 100% of the increase in the previous year's CPI, to an annual maximum of 10%.

For retirements and deferred retirements occurring after 2005, the Board may approve an annual increase of up to 100% of the increase in CPI in respect of pensions earned for service after 2005. In all cases, the increases in CPI are limited to an annual maximum of 10%.

Retirement Compensation Arrangement

In conjunction with its RPP, HOOPP operates a Retirement Compensation Arrangement (RCA). The RCA provides supplementary pension benefits to members whose earnings result in a pension that exceeds the maximum pension permitted under the ITA for RPPs. The RCA is funded by member and employer contributions, as well as investment earnings, and is administered as part of the overall Plan; however, its assets are held in a segregated account. The allocation of contributions to the RCA and RPP are driven by the requirements of the ITA in a manner that is expected to be sufficient to pay the benefits as they come due. Additional information on the RCA is disclosed in note 13.

Contributions received and income earned in the RCA are subject to tax, which is disclosed in note 7 as refundable withholding tax on contributions. Depending on the contributions received, benefit payments made, and investment income earned through the RCA, a portion of taxes may be refunded each year.

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The RPP and RCA plans are combined for purposes of presenting HOOPP's consolidated financial statements. These consolidated financial statements are prepared in accordance with the Canadian accounting standards for pension plans and are compliant with the requirements of Part IV of the Chartered Professional Accountants of Canada (CPA Canada) Handbook - Accounting (referred to herein as the "Handbook"), specifically Section 4600, *Pension Plans* (Section 4600), and the relevant sections of the Canadian accounting standards for private enterprises (ASPE) in Part II of the Handbook. These consolidated financial statements are presented in Canadian dollars.

As required by Section 4600, all investment assets and investment liabilities, including those held in a separate entity, are measured at fair value and presented on a non-consolidated basis. HOOPP consolidates HOOPP Thames Limited (HTL), a wholly owned subsidiary of HOOPP, which provides investment management services to HOOPP and does not hold investment assets and investment liabilities. HTL commenced operations in 2024.

These consolidated financial statements also comply with the financial reporting requirements of the PBA and address certain disclosure requirements maintained by FSRA. The requirements are addressed by disclosures within certain notes to the consolidated financial statements.

The significant accounting policies used in the preparation of these consolidated financial statements are summarized below.

Investments

Valuation

All investment transactions are recorded when the risks and rewards of ownership are transferred. Investment transactions relating to marketable securities and derivatives are recorded as of the trade date. Investments are recorded at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market between market participants at the measurement date under current market conditions, regardless of whether that price is directly observable or estimated using another valuation technique.

The quoted market price, when available, is used to measure fair value. When the quoted market price is not available, management uses appropriate valuation techniques to determine fair value. The valuation techniques include discounted cash flows, earnings multiples, prevailing market rates for comparable instruments with similar characteristics and/or in similar industries, pricing models and management's best estimates. Inputs used to determine fair values include contractual cash flows and interest rates, interest rate discount curves, credit spreads, volatilities and others. The output of any pricing model is an approximation of a fair value that cannot be determined with certainty and valuation techniques employed may not fully reflect all factors relevant to the investments held. Other factors, including liquidity and redemption restrictions or lock up periods, may also be taken into consideration in the determination of fair value for both quoted and unquoted investments where applicable.

The fair values of investments are determined as follows:

i. Cash and cash overdraft is recorded at cost, which is equivalent to fair value.

ii. Securities purchased under resell agreements and securities sold under repurchase agreements are recorded at cost, which together with accrued interest approximates fair value due to their short-term nature.

iii. Short-term securities are generally valued at quoted market prices if they exist. Otherwise, they are recorded at cost or amortized cost, which together with accrued interest approximates fair value due to their short-term nature.

iv. Bonds are generally valued based on quoted mid-market prices obtained from independent, multi-contributor third party pricing sources. Where quoted prices are not available, fair values are calculated using either discounted cash flows based on current market yields on comparable securities, or prices or valuations provided by independent third parties.

v. Loans include unsecured and secured loans, term loans and other loan facilities. These loans are valued at quoted market prices if they exist. Where quoted prices are not available, fair values are calculated using discounted cash flows based on current market yields on comparable securities, or prices or valuations provided by independent third parties. In some instances, certain loans may be valued at cost plus accrued interest, which approximate fair value, where appropriate.

vi. Public equities are valued at quoted closing market prices. When quoted closing market prices are not available, appropriate valuation techniques and pricing models are used to estimate fair value.

vii. Investments in private equities include investments held directly, through ownership in limited partnership funds and co-investments with limited partnership funds. Directly held private equity investments are valued at estimated fair value using appropriate valuation techniques such as capitalized earnings or discounted cash flow methodologies. In the year of acquisition, cost is used as an approximation for fair value, unless there is evidence of a significant change in value. Investments in limited partnership funds and co-investments are valued at estimated fair value based on financial information provided by the funds' General Partners under limited partnership agreements (unless a specific and conclusive reason exists to vary from the value provided by the General Partners). Also included are other direct private investments, valued primarily using discounted cash flows based on current market yields on comparable securities, or valuations provided by independent third parties.

viii. Investments in real estate include investments held directly and through ownership in limited partnership funds. Direct investments are valued at estimated fair values based on external appraisals, which are completed by independent appraisers accredited under the locally prevailing professional governing bodies. HOOPP's semi-annual appraisal process is completed mid-year (effective June 30) and at year-end (effective October 31, November 30 and December 31). HOOPP requires external appraisers to provide a reaffirmation letter for any year-end appraisal with an effective date before December 31. The reaffirmation letter will either confirm that the value has not changed or provide an updated value as at December 31. In the year of acquisition, cost is used as an approximation for fair value, unless there is evidence of a significant change in value. Investments in limited partnership funds are valued at estimated fair value based on financial information provided by the funds' General Partners under limited partnership agreements (unless a specific and conclusive reason exists to vary from the value provided by the General Partners). Mortgages held on direct real estate investments are valued using discounted cash flows based on current market yields on comparable securities.

ix. Investments in infrastructure include investments held directly, through ownership in limited partnership funds and co-investments with limited partnership funds. Directly held infrastructure investments are valued at estimated fair value using appropriate valuation techniques such as discounted cash flow methodology where future cash flows generated by the investments are discounted using a risk-adjusted discount rate. In the year of acquisition, cost is used as an approximation for fair value, unless there is evidence of a significant change in value. Investments in limited partnership funds and co-investments are valued at estimated fair value based on financial information provided by the funds' General Partners under limited partnership agreements (unless a specific and conclusive reason exists to vary from the value provided by the General Partners).

x. Commodities include investments in emission allowances, such as carbon offset credits. The fair value of commodities is based on quoted closing market prices or, for carbon offset credits which do not have quoted prices, recent prices established through regulated auctions among registered participants.

xi. Alternative investments include investments in hedge funds, insurance funds and reinsurance funds and are valued at estimated fair value based on net asset values reported by the funds' administrators.

xii. Exchange-traded derivatives are valued based on quoted closing market prices. For over-the-counter derivatives, where quoted closing prices are not available, either valuations from independent third parties or appropriate valuation techniques, primarily pricing models, are used to estimate fair value. These pricing models are based on generally accepted valuation models, use observable market prices and inputs that are actively quoted, and can be validated with external sources, including industry data and pricing services. Depending on the types and contractual terms of derivatives, fair value can be modeled using a series of techniques that are consistently applied. The valuation techniques used by HOOPP require one or more of the following key inputs:

- bond prices – quoted prices are generally available from pricing services for government bonds and most corporate bonds;
- credit spreads – obtained from independent pricing services or derived based on other credit-based instruments;
- foreign currency exchange rates – forward and spot exchange rates are obtained from an independent data service;
- implied volatilities – obtained or derived from independent data services;
- interest rates – quoted rates obtained from central banks and from swap, bond and futures markets; and
- public equity and equity indices prices – based on quoted closing market prices.

xiii. Investment receivables and investment payables include cash collateral pledged or received, pending trades, accrued investment income and accrued investment liabilities. These investments are recorded at cost or amortized cost, which approximates fair value due to their short-term nature.

Investment Income

Investment income consists of net interest income, recognized on an accrual basis, net dividend income, recognized on the ex-dividend date, and net operating income from investments in private equity, real estate, infrastructure and alternative investments, recognized on an accrual basis. Investment income also includes realized and unrealized gains (losses).

Management Fees and Performance Fees

Management fees and performance fees related to investments in real estate, private equity, infrastructure and alternative investments are expensed as incurred and reported as a component of net investment income.

Transaction Costs

Transaction costs, which are incremental costs directly attributable to the acquisition, issue or disposal of investments, are expensed as incurred and reported as a component of net investment income.

Foreign Currency Translation

Investment assets and investment liabilities denominated in foreign currencies are translated into Canadian dollars at the rate of exchange prevailing at the year-end date. Investment income and expenses are translated into Canadian dollars at the rate of exchange prevailing on the date of the transaction. The realized and unrealized gains and losses arising from these foreign currency translations are included in net realized and unrealized gains (losses).

Pension Obligations

Pension obligations are determined based on an actuarial valuation prepared by an independent actuarial firm. These pension obligations are measured in accordance with accepted actuarial practice using actuarial assumptions and methods adopted by HOOPP for the purpose of establishing the long-term funding requirements of the Plan. The year-end valuation of pension obligations is based on data extrapolated to the current valuation date of December 31, 2024. The valuation uses the projected accrued benefit actuarial cost method and management's estimate of certain future events.

The pension obligations included in these consolidated financial statements are consistent with the results that would be used for a December 31, 2024 regulatory filing valuation if one were to be completed.

Contributions

Contributions from members and employers are recorded on an accrual basis. Contributions for past service purchases and transfers from other plans are recorded when received.

Benefits Paid

Benefits paid consist of retirement pensions, bridge benefits, commuted value transfers, disability benefits, death benefits as well as refunds and transfers to other plans. These are payments to members and pensioners, which are recorded in the period in which they are paid. Any benefit payment amounts accrued and not yet paid are reflected in the pension obligations.

Fixed Assets and Intangible Assets

Fixed assets and intangible assets are recorded at cost and amortized on a straight-line basis over their estimated useful lives. For costs related to elements of cloud computing arrangements, the simplification approach is followed and amounts are expensed as incurred.

Use of Estimates and Judgments

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions based on information available as at the date of the consolidated financial statements. Such judgments, estimates and assumptions may affect the reported amounts of assets and liabilities, income and expenses, pension obligations and related disclosures. Significant estimates and judgments are used primarily in the measurement of pension obligations (note 11) and the fair value of certain investments (note 2b).

While management makes its best estimates and assumptions, actual results could differ from those estimates. Judgments, estimates and assumptions are reviewed periodically and revisions to accounting estimates are recognized prospectively.

Related Party Transactions

The Board, management, and subsidiaries are considered related parties according to the Handbook. Any transactions between these related parties and HOOPP are not significant for the purposes of these consolidated financial statements, except for those disclosed in note 14.

Note 2 – INVESTMENTS

a. Investment fair value and cost

The Plan's investment assets and investment liabilities are presented in the table below.

	2024		2023	
(Canadian $ millions)	Fair Value	Cost	Fair Value	Cost
INVESTMENT ASSETS				
Cash	**$ 50**	**$ 50**	$ 27	$ 27
Securities purchased under resell agreements (note 5)	**6,674**	**6,659**	6,058	6,083
Fixed income				
Short-term securities	**543**	**542**	2,813	2,814
Bonds				
Canadian	**70,661**	**72,873**	75,912	79,205
Non-Canadian	**23,427**	**22,752**	21,680	21,708
Loans				
Canadian	**14**	**13**	—	—
Non-Canadian	**1,143**	**1,039**	638	628
	95,788	**97,219**	101,043	104,355
Equities				
Public equities				
Canadian	**6,855**	**6,201**	3,202	2,778
Non-Canadian	**60,835**	**56,092**	32,053	30,021
Private equities				
Canadian	**451**	**457**	528	610
Non-Canadian	**23,774**	**16,598**	19,757	15,416
	91,915	**79,348**	55,540	48,825
Real assets				
Real estate	**19,847**	**16,828**	18,673	15,784
Infrastructure	**7,611**	**5,698**	5,742	4,813
	27,458	**22,526**	24,415	20,597
Commodities	**75**	**76**	94	88
Alternative investments	**6,920**	**5,481**	5,720	5,142
Derivative instruments (notes 3 & 5)	**4,140**	**1,033**	4,293	1,196
Investment receivables				
Cash collateral pledged (note 5)	**1,079**	**1,079**	3,925	3,925
Pending trades	**5,074**	**5,043**	1,399	1,401
Accrued investment income	**703**	**703**	697	697
	6,856	**6,825**	6,021	6,023
Total investment assets	**239,876**	**219,217**	203,211	192,336
INVESTMENT LIABILITIES				
Cash overdraft	**(295)**	**(295)**	—	—
Securities sold under repurchase agreements (note 5)	**(47,827)**	**(47,199)**	(33,184)	(33,594)
Short-term securities sold short (note 5)	**(1,124)**	**(1,124)**	—	—
Bonds sold short (note 5)	**(10,314)**	**(10,236)**	(10,921)	(11,250)
Equities sold short (note 5)	**(17,967)**	**(13,591)**	(23,262)	(18,792)
Derivative instruments (notes 3 & 5)	**(4,262)**	**(964)**	(2,977)	(1,180)
Investment payables				
Cash collateral received (note 5)	**(33,999)**	**(33,999)**	(19,110)	(19,110)
Pending trades	**(844)**	**(844)**	(951)	(952)
Accrued investment liabilities	**(624)**	**(637)**	(528)	(546)
	(35,467)	**(35,480)**	(20,589)	(20,608)
Total investment liabilities	**(117,256)**	**(108,889)**	(90,933)	(85,424)
NET INVESTMENTS	**$ 122,620**	**$ 110,328**	$ 112,278	$ 106,912

b. Fair value hierarchy

Investment assets and investment liabilities are measured at fair value and classified using a fair value hierarchy that is based on the methods and assumptions used to determine their fair values. The fair value hierarchy gives highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and lowest priority to unobservable inputs. The fair value hierarchy has the following three levels:

- *Level 1* – unadjusted quoted prices in active markets for identical assets or liabilities;
- *Level 2* – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- *Level 3* – inputs for the asset or liability that are not based on observable market data (i.e., unobservable inputs).

In some cases the inputs used to measure the fair value of an investment asset or investment liability might be categorized within different levels of the fair value hierarchy. In those cases, the classification for each asset or liability is determined based on the lowest level input that is significant to the entire assessment. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. Assessing the significance of a particular input to the fair value measurement requires judgment and evaluation of factors specific to the investment asset or investment liability being considered. Determining whether an input is observable also requires considerable judgment. Observable data is considered to be market data that is readily available, regularly distributed and updated, easily corroborated and obtained from independent sources that are actively involved in that particular market.

Investments that are classified as Level 1 include actively traded equity investments and exchange traded derivatives. These investments are valued at quoted, unadjusted, closing market prices. Cash and cash collateral are also included as Level 1.

Investments that are classified as Level 2 include securities purchased under resell agreements, securities sold under repurchase agreements, short-term securities, equity investments not actively traded, most bonds, over-the-counter derivatives, certain commodities, some investment receivables and some investment payables. For most of these investments, fair values are either derived from a number of prices that are provided by independent price sources or from pricing models that use observable market data such as swap curves, credit spreads and volatilities.

For the year ended December 31, 2024, there were no transfers between Level 2 and Level 1 (year ended December 31, 2023: no transfers between Level 2 and Level 1). Transfers between Level 2 and Level 1 occur when unadjusted quoted market prices are used for valuing an investment asset or investment liability that was previously valued using valuation techniques with significant observable inputs.

Investments that are classified as Level 3 include investments in private equity, real estate, infrastructure, alternative investments, loans, some over-the-counter derivatives and some bonds. For these investments, trading activity is infrequent and fair values are derived using valuation techniques. The valuation of Level 3 investments involves significant judgment as the significant inputs used in the pricing models are either not observable or assumptions are made about significant inputs.

Transfers from Level 2 to Level 3 occur when an investment asset's or investment liability's fair value, which was determined previously through the use of a valuation technique with significant observable inputs, is now determined using a valuation technique with significant unobservable inputs. Transfers from Level 3 to Level 2 occur when techniques used for valuing the investment involve significant observable inputs that were previously unobservable. Transfers from Level 1 to Level 3 occur when an investment asset's or investment liability's fair value, which was determined previously through unadjusted quoted prices in active markets is now determined using a valuation technique with significant unobservable inputs. Transfers from Level 3 to Level 1 occur when unadjusted quoted market prices are used for valuing an investment asset or investment liability that was previously valued using a valuation technique with significant unobservable inputs.

Transfers between Level 2 and Level 3, and/or between Level 1 and Level 3, if any, are disclosed in note 2c.

The table below presents the Plan's investment assets and investment liabilities described in note 2a within the fair value hierarchy.

	2024			
(Canadian $ millions)	Level 1	Level 2	Level 3	Total
Investment assets				
Cash	$ 50	$ —	$ —	**$ 50**
Securities purchased under resell agreements	—	6,674	—	**6,674**
Short-term securities	—	543	—	**543**
Bonds	—	91,466	2,622	**94,088**
Loans	—	115	1,042	**1,157**
Public equities	67,625	65	—	**67,690**
Private equities	—	556	23,669	**24,225**
Real estate	—	—	19,847	**19,847**
Infrastructure	—	—	7,611	**7,611**
Commodities	—	75	—	**75**
Alternative investments	—	—	6,920	**6,920**
Derivative instruments	126	3,795	219	**4,140**
Investment receivables	1,079	5,777	—	**6,856**
	68,880	109,066	61,930	**239,876**
Investment liabilities				
Cash overdraft	(295)	—	—	**(295)**
Securities sold under repurchase agreements	—	(47,827)	—	**(47,827)**
Short-term securities sold short	—	(1,124)	—	**(1,124)**
Bonds sold short	—	(10,314)	—	**(10,314)**
Equities sold short	(17,967)	—	—	**(17,967)**
Derivative instruments	(34)	(4,123)	(105)	**(4,262)**
Investment payables	(33,999)	(1,468)	—	**(35,467)**
	(52,295)	(64,856)	(105)	**(117,256)**
Net Investments	**$ 16,585**	**$ 44,210**	**$ 61,825**	**$ 122,620**

	2023			
(Canadian $ millions)	Level 1	Level 2	Level 3	Total
Investment assets				
Cash	$ 27	$ —	$ —	$ 27
Securities purchased under resell agreements	—	6,058	—	6,058
Short-term securities	—	2,813	—	2,813
Bonds	—	96,650	942	97,592
Loans	—	—	638	638
Public equities	35,250	5	—	35,255
Private equities	—	458	19,827	20,285
Real estate	—	—	18,673	18,673
Infrastructure	—	—	5,742	5,742
Commodities	—	94	—	94
Alternative investments	—	—	5,720	5,720
Derivative instruments	47	4,049	197	4,293
Investment receivables	3,925	2,096	—	6,021
	39,249	112,223	51,739	203,211
Investment liabilities				
Securities sold under repurchase agreements	—	(33,184)	—	(33,184)
Bonds sold short	—	(10,921)	—	(10,921)
Equities sold short	(23,262)	—	—	(23,262)
Derivative instruments	(31)	(2,832)	(114)	(2,977)
Investment payables	(19,110)	(1,479)	—	(20,589)
	(42,403)	(48,416)	(114)	(90,933)
Net Investments	$ (3,154)	$ 63,807	$ 51,625	$ 112,278

c. Changes in fair value measurement for investments in Level 3

The following table presents the changes in fair value measurement for investments included in Level 3 during the years ended December 31.

2024							
(Canadian $ millions)	Fair Value Dec 31, 2023	Total Gains (Losses) Included in Net Income(1)	Purchases and Issues	Sales and Settlements	Transfers In(2)	Transfers Out(2)	Fair Value Dec 31, 2024
Bonds	$ 942	$ 177	$ 1,619	$ (443)	$ 327	$ —	**$ 2,622**
Loans	638	112	810	(486)	—	(32)	**1,042**
Private equities	19,827	3,558	4,335	(4,051)	—	—	**23,669**
Real estate(3)	18,673	611	1,185	(622)	—	—	**19,847**
Infrastructure	5,742	1,001	980	(112)	—	—	**7,611**
Alternative investments	5,720	1,159	1,589	(1,548)	—	—	**6,920**
Derivative instruments – assets	197	39	228	(245)	—	—	**219**
Derivative instruments – liabilities	(114)	—	(101)	110	—	—	**(105)**
Total	**$ 51,625**	**$ 6,657**	**$ 10,645**	**$ (7,397)**	**$ 327**	**$ (32)**	**$ 61,825**

(1) For those investment assets and investment liabilities held at the end of the year, the total gains were $5,352 million.
(2) Transfers between Level 2 and Level 3 are assumed to occur at the end of the year. Transfers into Level 3 from Level 2 were $327 million, and transfers out of Level 3 to Level 2 were $32 million.
(3) For real estate, mortgage debt borrowings of $279 million are netted in Purchases and Issues and mortgage debt repayments of $18 million are netted in Sales and Settlements.

2023							
(Canadian $ millions)	Fair Value Dec 31, 2022	Total Gains (Losses) Included in Net Income(1)	Purchases and Issues	Sales and Settlements	Transfers In(2)(4)	Transfers Out(2)(4)	Fair Value Dec 31, 2023
Bonds	$ 866	$ (11)	$ 318	$ (231)	$ —	$ —	$ 942
Loans	587	19	255	(223)	—	—	638
Private equities	19,999	2,088	3,503	(4,663)	—	(1,100)	19,827
Real estate(3)	18,155	(1,458)	1,623	(188)	541	—	18,673
Infrastructure	4,661	297	905	(121)	—	—	5,742
Alternative investments	4,849	320	1,532	(981)	—	—	5,720
Derivative instruments – assets	153	59	82	(97)	—	—	197
Derivative instruments – liabilities	(202)	105	(98)	83	(2)	—	(114)
Total	$ 49,068	$ 1,419	$ 8,120	$ (6,421)	$ 539	$ (1,100)	$ 51,625

(1) For those investment assets and investment liabilities held at the end of the year, the total gains were $480 million.
(2) Transfers between Level 2 and Level 3 are assumed to occur at the end of the year. Transfers out of Level 3 to Level 2 and Level 1 were $458 million and $101 million, respectively.
(3) For real estate, mortgage debt borrowings of $196 million are netted in Purchases and Issues and mortgage debt repayments of $246 million are netted in Sales and Settlements.
(4) Includes $541 million in limited partnership fund investments transferred from private equities to real estate. The transfer occurred at the beginning of the year.

d. Sensitivity to changes in assumptions for investments in Level 3

The following table illustrates the impact to fair value for certain investments in Level 3 when significant inputs are changed to reasonably possible alternative assumptions.

			2024		2023	
(Canadian $ millions)	**Significant Inputs**	**Change in Reasonably Possible Alternative Assumptions**	**Fair Value**	**Increase (Decrease) to Fair Value**	**Fair Value**	**Increase (Decrease) to Fair Value**
Private equity	**EBITDA multiple**	**+/- 10%**	**$ 1,619**	**$ 212 / (212)**	$ 1,173	$ 128 / (119)
	Discount rate	**+/- 1%**	**710**	**(26) / 29**	1,242	(43) / 45
Private debt[(1)]	**Discount rate**	**+/- 1%**	**1,352**	**(56) / 57**	812	(41) / 44
Infrastructure	**Discount rate**	**+/- 0.25%**	**1,538**	**(59) / 62**	1,386	(60) / 64
Real estate[(2)]	**Capitalization rate**	**+/- 0.25%**	**12,119**	**(570) / 992**	11,713	(642) / 816

(1) Included within private equities in note 2a.

(2) Real estate is reported net of mortgage borrowings. The fair value of direct investments in real estate is net of $1,251 million (2023: $953 million), for which interest rates are a significant input. A +/- 1% change in interest rates would result in a (decrease) / increase to the fair value of mortgage borrowings of $(1) million / $1 million (2023: $(1) million / $1 million).

The above sensitivity analysis excludes investments where cost is used as an approximation for fair value (e.g., newly acquired real estate properties, private equity and infrastructure investments). In addition, it excludes certain investments where unobservable inputs are not developed by the Plan and investments where fair values are based on information provided by general partners or external fund administrators, as the Plan has limited or no access to the inputs, assumptions and methodologies used to determine the fair value of these investments. For other investments included in Level 3, management's judgment is that changing one or more of the inputs to reasonably possible alternative assumptions would not change the fair value significantly.

e. Offsetting financial assets and financial liabilities

The following financial instruments are subject to enforceable master netting arrangements or similar agreements and/or may require the transfer of collateral. HOOPP presents these financial instruments as gross amounts in the consolidated statements of financial position, since the netting provisions contained in the respective agreements apply in limited circumstances. However, where HOOPP has a legally enforceable right to set-off the recognized amounts and intends to settle on a net basis, HOOPP offsets financial assets and financial liabilities and presents the net amount in the consolidated statements of financial position. If the effect of these arrangements, together with the collateral pledged or received were taken into consideration, the potential impact on HOOPP's financial position would be as follows:

2024						
(Canadian $ millions)	Gross Amounts of Recognized Financial Instruments	Amounts Set Off in the Statements of Financial Position	Net Amounts of Financial Instruments Presented (note 2a)	Amounts Subject to Enforceable Master Netting Arrangements or Similar Agreements[1]	Cash and Securities Collateral Pledged (Received)[2]	Net Amount
Financial assets						
Securities purchased under resell agreements[3]	$ 10,825	$ (862)	$ 9,963	$ (8,888)	$ (1,067)	**$ 8**
Securities on loan[4]	35,353	—	35,353	—	(35,052)	**301**
Derivative instruments[5]	4,380	—	4,380	(3,456)	(726)	**198**
Total financial assets	**50,558**	**(862)**	**49,696**	**(12,344)**	**(36,845)**	**507**
Financial liabilities						
Securities sold under repurchase agreements	(48,689)	862	(47,827)	8,888	38,883	**(56)**
Derivative instruments[5]	(4,546)	—	(4,546)	3,456	761	**(329)**
Total financial liabilities	**$ (53,235)**	**$ 862**	**$ (52,373)**	**$ 12,344**	**$ 39,644**	**$ (385)**

(1) Refer to note 6 for additional information on master netting arrangements.
(2) Refer to note 5 for additional information on cash and securities collateral.
(3) Includes pending trade receivables of $3,289 million.
(4) Included within fixed income and public equity investment assets in note 2a.
(5) Includes pending trade receivables and payables of $240 million and $284 million, respectively.

2023						
(Canadian $ millions)	Gross Amounts of Recognized Financial Instruments	Amounts Set Off in the Statements of Financial Position	Net Amounts of Financial Instruments Presented (note 2a)	Amounts Subject to Enforceable Master Netting Arrangements or Similar Agreements[1]	Cash and Securities Collateral Pledged (Received)[2]	Net Amount
Financial assets						
Securities purchased under resell agreements[3]	$ 7,356	$ (1,140)	$ 6,216	$ (6,080)	$ (136)	$ —
Securities on loan[4]	20,700	—	20,700	—	(20,550)	150
Derivative instruments[5]	4,469	—	4,469	(2,742)	(1,432)	295
Total financial assets	32,525	(1,140)	31,385	(8,822)	(22,118)	445
Financial liabilities						
Securities sold under repurchase agreements[3]	(34,348)	1,140	(33,208)	6,080	27,004	(124)
Derivative instruments[5]	(3,291)	—	(3,291)	2,742	478	(71)
Total financial liabilities	$ (37,639)	$ 1,140	$ (36,499)	$ 8,822	$ 27,482	$ (195)

(1) Refer to note 6 for additional information on master netting arrangements.
(2) Refer to note 5 for additional information on cash and securities collateral.
(3) Includes pending trade receivables and payables of $158 million and $24 million, respectively.
(4) Included within fixed income and public equity investment assets in note 2a.
(5) Includes pending trade receivables and payables of $176 million and $314 million, respectively.

f. Significant investments

Investments, excluding short sales and derivative exposures, where the cost or fair value exceeds 1% of the cost or fair value of the Plan, being approximately $1,100 million and $1,220 million respectively, as at December 31, 2024 (2023: $1,070 million and $1,120 million respectively), are as follows:

	2024	
(Canadian $ millions)	Fair Value	Cost
Fixed income		
Canadian bonds[1]	**$ 13,562**	**$ 13,027**
Non-Canadian bonds[2]	**3,382**	**3,204**
Equities		
Canadian public equities	**1,348**	**498**
Non-Canadian public equities[3]	**20,494**	**17,502**

(1) Includes Canadian government and inflation-linked bonds.
(2) Includes non-Canadian inflation-linked bonds.
(3) Includes shares of exchange-traded funds.

	2023	
(Canadian $ millions)	Fair Value	Cost
Fixed income		
Canadian bonds[1]	$ 15,283	$ 15,101
Non-Canadian bonds[2]	4,617	4,367
Equities		
Non-Canadian public equities[3]	11,389	10,198
Non-Canadian private equities	1,242	927

(1) Includes Canadian government and inflation-linked bonds.
(2) Includes non-Canadian government and inflation-linked bonds.
(3) Includes shares of exchange-traded funds.

Note 3 – DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives are financial contracts, the value of which is derived from changes in the underlying asset, index of prices or rates, interest rate or foreign exchange rate.

The Plan's investment objectives for the use of derivatives are to enhance returns by facilitating changes in the investment asset mix, to enhance equity and fixed income portfolio returns, and to manage financial risk. Derivatives may be used in all of HOOPP's permitted asset classes. The Plan utilizes the following derivative financial instruments:

Forwards

Forwards are contractual agreements between two parties to either buy or sell an asset at a predetermined price on a specified future date. HOOPP invests in currency forwards and bond forwards. Currency forwards are used to modify the Plan's exposure to currency risk. Bond forwards are used to manage the Plan's exposure to market risk and to enhance returns.

Futures

Futures are standardized agreements, which can be purchased or sold on a regulated futures exchange. HOOPP invests in commodity, equity, and interest rate futures. Equity and commodity futures are agreements to either buy or sell at a predetermined date and price, a single equity or commodity, an equity or commodity index, or a basket of equities. Interest rate futures are agreements to either buy or sell an interest rate-sensitive instrument, such as bonds, on a predetermined future date at a specified price. These types of derivatives are used to modify exposures efficiently without actually purchasing or selling the underlying asset.

Options

Options are contractual agreements under which the seller grants the purchaser the right, but not the obligation, either to buy (call option) or sell (put option) a financial instrument at a predetermined price on or before a specified future date. The seller receives a premium from the purchaser for this right. HOOPP invests in interest rate options, swaptions, foreign currency options, equity options, options on futures and options on credit default swaps. Options are used to manage the exposures to market risks and to enhance returns.

Swaps

Swaps are contractual agreements between two counterparties to exchange a series of cash flows. HOOPP utilizes the following swap instruments:

- Equity swaps are agreements between two parties to exchange a series of cash flows based on the return of an equity, a basket of equities or an equity index. One party typically agrees to pay a floating interest rate in return for receiving the equity return. HOOPP also invests in equity-based swaps such as variance, volatility, and dividend swaps. These equity-based swaps are used for yield enhancement purposes and to adjust exposures to particular indices without directly purchasing or selling the securities that comprise the index.
- Interest rate swaps and cross-currency swaps are agreements between two parties to exchange a series of fixed or floating cash flows in the same currency or different currencies based on the notional amount. Interest rate swaps are used to manage interest rate exposures and cross-currency swaps are used to manage both interest rate and currency exposures.
- Credit default swaps are agreements between two parties where the buyer of the credit protection pays a premium to the seller in exchange for payment of the notional amount from the seller against delivery of the related/relevant debt securities if a credit event such as a default occurs. Instead of physical settlement, credit default swaps can also be cash settled. Credit default swaps are used to promote credit diversification and for risk mitigation.
- Commodity swaps are agreements between two parties to exchange a series of cash flows based on the return of a commodity index. One party typically agrees to pay a fixed or floating interest rate in return for receiving the commodity return. These commodity-based swaps are used for yield enhancement purposes and for risk mitigation.

Warrants

Warrant certificates give the holder the right, but not the obligation, to buy shares in a company at a certain price on or before a specified future date. The key difference between warrants and options is that warrants are issued by the company itself as a way to raise capital.

a. Derivative notional and fair values

The following table summarizes the notional and fair values of the Plan's derivative positions.

	2024		
		Fair Value[2]	
(Canadian $ millions)	Notional value[1]	Assets	Liabilities
Commodity derivatives			
Futures	$ 130	$ —	$ —
Swaps	768	—	—
Credit derivatives			
Credit default swap options	36,599	25	(23)
Credit default swaps[3]	10,092	219	(156)
Currency derivatives			
Forwards	40,160	85	(582)
Options	5,590	55	(32)
Swaps	10,340	181	(532)
Equity derivatives			
Futures	20,898	97	(19)
Options	21,799	1,555	(1,468)
Swaps	113,277	1,670	(957)
Warrants	263	16	—
Interest rate derivatives			
Futures	5,983	—	(2)
Options	27,154	5	(4)
Swaps	30,916	213	(483)
Swaptions	3,932	19	(4)
Total	**$ 327,901**	**$ 4,140**	**$ (4,262)**

(1) Notional values represent the contractual amounts to which a rate or price is applied for computing the cash flows to be exchanged and are therefore not recorded as assets or liabilities in these consolidated financial statements. Notional values are also the basis on which the fair values of the contracts and the returns are determined. Notional values do not necessarily represent the future cash flows to be exchanged, nor do they indicate the Plan's exposure to market or credit risk.

(2) Contracts with a positive fair value are recorded as investment assets while contracts with a negative fair value are recorded as investment liabilities in note 2.

(3) Includes the sale of credit protection, which HOOPP indirectly guarantees the underlying reference obligations. The notional amount of the credit protection sold is $3,963 million and the fair values of related assets and liabilities are $125 million and $60 million respectively. All of these contracts mature within 5 years.

	2023		
		Fair Value[2]	
(Canadian $ millions)	**Notional value[1]**	**Assets**	**Liabilities**
Commodity derivatives			
Futures	$ 184	$ —	$ (2)
Swaps	588	—	—
Credit derivatives			
Credit default swap options	45,411	18	(12)
Credit default swaps[3]	30,475	216	(165)
Currency derivatives			
Forwards	51,247	927	(325)
Options	6,813	29	(34)
Swaps	12,134	435	(53)
Equity derivatives			
Futures	12,009	19	(1)
Options	21,354	1,355	(1,150)
Swaps	87,787	893	(808)
Warrants	256	8	—
Interest rate derivatives			
Futures	5,446	1	—
Options	41,428	11	(9)
Swaps	30,239	367	(409)
Swaptions	1,698	14	(9)
Total	$ 347,069	$ 4,293	$ (2,977)

(1) Notional values represent the contractual amounts to which a rate or price is applied for computing the cash flows to be exchanged and are therefore not recorded as assets or liabilities in these consolidated financial statements. Notional values are also the basis on which the fair values of the contracts and the returns are determined. Notional values do not necessarily represent the future cash flows to be exchanged, nor do they indicate the Plan's exposure to market or credit risk.

(2) Contracts with a positive fair value are recorded as investment assets while contracts with a negative fair value are recorded as investment liabilities in note 2.

(3) Includes the sale of credit protection, which HOOPP indirectly guarantees the underlying reference obligations. The notional amount of the credit protection sold is $12,077 million and the fair values of related assets and liabilities are $170 million and $90 million respectively. All of these contracts mature within 5 years.

b. Derivative notional values by term to maturity

The following table summarizes the notional values for the Plan's derivative positions by term to maturity.

	2024			
(Canadian $ millions)	Within 1 Year	1 to 5 Years	Over 5 Years	Total
Commodity derivatives				
Futures	$ 130	$ —	$ —	**$ 130**
Swaps	768	—	—	**768**
Credit derivatives				
Credit default swap options	36,599	—	—	**36,599**
Credit default swaps	361	9,364	367	**10,092**
Currency derivatives				
Forwards	40,059	101	—	**40,160**
Options	4,217	1,373	—	**5,590**
Swaps	746	8,787	807	**10,340**
Equity derivatives				
Futures	19,365	1,533	—	**20,898**
Options	15,077	6,594	128	**21,799**
Swaps	86,549	23,978	2,750	**113,277**
Warrants	36	220	7	**263**
Interest rate derivatives				
Futures	3,735	2,248	—	**5,983**
Options	26,422	732	—	**27,154**
Swaps	4,119	22,771	4,026	**30,916**
Swaptions	3,482	342	108	**3,932**
Total	**$ 241,665**	**$ 78,043**	**$ 8,193**	**$ 327,901**

	2023			
(Canadian $ millions)	Within 1 Year	1 to 5 Years	Over 5 Years	Total
Commodity derivatives				
Futures	$ 184	$ —	$ —	$ 184
Swaps	588	—	—	588
Credit derivatives				
Credit default swap options	45,411	—	—	45,411
Credit default swaps	1,153	28,898	424	30,475
Currency derivatives				
Forwards	51,247	—	—	51,247
Options	5,453	1,294	66	6,813
Swaps	1,247	9,666	1,221	12,134
Equity derivatives				
Futures	12,009	—	—	12,009
Options	11,267	9,371	716	21,354
Swaps	63,864	21,090	2,833	87,787
Warrants	23	224	9	256
Interest rate derivatives				
Futures	1,259	4,187	—	5,446
Options	40,439	989	—	41,428
Swaps	4,926	22,661	2,652	30,239
Swaptions	1,278	320	100	1,698
Total	$ 240,348	$ 98,700	$ 8,021	$ 347,069

Note 4 – NET INVESTMENT INCOME

Net investment income based on investment assets and investment liabilities

The Plan's net investment income for the years ended December 31, presented by investment assets and investment liabilities, is as follows:

	2024					
(Canadian $ millions)	Net Interest and Dividend Income[(1)]	Net Gain (Loss) on Investments[(2)(3)]	Investment Income[(4)]	Management Fees	Transaction Costs	Net Investment Income
Cash and pending trades	$ (1,165)	$ (2,012)	**$ (3,177)**	$ —	$ —	**$ (3,177)**
Repurchase agreements	(1,490)	(1,580)	**(3,070)**	—	—	**(3,070)**
Fixed income						
Short-term securities	85	(1)	**84**	—	—	**84**
Bonds						
Canadian	2,513	307	**2,820**	—	—	**2,820**
Non-Canadian	702	972	**1,674**	—	—	**1,674**
Loans						
Canadian	1	1	**2**	—	—	**2**
Non-Canadian	95	116	**211**	—	(1)	**210**
	3,396	1,395	**4,791**	—	(1)	**4,790**
Equities						
Public equities						
Canadian	399	(11)	**388**	—	(2)	**386**
Non-Canadian	409	4,735	**5,144**	—	(14)	**5,130**
Private equities						
Canadian	32	52	**84**	(2)	(1)	**81**
Non-Canadian	610	3,658	**4,268**	(219)	(5)	**4,044**
	1,450	8,434	**9,884**	(221)	(22)	**9,641**
Real assets						
Real estate	572	611	**1,183**	(69)	(1)	**1,113**
Infrastructure	139	1,001	**1,140**	(23)	(2)	**1,115**
	711	1,612	**2,323**	(92)	(3)	**2,228**
Commodities	—	(6)	**(6)**	—	—	**(6)**
Alternative investments	28	1,225	**1,253**	(68)	—	**1,185**
Derivative instruments	—	(452)	**(452)**	—	(16)	**(468)**
Total	**$ 2,930**	**$ 8,616**	**$ 11,546**	**$ (381)**	**$ (42)**	**$ 11,123**

(1) Includes net operating income (loss) from investments in private equity, real estate, infrastructure and alternative investments.
(2) Includes net realized gains from investments of $1,611 million and change in unrealized gains from investments of $7,005 million.
(3) Includes gain (loss) from foreign exchange.
(4) Net of performance fees.

			2023			
(Canadian $ millions)	Net Interest and Dividend Income(1)	Net Gain (Loss) on Investments(2)(3)	Investment Income(4)	Management Fees	Transaction Costs	Net Investment Income
Cash and pending trades	$ (513)	$ 319	$ (194)	$ —	$ —	$ (194)
Repurchase agreements	(944)	437	(507)	—	—	(507)
Fixed income						
Short-term securities	218	2	220	—	—	220
Bonds						
Canadian	2,370	1,474	3,844	—	—	3,844
Non-Canadian	693	316	1,009	—	—	1,009
Loans						
Non-Canadian	61	19	80	—	—	80
	3,342	1,811	5,153	—	—	5,153
Equities						
Public equities						
Canadian	62	(763)	(701)	—	(2)	(703)
Non-Canadian	152	538	690	—	(13)	677
Private equities						
Canadian	24	192	216	(2)	(1)	213
Non-Canadian	234	1,904	2,138	(197)	(1)	1,940
	472	1,871	2,343	(199)	(17)	2,127
Real assets						
Real estate	571	(1,458)	(887)	(53)	—	(940)
Infrastructure	70	297	367	(21)	—	346
	641	(1,161)	(520)	(74)	—	(594)
Commodities	—	6	6	—	—	6
Alternative investments	—	375	375	(55)	—	320
Derivative instruments	—	3,323	3,323	—	(9)	3,314
Total	$ 2,998	$ 6,981	$ 9,979	$ (328)	$ (26)	$ 9,625

(1) Includes net operating income (loss) from investments in private equity, real estate and infrastructure.
(2) Includes net realized gains from investments of $8,564 million and change in unrealized losses from investments of $1,583 million.
(3) Includes gain (loss) from foreign exchange.
(4) Net of performance fees.

Note 5 – TRANSFERS OF FINANCIAL ASSETS

Financial assets transferred to HOOPP's counterparties

Transfers of financial assets result from HOOPP's arrangements with its counterparties, whereby the Plan:

- transfers the contractual rights to receive the cash flows of the financial assets; or
- retains the contractual rights to receive the cash flows of the financial assets, but assumes a contractual obligation to pay the cash flows to one or more recipients in an arrangement.

For HOOPP, transfers of financial assets to counterparties occur directly through securities lending arrangements. HOOPP also transfers financial assets indirectly through collateral pledged to counterparties as a result of investment strategies such as repurchase agreements, securities borrowing arrangements and derivatives. Transferred financial assets continue to be recognized as HOOPP's assets on the consolidated statements of financial position if the risks and rewards of ownership remain with HOOPP.

The following describes HOOPP's transactions that may result in the direct or indirect transfer of financial assets:

Securities lending program and other transfers of financial assets (direct)

The Plan participates in a securities lending program where it lends securities that it owns directly to third parties in exchange for a fee. The borrower provides cash or marketable securities of higher value as collateral which mitigates the credit risk associated with the program. The Plan also lends securities through a third party, in accordance with a securities lending agreement, in exchange for a fee.

The Plan also transfers financial assets received from HOOPP's counterparties as a result of various transactions. These financial assets have not been recognized on HOOPP's consolidated statements of financial position as the risks and rewards remain with the counterparty.

Collateral pledged (indirect)

i. Repurchase agreements

The Plan enters into repurchase agreements, whereby the Plan effectively sells securities and simultaneously agrees to buy them back at a specified price at a future date. The net position represents the fair value of collateral pledged, as a result of the change in value of the securities sold under repurchase agreements.

ii. Securities borrowing arrangements

The Plan enters into short positions, where it agrees to sell securities that it does not already own, to reduce or eliminate economic exposures as part of certain active management strategies and as an offset to long positions in some derivative strategies. The Plan borrows securities, or uses securities received through other strategies, to facilitate the taking of short positions. For securities borrowed, the Plan is required to pledge cash or marketable securities of higher value as collateral, which mitigates the counterparty's credit risk associated with the program.

iii. Derivatives

A transfer of financial assets only occurs when the Plan pledges collateral, typically in the form of cash, fixed income or equities, for obligations incurred in the ordinary course of trading in derivatives.

When the Plan pledges cash collateral for any of the above investment strategies, this cash is derecognized from the consolidated statements of financial position. A receivable for the equivalent amount is then recognized to reflect this cash collateral due from the Plan's counterparties.

In most cases, when collateral is pledged, the counterparty has the right to re-pledge, loan or use it under repurchase agreements in the absence of default by the owner of the collateral.

Financial assets received from HOOPP's counterparties

Securities are received from HOOPP's counterparties directly through securities borrowing arrangements, or indirectly through investment strategies such as securities lending arrangements, resell agreements, and derivatives, which give rise to the counterparty transferring or pledging collateral with HOOPP. These securities are only recognized as HOOPP's assets on the consolidated statements of financial position if the risks and rewards of ownership are transferred to HOOPP.

The following describes HOOPP's transactions that may result in financial assets received from its counterparties:

Securities borrowing arrangements (direct)

The Plan borrows securities, or uses securities received through other strategies, to facilitate the taking of short positions. For securities borrowed, the Plan is required to pledge cash or marketable securities of higher value as collateral which mitigates the counterparty's credit risk associated with the program.

Collateral received (indirect)

i. Resell agreements

The Plan enters into resell agreements, whereby the Plan effectively purchases securities and simultaneously agrees to sell them back at a specified price at a future date. The net position represents the fair value of collateral received, as a result of the change in value of the securities under resell agreements.

ii. Securities lending program

For securities lent, the borrower provides cash or marketable securities of higher value as collateral which mitigates the credit risk to the Plan, associated with the program.

iii. Derivatives

The Plan receives collateral, typically in the form of cash, fixed income or equities, for receivables recognized in the ordinary course of trading in derivatives.

When the Plan receives cash collateral for any of the above investment strategies, this cash is recognized on the consolidated statements of financial position. A liability for the equivalent amount is recognized to reflect this cash collateral due to the Plan's counterparties.

In most cases, when collateral is received, the Plan has the right to re-pledge, loan or use it under repurchase agreements in the absence of default by the owner of the collateral. On termination of the agreement, the Plan is obligated to return the collateral received to the owner. As at December 31, 2024, the fair value of total collateral rehypothecated by the Plan is $1,965 million (2023: $1,803 million).

Net position of financial assets transferred to and received from HOOPP's counterparties

As at December 31, the fair values and carrying amounts of HOOPP's direct and indirect transferred financial assets, their associated liabilities and receivables and the financial assets received from counterparties were as follows:

	2024		
(Canadian $ millions)	Repurchase Agreements	Securities Lending/Borrowing and Other Transfers	Derivatives
Fair value/carrying amount of financial assets transferred out[1]	$ —	$ 49,723	$ —
Fair value/carrying amount of collateral pledged[2]	49,699	44,216	7,842
Fair value/carrying amount of financial assets received[3]	—	(25,062)	—
Fair value/carrying amount of collateral received[4]	(7,994)	(36,829)	(5,845)
Fair value/carrying amount of associated receivables (note 2)	6,674	—	4,140
Fair value/carrying amount of associated liabilities[5]	(47,827)	(29,495)	(4,262)
Net position	**$ 552**	**$ 2,553**	**$ 1,875**

(1) Includes securities lent, both directly and through a third party, of $35,353 million, which have not been derecognized from HOOPP's consolidated statements of financial position as the risks and rewards remain with HOOPP. The remaining amount of $14,370 million represents other transfers of financial assets received from various transactions, which have not been recognized on HOOPP's consolidated statements of financial position as the risks and rewards remain with the counterparty.
(2) Includes cash collateral pledged of $1,079 million. The remaining amount represents securities that have not been derecognized from HOOPP's consolidated statements of financial position, as the risks and rewards remain with HOOPP.
(3) These securities have not been recognized on HOOPP's consolidated statements of financial position as the risks and rewards remain with the counterparty.
(4) Includes cash collateral received of $33,999 million. The remaining amount represents securities that have not been recognized on HOOPP's consolidated statements of financial position, as the risks and rewards remain with HOOPP's counterparty, or the third party's counterparty in accordance with the securities lending agreement.
(5) Includes $90 million of accrued investment liabilities relating to investments sold short. Amounts for repurchase agreements and derivatives are presented in note 2.

	2023		
(Canadian $ millions)	Repurchase Agreements	Securities Lending/Borrowing and Other Transfers	Derivatives
Fair value/carrying amount of financial assets transferred out[1]	$ —	$ 30,089	$ —
Fair value/carrying amount of collateral pledged[2]	35,769	41,244	6,329
Fair value/carrying amount of financial assets received[3]	—	(14,911)	—
Fair value/carrying amount of collateral received[4]	(8,303)	(20,722)	(5,271)
Fair value/carrying amount of associated receivables (note 2)	6,058	—	4,293
Fair value/carrying amount of associated liabilities[5]	(33,184)	(34,277)	(2,977)
Net position	$ 340	$ 1,423	$ 2,374

(1) Includes securities lent, both directly and through a third party, of $20,700 million, which have not been derecognized from HOOPP's consolidated statements of financial position as the risks and rewards remain with HOOPP. The remaining amount of $9,389 million represents other transfers of financial assets received from various transactions, which have not been recognized on HOOPP's consolidated statements of financial position as the risks and rewards remain with the counterparty.
(2) Includes cash collateral pledged of $3,925 million. The remaining amount represents securities that have not been derecognized from HOOPP's consolidated statements of financial position, as the risks and rewards remain with HOOPP.
(3) These securities have not been recognized on HOOPP's consolidated statements of financial position as the risks and rewards remain with the counterparty.
(4) Includes cash collateral received of $19,110 million. The remaining amount represents securities that have not been recognized on HOOPP's consolidated statements of financial position, as the risks and rewards remain with HOOPP's counterparty, or the third party's counterparty in accordance with the securities lending agreement.
(5) Includes $94 million of accrued investment liabilities relating to investments sold short. Amounts for repurchase agreements and derivatives are presented in note 2.

Note 6 – RISK MANAGEMENT

HOOPP's primary mission is to secure the pension promise for all of its members, pensioners and beneficiaries (HOOPP members). In order to accomplish this, the Plan must actively manage its net funded position (i.e., surplus or deficit). There are two major components to the net funded position, the Plan's going concern pension obligations and the Plan's net investments, which HOOPP manages and measures in concert. The risk that the imbalance between the net investments and pension obligations becomes a deficit is referred to as funding risk.

The Plan's investments are exposed to financial risks (i.e., market risk, credit risk and liquidity risk) through its investment activities.

HOOPP's Board is responsible, with the assistance of management, agents and advisors, for prudently managing, investing and administering the Plan in order to secure the pension promise for HOOPP's members. This requires Board oversight of the investments and pension obligations to ensure they are being managed in the best interests of HOOPP members. The Board has established a policy framework, which outlines the Board's risk tolerances, and which guides the development of investment strategies to meet HOOPP's overall objectives.

The cornerstone of the policy framework is the Funding Decision Framework. The Funding Decision Framework sets out criteria to be considered when contemplating changes to contribution rates and/or benefits levels, and establishes a target range for the Plan's funded ratio, which is the ratio of the Plan's net investments to its pension obligations. HOOPP's investment policy and strategic asset mix will also impact the Plan's funded ratio and can be altered to support the management of HOOPP's funded position.

Broadly, the Plan manages funding risk by:

- utilizing a long-term, liability-aware investing (LAI) strategy, which seeks to match pension obligations with portfolio exposures, and also incorporates additional factors, such as liquidity requirements, economic growth and inflation;
- setting and managing to a minimum and a target expected range for the Plan's funded ratio;
- annually reviewing the actuarial assumptions underlying the Plan's pension obligations to ensure continued appropriateness; and
- complying with the PBA, the ITA, the Plan's *Agreement and Declaration of Trust*, and the *Plan Text*.

The Board provides a framework for the investment of the Plan's investments through the following key documents, which collectively form HOOPP's policy framework, and which the Board reviews and approves at least annually:

- Investment Risk Framework – the Board's view of the Plan's risk tolerance;
- Statement of Investment Policies and Procedures (SIP&P) – investment guidelines for the management of the Plan, including objectives and how they will be reached; and
- Investment Policies and Guidelines (IP&G) – the Plan's policy benchmark, policy asset mix and detailed investment limits.

The Investment Management Division provides advice and recommendations to the Board about the investing of Plan investments to meet the Plan's target funding ratio and they design and execute investment strategies, in compliance with HOOPP's policy framework. The Risk Division, which is independent from the Investment Management Division, monitors the limits set out in the IP&G. Compliance reporting is provided quarterly to the Board's Asset Liability Management Committee (ALM Committee) and the Board.

The Board's ALM Committee oversees the management and investment of the Plan's investments and pension obligations. It monitors and evaluates the investment management process and performance of the Plan and reviews and recommends to the Board asset liability management policies. The ALM Committee also reviews, monitors and makes recommendations to the Board on matters such as actuarial valuations and the appointment and performance of the Board's external actuarial advisors.

The Board's Plan Committee (Plan Committee) oversees the Plan's benefits design and administration. It reviews, monitors and makes recommendations to the Board on matters such as proposed changes to benefits, Plan amendments, and contribution rates, as well as benefit administration. The Plan Committee also monitors compliance with legislative and regulatory requirements and the Board's policies.

Funding Risk

The primary risk that HOOPP faces is funding risk - the risk that the Plan's net investment growth and contribution rates will not be sufficient to cover the Plan's pension obligations resulting in an unfunded liability (i.e., a funding deficit). If the funding deficit reaches a certain level, or persists, it may need to be eliminated by reducing benefits, raising contributions, or a combination of both.

The Plan's net funded position can change relatively quickly if there are changes in the value of the Plan's net investments or pension obligations, which may result in a mismatch between the Plan's net investments and its pension obligations. The most significant economic contributors to funding risk are as follows:

- declines in interest rates;
- equity markets failing to achieve expected returns; and
- unexpected increases in inflation.

In addition to the economic contributors to funding risk listed above and further described in the Financial Risk Management section below, the Plan's pension obligations are also affected by non-economic factors such as changes in member demographics.

As at December 31, 2024, the Plan had a surplus for financial statement purposes of $10,438 million (2023: $10,181 million) based on the difference between the fair value of net assets available for benefits and the pension obligations. On a regulatory filing basis at December 31, 2024, the Plan had a regulatory filing surplus of $12,377 million, compared to $15,161 million as at December 31, 2023 (based on the smoothed asset value of net assets described in note 11).

The Board manages funding risk by monitoring and reviewing the funded ratio on an ongoing basis, relying on the results of various scenarios, to ensure it remains in the targeted range. If and when the future funded ratio falls outside the range, the Board determines whether changes to the investment policy, strategic asset mix, and contribution rates and/or benefits may be required.

When formulating the investment policy to effectively manage both risk and the net funded position, HOOPP must consider investment strategies that are suitable for the Plan's pension obligations. Failing to do this would result in greater volatility in the Plan's funded status, leading to a greater risk of making changes to benefits and/or contribution rates.

The Board's external actuary performs an annual valuation to determine the Plan's funded status and also forecasts future results.

HOOPP is registered with FSRA and is required to file a regulatory filing valuation periodically. It last filed a regulatory filing valuation for the year ended December 31, 2023. See note 12 for more information on HOOPP's regulatory filing valuation.

Financial Risk Management

The Plan's investment activities expose it to financial risks, which include:

- market risk (including interest rate risk, foreign currency risk and other price risk);
- credit risk; and
- liquidity risk.

Market risk

Market risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market prices, whether those changes are caused by factors specific to the individual investment or its issuer or factors affecting all securities traded in the market.

i. Interest rate risk

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates.

The Plan is exposed to interest rate risk as a result of the policy decision to invest in interest rate sensitive instruments as part of the LAI approach to investing.

Risk measurement

The Plan's interest rate sensitive portfolio is reviewed to ensure compliance to policy. The ALM Committee receives quarterly reports, which include interest rate exposure for the interest rate sensitive portfolio. As at December 31, 2024, a 1% increase in interest rates would have decreased the Plan's net assets available for benefits by $6,215 million (2023: $6,396 million); a 1% decrease in interest rates would have increased the Plan's net assets available for benefits by $7,181 million (2023: $7,836 million). While the increase/decrease in interest rates would have decreased/increased the value of the Plan's assets, longer-term trends in increases/decreases in interest rates would have also decreased/increased the value of the Plan's pension obligations.

Risk management

While the Plan's interest rate sensitive products are exposed to interest rate risk, this risk has been assumed purposefully as part of the LAI approach to offset the interest rate risk inherent in the Plan's pension obligations. HOOPP uses duration to measure the sensitivity of the fair value of fixed income investments to changes in market interest rates. HOOPP manages its exposure to investment interest rate risk by ensuring the modified duration of the fixed income mandates remains within the approved ranges of the respective benchmarks as stipulated in the IP&G and the overall asset mix remains within the approved policy weights specified in the IP&G. This is accomplished by rebalancing the portfolio on a regular basis and through the use of derivatives, including interest rate swaps, cross-currency swaps and interest rate futures.

ii. Foreign currency risk

Foreign currency risk is the risk that the fair value of a financial instrument denominated in a foreign currency will fluctuate due to changes in applicable foreign exchange rates. While HOOPP pension benefits are paid in Canadian dollars, some of the Plan's investments are denominated in other currencies. The Plan's significant foreign currency exposure (including through derivatives) as at December 31 is presented below. The table also includes the Canadian dollar equivalent impact of a 5% increase/decrease in the applicable foreign exchange rate on the Plan's net assets available for benefits.

	2024		
(millions)	**Local Currency**	**Canadian Dollar Equivalent**	**Impact of +/- 5% Change**
Chinese Yuan	**(758)**	**$ (149)**	**$ (5) / 11**
Japanese Yen	**(18,368)**	**(168)**	**(4) / 11**
United States Dollars	**10,839**	**15,591**	**796 / (776)**
Other[1]		**(41)**	**(1) / 5**
Total		**$ 15,233**	**$ 786 / (749)**

(1) Comprised of insignificant exposures to other foreign currencies not separately disclosed.

	2023		
(millions)	**Local Currency**	**Canadian Dollar Equivalent**	**Impact of +/- 5% Change**
Japanese Yen	(12,451)	$ (117)	$ (3) / 7
British Pounds	(48)	(81)	(4) / 4
United States Dollars	7,244	9,594	467 / (507)
Other[1]		98	5 / (5)
Total		$ 9,494	$ 465 / (501)

(1) Comprised of insignificant exposures to other foreign currencies not separately disclosed.

Risk measurement

The exposures to foreign currency are measured daily and reported monthly for compliance purposes. Each quarter, management provides the Board with reports and analysis, which include the impact of changes in foreign currency rates on the Plan's net assets available for benefits.

Risk management

While certain limited risk-taking activities are permitted, HOOPP manages its exposure to foreign currency risk by ensuring the exposures are effectively hedged in accordance with the limits stipulated in the IP&G. These limits generally require the Plan's foreign currency exposure to be hedged within a 15% (2023: 15%) tolerance of the Plan's net asset value. This is accomplished through the use of derivatives, which include foreign exchange forward contracts and cross-currency swaps.

iii. Other price risk

The Plan is also exposed to other price risk, which is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign currency risk). HOOPP is exposed to other price risk, which includes equity price risk through its investment in public equities and derivative instruments. HOOPP also invests in funds and securities linked to insurance contracts and is exposed to losses stemming from higher than expected insurance claims. The total fair value of investments linked to insurance contracts is $1,898 million (2023: $1,366 million).

The Plan's total exposure to price risk on public equities (including through derivatives) as at December 31 is presented below. The table also includes the impact of a 10% increase/decrease in the equity markets benchmark price index on the Plan's net assets available for benefits.

			2024	
(Canadian $ millions)	Effective Equity Exposure	% of Net Assets Available for Benefits	Benchmark	Impact of a 10% Increase/ (Decrease)
Canadian	$ 9,233	7.5 %	S&P/TSX 60 Total Return Index	1,049 / (1,045)
United States	8,146	6.6 %	S&P 500 Total Return Index	721 / (651)
International	12,189	9.9 %	Blend of International Indices(1)	1,209 / (1,206)
	$ 29,568			**2,979 / (2,902)**

(1) The blended benchmark is composed of the following international stock market indices: Dow Jones Euro Stoxx 50 Index, Tokyo Stock Price Index (Topix), FTSE 100, Swiss Market Index (SMI), SPI 200 Index, MSCI EM Index, MSCI World Climate Paris Aligned, S&P Global Clean Energy Custom Index, Nasdaq Clean Edge Green Energy Custom Index.

			2023	
(Canadian $ millions)	Effective Equity Exposure	% of Net Assets Available for Benefits	Benchmark	Impact of a 10% Increase/ (Decrease)
Canadian	$ 6,068	5.4 %	S&P/TSX 60 Total Return Index	610 / (603)
United States	9,140	8.1 %	S&P 500 Total Return Index	925 / (855)
International	14,187	12.6 %	Blend of International Indices(1)	1,432 / (1,416)
	$ 29,395			2,967 / (2,874)

(1) The blended benchmark is composed of the following international stock market indices: Dow Jones Euro Stoxx 50 Index, Tokyo Stock Price Index (Topix), FTSE 100, Swiss Market Index (SMI), SPI 200 Index, MSCI EM Index, MSCI World Climate Paris Aligned, S&P Global Clean Energy Custom Index, Nasdaq Clean Edge Green Energy Custom Index.

Risk measurement

HOOPP measures risk daily by monitoring exposure levels to Board approved limits, which include total equity exposure and single-name limits. Compliance limit reporting is provided to the Board on a quarterly basis. Sensitivity analysis is performed to measure the impact of equity market changes, to quantify the underlying risk and to ensure risk mitigation strategies are effective.

Risk management

HOOPP manages equity risk through diversification, by investing in major equity markets with benchmarks approved by the Board, and through physical and derivative markets in order to minimize non-systemic risk. Rebalancing occurs regularly to ensure the weighting of the equity investments, in respect to the overall value of the Plan, remains within the limits established by the Board.

Credit risk

Credit risk is the risk of loss associated with an obligor's potential inability or unwillingness to fulfill its contractual obligations.

Counterparty credit risk is the risk of loss in the event the counterparty (excluding clearing houses) defaults on a transaction, or otherwise fails to perform under the terms of a contract.

The Plan assumes credit risk exposure through its investment in fixed income instruments and the underlying reference bond of credit derivatives. Counterparty credit risk is introduced through the Plan's securities lent/borrowed, repurchase agreements and derivatives.

HOOPP has investment policies and procedures in place, which specify the requirements for using collateral to reduce the total net credit risk exposure to individual corporate entities. Only collateral of a certain quality is considered acceptable. Contracts with various counterparties are in place and define the terms under which collateral is transferred. Terms mav include minimum transfer amounts or thresholds. eligible securities, and rules for the settlement of disputes. The collateral pledged and received is the only recourse available to the counterparties of these transactions.

The Plan's total credit risk exposure as at December 31 was as follows:

	2024		2023	
(Canadian $ millions)	Total Credit Exposure	% of Total	Total Credit Exposure[1]	% of Total
Fixed income instruments[2]				
AAA	**$ 37,905**	**28.0 %**	$ 34,989	28.7 %
AA	**39,011**	**28.8 %**	42,419	35.0 %
A	**4,733**	**3.5 %**	8,544	7.0 %
BBB	**800**	**0.6 %**	2,187	1.8 %
BB or below	**4,083**	**3.0 %**	1,883	1.5 %
Credit derivatives	**10,176**	**7.5 %**	9,980	8.2 %
Counterparty credit risk exposure				
Derivative instruments	**924**	**0.7 %**	1,727	1.4 %
Repurchase agreements	**816**	**0.6 %**	698	0.6 %
Securities lending program	**36,878**	**27.3 %**	19,284	15.8 %
Maximum credit risk exposure	**135,326**	**100.0 %**	121,711	100.0 %
Credit risk protection (credit derivatives)	**(15,699)**		(16,977)	
Collateral received	**(34,375)**		(17,752)	
Total	**$ 85,252**		$ 86,982	

(1) The comparative amounts have been reclassified to conform with the current year's presentation and the Plan's updated framework for assigning credit risk ratings to securities issued or guaranteed by sovereign governments. This change resulted in $9,837 million of government bonds being reclassified from 'AAA' to 'AA' for the comparative period.
(2) Fixed income instruments include sovereign bonds issued or guaranteed by governments.

Risk measurement

HOOPP measures the risk by monitoring the Plan's exposure each day to credit based on Board-approved credit limits, which include overall exposure limits, single-name limits, and counterparty exposure to determine whether collateral should be requested. Counterparty credit risk exposure for financial contracts is measured by the positive fair value of the contractual obligations with the counterparties, less any collateral or margin received, as at the reporting date. Compliance reporting is provided quarterly to the ALM Committee and the Board. Investments in any one issuer are limited to 5% of the total net assets of the Plan.

Risk management

HOOPP's policy is to manage credit risk by placing limits on investments in below-investment grade debt, diversifying credit holdings, and limiting investments based on single-name issuer limits as stipulated by the Board in the IP&G. HOOPP assigns issue credit ratings to its fixed income instruments as determined by recognized credit rating agencies, where available. Where issue credit ratings are not available from a recognized credit rating agency:

- For fixed income instruments, other than sovereign debt, HOOPP assigns credit ratings based on an internal rating process.
- For fixed income instruments issued or guaranteed by sovereign governments, effective 2024, HOOPP assigns issuer credit ratings for these securities.

HOOPP will also employ the use of credit derivatives to achieve its objective of managing credit risk. HOOPP has a long-term focus on credit risk; therefore, changes in the market value of securities due to fluctuations in credit spreads are not of primary concern.

HOOPP mitigates counterparty credit risk by transacting exchange-traded derivative contracts and, when required, by dealing primarily with over-the-counter derivatives counterparties with a minimum credit rating of A, as determined by a recognized credit rating agency. HOOPP also uses an internal credit-limit monitoring process and has master netting arrangements in place and the right to obtain collateral, all of which mitigate counterparty credit risk. Exposure to any counterparty with whom the Plan has non-exchange traded derivative contracts shall not exceed the limits specified and approved by the Board in the IP&G. Counterparty exposure is determined daily and collateral is either requested or delivered in accordance with the agreements in place. Note 5 provides more information on collateral.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Risk measurement

On a daily basis, HOOPP forecasts cash flow requirements for up to one week to ensure sufficient cash is made available to meet short-term requirements.

Also, the ratio of assets available to cover potential margin calls is determined daily. When calculating the assets available for liquidity, factors such as market value, collateral pledged and received, securities purchased under resell agreements and securities sold under repurchase agreements, and securities lending and borrowing positions are considered. The potential margin call is based on the Plan's exposure to various derivatives and their potential daily market movement.

In addition, consideration is given to the Plan's financial liabilities, which include investment-related liabilities (note 2), accrued pension obligations (note 11), and contracts that give rise to commitments for future payments (notes 14 and 15).

Risk management

HOOPP manages liquidity risk by maintaining unencumbered high quality liquid assets (HQLA), which can be easily converted to cash or pledged, to meet liquidity requirements. HQLA mainly consist of sovereign, agency, supranational, provincial, municipal and corporate debt, as well as public equities. Investment income and contributions received can also be used to meet liquidity needs. These sources of funds are used to pay pension benefits, settle financial liabilities and pay for operating expenses. The composition of securities that comprise HQLA has been changed from the prior year to reflect the assets used by HOOPP to manage liquidity risk and, comparative amounts have been updated to conform with the current year's presentation. As at December 31, 2024, the plan held $45,743 million (2023: $47,842 million) of HQLA, after adjusting for related financial assets transferred or pledged, available to meet its obligations and liquidity requirements.

The plan determines the maturity of investment-related derivative and non-derivative liabilities based on the earliest period in which the plan is expected to settle these liabilities. As HOOPP may settle its derivative liabilities at fair value before their contractual maturity, these liabilities are considered to mature within one year. HOOPP's investment-related liabilities by maturity as at December 31 are as follows:

	2024			
(Canadian $ millions)	Within 1 Year	1 to 5 Years	Over 5 Years	Total
Cash overdraft	$ (295)	$ —	$ —	**$ (295)**
Securities sold under repurchase agreements	(47,827)	—	—	**(47,827)**
Short-term securities sold short	(1,124)	—	—	**(1,124)**
Bonds sold short	(10,314)	—	—	**(10,314)**
Equities sold short	(17,967)	—	—	**(17,967)**
Investment payables	(35,467)	—	—	**(35,467)**
Derivative instruments	(4,262)	—	—	**(4,262)**
Total	**$ (117,256)**	**$ —**	**$ —**	**$ (117,256)**

	2023			
(Canadian $ millions)	Within 1 Year	1 to 5 Years	Over 5 Years	Total
Securities sold under repurchase agreements	$ (33,184)	$ —	$ —	$ (33,184)
Bonds sold short	(10,921)	—	—	(10,921)
Equities sold short	(23,262)	—	—	(23,262)
Investment payables	(20,589)	—	—	(20,589)
Derivative instruments	(2,977)	—	—	(2,977)
Total	$ (90,933)	$ —	$ —	$ (90,933)

Other liabilities included in the Consolidated Statements of Financial Position of $224 million (2023: $188 million) are mainly due within 1 year.

Note 7 – OTHER ASSETS

As at December 31, other assets consist of the following amounts:

(Canadian $ millions)	2024	2023
Refundable withholding tax on contributions	**$ 315**	$ 247
Fixed assets and intangible assets	**36**	38
Other	**9**	7
Total	**$ 360**	$ 292

Note 8 – CONTRIBUTIONS

Contributions received are reconciled annually, within one year, to ensure the appropriate amounts have been remitted. To perform this reconciliation, HOOPP requires each employer to verify and update HOOPP's records for each of their member's service and contributions. With this information, HOOPP performs a reconciliation for each employer to determine if the correct amount of contributions has been remitted to HOOPP. Once this reconciliation is complete, HOOPP is able to calculate the amount of any differences related to contributions. Any shortfalls are recovered from the employer and any overpayments are refunded or credited towards future remittances.

Contributions received or receivable during the years ended December 31 were comprised of the following:

(Canadian $ millions)		2024		2023
Employers				
Current service contributions	**$**	**1,965**	$	1,795
Members				
Current service contributions		**1,559**		1,424
Past service contributions from members		**49**		46
Transfers from other plans		**53**		132
		1,661		1,602
Total	**$**	**3,626**	$	3,397

Note 9 – BENEFITS PAID

Benefits paid during the years ended December 31 were comprised of the following:

(Canadian $ millions)		2024		2023
Retirement pension and bridge benefits	**$**	**3,315**	$	3,054
Death benefits		**218**		207
Disability benefits		**77**		77
Commuted value transfers		**211**		233
Refunds and transfers to other plans[1]		**69**		72
Total	**$**	**3,890**	$	3,643

(1) Includes transfers to other plans of $27 million (2023: $34 million).

Note 10 – OPERATING EXPENSES

For the years ended December 31, HOOPP incurred operating expenses for Investment and Plan related activities as follows:

(Canadian $ millions)		2024		2023
Investment[1]				
Administration	**$**	**320**	$	272
Legal, actuarial and other professional fees[2]		**11**		9
Custodial		**4**		4
		335		285
Plan[1]				
Administration		**137**		128
Legal, actuarial and other professional fees[2]		**5**		5
		142		133
Total	**$**	**477**	$	418

(1) Based on an allocation of corporate expenses that includes direct and indirect expenses associated with Investment and Plan related activities. Costs are allocated using estimates of time associated with each activity.

(2) Includes amounts paid or payable to the auditors pertaining to statutory audit services of $1,754,000 (2023: $1,371,000), audit-related services of $560,000 (2023: $717,000) and non-audit services of $289,000 (2023: $37,000). Also includes amounts paid or payable to the Plan's actuarial advisor pertaining to actuarial services of $407,000 (2023: $398,000).

Note 11 – PENSION OBLIGATIONS

Pension Obligations

The pension obligations are based on management's assumptions and include a provision for expenses. The Plan provisions considered in the valuations were those in effect at the valuation dates.

Estimates used for financial reporting purposes reflect management's expectations of long-term economic and demographic conditions. The primary economic assumptions include the discount rate, salary escalation rate and price inflation. The non-economic assumptions include considerations such as mortality, withdrawal and retirement rates.

The discount rate is based on the long-term expected fund return and includes a margin for conservatism, as appropriate for a funding valuation. The price inflation rate is based on the expected CPI rate.

Net impact from changes to non-economic and economic assumptions resulted in an actuarial loss of $3,337 million (2023: actuarial loss of $2,893 million).

Changes to non-economic assumptions

Studies of the demographic assumptions were undertaken in 2024 with updates to certain assumptions being adopted as at December 31, 2024. The updates include the adoption of custom base mortality tables that reflect HOOPP member experience, and the adoption of the proposed mortality improvement scale published in 2024 by the Canadian Institute of Actuaries. These changes involved significant judgment by management and were reviewed by the Plan's actuarial advisor for reasonableness and approved by the Board.

Changes to economic assumptions

To determine the pension obligations as at December 31, 2024 and December 31, 2023, the following economic assumptions were analyzed and reviewed by management and the Plan's actuarial advisor for reasonableness and approved by the Board for financial reporting purposes:

	2024	2023
Discount rate(1)	**5.65 %**	5.65 %
Rate of price inflation(2)	**2.00 %**	2.00 %
Real discount rate	**3.65 %**	3.65 %
Salary escalation rate	**3.50 %**	3.50 %

(1) Net of allowance for investment and plan expenses of 0.40% (2023: 0.40%).

(2) Rate of price inflation of 2.0% per annum (2023: 2.6% for 2024, 2.1% for 2025 and 2.0% per annum thereafter). Assumed inflation protection: 100% of CPI for all years of service, notwithstanding its discretionary nature (2023: 100% of CPI for all years of service, notwithstanding its discretionary nature).

Actuarial Methodology for Financial Reporting

For the determination of the actuarial present value of the pension obligations as at December 31, 2024, an actuarial valuation was conducted by Mercer (Canada) Limited. The valuation uses the projected accrued benefit actuarial cost method with respect to all benefits and assumes that the Plan will continue on a going concern basis. The data used in the valuation was based on members' demographic data provided by HOOPP management as at October 1, 2024 and members' pay data provided as at December 31, 2023, all of which were projected to December 31, 2024 using management's estimates of experience for the intervening periods. The pensionable earnings estimates were determined based on 2023 experience and estimate assumptions.

Using this method and data, the pension obligations (or going concern actuarial pension obligations) as at December 31, 2024, were $112,579 million (2023: $102,454 million).

Experience Gains and Losses

Experience gains and losses represent the change in the pension obligations due to the difference between actual economic and demographic experience and assumed economic and demographic experience. The Board has the discretion to provide ad hoc inflation protection for retirees and deferred retirees and the experience gains and losses include discretionary ad hoc inflation increases granted by the Board that differ from the ad hoc inflation increases assumed in the pension obligation at the prior year end.

The net experience loss for 2024 is $271 million (2023: loss of $1,538 million).

Plan Provisions

During 2024, the Board approved an amendment to the Plan provisions for eligible members active in the Plan on or after July 1, 2024, which increased the benefit formula accrual rate in respect of contributory service in 2023. The additional impact for this improvement was an increase to the pension obligations of $604 million as of January 1, 2024.

During 2024, the Board also approved an amendment to the Plan provisions to include an option for incorporated physicians to join the Plan effective January 1, 2025. This amendment had no impact on the pension obligations as at December 31, 2024.

Surplus

According to the Handbook, the surplus for consolidated financial statement presentation purposes is the difference between the value of net assets available for benefits and the pension obligations. The surplus for consolidated financial statement purposes on December 31, 2024, was $10,438 million (2023: $10,181 million).

The net assets value used for regulatory filing purposes, referred to as the “smoothed” value of net assets, is determined in a manner that reflects long-term market trends consistent with assumptions underlying the actuarial present value of pension obligations. The smoothed value of net assets is determined by taking an average of the current market value of net assets and the market values for the four preceding years. The market values for the four preceding years are adjusted for contributions, benefit payments and operating expenses (for periods prior to 2020). They are also adjusted to include assumed investment return, which is based on long-term expected fund returns. The regulatory filing surplus on December 31, 2024, was $12,377 million (2023: $15,161 million).

The market value of net assets available for benefits is less than the smoothed value of net assets, resulting in a difference between the surplus for consolidated financial statement purposes and that for regulatory filing purposes of $1,939 million at December 31, 2024 (2023: $4,980 million).

Note 12 – REGULATORY FILING VALUATION

In accordance with the PBA and the ITA, an actuarial valuation is required to be filed at least every three years to estimate the Plan's surplus or deficit, and to determine the Plan's minimum funding requirements. Mercer (Canada) Limited, prepared the last actuarial valuation for regulatory filing purposes, as at December 31, 2023, and a copy of that valuation was filed with FSRA and CRA. The effective date of the next required valuation is December 31, 2026.

The funding valuation method used to determine the pension obligations is the projected accrued benefit actuarial cost method. Under this method, the pension obligations are determined by calculating the actuarial present value of benefits based on service at the valuation date and projected final average earnings. The actuarial current service cost of benefits is determined based on benefits (with projected final average earnings) in respect of service in the year following the valuation date, a portion of which is covered by member contributions.

Mercer (Canada) Limited, in consultation with management, recommended the actuarial assumptions to be used for the regulatory filing valuation. The economic assumptions used for the December 31, 2023 regulatory filing valuation were as follows:

	Rates
Discount rate[1]	**5.65 %**
Rate of price inflation[2]	**2.00 %**
Real discount rate	**3.65 %**
Salary escalation rate	**3.50 %**

(1) Net of allowance for investment and plan expenses of 0.40%.

(2) Rate of price inflation: 2.6% for 2024, 2.1% for 2025 and 2.0% per annum thereafter. Assumed inflation protection: 100% of CPI for all years of service, notwithstanding its discretionary nature.

The most recent regulatory filing valuation conducted as at December 31, 2023, disclosed a smoothed value of net assets of $117,615 million with accrued going concern pension obligations of $103,058 million, resulting in a going concern regulatory filing surplus of $14,557 million. The obligations reflected the benefit improvement approved by the Board in 2024 in respect of contributory service in 2023 disclosed under Plan Provisions in note 11. In accordance with the PBA, the solvency deficiency as at December 31, 2023 was $nil.

Note 13 – RETIREMENT COMPENSATION ARRANGEMENT

Under the RCA, total pension benefits are calculated using the pension formula disclosed under the Description of the Plan based on a member's total pensionable earnings. Benefits payable from the RCA are then determined as those which exceed amounts permitted under the ITA for an RPP. The net asset value available for RCA benefits as at December 31, 2024 was $582 million (2023: $461 million).

Note 14 – RELATED PARTY TRANSACTIONS

As at December 31, a wholly-owned subsidiary of the Plan held a significant ownership interest in a commercial office building. The Plan is also a tenant in this office building. The term of the lease is 15 years with two renewal options, each for 5 years. The lease payments are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The total expenses incurred related to the lease, including common area maintenance, utilities, tenant inducements and property taxes for the year ended December 31, 2024 was $11 million (2023: $11 million).

The future minimum lease payments by year, and in aggregate, are as follows:

(Canadian $ millions)	2024
2025	$ 7
2026	8
2027	9
2028	9
2029	9
Thereafter	73
Total minimum lease payments	**$ 115**

Note 15 – COMMITMENTS

As part of normal business operations, the Plan has committed to enter into investment and other transactions including funding of real estate, private equity, infrastructure and alternative investments and extending credit in the form of loans. For loan commitments, the maximum exposure to credit risk is the committed undrawn amount under the agreements. These commitments will be funded over the next several years in accordance with agreed-on terms and conditions. As at December 31, the Plan's commitments, excluding those commitments that are deemed insignificant to be disclosed, are as follows:

(Canadian $ millions)	2024	2023
Funding commitments	**$ 16,344**	$ 17,889
Loan commitments	**112**	123
Total	**$ 16,456**	$ 18,012

Note 16 – CAPITAL

HOOPP defines its capital as the Plan's surplus or deficit. The objective of managing the Plan's capital is to ensure that the Plan is fully funded in order to meet the pension obligations over the long term. Refer to note 6 for further disclosure on HOOPP's capital.

Note 17 – GUARANTEES, INDEMNIFICATIONS AND CONTINGENCIES

Guarantees are contracts under which the guarantor is required to make payment to a third party where a principal obligor fails to pay or perform a stated obligation owed to that party. Indemnification agreements are similar to guarantees in that the indemnifying party may be required to make payments to the indemnified party in the event that the indemnified party incurs certain specified losses or expenses, often as a result of the act or omission of the indemnifying party.

Guarantees

The Plan indirectly guarantees the underlying reference obligations when it sells credit protection (i.e., it commits to compensate the counterparty in the event of a default in relation to the reference obligation). The maximum potential exposure is the notional amount of the credit protection sold. However, when carefully structured and coupled with other hedging instruments, the exposure can be limited with certainty. The notional amount, fair value and the term to maturity of the credit protection sold by the Plan are disclosed in note 3. The nature of any assets held as collateral is disclosed in note 5.

Indemnifications

According to the Agreement and Declaration of Trust, the Plan may indemnify its trustees and employees against certain claims that may be made against them. In addition, the Plan may in certain circumstances in the course of the Plan's investment activities and its normal course of operations, agree to indemnify a contractual counterparty. Under the terms of these various arrangements, the Plan may be required to compensate counterparties for costs incurred because of various contingencies such as legal claims or changes in laws and regulations. The number of such agreements, the range of indemnifications and the contingent nature of the liabilities in such agreements, prevent HOOPP from making a reasonable estimate of the maximum amount that would be required to pay all such indemnifications. As at December 31, 2024, the amount recorded as a liability for claims under these arrangements was $nil (2023: $nil).

Contingencies

As at December 31, 2024, the Plan was involved in defending against certain claims, such as tax claims, or asserting claims against third parties. The outcome and possible impact to the Plan of such litigation or claims is inherently difficult to predict. It is the opinion of management that any impact that may result would not have a significant adverse effect on the Plan's consolidated financial statements.

Climate disclosures

Climate disclosures

> We recognize climate change presents material risks and opportunities that need to be considered in delivering on our pension promise. In 2023, HOOPP published its Climate Change Strategy, which includes an objective to achieve net-zero emissions in our portfolio by 2050. Our plan to achieve net-zero portfolio emissions is a multi-decade goal. To achieve that long-term goal, we designed interim 2025 and 2030 targets that work in tandem, with each reinforcing the other. Read our **Climate Change Strategy** to learn more.

In November 2021, the International Sustainability Standards Board (ISSB) was formed in response to the need for a global baseline for sustainability disclosures. Following the consolidation of various sustainability reporting initiatives, such as the Task Force on Climate-related Financial Disclosure (TCFD) and the Sustainability Accounting Standards Board (SASB), the ISSB issued its first two sustainability disclosure standards in June 2023: IFRS S1, *General Requirements for Disclosure of Sustainability-related Financial Information* (IFRS S1) and IFRS S2, *Climate-related Disclosures* (IFRS S2). In June 2023, along with other leading Canadian pension plans, HOOPP called on companies focused on long-term value to adopt the ISSB disclosure standards. In December 2024, the Canadian Sustainability Standards Board (CSSB) issued its first two sustainability disclosure standards based on IFRS S1 and IFRS S2, which HOOPP also publicly supported along with other Canadian pension plans.

IFRS S2 incorporates the recommendations of the TCFD, which was the basis for HOOPP's climate disclosures in previous years. HOOPP has augmented our 2024 climate disclosures to more closely align with the ISSB's and CSSB's standards. In addition, HOOPP has obtained limited assurance over specific year-end 2021 and 2024 metrics. See page 66 for the limited assurance report.

Governance

Board oversight of climate-related risks and opportunities

Climate change considerations are a key priority overseen by HOOPP's Board and the Board oversaw the development of HOOPP's Climate Change Strategy. Each of the Governance, Asset-Liability Management (ALM) and Audit & Finance (A&F) Committees have mandates that include oversight activities related to HOOPP's Climate Change Strategy and play a critical role in HOOPP's climate change governance.

On an annual basis, investment management performance objectives include a climate-related component that is linked to compensation. The Board oversees the compensation process.

See page 49 for a more detailed description of HOOPP's governance.

Management's role in assessing and managing climate-related risks and opportunities

HOOPP's management team has established a Climate Change Standing Committee, chaired by the Chief Executive Officer (CEO), focused on overseeing the implementation of our Climate Change Strategy, which includes our net-zero portfolio plan and climate disclosures. This committee includes the Chief Investment Officer (CIO), Chief Risk Officer (CRO), Chief Operating Officer (COO), Chief Financial Officer (CFO) and Chief Legal Officer (CLO).

The Investment Risk Committee (IRC), chaired by the CEO, reviews and approves key investment decisions. All investment proposals that are brought to the IRC include a review of relevant climate change factors. Additionally, HOOPP's management established the IRC Sustainable Investing Sub-Committee, which includes the CIO and CRO, and oversees the development of climate-related policies, strategies and frameworks.

Strategy

Climate-related risks and opportunities and the impact on HOOPP's business, strategy, and financial planning

We recognize climate change poses material risks to HOOPP, including both physical and transition risks. Physical risks involve direct impacts, such as the increased frequency of extreme weather events, rising sea levels, and shifts in climate patterns that could impact the value of our investments through time. In the medium term (three to 10 years) and long term (over 10 years), physical risks could increase in frequency and severity if global warming accelerates. Transition risks arise from changes in regulations, technological advancements, and evolving consumer preferences toward sustainability, among other things, which can affect prices across sectors and markets in the short term (one to three years), medium term and long term. In the short and medium term, rapid policy change could lead to increased costs for carbon-intense companies and growth opportunities for carbon-efficient alternatives.

Climate change also presents significant opportunities to generate attractive risk-adjusted returns for our members. HOOPP invests in climate-related opportunities across sectors and asset classes, ranging from early-stage climate technologies to utility-scale infrastructure investments. We expect this space to continue evolving rapidly, and the opportunity set to change. In response, we stay informed about emerging trends, regulatory changes, and technological advancements in different sectors.

Consideration of material risks and opportunities from climate change are integrated into our strategic planning process and investment management approach. By anticipating risks and opportunities, HOOPP can seek to protect existing assets and explore new avenues for growth in a rapidly changing landscape.

Resilience of HOOPP's strategy to climate-related scenarios

HOOPP has integrated climate risk into our risk management framework. We have also conducted top-down scenario analysis and bottom-up climate risk assessments on our investment portfolio.

The bottom-up climate-risk assessments aim to identify investments in our portfolio that are more susceptible to potential physical and transition risks associated with climate change. In 2024, HOOPP focused this analysis on asset classes that have longer holding periods and are not traded in public markets, such as direct investments in real estate, infrastructure and private equity.

Our top-down scenario analysis, conducted at least annually, includes investments across all asset classes. Our scenario analysis methodology transforms climate scenarios into macroeconomic and financial variables, which are then used to produce climate-adjusted risk-return metrics, specific to each asset class and sector. In 2024, our analysis incorporated five distinct climate scenarios aligned in severity with the Network for Greening the Financial System (NGFS) scenarios. The five scenarios are:[4]

Net-Zero	Net-Zero Financial Crisis	Delayed Net-Zero	Limited Action	High Warming
+1.5°C global rise in temperatures	+1.5°C global rise in temperatures	+2°C global rise in temperatures	+2.6°C global rise in temperatures	+3.7°C global rise in temperatures

The Net-Zero scenario sees disruption in the short and medium term as immediate climate action comes into effect, whereas the Net-Zero Financial Crisis scenario results in greater disruption and market dislocation and sentiment shock in the short term. In both the Limited Action and High Warming scenarios, the physical impacts of climate change continue to increase in severity and result in more pronounced negative economic impacts over the long-term relative to the other scenarios. All these climate scenarios result in a negative impact to the Fund, with the size of the potential impact to the projected funded ratio increasing with the severity of the climate scenario.

Climate scenario analysis is a useful tool to illustrate potential directional impacts to the Fund. However, the results depend significantly on underlying assumptions, which can vary significantly based on the methodologies used to translate climate pathways into economic and financial outcomes. Consequently, top-down scenario analysis is just one of several tools that management uses to assess and manage our climate-risk exposure. As global standards and best practices for scenario analysis evolve, we are committed to refining our capabilities to align with these advancements.

Risk management

Processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management

Climate risk is considered in our risk appetite framework and identified in our investment risk frameworks, alongside other key risks to the Fund. These risk frameworks are regularly reviewed by the Board. The Risk division ensures our risk management and compliance systems, practices and monitoring continue to evolve to meet our future needs.

We integrate climate-risk analysis throughout the investment life cycle, including incorporating climate risk into our portfolio stewardship activities. When voting our proxies for public companies, we consider withdrawing support for the relevant board members if a company does not provide adequate disclosure of climate-risk management or is not effectively managing climate-related risks to the company. We engage with our investee companies to act on climate-related risks with a view to helping them increase the resilience of their business models. We do this directly with companies and through collaborative investor initiatives like **Climate Engagement Canada** and **Climate Action 100+**.

HOOPP's processes for identifying, assessing, and managing climate-related risks and opportunities

Our Investment Management division assesses relevant climate-related risks and opportunities as part of the due diligence on potential investments. Our Risk division supports these activities through additional oversight. Climate-related assessments can include physical risk assessments, evaluating opportunities to decarbonize assets, and conducting stranded asset analysis. For externally managed funds, we review and evaluate the external manager's approach to assessing and managing climate risk in their investment process.

We continue to monitor climate analysis best practices and evaluate tools that enable assessment of climate-related risks.

[4] The 2°C or lower scenarios are aligned with the 2015 Paris Agreement.

Metrics and targets

Metrics and targets used by HOOPP to assess and manage climate-related risks and opportunities

In 2022, HOOPP set the objective to achieve a net-zero portfolio by 2050, while also establishing interim 2025 and 2030 targets. See page 46 for Interim climate change targets. For additional details on HOOPP's methodology used to calculate the relevant metrics, refer to the Scope and methodology of HOOPP's PCF metrics section on page 64.

Performance against HOOPP's interim targets

HOOPP evaluates progress towards our 2030 interim targets on at least an annual basis. In 2024, we saw a reduction in our portfolio carbon footprint, with the result being the same as our 2030 target. While encouraging, we do not expect the trajectory of our portfolio carbon footprint to follow a linear path, and we will continue working towards achieving our 2030 target. We also made progress towards our 2030 green investments and credible transition plan targets. As at December 31, 2024, we have more than $11 billion in green investments. We also worked with various portfolio companies and investment partners to set credible transition plans.

Our interim targets are designed to work in tandem and we are on track to deliver on our climate goals, recognizing substantial effort will be needed to achieve all targets.

Portfolio Carbon Footprint (PCF) Metrics[5]

The table below includes metrics by year and by asset class category.

	Public Assets[6]			Private Assets[6]			Total		
	2024	2023	2021 (baseline)	2024	2023	2021 (baseline)	2024	2023	2021 (baseline)
Portfolio carbon footprint (tCO_2e/ million dollars invested)[7]	38	50	54	18	23	24	28	36	41
Absolute greenhouse gas (GHG) emissions (tCO_2e)[8,9]	1,218,038	1,460,670	1,820,096	657,572	717,283	629,331	1,875,610	2,177,953	2,449,427
% of in-scope investments with company-reported emissions[10]	86%	86%	75%	63%	48%	44%	74%	66%	62%
PCAF data quality score[11]	2.3	2.3	2.5	2.7	3.1	3.3	2.5	2.7	2.8
Exposure value of assets in-scope for the PCF metrics ($ million)[12]	31,669	29,207	33,567	36,431	31,151	26,262	68,100	60,358	59,829

[5] Certain previously disclosed PCF metrics have been updated to conform with the current year presentation. Refer to "Short Positions" for additional details. Our absolute emissions were updated for 2021 to 2,449,427 tCO_2e (2,477,468 tCO_2e previously reported) and 2023 to 2,177,953 tCO_2e (2,194,771 tCO_2e previously reported). Company reported emissions were updated for 2021 to 62% (65% previously reported). Company reported emissions for 2023 remained unchanged.
[6] Public Assets include investments in HOOPP's public equity beta portfolio. Private Assets include investments in private equity, infrastructure and real estate.
[7] PCF is a carbon intensity metric calculated as absolute emissions divided by the portfolio exposure of in-scope investments expressed in tCO_2e per million dollars invested.
[8] Absolute greenhouse gas emissions (GHG emissions or carbon emissions) are the share of a portfolio company's emissions attributed to HOOPP based on our ownership expressed in tCO_2e.
[9] For 2024, absolute GHG emissions includes 41,826 tCO_2e netted for short positions (2023 – 16,818 tCO_2e, 2021 – 39,065 tCO_2e).
[10] Company-reported emissions refer to emissions data directly reported by HOOPP's investee companies (i.e., not estimated).
[11] Emissions data is a combination of reported and estimated data. The data quality score for each of 2024, 2023 and the 2021 is based on the Partnership for Carbon Accounting Financials (PCAF) data quality scoring methodology, where 1 is the highest quality, most certain level of emissions data and 5 is the lowest quality, least certain level of emissions data.
[12] Exposure for public equity derivative instruments is the notional value of the derivates. For all other public equity and private asset holdings, exposure is the net asset value of the assets.

In 2024, our PCF decreased by 22% and 32% compared to 2023 and 2021, respectively. The decline in the PCF is attributed to changes in geographical and sector weights of the Public Assets, emissions reductions in some of our Private Assets and new direct private investments in low-carbon sectors. The percentage of investments with company-reported emissions increased by 8% and 12% compared to 2023 and 2021, respectively. This increase is mainly due to a higher number of our private investments reporting GHG data.

The progress towards our goals and targets will be impacted by a variety of factors including, but not limited to, policy, technology and market developments. PCF metrics are not a complete measure of climate risk. As a result, we continue to review alternative measures of climate risk. PCFs are backward-looking metrics and, as such, do not factor in forward-looking plans to reduce emissions. Data can be dated and unavailable to investors, requiring estimation of emissions or exclusion from the portfolio footprint calculation. PCF can also fluctuate due to changes in market pricing, rather than changes in carbon emissions or holding size.

Short positions

In 2024, to better reflect how our public equity beta portfolio is managed and rebalanced, HOOPP updated our PCF metrics to include short positions. As a result, HOOPP's net long exposure for the public equity beta portfolio is presented in the PCF Metrics table above, with details in the table to the right. In prior years, the long-only exposure for the public equity beta portfolio was presented.

Within this portfolio, HOOPP's short exposures are only taken against existing long exposures and net short exposures are not permitted. As a result, net negative emissions are not included in the PCF.

This update impacted absolute emissions, but it did not impact the PCF for 2024, 2023 or the 2021 baseline. Also, our 2030 PCF target of 28tCO2e remains unchanged.

Public Assets
Absolute greenhouse gas emissions (tCO_2e)

	2024	2023	2021 (baseline)
Long-only	1,259,864	1,477,488	1,859,161
Short positions	41,826	16,818	39,065
Net long exposure	1,218,038	1,460,670	1,820,096

Scope 3 emissions

In addition to calculating our portfolio's Scope 1 and Scope 2 GHG emissions, we continue to track our portfolio's Scope 3 GHG emissions. When Scope 3 emissions are not reported by our portfolio companies, we estimate the emissions using the same estimation methodology used for Scope 1 and 2 emissions as described on the following page. In 2024, 21% of our in-scope investments reported Scope 3 GHG emissions data. Although HOOPP has initiated the calculation of our portfolio's Scope 3 emissions for all in-scope investments, we do not include those emissions in our PCF metric at this time due to the level of estimation uncertainty.

Credible transition plans

HOOPP engages with investee companies and encourages them to adopt credible transition plans. Investee companies with credible transition plans add resilience against climate change to HOOPP's portfolio. We employ a list of criteria, based on external frameworks,[13] to assess the credibility of companies' transition plans. These criteria include having near-term targets that are based on a science-based trajectory towards achieving net-zero, a plan that applies across the company's main business activities and major sources of GHG emissions, and reporting on progress at least annually.

By 2030, HOOPP's aim is for 50% of infrastructure and private equity investments through HCP to have credible transition plans. We are initially focusing on the two asset classes because we typically have a larger ownership stake and tend to hold these assets for longer periods of time, and therefore can strive to use our influence. As at December 31, 2024, 21% of these investments have credible transition plans.

Green investments[14]

We seek to identify and invest in attractive green investment opportunities, including green bonds, clean energy and technology, energy efficiency and conservation, and more. Green investments provide an opportunity to generate attractive risk-adjusted returns and contribute to progress towards our net-zero goal. By 2030, HOOPP aims to commit $23 billion of capital in green investments. As at December 31, 2024, we have more than $11 billion in green investments.

Other targets

In 2024, HOOPP continued to exclude new direct investments in private thermal coal and oil exploration and production companies. HOOPP is also progressing towards our 2030 goal of reducing our real estate portfolio's emissions by 50% on an absolute basis through initiatives at our owned properties under our operational control. Read more about our progress in our **Real Estate Sustainability reporting**.

[13] External frameworks referenced: Science Based Targets Initiative, United Nations Environment Program, IIGCC Corporate Climate Transition Plans: A guide to investor expectations, TCFD Guidance on Metrics, Targets and Transition Plans, Climate Policy Initiative Credible Transition Plans.

[14] To define green investments in our private portfolios, we reference the Climate Bonds Initiative (CBI) taxonomy, a set of criteria used globally by investors, issuers and governments, and financial markets to prioritize investments which contribute to addressing climate change. To define green investments in our publicly traded assets, we use a third party that maps companies' activities to the climate-related United Nations Sustainable Development Goals. We also consider investments in green and sustainability bonds, typically developed in accordance with the International Capital Market Association's Green Bond Principles and Sustainability Bonds Guidelines.

Scope and methodology of HOOPP's PCF Metrics

In-scope investments include public equity exposure in the beta portfolio,[15] direct and fund private equity investments through HCP, all direct and fund infrastructure investments, and direct real estate investments.

Out-of-scope investments include short-term investments, such as cash and commercial paper, alternative investments, securities purchased under resale agreements, fixed income and other derivatives, and real estate and private equity investments not currently included in the "in-scope investments".

We aim to increase the coverage of our PCF metrics over time to include asset classes that are currently out of scope.

HOOPP uses the enterprise value method recommended by the Partnership for Carbon Accounting Financials[16] (PCAF), and adapted this approach per the formula below, to calculate our PCF metrics. Our PCF metrics include the Scope 1 and Scope 2 emissions of the in-scope investments. HOOPP has initiated the estimation of Scope 3 portfolio emissions but due to the level of estimation uncertainty, excluded those emissions in our PCF metrics at this time.[17]

HOOPP's PCF metrics are calculated as at year-end, December 31. We use year-end net asset values of in-scope investments for the reported years. Due to different reporting timelines, our investee companies may provide GHG emissions data[18] and enterprise value data[19] after publishing their financial data. Therefore, the most up-to-date greenhouse gas emissions data and enterprise value data available at the time of the calculation are used. The available data may be up to two years behind the current reporting year. We expect the lag in data reporting to reduce as climate disclosure standards are adopted globally. When GHG emissions are considered outdated or not available, we use estimates based on comparable publicly listed companies or industry sector averages.

$$\textbf{Portfolio Carbon Footprint} = \frac{\sum_i [(\text{Ownership share}) * (\text{Scope 1 + 2 emissions})]_i}{\text{Asset value (\$ million)}}$$

At the individual investment level *i*, ownership share for:

- Infrastructure, private equity and directly held public equity is HOOPP's equity divided by the enterprise value including cash (EVIC) of the investment;
- Derivative instruments in public assets is HOOPP's notional value divided by EVIC of the instrument;
- Real estate is HOOPP's equity divided by the Gross Asset Value (GAV) of the property.

Scope 1 + 2 emissions are calculated in tonnes of carbon dioxide equivalent (tCO_2e).[20,21]

Asset value for infrastructure, private equity, real estate and directly held public equity instruments is the Net Asset Value (NAV). Asset value for derivative instruments in public assets is the notional value.

[15] HOOPP's beta portfolio includes direct public equity holdings and public equity exposure through total return swaps and futures contracts.
[16] PCAF (2022). The Global GHG Accounting and Reporting Standard Part A: Financed Emissions. Second Edition.
[17] Scope 1, 2, and 3 emissions (as defined in the GHG Protocol Corporate Accounting and Reporting Standard) are categories used to calculate a company's GHG emissions:

- Scope 1 - Direct emissions from sources owned or controlled by the company, such as burning fuel in company vehicles or emissions from on-site boilers.
- Scope 2 - Indirect emissions from the generation of purchased energy, such as electricity used in offices or purchased heating or cooling for office buildings.
- Scope 3 - All other indirect emissions that occur in the company's value chain, including upstream and downstream emissions.

[18] Reported GHG emissions data is sourced from MSCI's ESG Manager or directly from investees. Estimated GHG emissions are based on either estimates provided by MSCI ESG Research LLC or industry averages based on reported data.
[19] Enterprise value data is sourced from Blackrock's Aladdin system.
[20] tCO_2e represents different greenhouse gases covered by the GHG Protocol and their varying global warming potentials converted into equivalent tonnes of carbon dioxide.
[21] For all real estate properties, HOOPP uses geographic and property type specific industry emission factors to calculate emissions based on consumed primary and secondary energy data. Where whole building energy consumption is not available, HOOPP uses geographic and property type specific industry benchmarks to estimate primary and secondary energy consumption per unit of surface area.

Cautionary Statements Regarding Sustainability-Related Data, Metrics and Forward-Looking Statements

This annual report contains forward-looking information and statements that are intended to enhance the reader's ability to assess the future financial and business performance of HOOPP. Forward-looking information and statements include all information and statements regarding HOOPP's current beliefs, targets, intentions, plans and expectations concerning its objectives, future performance, strategies and financial results, as well as any other information or statements that relate to future events or circumstances and which do not directly and exclusively relate to historical facts. Forward-looking information and statements often but not always use words such as "trend," "potential," "opportunity," "believe," "expect," "anticipate," "current," "intention," "estimate," "position," "assume," "outlook," "continue," "remain," "maintain," "sustain," "seek," "achieve," "aim," and similar expressions, or future or conditional verbs such as "will," "would," "should," "could," "may" and similar expressions. Because the forward-looking information and statements are based on estimates and assumptions that are subject to significant business, economic and competitive uncertainties, many of which are beyond HOOPP's control or are subject to change, actual results or events could be materially different. Although HOOPP believes that the estimates and assumptions inherent in the forward-looking information and statements are reasonable, such information and statements are not guarantees of future performance and, accordingly, readers are cautioned not to place undue reliance on such information or statements due to the inherent uncertainty therein. HOOPP's forward-looking information and statements speak only as of the date of this annual report or as of the date they are made and should be regarded solely as HOOPP's current plans, estimates and beliefs. HOOPP does not intend or undertake to publicly update such statements to reflect new information, future events and changes in circumstances or for any other reason.

In connection with our multi-faceted climate strategy, we have set certain goals and targets ("Targets"). In establishing our Targets, we relied on various laws, guidelines, taxonomies, methodologies, frameworks, market practices and other standards (collectively, "Standards") and have also made good faith assumptions and estimates in establishing our Targets. Given the complex and evolving nature of the global response to climate change, these Standards may change over time, and our assumptions and estimates may prove incorrect or inaccurate for reasons we cannot foresee or predict. To monitor and report on our progress toward our Targets, we rely on data obtained from our portfolio companies and other third-party sources. Although we believe these sources are reliable, we have not independently verified this data, or assessed the assumptions underlying such data, and cannot guarantee its accuracy or completeness. We also attempt to improve accuracy in the data through an independent limited assurance review. The data may be of varying quality or usefulness and may change over time as Standards evolve. These factors could impact our Targets and our ability to achieve them.

Independent practitioner's limited assurance report on Healthcare of Ontario Pension Plan's (HOOPP) select performance metrics as included in the HOOPP 2024 Annual Report

To the Board of Trustees of HOOPP

We have conducted a limited assurance engagement on the select performance metrics, including the greenhouse gas emission performance metrics, as detailed in Exhibit 1A and 1B, of Healthcare of Ontario Pension Plan (HOOPP) included within the Climate disclosures of the HOOPP 2024 Annual Report (the subject matter; hereafter referred to as the select performance metrics), as at December 31, 2021, with respect to Exhibit 1A, and as at December 31, 2024, with respect to Exhibit 1B.

Responsibilities for the select performance metrics

Management of HOOPP is responsible for:

- The preparation of the select performance metrics in accordance with the applicable criteria as established in Exhibit 2 (the applicable criteria);
- Designing, implementing and maintaining such internal control as management determines is necessary to enable the preparation of the select performance metrics, in accordance with the applicable criteria, that is free from material misstatement, whether due to fraud or error; and
- The selection and application of appropriate sustainability reporting methods and making assumptions and estimates that are reasonable in the circumstances.

Inherent limitations in preparing the select performance metrics

Non-financial data is subject to more limitations than financial data, given both the nature and the methods used for determining, calculating, sampling or estimating such data. Qualitative interpretations of relevance, materiality and the accuracy of data are subject to individual assumptions and judgments.

Greenhouse gas quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

Our independence and quality management

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

The firm applies Canadian Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Practitioner's responsibilities

Our responsibility is to plan and perform the assurance engagement to obtain limited assurance about whether the select performance metrics are free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the select performance metrics.

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* ("CSAE 3000"), and, in respect of greenhouse gas emission performance metrics, Canadian Standard on Assurance Engagements (CSAE) 3410, *Assurance Engagements on Greenhouse Gas Statements* issued by the Auditing and Assurance Standards Board ("CSAE 3410").

As part of a limited assurance engagement in accordance with CSAE 3000 and CSAE 3410, we exercise professional judgement and maintain professional scepticism throughout the engagement. We also:

- Determine the suitability in the circumstances of HOOPP's use of the applicable criteria as the basis for the preparation of the select performance metrics.
- Perform risk assessment procedures, including obtaining an understanding of internal control relevant to the engagement, to identify where material misstatements are likely to arise, whether due to fraud or error, but not for the purpose of providing a conclusion on the effectiveness of HOOPP's internal control.
- Design and perform procedures responsive to where material misstatements are likely to arise in the select performance metrics. 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.

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

Summary of the work performed

A limited assurance engagement involves performing procedures to obtain evidence about the select performance metrics. The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

The nature, timing and extent of procedures selected depend on professional judgement, including the identification of where material misstatements are likely to arise in the select performance metrics, whether due to fraud or error.

In conducting our limited assurance engagement, we:

- Obtained an understanding of HOOPP's reporting processes relevant to the preparation of its select performance metrics by:
  - Making inquiries of the persons responsible for the select performance metrics; and
  - Inspecting relevant documentation relating to HOOPP's reporting processes;
- Evaluated whether all information identified by the process to identify the information reported in the select performance metrics is included in the select performance metrics;
- Performed inquires of relevant personnel and analytical procedures on selected information in the select performance metrics;
- Performed substantive assurance procedures on selected information in the select performance metrics;
- Evaluated the appropriateness of quantification methods and reporting policies;
- Evaluated the methods, assumptions and data for developing estimates; and
- Reviewed the select performance metrics disclosures in the Climate disclosures of the HOOPP 2024 Annual Report to ensure consistency with our understanding and procedures performed.

Limited assurance conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the select performance metrics as at December 31, 2021 with respect to Exhibit 1A and as at December 31, 2024 with respect to Exhibit 1B, are not prepared, in all material respects, in accordance with the applicable criteria.

Restriction on use

Our report has been prepared solely for HOOPP for the purpose of assisting with their sustainability reporting activities. The select performance metrics therefore may not be suitable, and are not to be used, for any other purpose. Our report is intended solely for HOOPP.

We neither assume nor accept any responsibility or liability to any third party in respect of this report.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Toronto, Ontario

March 6, 2025

Exhibit 1

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

Exhibit 1A: the select performance metrics as at December 31, 2021:

Performance Metrics	Reporting Period	Results
Portfolio Carbon Footprint Metrics		
Portfolio carbon footprint (tCO_2e/million dollars invested)	December 31, 2021	41
Absolute greenhouse gas emissions (tCO_2e)	December 31, 2021	2,449,427

Exhibit 1B: the select performance metrics as at December 31, 2024:

Performance Metrics	Reporting Period	Results
Portfolio Carbon Footprint Metrics		
Portfolio carbon footprint (tCO_2e/million dollars invested)	December 31, 2024	28
Absolute greenhouse gas emissions (tCO_2e)	December 31, 2024	1,875,610

Exhibit 2 - Select performance metrics and criteria

Performance metrics	Description and methodology	Applicable reporting criteria and scoping
Portfolio carbon footprint metrics		
Absolute greenhouse gas emissions (tCO_2e)	The absolute greenhouse gas emissions represent the share of a portfolio company's emissions attributed to HOOPP based on ownership. It is expressed in Metric tonnes of carbon dioxide equivalent (tCO_2e). Scope 1 and Scope 2 greenhouse gas emissions are allocated to investors based on the following total values specific to asset classes: • Public Equity, Private Equity, Infrastructure: Enterprise value including cash (EVIC) of each investee. • Real Estate: Gross Asset Value (GAV) of the asset. • All Asset Classes: Net Asset Value (NAV) of the asset. The NAV, GAV and EVIC on the measurement date is used to normalize the data; this is expressed in CA$ millions.	Management's internally developed criteria as outlined in the Climate disclosures as presented within the HOOPP 2024 Annual Report. The asset classes included in scope are: • Public Equity: Includes investments in HOOPP's public equity beta portfolio. • Private Equity: Equity Investments in HOOPP Capital Partners. • Infrastructure: All investments. • Real Estate: Direct Investments only.

Performance metrics	Description and methodology	Applicable reporting criteria and scoping
Portfolio carbon footprint metrics		
Portfolio Carbon Footprint (tCO_2e / million dollars invested)	Portfolio Carbon Footprint represents HOOPP's absolute greenhouse gas emissions divided by the total portfolio exposure. It is expressed in Metric tonnes of carbon dioxide equivalent (tCO2e)/ million dollars invested. Scope 1 and Scope 2 greenhouse gas emissions are allocated based on the following total values specific to asset classes: • Public Equity, Private Equity, Infrastructure: Enterprise value including cash (EVIC) of each investee. • Real Estate: Gross Asset Value (GAV) of the asset. • All Asset Classes: Net Asset Value (NAV) of the asset. The NAV, GAV and EVIC on the measurement date is used to normalize the data; this is expressed in CA$ millions.	Management's internally developed criteria as outlined in the Climate disclosures as presented within the HOOPP 2024 Annual Report. The asset classes included in scope are: • Public Equity: Includes investments in HOOPP's public equity beta portfolio. • Private Equity: Equity Investments in HOOPP Capital Partners. • Infrastructure: All investments. • Real Estate: Direct Investments only.

Leadership at HOOPP

Leadership at HOOPP

Below you will find a list of HOOPP's Board Chairs, Trustees, Observers, and advisors, HOOPP executives and senior management, as at December 31, 2024.

Board Members

Chairs

Dan Anderson, Board Chair,
Retired Director/Chief Negotiator, Ontario Nurses' Association

Gerry Rocchi, Board Vice Chair and Chair, Human Resources & Compensation Committee, OHA-appointed Trustee

Trustees

Kristof Barocz
Deputy Chief of Staff, SEIU Healthcare

Sandi Blancher
Vice Chair, OPSEU/SEFPO

Julie Cays
OHA-appointed Trustee

Kevin Cook
First Vice-President, The Ontario Council of Hospital Unions/CUPE

Anthony Dale
President and CEO, Ontario Hospital Association, OHA-appointed Trustee

Laura Dumoulin
Local 675 Membership Secretary/ Communications Chairman, OPSEU/SEFPO

Karli Farrow
President and CEO, Trillium Health Partners, OHA-appointed Trustee

Andrea Kay, Chair, Governance Committee
Chief Executive Officer, Ontario Nurses' Association

Karim Mamdani
President and CEO, Ontario Shores Centre for Mental Health Sciences, OHA-appointed Trustee

William Moriarty, Chair, Asset-Liability Management Committee, OHA-appointed Trustee

Cam Nelson
SEIU-appointed Trustee

Sharon Richer, Chair, Plan Committee, Secretary-Treasurer, The Ontario Council of Hospital Unions/CUPE

John Sinclair
OHA-appointed Trustee

Nick Zelenczuk, Chair, Audit & Finance Committee,
OHA-appointed Trustee

Observers

Debra Alves
OHA-appointed Observer

Sarah Correia
Director, Hospital Sector at SEIU Healthcare

Dinaz Dadyburjor
OHA-appointed Observer

Treena Hollingworth
Area 1 Vice President, The Ontario Council of Hospital Unions/CUPE

Sara Labelle
2nd Vice President, OPSEU/SEFPO

Matthew Stout
Advisor to the CEO, Executive Lead Labour Relations, Ontario Nurses' Association

Poul Winslow
OHA-appointed Observer

Board advisors

Mercer (Canada) Limited
Actuary

PricewaterhouseCoopers LLP
External Auditor

Paul Litner, Osler, Hoskin & Harcourt LLP
Board Legal Counsel

Southlea Group
Board Compensation Advisor

EY Canada
Board Climate Change Advisor

Executives

Jeff Wendling
President & Chief Executive Officer

Mary Abbott
Chief Legal Officer

Saskia Goedhart
Chief Risk Officer

Steven McCormick
Chief Pension Officer

Elena Palumbo
Chief Human Resources Officer

Alpesh Sethia
Chief Technology Officer

Tim Shortill
Chief Operating Officer

Barbara Thomson
Chief Financial Officer

Michael Wissell
Chief Investment Officer

Senior Leadership

Corporate Operations & Strategy

Brian Gervais
Vice President, Corporate Services

Akshata Kalyanpur
Vice President, Public Affairs

Darcy McNeill
Vice President, Marketing & Communications

Jennifer Rook
Vice President, Strategy, Global Intelligence & Advocacy

Finance

Nancy Borges
Vice President, Investment Reporting, Data Governance & Valuation

Juliana Duray Kikuchi
Vice President, Finance Governance & Tax

Linda Halley
Vice President, Controller

Nan Samaroo
Vice President, Investment Operations

Human Resources

Nick D'Souza
Vice President, Total Rewards

Kristine Lalonde
Vice President, Talent Management

Alicia Yetman
Vice President, Human Resources

Information Technology & Facilities Services

Harpreet Dhillon
Vice President, Infrastructure, Enterprise Architecture & Data Governance

Juan Jose Diz
Vice President, Pension Solutions Group

Nehal Gerges
Vice President, Project Management Office & Governance

Ajay Singh
Head of AI Lab

Ryan Van Luttikhuisen
Vice President, Corporate Solutions Group

Stephen Tin Kin Wang
Vice President, Investment Solutions Group

Jennifer Williams
Vice President, Information Security

Investment Management

Stephen Anderson
Senior Managing Director, Equity Derivatives & Collateral Management

Shrirang Apte
Senior Managing Director & Head of Global Capital Markets

Scott Clausen
Vice President, Actuarial Services

Robert Goobie
Senior Managing Director, Collateral & Balance Sheet Management

Lori Hall-Kimm
Senior Managing Director & Head of Global Private Equity

Jacky Lee
Senior Managing Director, Total Portfolio

Lori Marchildon
Senior Manager Director, Liquid & Macro Credit

Drew McFadzean
Vice President, Office of the Chief Investment Officer

Adrian Mitchell
Senior Managing Director, Public Equities

Eric Plesman
Senior Managing Director & Head of Global Real Estate

Jennifer Shum
Senior Managing Director, Structured & Private Credit

Stephen Smith
Senior Managing Director & Head of Global Infrastructure

Sarah Takaki
Managing Director, Sustainable Investing

Ray Tanveer
Senior Managing Director, Interest Rates & Cross Asset Thematic Investing

Legal Services & Governance

Debbie Caruso
Vice President & General Counsel, Investments Legal

Angela Waite
Vice President, General Counsel, Corporate & Governance, and Corporate Secretary

Plan Operations

Rachel Arbour
Head of Plan Benefits, Design and Policy

Tabitha Chinniah
Vice President, Product & Projects

Tanya Pereira
Vice President, Strategic Planning & Performance

Victoria Sampson
Vice President, Member Services

Diana Wintermans
Vice President, Pension Actuarial & Analytics

Ivana Zanardo
Head of Plan Services

Risk & Internal Audit

Stephane Arvanitis
Deputy, Chief Risk Officer, Total Fund & Investment Risk

Stephen Choi
Vice President, Investment Risk Public, Capital & Private Markets

Abas Kanu
Vice President, HOOPP Compliance Officer

Helena Przybycien
Vice President, Enterprise & Operational Risk

Catherine Wong
Vice President, Internal Audit