

**Welcome to the
Sponsor & Stakeholder Forum**
we will begin at 2:00 p.m.

Agenda

Welcome Remarks | Frank Ramagnano, Chair, Sponsors Corporation Board of Directors

Agenda Review & Housekeeping | Jackie DeSouza, Vice President Employer Relations and Communications

Introduction of AC Update | George Cooke, Chair, Administration Corporation Board of Directors

Presentation of 2021 Results | Jonathan Simmons, Chief Financial and Strategy Officer

CEO Update | Blake Hutcheson, CEO and President

Q&A on 2021 Investment Results | Moderated by Jackie DeSouza

BREAK

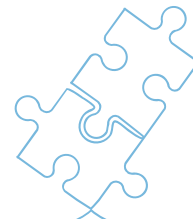
Introduction of SC Update | Frank Ramagnano, Chair, Sponsors Corporation Board of Directors

SC Update |

Michael Rolland, CEO, Sponsors Corporation
 Pierre Côté, Executive Director, Strategy, Stakeholder Relations & Communications
 Audrey Mak, Executive Director, Operations & General Counsel
 Manuel Monteiro, Executive Director, Plan Funding and Risk

Q&A Session | Moderated by Jackie DeSouza

Closing Remarks | George Cooke, Chair, Administration Corporation Board of Directors



OMERS

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2021 Primary Plan net investment returns significantly exceeded the benchmark

Primary Plan
Net Return

15.7%

2021 Benchmark 6.6%

Primary Plan
Net Investment Income

\$16.4B

2021 Benchmark \$6.5B



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All segments of the portfolio generated above benchmark returns





Net Investment Returns (%)	2021	2021 Benchmark
Public Investments	14.6%	5.8%
Bonds	1.3	
Credit	5.8	
Public Equity	20.7	
Private Equity	25.8	8.0
Infrastructure	10.7	7.9
Real Estate	15.9	6.1
Total Primary Plan	15.7%	6.6%



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Four factors contributed to the Plan's outperformance vs the benchmark

	% of Delta	Commentary
 Public Equity	~45%	High-quality global portfolio
 Private Equity	~30%	Earnings growth (organically and through acquisitions) and strong investor appetite
 Industrial Real Estate	~15%	Growing demand for warehousing and logistics spaces
 Infrastructure	~5%	Continued strong, stable returns from essential services



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Longer-term returns exceed their benchmarks

Annualized Net Return History

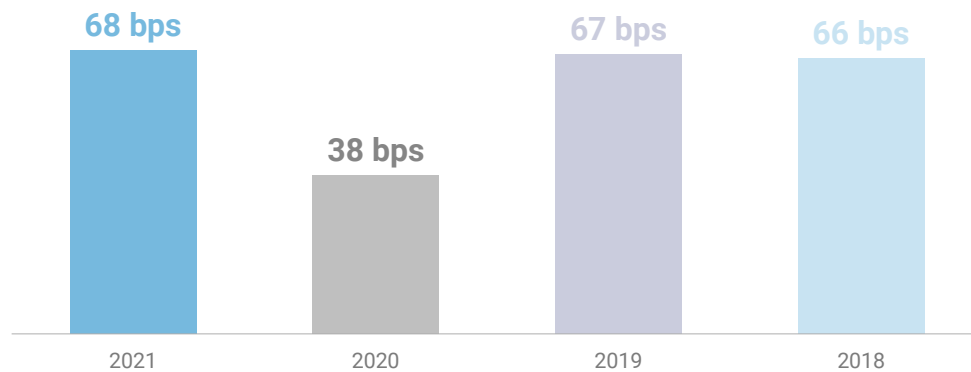
	1 Year	3 Year	5 Year	10 Year
2021	15.7%	8.0%	7.5%	8.0%
Absolute Benchmark Return	6.6%	7.0%	7.1%	7.4%



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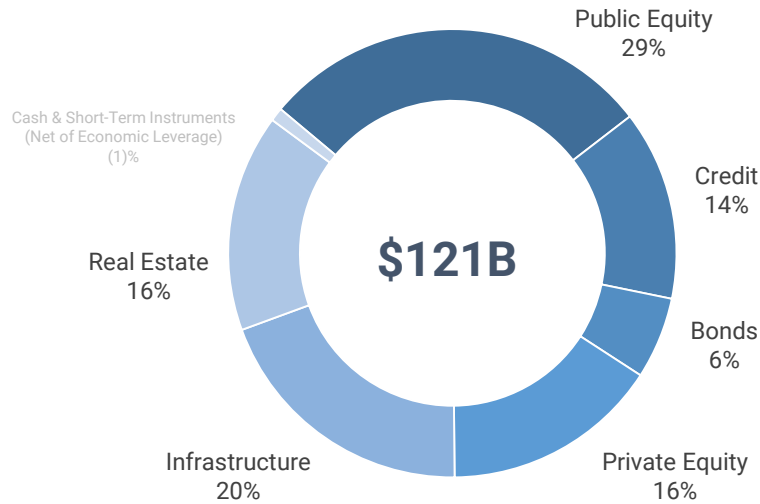
Management Expense Ratio inline with historical levels



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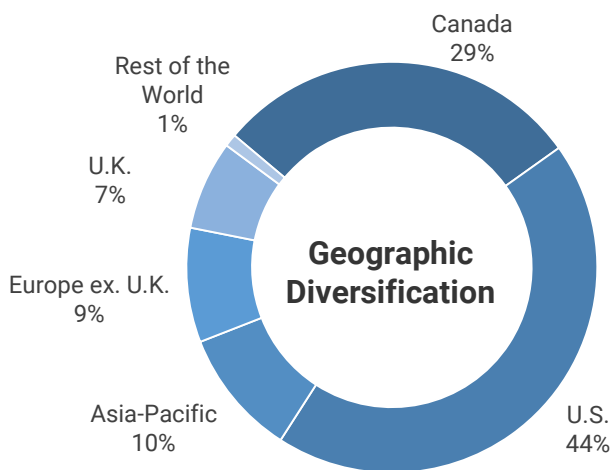
Our return seeking portfolio of quality assets is positioned with low leverage.....



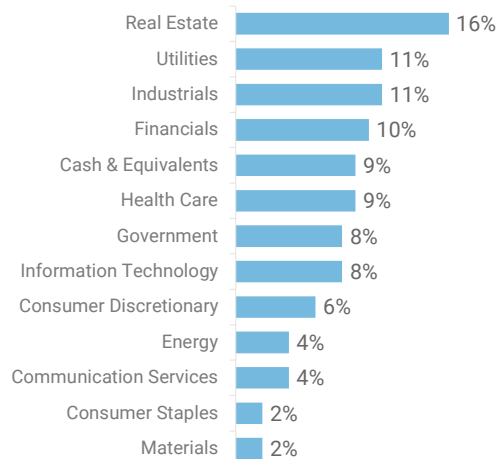
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...and is well diversified by geography and industry



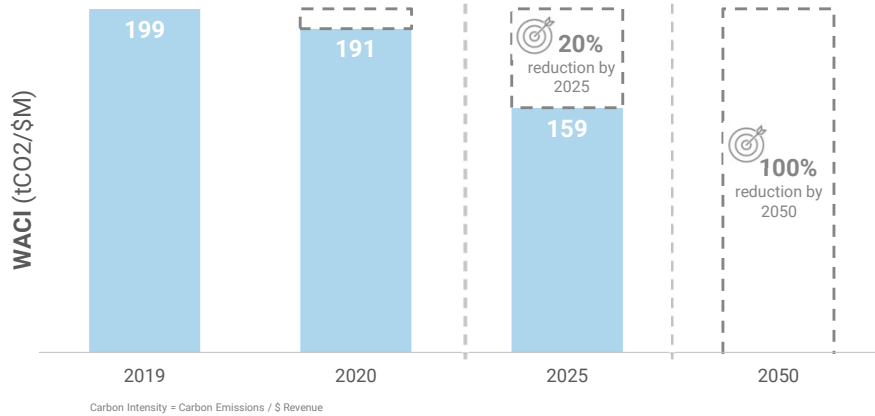
Industry Exposure



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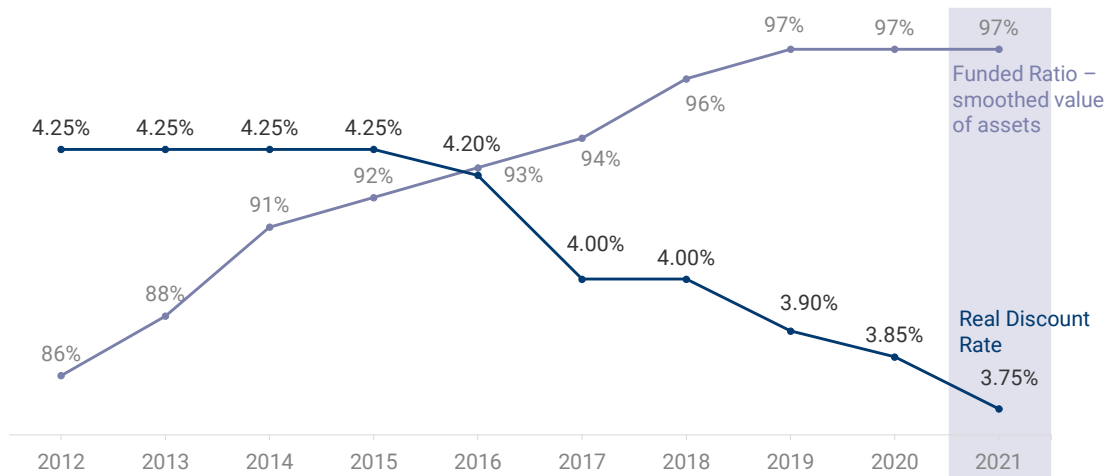
OMERS Weighted Average Carbon Intensity is trending towards our 2025 goal, with a new long-term Net Zero GHG target for 2050



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Funded ratio stable in 2021, with a lower real discount rate



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Funded status flat – investment gains offset by a lower discount rate

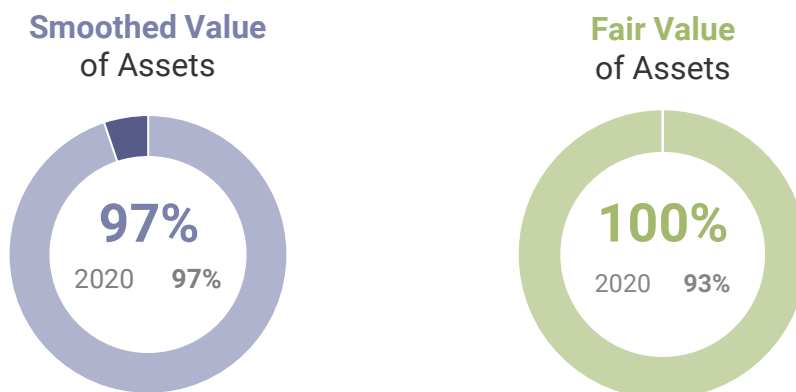
	Funded Position	Funded Ratio
End of 2020	\$ (3.2) B	97%
Interest on deficit	(0.2)	N/A
Contributions from members and employers to pay down the deficit	0.5	-
Smoothed investment gains	2.4	2
Inflation experience	(0.4)	-
Members' earnings growth	(0.4)	-
Reduction in the discount rate by 10 basis points	(1.7)	(2)
All other sources	(0.1)	-
End of 2021	\$ (3.1) B	97%



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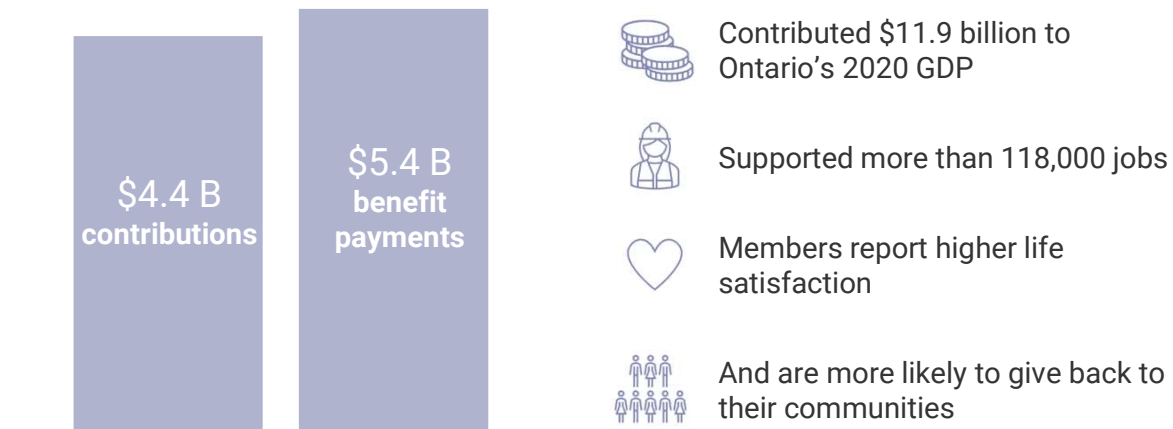
Fair Value Funded Ratio at 100%



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OMERS paid \$5.4 billion in benefit payments in 2021, contributing to the economy and generating impactful social value



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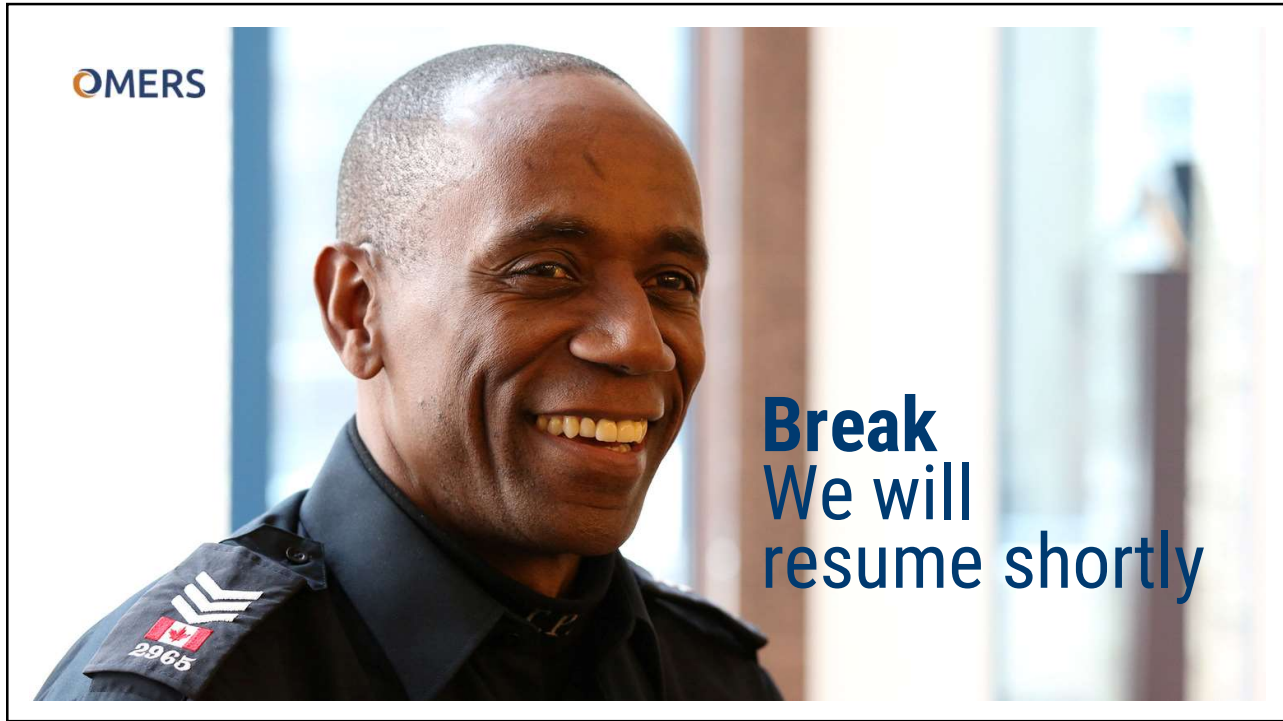
Communication Schedule

Date	Time	Event
Feb 28	11:30 AM	Luxembourg Exchange Notice Sponsor & Stakeholder Notification Annual Report Posted to omers.com Media Release
	2:00 – 5:00 PM	Sponsor and Stakeholder Forum
	2:00 PM	Member Newsletter Employer Newsletter Sponsor and Stakeholder Pension Administration Update
April 11	9:00 – 11:00 AM	Annual Meeting

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OMERS

Break
We will
resume shortly



OMERS

**Sponsors Corporation
Update**

Agenda

1. Opening remarks
2. Update on Plan Change Proposals
3. Feedback from Sponsor & Stakeholder Interviews
4. Current perspective on risks facing the plan



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Update on Plan Change Proposals



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2020/2021 Plan Change Process – Proposals

SC Board referred eight proposals to the CEO for further analysis



NRA Conversion
Employer Credit



NRA Conversion
Service Adjustment



NRA Conversion
Individual
Conversion Option



**Contribution Rate
Pooling Basis**
Experience Pooling



**Contribution Rate
Pooling Basis**
Salary Pooling



**Contributions
Made in Error**



**Salary Deferral
Program RCA**



**Salary Deferral
Program**
Leave Purchase
Contributions

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Proposals – Current Status

REDIRECT

5

The following proposals are being considered as part of our ongoing plan risk assessment

NRA CONVERSION

Employer Credit

Service Adjustment

Individual Choice

CONTRIBUTION RATE POOLING BASIS

Experience Pooling

Salary Pooling

DECLINE

3

The following proposals have been declined and no further analysis will be conducted

OTHER PROPOSALS

Salary Deferral Program
RCA

Salary Deferral Program
Leave Purchase Contributions

Contributions Made in Error

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Proposal 2 – Conversion Service Adjustment

Current provision

When a member converts from NRA 65 to NRA 60, credited service is reduced by 25% (unless the member purchases the service adjustment). A lower adjustment applies if the member is over age 60. No adjustment is applied if the member has already qualified for an unreduced NRA 65 pension.

Plan change proposal

Change NRA conversion credited service adjustment from 25% to an “actuarial calculation”

Given the interest of several sponsors, we are actively reviewing this proposal. The SC will discuss any potential changes with interested sponsors/stakeholders.



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Feedback from Sponsors, Stakeholders and Members



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Engaging with Sponsors & Stakeholders

Sponsor and Stakeholder organizations were invited to participate in semi-structured interviews to assess their understanding and sentiment towards the Plan.

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Met with
Sponsor Organizations

- ✓ AMO
- ✓ City of Toronto
- ✓ CUPE Ontario
- ✓ CUPE Local 79
- ✓ TCEU Local 416
- ✓ EDA
- ✓ MROO
- ✓ OPFFA
- ✓ OSSTF
- ✓ PAO
- ✓ PPAO
- ✓ OACAS
- ✓ OAPSB

Both **group forums & individual meetings** are valued and viewed as necessary



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Met with
Stakeholder Organizations

- ✓ COTAPSA
- ✓ ETFO
- ✓ TPA
- ✓ AMCTO
- ✓ MFOA
- ✓ OASBO
- ✓ OMAA
- ✓ CIPP
- ✓ IBEW



Sponsors & Stakeholders appreciated the opportunity **to be heard.**



Meetings took place between **July – November**



Communications need to be distributed through channels that **reach members**

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Highlights of feedback from Sponsors & Stakeholders

1 OMERS is highly valued

There is strong support for the OMERS Plan and the value of defined benefit pension plans. Generally, stakeholders feel they have a strong, positive relationship with the OMERS team.

Not all stakeholders clearly understand all aspects of the DB model and how the Plan works.

2 Forums & individual meetings both valued

Forums are a good way to hear the views of other groups, and share common information, but they can be intimidating. Individual meetings are appreciated as an intimate way to allow for more specific questions, discuss issues impacting member groups, and to build relationships.

3 Clear communication is sought

Stakeholders appreciate OMERS enhanced communication and engagement efforts and feel that members would benefit from using simpler language to make information more accessible. This could include greater use of infographics and other visuals.

4 Investment results

Concerns about the 2020 results, and questions about OMERS long-term results, were raised although Stakeholders generally appreciated the transparency of information provided through quarterly updates from the AC on investment results and better understand the strategy.

5 Outreach can be better coordinated

There are several touchpoints with Stakeholders between the AC and SC. Stakeholders would prefer a more coordinated approach.

6 OMERS is viewed as one organization

While most Stakeholders understand that OMERS is governed by two Boards, they generally view OMERS as one organization. They do not make a distinction between the AC and SC when information is being consumed.

7 Stakeholders want to be part of the solution

Many Stakeholders would like to partner more closely with OMERS on important member communications. This was demonstrated most recently with a video prepared by Pensions and the OPFFA to educate new recruits.

8 Confusion persists regarding SRI

Several sponsors and stakeholders expressed confusion about how SRI will work and how it will impact their members.

It needs to be explained again throughout 2022.

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Feedback from Members

We conducted four focus groups in the fall 2021 that included a mix of plan members, including unionized, non-unionized, professional and management groups

1 OMERS is trusted

There is strong trust in OMERS as the one source of truth on their pension plan. They highly value OMERS Pensions team – including the Member Services Representatives and Pension Education & Relationship Management Team (“Road Warriors”) and have confidence that they provide accurate information.

2 Understanding of the Plan could be improved

Members know when they can retire and generally how much pension they will receive. However, many don't understand how the DB model works and would benefit from more education. Some members indicated that they didn't feel they needed to have a solid understanding of the Plan, as this is OMERS job “I contribute, you manage”.

3 Value 'myOMERS' and interested in more communication

Members use myOMERS, read their annual statements and connect with the Contact Centre. They indicated that more frequent information and simpler language would make pension content more accessible. This could include greater use of infographics and other visuals.

4 Shared Risk Indexing (SRI)

Members are aware of SRI but would like more information. They are especially concerned about the potential impact on their individual pension and how it will be implemented should the SC chose to invoke SRI. Nevertheless, members expressed goodwill towards OMERS. They see OMERS as a strong financial steward and feel fortunate to have a defined benefit pension plan.



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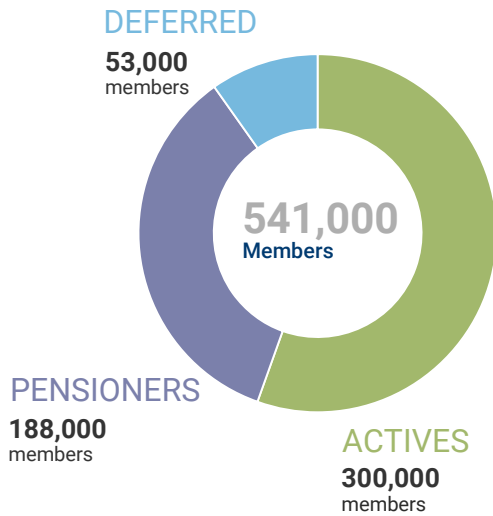
Risks facing the plan



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OMERS in 2021



1,000+
Employers

- | | |
|----------------------|----------------|
| Municipalities | Fire |
| School Boards | Paramedics |
| Police | Transit |
| Electrical Utilities | Children's Aid |

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Participating Unions & Associations

~\$120B
Assets & Liabilities



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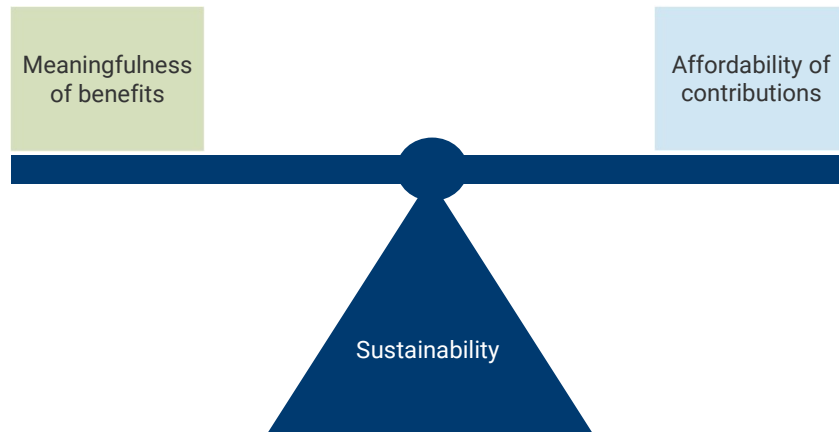
Our objective

To make OMERS a **sustainable, affordable and meaningful** defined benefit plan.



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OMERS is a partnership between members and employers



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Sustainability is the key challenge for all pension plans including OMERS

A pension plan is **sustainable** if it can **consistently, over the long term**, deliver a **meaningful**, valuable and appropriate range of benefits to members, within a range of costs that is **affordable** to stakeholders.



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We are facing significant economic headwinds...



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...and growing demographic pressures

Increasing longevity



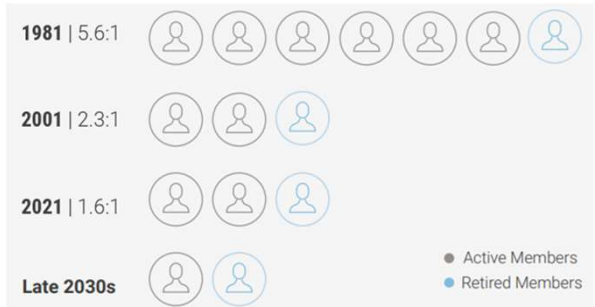
Baby boomers retiring



Changing nature of employment



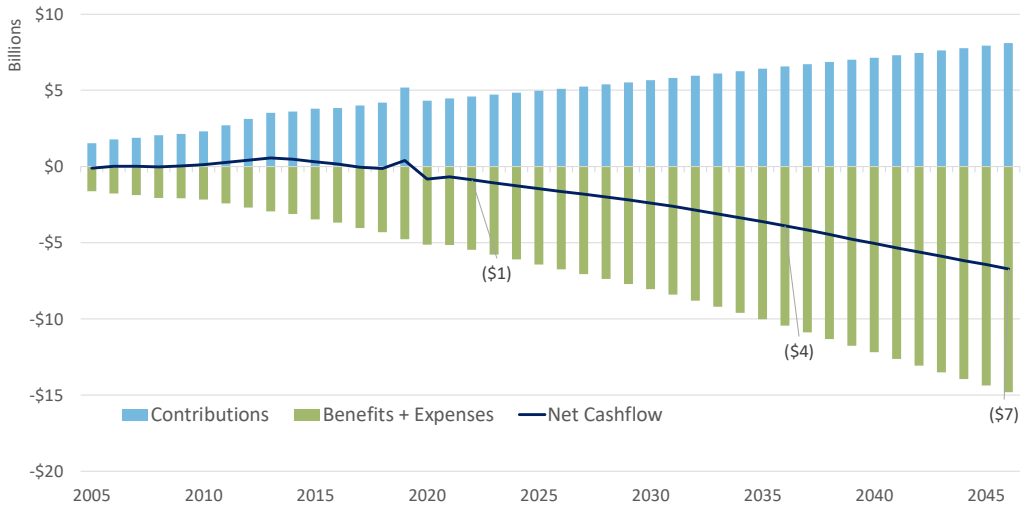
Increasing Plan Maturity



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Due to plan maturity, the plan's net cashflow will become increasingly negative



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Plan maturity will decrease our risk tolerance over time...

“This trend increases the Plan’s reliance on investment income to pay pensions, making the Plan more vulnerable to economic downturns. Our risk tolerance therefore decreases as the Plan matures.”



OMERS 2021 Annual Report, Page 40



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Plan changes introduced following the Global Financial Crisis

	Value (% of pay)
 Employer and employee contribution increases phased in over 3 years (2011 – 2013)	~5.8%
 Changes to benefits (elimination of pre-retirement indexation and early retirement subsidies on post-2012 benefit accruals)	~0.8%
Total	~6.6%

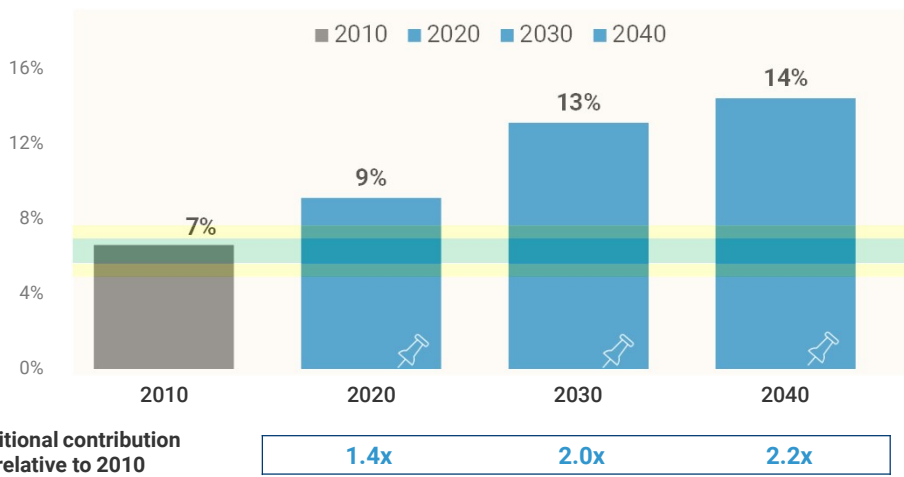


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Our increasing plan maturity will reduce our ability to tolerate risk

Additional combined contribution (% of pay) required to fund a 2008-sized loss

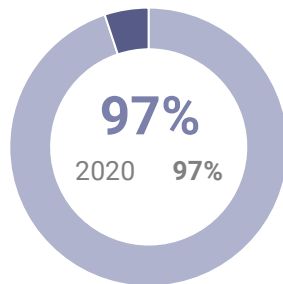


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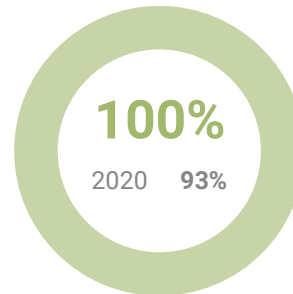
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Funded Status - December 31, 2021

Smoothed Value
of Assets



Fair Value
of Assets



2021 Funded Status based on a Real Discount Rate of 3.75% (3.85% for 2020)



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We plan on lowering our discount rate...

“Gradually lowering the discount rate will make the Plan less reliant on investment returns and more resistant to potential adverse market conditions. Lowering the discount rate decreases our funded ratio, but strengthens the Plan’s long-term resilience.”

OMERS 2021 Annual Report, Page 21



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...towards a long-term target discount rate

“We lowered our discount rate by 10bps in 2021, and we intend to incrementally lower our discount rate over time. We have set a target real discount rate of 3.00%, which will be reviewed annually.”

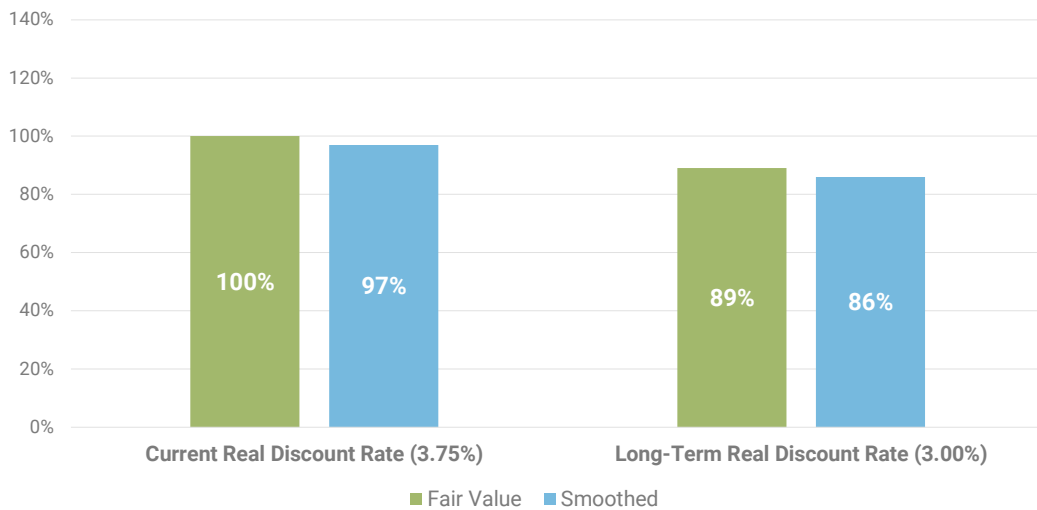
OMERS 2021 Annual Report, Page 10



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**Funded Status – December 31, 2021
Current vs. Long-Term Target Real Discount Rate**



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Building reserves

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

“...we will need to continue to assess and mitigate the risks facing the Plan, and build reserves to best position ourselves against potential shocks that we could experience.”

OMERS 2021 Annual Report, Page 11



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OMERS Objective: Sustainable Affordable Meaningful



	“SAM” plan	OMERS today
Real Discount Rate	3.00% ¹	3.75%
Funded Status ²	100% + Reasonable Buffer	86%
Contribution levels	Affordable	21.0% ³
Benefits	Valued & appreciated by members	Likely true today

Objective: Reasonable chance of achieving “SAM” over a 15-year timeframe.

1. Current long-term target discount rate (subject to annual review)
2. Measured based on a 3% real discount rate
3. Weighted average contribution (employer + employee)



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We need to build resiliency to handle the challenges we face, now and decades into the future



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

Addressing these challenges will require a continued focus on ensuring that we have the right assets and the right talent. It will also require a keen focus on the future and ongoing efforts to improve the Plan's long-term resiliency by building sufficient reserves."

OMERS 2021 Annual Report Page 3

OMERS

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We have already taken some important steps to improve our resiliency...



Diversified our asset mix towards private assets



Lowered our real discount rate by 50 basis points since 2015



Introduced Shared Risk Indexing



Expanded membership to non-full-time employees

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...and we have a multi-pronged strategy to continue building resilience and improving sustainability



Investment strategy



Build buffers



Strategically lower our discount rate



De-risk the plan as it matures

Plan risk assessment



Ongoing responsibility to review the plan design to ensure it is sustainable for our members today, and for generations to come



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We need resiliency to keep the pension promise for generations to come

Each generation of OMERS members is reliant on the willingness of subsequent generations to participate in the plan. We need to ensure that OMERS is set up to meet the needs of the current generation and future generations of members.



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Getting the right balance



- What investment returns can we count on receiving going forward?
- Do we need to adjust contributions and/or benefits to make this equation balance?



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Lower, Uncertain and Volatile Investment Return Expectations

“The long-term impacts of COVID-19 on the global economy and on future investing opportunities remain uncertain.

The impacts of climate change, and the progress of global economies toward emission reductions to mitigate those impacts, are similarly unclear and present investment risk.

Increased geopolitical tensions could also impede long-term returns.

As a result, global growth could be slow and erratic, and volatile public equity valuations, persistently low real interest rates and fierce competition for private assets could further reduce future long-term investment returns. Should our investment returns underperform our long-term return expectations, the Plan could require increased contributions, decreased benefits or both to fund the resulting incremental deficit.

To manage this risk, OMERS regularly monitors the suitability of our investment strategies and periodically conducts studies to inform the selection of our asset mix. OMERS last conducted an Asset-Liability Study in 2019 and plans to complete a new study in 2022.”

OMERS 2021 Annual Report Page 40



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How will Plan Risk Assessment unfold?



Commitment to helping Sponsors & Stakeholders understand the issues facing the plan, being transparent & keeping you informed throughout the process

- 1-1 meetings at some point after April Annual Meeting
- 2022 Forums expected to happen roughly quarterly



Long-term focus on making OMERS a **sustainable affordable** and **meaningful** defined benefit plan for members today and generations into the future



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