2024 annual report

Building a bright future

UNIVERSITY PENSION PLAN ONTARIO

Land acknowledgment

We respectfully acknowledge that we live and work on the traditional territories of many nations, including the Mississaugas of the Credit, the Anishinaabeg, the Chippewa, the Haudenosaunee and the Wendat Peoples. These lands fall within the territory protected by the “Dish With One Spoon” wampum treaty agreement. That wampum uses the symbolism of a dish to represent the territory and one spoon to represent that the people are to share the resources of the land and take only what they need. It is home to many past, present, and future First Nations, Inuit, and Métis Peoples. Our acknowledgment of the land is our declaration of our collective responsibility to this place and its peoples’ histories, rights, and presence. We are grateful to be able to live, learn, and meet on these lands.

About UPP

University Pension Plan Ontario (UPP) is a jointly sponsored defined benefit pension open to all Ontario university sector employers and employees. UPP manages $12.8 billion in pension assets and proudly serves over 41,000 members across five universities and 14 sector organizations.[1] The plan invests to deliver secure, stable pension benefits for members today and for generations to come. For more information, please visit myupp.ca.

[1] UPP had over 41,000 members as at January 1, 2025. All other figures are as at December 31, 2024, and all currencies are expressed in Canadian dollars unless otherwise noted.

Explore the report

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PART ONE

Delivering valuable, lifelong pension security

2024 at a glance

102%
funded with a $0.2B surplus[2]

10.3%
annual net rate of return[3]

$12.8B
in net assets, up from $11.7B in 2023

$564M
paid in pension benefits

59%
reduction in portfolio GHG emissions intensity from 2021 baseline

Serving our members

Served over 41,000 working and retired members from five participating universities and 14 sector organizations that include over a dozen unions and faculty associations[4]

Launched the first phase of our new member and employer service experience, delivering direct, personalized, and accessible support.

Welcoming new participants

Welcomed new members from the Association of Professors of the University of Ottawa and the Ontario Confederation of University Faculty Associations.

Additionally, completed the integration of Trent University staff and Victoria University staff and faculty into the UPP community as of January 1, 2025, and celebrated Wilfrid Laurier University's official consent to join UPP in 2026.

Investing for the future

Crossed the $1 billion threshold in private investments and commitments since 2022.

Added over $250 million in commitments to climate solutions across several asset classes.[5]

[2] On a smoothed and market value basis.

[3] Annual net rate of return is net of external costs including investment management fees, performance fees and transaction costs.

[4] Membership figures as at January 1, 2025.

[5] Climate solutions include assets or entities that are expected to contribute to climate change mitigation and/or facilitate adaptation to its impacts. For more information about how UPP defines climate solutions, please refer to our Climate Transition Investment Framework.

Message from our Chair

Gale Rubenstein, Chair, Board of Trustees

As Chair of UPP's Board of Trustees, I am honoured to serve our members—individuals whose dedication and talent provide diverse academic and support services across the university sector. Through their contributions, they help shape the future of our society. It is a privilege to assist them with their financial future by providing a safe and secure defined benefit pension.

I am also proud to serve as the Chair of our talented and dedicated Board of Trustees. Their dedication, hard work, and collaborative spirit reflect our shared commitment to a Plan that is well governed and focused on meeting the pension promise.

"UPP maintained a steady course in 2024—achieving strong investment returns, maintaining full funding, and keeping contribution rates stable. I've seen firsthand how UPP has met each challenge—and embraced each opportunity—with the same unwavering commitment to members that has guided us since day one."

Charting a steady course

In 2024, universities across Ontario continued to face financial pressures, which has created uncertainty for many members of our community. These challenges were compounded by an unpredictable market environment. Taken together, they underscore just how important it is for UPP to stay resilient and adaptable, both to continue to provide safe and secure pensions for our members and for generations to follow, and to provide a trusted solution for participating employers, reducing their financial risk and administrative burden.

Against this backdrop, UPP maintained a steady course in 2024—achieving strong investment returns, maintaining full funding, and keeping contribution rates stable. I've seen firsthand how UPP has met each challenge—and embraced each opportunity—with the same unwavering commitment to members that has guided us since day one.

A central Board responsibility is overseeing the delivery of UPP's inaugural strategy, now entering its final year. This strategy has been the foundation of UPP's progress and growing impact, guiding the organization to new levels of maturity across key focus areas. Enhanced in-house investing capabilities, a core strategic priority, enabled multiple new investments and helped rapidly establish UPP's reputation as a global institutional investor.

One of the most significant advances in 2024 was the launch of the first phase of UPP's new member and employer service offering—a cornerstone in our commitment to delivering a high-quality, member-focused experience. Designed to be accessible, personalized, and secure, the service offering was built with members' needs at its core, whether they are just starting their careers, actively planning for retirement, or already enjoying their pension. Elements of the offering are being released over time, allowing for thorough testing and member feedback, to ensure accuracy and ease of use.

We were proud to welcome new members from the Association of Professors of the University of Ottawa and the Ontario Confederation of University Faculty Associations in 2024, and to begin 2025 by welcoming members from the Victoria University General Pension Plan and the Trent University Staff Plan on January 1. We are pleased that members of the Wilfrid Laurier University Pension Plan officially consented to join UPP, a significant step toward integrating Laurier members into the Plan. The growth in membership and sustained interest in the Plan reflect the broader value UPP brings to the university sector—as a trusted, forward-looking pension partner supporting the long-term financial well-being of all its diverse academic and staff communities.

Strengthening governance

Good governance of a jointly sponsored pension plan is built on a foundation of continuous learning and growth. In 2024, as UPP evolved and expanded, the Trustees remained deeply committed to staying informed and forward-looking. This commitment helps ensure we can protect and guide the Plan with the diligence our members deserve.

In 2024, we were pleased to welcome Kelly Bertrand and Ranjini Jha to the Board. To all our new and continuing Board members—thank you. Your diverse perspectives, expertise, and commitment are vital to UPP's continued progress and to earning the trust of our members. I'd also like to offer my heartfelt gratitude to Kathy Bardswick, who resigned from the Board at the end of 2024, having served five years, since UPP was founded. Her leadership and passion for UPP's mission will be deeply missed.

As a jointly sponsored plan, we are proud of the strong, collaborative relationship between the Board and Joint Sponsors—grounded in transparency and accountability. This relationship is essential to protecting our members' long-term interests. My sincere thanks to the Joint Sponsors, including the newest Employer Sponsor Committee member, Elaine Do Rosario, for their steadfast dedication and thoughtful contributions, especially given the many demands on their time as they work through this very challenging period in the university sector.

I also wish to express my gratitude for the leadership and dedication of UPP's Management team, led by CEO Barbara Zvan. Their combined efforts, skill, and dedication to UPP's mission are truly remarkable. As you will read in this report, UPP's leadership and progress have been recognized in many ways over the past year, including awards for Institutional Investor of the Year, Investment Innovation of the Year, and a Canadian Law Award.

UPP members can take comfort in knowing the Plan is managed with care, expertise, and an unwavering commitment to pension security and service excellence. I want to express my appreciation to our members for their trust. We remain firmly focused on building a strong, sustainable pension—for members today and for generations that follow.

Gale Rubenstein
Chair, Board of Trustees

Message from our CEO

Barbara Zvan, President and CEO

It's an honour to present UPP's fourth annual report, reflecting on a year of meaningful progress as Ontario's newest jointly sponsored pension plan. In 2024—our third full year of operations—the Plan achieved a strong 10.3% annual net rate of return and has remained fully funded since inception.

At the heart of UPP's mission is a deep commitment to meet the pension needs of those who support Ontario's university sector – from faculty and staff to researchers, administrators, and all who dedicate their careers to advancing higher education. Every step we take is grounded in our responsibility to this community – to serve with care and deliver secure, stable lifetime pensions.

As the university sector continues to face financial challenges, we remain steadfast in our purpose, driven by more than ever to build a foundation of pension security that supports not just individuals, but their families and communities.

A personal highlight in 2024 was co-authoring a research study published in the Journal of Alternative Investments on how Canadian pension funds create value. Featuring UPP alongside the country's largest plans, the study recognized our growing role within the sector and highlighted our unique contributions to the Canadian pension model. In a time of ongoing uncertainty for both the university sector and the broader economy, we're proud to offer our members the stability of a pension plan built on a globally respected foundation.

Launching our member service experience

On this journey, I've come to deeply appreciate that behind every pension is a person—a retiree, a family—counting on that income for security and peace of mind. At UPP, our members are at the heart of everything we do, and that shared understanding fuels our commitment to serve them with the highest level of care.

In 2024, we launched the first phase of UPP's member services experience, including direct, personalized support through UPP's pension experts, and a digitally enabled solution tailored to the needs of our members and employers. This milestone marks the culmination of a two-year journey to build in-house pension administration services, featuring responsive, personalized support and user-friendly digital portals that reflect our commitment to be there for every member, every step of the way.

"At the heart of UPP's mission is a deep commitment to meet the pension needs of those who support Ontario's university sector – from faculty and staff to researchers, administrators, and all who dedicate their careers to advancing higher education. Every step we take is grounded in our responsibility to this community – to serve with care and deliver secure, stable lifetime pensions."

By design, this launch includes a phased portal rollout, with new tools and resources introduced incrementally based on thorough testing and member feedback. This ensures reliable estimate results while continually enhancing the experience, always with member needs at the forefront.

While less than a year has passed, I'm encouraged to see the value this new service experience is already bringing. UPP members now have a secure, convenient way to manage their pension information, access and submit documents, and connect directly with our Member Services team. As our services evolve, we remain focused on providing peace of mind in every interaction—and improving continuously in response to member input.

Delivering a disciplined investing approach

From the outset, we've built strong private markets capabilities that diversify our portfolio and provide access to stable, inflation-hedging assets. By the end of 2024, we surpassed $1 billion in UPP-initiated private asset investments—many of which support our $1.2 billion climate solutions target by directing capital toward competitive assets that contribute to climate risk mitigation and/or adaptation, and away from sectors with higher greenhouse gas emissions intensity and lower long-term competitiveness.

At UPP, responsible investing is not a separate strategy. Rather, it is fully embedded in our approach by ensuring we account for material risks that impact our investment portfolio. These considerations are integral to our due diligence, portfolio construction, and active ownership practices, helping us manage risks and uncover opportunities. In 2024, we further strengthened this commitment with the launch of our Inequality Stewardship Plan, which is rooted in the understanding that inequality is a systemic risk to long-term returns. Through targeted engagement and advocacy, this plan promotes globally recognized standards to address key workforce and workplace issues, supporting the resilience and value of companies in our portfolio.

Serving the university sector

As a sector-wide pension solution, our doors are open to all employers and employees within Ontario's university community. As of January 1, 2025, our membership exceeds 41,000 members, with many ongoing discussions within the sector to drive future growth. It's both humbling and gratifying to see our membership expand, knowing that each new member reflects the trust and confidence placed in us to secure the pension promise.

It's my immense privilege to lead UPP's exceptional team, whose unwavering dedication has been a cornerstone of our success. Our mission as a purpose-driven organization to bring greater pension security to the university sector attracts and unites our employees. In 2024, over 90% of employees reported they were proud to work for UPP, highlighting a strong sense of purpose and engagement across the team. Our inclusive workforce, reflecting the diversity of the university community, enriches the employee experience and motivates us to perform at our best.

Reflecting with gratitude

As I reflect on 2024, I want to thank our members for their continued trust and confidence. I also extend my appreciation to all those who play a role in UPP's ongoing work and progress: our Board of Trustees, Joint Sponsors, and university sector partners.

In particular, I would like to express my deep gratitude to our Board of Trustees for its strategic guidance and our Joint Sponsors for their stewardship and continued partnership. Together, their support has been essential in ensuring UPP delivers on our promise of security, sustainability, and high-quality pension service to our members.

We remain firmly focused on delivering long-term value, upholding the highest standards of governance, and strengthening the pension future of the university sector we are proud to serve.

Barbara Zvan
President and CEO

UPP's strategy

Our blueprint for a resilient, high-performing Plan

UPP's 2022–2025 organizational strategy, which features six key imperatives, is our blueprint to build a resilient, high-performing Plan for members and establish UPP as the pension plan of choice for Ontario's university community.

Our strategy is led by UPP's experienced leadership team and overseen by our Board of Trustees. Progress is regularly measured and reported, and key developments are captured in our annual reports.

UPP's 2022–2025 organizational strategy

Serve our members
Deliver proactive, digitally enabled services that exceed member expectations

Invest for the future
Design a dynamic, purpose-driven investment program with pension security at the core

Realize sector growth
Build trust and transparency with the diverse university community and welcome new Plan participants

STRATEGIC PILLARS

Operate with resilience
Future-proof operations and technology while responsibly managing costs

Lean into ESG[6]
Foster a financially, socially, and environmentally sustainable future for members in all we do

Foster our culture
Build an intentional, thriving culture underpinned by our purpose-driven people

END-TO-END FOUNDATIONS

[6] Environmental, social, and governance factors.

Milestones and momentum: reflecting on our inaugural strategy

UPP was purpose-built by and for the university sector to provide a strong, sustainable defined benefit pension plan–delivering dependable retirement income for members, today and for generations to come.

As we approach the final year of our inaugural 2022–2025 strategy, our focus remains firmly on serving members with excellence, while advancing the long-term strength of the Plan through a disciplined investment approach. The following pages detail how UPP welcomed more employers and members into the Plan in 2024, made continued progress on our portfolio strategy, enhanced our service offering, and advanced our organizational strength across each of our six key imperatives.

Investing for the future

UPP's investment program aims to earn long-term returns, at an appropriate level of risk, to deliver dependable retirement income to our members today and tomorrow. To this end, our initial task was to bring together the investment programs of participating organizations into a single, unified portfolio. This work involved establishing core internal investment competencies and setting clear priorities to grow the fund. With the transition complete in 2023, we turned our focus toward streamlining and optimizing the portfolio in line with our long-term strategy.

In 2024, we continued to implement our total fund investment strategy, making steady progress to refocus the portfolio through new private market investments and new public market mandates. We also made significant strides in lowering inherited investment costs by establishing key functions in-house and negotiating fees as a larger investor.

Another milestone was completing a two-year project to build a sophisticated, scalable investment risk system for the entire fund. This system helps ensure that the risks we take to achieve investment returns are clearly understood, carefully managed, and aligned with our long-term goals.

Read more about our investment strategy on page 28.

AN AWARD-WINNING INVESTMENT TEAM

UPP was a double winner at the 2024 Institutional Connect Awards, taking home both the Institutional Investor and Investment Innovation of the Year honours. Our nominations among leading Canadian plans are a testament to both our reputation across the pension and investment sectors and our early accomplishments. These awards recognize UPP's innovative approach, careful alignment of our investment strategy to long-term pension liabilities, strong governance, commitment to responsible investing, and focus on members.

"Investing is often perceived to be only about the numbers. Numbers are important, but big things are done by people collaborating with a purpose. To me, that's been a big driver of UPP's success now and will continue to be in the future."

Aaron Bennett
Chief Investment Officer

BEHIND THE NUMBERS: UPP'S LEGAL, FINANCE, AND TECH TEAMS IN ACTION

Many individuals and teams at UPP play a role in ensuring we operate efficiently and uphold high standards across the organization. While much of their work takes place behind the scenes, their contributions are essential to the successful integration of new technologies, continuous process improvement, and a collaborative organizational culture.

UPP's Legal team plays a vital role in our ability to make sound investment decisions.

Their efforts also equip us with systems and processes that reflect the complexities of a new and growing organization. During the transition of Victoria University and Trent University pension plans into UPP in 2024, the team facilitated a smooth onboarding process, ensuring all Plan terms were properly integrated into UPP's Plan text. They also developed a comprehensive legal support model, providing members with a clear and effective pathway to address pension-related claims and disputes. Through these initiatives, the team continues to strengthen the organization, laying a stable and secure foundation for future growth.

"The Canadian pension industry is incredibly complex. We've built a strong legal team that brings a breadth of deep technical knowledge, strong commercial judgment, and strategic advisory experience to enable ongoing Plan growth, address an evolving regulatory environment, and ensure we meet our fiduciary responsibility to UPP members."

Christine Chen
General Counsel

Christine won the Female Trailblazer of the Year (Academia and In-house) award at the 2024 Canadian Law Awards for her outstanding achievements and impact on both UPP and the broader legal community.

Continue on next page

BEHIND THE NUMBERS: UPP'S LEGAL, FINANCE, AND TECH TEAMS IN ACTION

UPP's Investment Finance and Operations and Technology, Data, and Delivery teams worked together in the last year to streamline our financial operations and make them more resilient and flexible.

Teams across UPP benefit from the outcomes, including quicker financial report delivery, more precise and timely data, and improved controls—all of which reduce operational, financial, reputational, and compliance risks.

Continuous focus on data security

UPP continuously enhances security and risk management to protect member, employee, and partner information. Our measures include a cyber-resilience program, regular employee training and testing, and stringent standards for procurement, legal, and vendor management, all aligned with industry best practices.

Learn more about the measures UPP is taking to keep member data secure on page 66.

"At UPP, data is not just valuable, it's a critical asset that we safeguard with the highest level of security and rigour. As custodians of member, employee, and partner organization data, we are committed to continuously strengthening our cybersecurity and data protection. With evolving technology and artificial intelligence creating new opportunities, we ensure that ethics and security remain at the core of every decision we make."

Chinyere Uka
Delivery Director, Strategic Initiatives Delivery

Serving members with care

UPP's growing membership includes a diverse range of groups across the university sector, such as unions, faculty, administrative and association staff, academic publishers, and research groups. As of January 1, 2025, we provide pensions to over 41,000 members from five universities and 14 sector organizations.

In 2024, UPP began a phased launch of our new member and employer service experience, marking an important milestone in our commitment to delivering direct, personalized, and accessible support. This first phase introduced foundational elements of our service model, including access to UPP's team of pension experts across multiple channels and new digital resources and tools like secure online portals designed to guide members and employers through every stage of the pension journey.

This is just the beginning. We will continue to evolve and expand UPP's service experience with a clear goal in mind: making it easier for members to understand and manage their pensions and for employers to support them—with streamlined access to the information, tools, and guidance they need. In the coming months, this will include a pension estimator in the secure myUPP Member Portal and a growing library of web resources and other educational offerings.

Learn more about UPP's pension service experience on page 58.

"Our goal is to ensure members feel informed, empowered and engaged in their retirement planning, and to earn their trust."

Joanna Lohrenz
UPP's Chief Pension Services Officer in an interview with Benefits Canada

Investing and acting responsibly

Responsible investing is not a separate focus at UPP—it is how we invest. We believe that companies and investment managers who meet or exceed responsible investing standards are more likely to deliver stronger long-term financial performance than those who do not. This belief underpins our approach to investing and is a key part of how we exercise our fiduciary responsibility to members.

Recognizing that material environmental, social, and governance factors can significantly affect financial markets and long-term value, we take a systems-level approach to identifying and managing risks and opportunities throughout the investment process. This includes close collaboration across UPP teams and active engagement with external managers and peers to support ongoing improvement in our responsible investing practices. These efforts help us derive and protect value while contributing to resilient, sustainable capital markets for the future.

UPP's portfolio GHG emissions intensity ended 2024 at 20 tonnes CO_2e/$M invested, down 59% from our 2021 baseline, and down 51% from 2023, far exceeding our 2025 target. The decrease was primarily driven by focused asset mix changes in public equities and infrastructure and an increase in global equity valuations coupled with a decline in value of the Canadian dollar against other currencies. Short-term fluctuations driven by market volatility underscore the need for our dual focus on reducing emissions in our portfolio and in the real economy.

We added over $250 million in investment commitments to climate solutions in 2024. These commitments not only provide key portfolio benefits such as inflation protection but also demonstrate that strategic, long-term investments can facilitate climate change mitigation and/or facilitate adaptation to its impacts. Additionally, the market value of our climate solutions increased significantly, primarily due to our new investments. Since 2023, UPP has committed $650 million to climate solutions, making good progress toward our goal to commit $1.2 billion in climate solutions by 2030.

Despite our own progress, global cooperation is needed to tackle climate change effectively and achieve lasting emissions reductions. As we assess new investment opportunities, lower our portfolio's emissions intensity, and push for climate-related market and policy improvements, we remain focused on meeting the next interim target from our Climate Action Plan: a 60% reduction in GHG emissions intensity from our 2021 baseline by 2030.

While climate remained a key focus area, we expanded the scope of our stewardship work by launching our Inequality Stewardship Plan. Much like our efforts to address climate change, addressing inequality as described in this plan is a strategic business decision that supports our ability to pay pensions to our members in the long term.

"Responsible investing is fundamental aspect of our overall investment strategy. We believe that companies and investment managers who meet or exceed responsible investing standards are more likely to deliver strong long-term financial performance. By advancing RI practices and standards, we're supporting the resilience of capital markets while fulfilling our fiduciary duty to our members."

Brian Minns
UPP's Senior Managing Director, Responsible Investing, in an article introducing UPP's Inequality Stewardship Plan

Fostering our culture

To deliver on our pension promise, we rely on attracting and retaining talented employees in a competitive environment. Our work to cultivate an intentional and inclusive culture supports these efforts by creating a workplace where our people can perform at their best. Our survey results consistently indicate that UPP maintains a healthy, high-performing culture of engaged individuals who maintain our members' interests at the centre of their efforts. Being Plan members ourselves, we are committed to providing pension peace of mind to our members and their families.

At UPP, we value the unique perspectives, experiences, and talents each person brings—believing they strengthen decision-making and enhance our overall performance. Since launching our Equity, Diversity, Inclusion, and Reconciliation program in 2022, we've made meaningful progress in building an inclusive workplace, marked by key achievements and continuous learning. In 2024, we completed the final year of that roadmap, with survey results confirming a culture where employees feel supported, valued, and empowered to thrive. In 2025, we're continuing this momentum with an updated roadmap aligned to our longer-term strategic goals.

Read more about what we accomplished and celebrated in 2024 on page 75.

USING ARTIFICIAL INTELLIGENCE TO ENHANCE PRODUCTIVITY

At UPP, we embrace innovative technologies to support our team and protect our members' pensions and personal data. Our approach to artificial intelligence (AI) is guided by transparency, security, and ethical use. When it comes to member service, we take a human-first approach—using AI to enhance, not replace, personalized support.

AI is helping us work more efficiently by streamlining processes and reducing manual tasks. We estimate that its use is generating approximately 400 to 500 hours of productivity each week, totalling 20,000 to 30,000 hours annually across UPP.

"AI provides a great opportunity for our people to innovate and work smarter. With that, we have approached AI with a spirit of experimentation, and our people have risen to the charge. The time savings help our people spend their work hours on the tasks they find most rewarding and where they can add the most value."

Omo Akintan
UPP's Chief People Officer during a panel discussing AI in the workplace at Benefits Canada's 2024 Future of Work Summit

A pension plan for the university sector

A proven model for generating long-term value

UPP was designed to deliver the hallmark features of Ontario's world-renowned jointly sponsored pension plans (JSPP) to the university sector, and we have made significant advances toward this goal.[7]

A key feature of JSPPs is joint governance, widely recognized as a best practice for ensuring the long-term sustainability of defined benefit pension plans. Under this model, Plan sponsors–employers and members–are equally represented in decision-making about the terms and conditions, as well as any amendments to the pension plan. Independent boards of trustees provide fiduciary oversight, ensuring the prudent management of investments, the protection of members' interests, and the ongoing financial health of the Plan.

In what is known as the Canadian pension model, JSPPs combine independent governance, professional in-house investment management, significant scale advantages, and extensive geographic and asset class diversification, shown to yield:

- superior long-term investment performance and value creation,
- efficiencies and economies of scale,
- stable contributions, costs, and lifetime benefit levels,
- financial certainty brought by independence from any one employer,
- advanced risk management and responsible investing capabilities, and
- member service excellence.

UPP aims to deliver these advantages plus additional benefits tailored specifically to the university community. Both employers and members benefit from the simplicity and security of a large, expertly run pension plan wholly focused on delivering a dependable pension promise.
See more on what we offer.

"I deeply valued the commitment of the UPP team as we transitioned the Victoria University pension plan. UPP's expertise, personalized service, and appreciation of our university's distinct culture and community made all the difference throughout the process. By joining UPP, our staff and faculty saw clear benefits–greater long-term stability for retirement income and the flexibility of pension portability across the university sector. We're excited to see Victoria's transition fully completed in 2025, and as one of UPP's newest members, I look forward to watching UPP grow as more universities come on board!"

Ray DeSouza
Bursar and Chief Administrative Officer (Retired), Victoria University in the University of Toronto

[7] Beath, Alexander/Betermier, Sebastien et al., *The Canadian Pension Fund Model: A Quantitative Portrait, Global Risk Institute, August 20, 2020*; "*Maple Revolutionaries*," The Economist, March 3, 2012; Ambachtsheer, Keith, *The Future of Pension Management: Integrating Design, Governance, and Investing*, Wiley, 2016; Bédard-Pagé, Guillaume et al., "*Large Canadian Public Pension Funds: A Financial System Perspective*," Bank of Canada, June 2016.

Growing the Plan and welcoming new members

Our dedication to our members extends to new Plan participants transitioning to UPP as well as those considering it. UPP and our Joint Sponsors bring deep experience in the university sector and its communities and work collaboratively with interested parties to support informed, thoughtful decision-making. All universities are welcome to explore participation in UPP, regardless of their existing pension plan type. UPP has built a flexible service infrastructure with the operational capacity to support onboarding for plans of varying types and sizes, ensuring readiness when the time is right.

As of January 1, 2025, UPP has grown our membership to five participating universities and 14 sector organizations. This growth reflects the addition of new members from the Association of Professors of the University of Ottawa, the Ontario Confederation of University Faculty Associations, Trent University Staff and Victoria University, which is a federated university at the University of Toronto.

Additionally, members of the Wilfrid Laurier University Pension Plan officially consented to join UPP, a significant step toward integrating Laurier members into UPP. Pending regulatory approvals, we look forward to supporting Laurier members through their transition to UPP in the coming months.

CONTACT US

UPP offers dependable retirement income, personalized member service, comprehensive employer support, and expert investment management with scale. As organizations consider their pension options, our expert team is available to provide information to help them make well-informed decisions, along with dedicated support for a smooth transition to UPP.

Find out more about joining UPP.

DEFINED BENEFIT PENSION PLANS: SUPPORTING ONTARIO'S ECONOMY

As a defined benefit (DB) pension plan, UPP was specifically designed to serve the university sector in Ontario, providing faculty and staff with a secure pension income for life. A recent study shows that DB pension plan payments benefit both individual households and the broader economy.

UPP was proud to contribute to the development of Defined Benefit Pension Plans: Supporting Ontario's Economy, a research report published by the Conference Board of Canada. The research demonstrates that DB pensions play a critical role in supporting Ontarians, both in terms of retirement and broader economic growth. Not only do they offer income stability and peace of mind by alleviating some of the stress around retirement planning, but they also spur significant economic growth by driving consumer spending, stimulating business growth, supporting jobs, and more.

"A lot of Canadians are concerned about the cost of living both today and into the future. Knowing that your pension is going to be there when you retire, knowing how much your pension is going to be—that's a major relief."

Joanna Lohrenz
UPP's Chief Pension Services Officer discussing the value of workplace pensions during Pension Awareness Day

KEY INSIGHTS[8]

1.23M
Ontarians received DB pension plan payments

$42.7B
DB pension benefits were paid in Ontario

$34B
contributed to Ontario's GDP from DB pension benefits

$60.9B
in economic output generated within Ontario

251,900
full-time, full-year jobs were supported by DB pensions

In 2024, UPP's **Canadian holdings represented 44% of the Plan's assets**, held in bonds, equities, real estate, and infrastructure.

[8] Source: The Conference Board of Canada, *Defined Benefit Pension Plans: Supporting Ontario's Economy*, 2024.

PART TWO

Creating value today and for generations to come

As a complement to the financial statements, UPP's management discussion and analysis provides commentary on Plan activities and performance.

Plan funding

A pension promise spanning generations

A secure and stable Plan is one where all current and future members receive pension benefits at a reasonable and predictable cost. That is UPP's commitment.

2024 PLAN FUNDING HIGHLIGHTS

102% funded status[9]

$0.2B funding surplus[9]

5.45% discount rate

$564M in pension benefits paid to members

[9] On a smoothed and market value basis.

Delivering Plan stability

Plan stability requires a careful balance between the liabilities (the estimated cost of current and future pensions) and assets (member and employer contributions plus investment returns), which can vary with economic conditions and Plan demographics. The funded status (or funded ratio) is a key indicator of the balance between these aspects at any one time. It indicates whether the Plan as a whole has enough assets to fund all current and future pension obligations. Funded status is one of the most important measures of the Plan's current and long-term financial health.

We apply a number of measures and tools to maintain stable benefits and contributions over time.

Actuarial valuations—a steady view of Plan health

Every three years, at a minimum, UPP must file a funding valuation with regulators showing the Plan's funded status and contribution requirements. Actuarial valuations provide point-in-time assessment of the Plan's financial health, based on a range of assumptions and in line with the Canadian Institute of Actuaries' standards about future trends and events. Regardless of whether a valuation is filed in a given year, UPP produces an annual funding valuation to maintain a line of sight into the Plan's financial health and to support the Sponsors' decision-making and discloses this information in our annual report.

Funding valuations use a variety of economic and demographic assumptions, which are sensitive to changes in the Plan and external environment and must be reviewed each year.[9] The primary economic valuation assumption, the discount rate, is set annually by UPP's Board of Trustees. It reflects the long-term expected rate of return on investments net of expenses and a provision for risk. Given continued market uncertainty and a desire to maintain stability, the Board held the discount rate steady at 5.45% for 2025.

Valuations are considered preliminary until filed with pension regulators.[10]

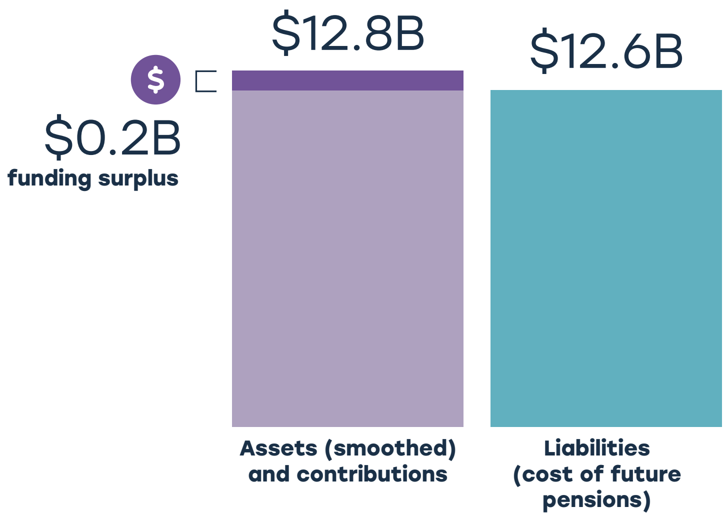
In consultation with UPP's Plan Actuary, we conducted a comprehensive review of the economic and demographic assumptions underpinning the Plan's January 1, 2025 valuation (which the December 31, 2024 funded status is based on) to ensure their continued appropriateness in the current environment. This analysis focused on a review of economic and demographic assumptions, most of which remain unchanged from the prior valuation. While most assumptions remained unchanged, one indexation assumption was updated and is reflected in 2024 liability and assumption changes (see table on next page).

View UPP's latest filed valuation for more detail.

[10] See Appendix 1 for more information.

FUNDED STATUS AT DECEMBER 31, 2024[11]

Valuation results for year-end 2024 show that the Plan remains fully funded. The decision on whether to file the valuation rests with the Joint Sponsors.



The following provides a reconciliation of the Plan's funded status, on a smoothed asset basis, for 2024. UPP reported strong investment performance in 2024, generating net investment income of $1,195 million on a market value basis. The Plan was 102% funded on both a smoothed and market value basis.

Changes in surplus (preliminary, $millions on a smoothed asset basis)	**2024**
Opening surplus (Jan 1, 2024)	**249.3**
Interest on surplus	13.6
Investment loss (relative to 5.45% on a smoothed basis)	(8.5)[12]
Liability and assumption changes	(7.3)
Ending surplus (Dec 31, 2024)	**247.1**

ABOUT ASSET SMOOTHING

UPP uses asset smoothing in its funding valuation, averaging investment gains and losses relative to the discount rate over a five-year period – approximately the length of a typical economic cycle. This approach helps neutralize or "smooth out" short-term market fluctuations. Asset smoothing, a common practice among Canadian JSPPs, promotes stability by ensuring contribution and benefit levels are not unduly influenced by point-in-time market volatility.

UPP began introducing asset smoothing on January 1, 2023, phasing it in over three years. By January 1, 2025, the method will apply fully on a five-year rolling basis, aligning with a typical economic cycle and the Plan's long-term investment horizon.

Plans using similar methods include the Alberta Teachers' Retirement Fund, Colleges of Applied Arts and Technology Pension Plan, Healthcare of Ontario Pension Plan, Ontario Municipal Employees Retirement System, Ontario Teachers' Pension Plan, and OPTrust.

[11] Based on the January 1, 2025 valuation.

[12] While UPP earned over a billion dollars in investment income on a market value basis in 2024, the Plan's surplus is measured and reported on a smoothed basis. This smoothed basis incorporates the investment losses from 2022, which are still being recognized in 2024, resulting in a reported actuarial loss of $8.5 million relative to the Plan's discount rate of 5.45%.

Asset-liability analysis

UPP uses comprehensive asset-liability modelling to identify challenges and develop strategies to manage the Plan's long-term investment and funding dynamics. These AL studies bring together all important aspects of the Plan to simulate possible funding outcomes under thousands of economic scenarios.

Unlike the typical three- to five-year cycle followed by similar-sized organizations, UPP conducts comprehensive asset-liability modelling internally whenever necessary. Regular asset-liability modelling allows us to stay ahead of potential challenges that could impact our sustainability. It also helps us closely align the investment portfolio with the pension commitments it is built to fund and to project and manage the Plan's long-term contribution requirements, funded conditional indexing, and benefits. All these aspects help maintain the Plan's stability over time.

Asset-liability modelling is also a critical tool for UPP's investment strategy.

Read more about how asset-liability modelling contributes to our investment activities on page 39.

Joint Sponsors' Funding Policy

The Joint Sponsors' Funding Policy guides decisions related to Plan design and risk sharing. It was designed specifically to support long-term Plan sustainability by maintaining stable contributions, protecting benefit security, and ensuring fairness across generations of members.

Grounded in strong actuarial and economic principles, the policy includes specific measures to help keep contributions and benefit levels stable while promoting overall Plan health.

Contributions

UPP is focused on maintaining stable contribution rates. Since the Plan's inception, rates have remained consistent and are expected to stay at their current levels through at least 2027. Any adjustments before then would occur only if the Joint Sponsors, based on a formal valuation process, determine a change is needed and submit it to the regulator.

Funded conditional indexation

Indexation is an adjustment to a pension in pay to account for the increase in the cost of living over time, based on the key economic indicator, the Canadian Consumer Price Index (CPI). UPP's target is to provide inflation protection for at least 75% of the annual increases in CPI over the long term for service earned under UPP, conditional on the Plan's financial health. Our funding is structured to deliver this benefit over the long term, and, as such, indexation at 75% of CPI is assumed for the full horizon of our valuations.

According to UPP's Plan Terms, cost-of-living adjustments at 75% of CPI are granted for UPP pensions (applying to service rendered after joining UPP) until January 1, 2028. After that date, decisions on changes to the indexation level rest with the Joint Sponsors. When indexation changes are decided on, pension payments already in pay never decrease, but there could be future periods where annual indexation increases are less than 75% of CPI. For members with a portion of pensions earned under prior plans, UPP honours the pension adjustment provisions of prior plans, including how and when any increases are determined and paid.

Initial deficit funding and transitioned risk sharing are key design elements of the Plan and sustainability provisions in the Funding Policy. All new plans joining UPP must be fully funded or establish a payment schedule to become fully funded over an agreed-upon initial period, subject to pension legislation. Deficits at the time of conversion must generally be amortized over a period of 15 years from the Conversion Date, although any past service gains may be used to reduce the length of this period.

Unfunded liabilities related to pre-conversion service that emerge in the first 10 years of participation in UPP remain the responsibility of the originating organization. Following this period, risk for pre-conversion service gradually transitions to be shared equally between Plan members and employers. These provisions are designed specifically to insulate Plan members from risk related to past service deficits brought into UPP by participating employers joining the Plan, including the founding universities.

COST-OF-LIVING ADJUSTMENT FOR 2025

Pensions accrued under UPP provisions include annual conditional funded indexation of up to 75% of the increase in the Canadian CPI. In January 2025, UPP provided indexation at the full 75%. This means that UPP pensioners, survivors, and dependents in pay will receive an inflation protection (indexation) increase of 2.03% to the UPP portion of their pensions, effective January 1, 2025.

Learn more about UPP's 2025 inflation protection increase.

For those receiving pensions that include service earned before their previous plan joined UPP, inflation protection for the pre-conversion portion of their pension is based on the indexation provisions of their former plan.

For more information, visit the Prior Plan Quick Guides available in the Member Resources section of myupp.ca.

2.03%

inflation protection increase

Investment performance

Results members can count on

UPP's investment program has one goal: to earn sufficient long-term returns, at an appropriate level of risk, that will deliver secure and stable pension benefits to our members today and tomorrow.

We carefully consider opportunities and risk through the lens of the Plan's liabilities and investment beliefs, striking a balance between three key objectives:

- generate sufficient returns to keep the Plan fully funded, ensuring we can pay members' pensions for decades to come
- keep benefit and contribution levels as stable as possible over time
- create value that can withstand short-term volatility while delivering dependable retirement income in a changing world

Our focus remains on generating long-term returns and building on the financial foundation that UPP members can count on in retirement.

AN AWARD-WINNING INVESTMENT TEAM

UPP was a double winner at the 2024 Institutional Connect Awards, taking home both the Institutional Investor and Investment Innovation of the Year honours. Our nominations among leading Canadian plans are a testament to both our reputation across the pension and investment sectors and our early accomplishments. These awards recognize UPP's innovative approach, careful alignment of our investment strategy to long-term pension liabilities, strong governance, commitment to responsible investing, and focus on members.

2024 INVESTMENT HIGHLIGHTS

$12.8B
net assets

10.3%
annual net rate of return

$1.2B
net investment income

Q&A WITH OUR CIO

Aaron Bennett, Chief Investment Officer

UPP's Chief Investment Officer, Aaron Bennett, sheds light on UPP's performance in 2024, the significant trends that shaped our portfolio, and our strategic focus for 2025 and beyond. His insights reveal how our Investment team navigated a complex market environment, achieved notable portfolio outcomes, and positioned UPP for continued success.

How did UPP perform in 2024?
UPP remained fully funded, with a 10.3% annual return. It was another successful year for public equities—particularly U.S. equities—playing a pivotal role in our overall performance. Absolute return strategies also topped performance for the second year running. With the surge in economic growth and the decline in interest rates and inflation, various private asset classes began to recover from prior sector underperformance. UPP's ability to deploy capital in a less crowded investor space recently led to our infrastructure strategies beginning to yield positive results. The year's gains were partially offset by losses in fixed income, inflation-sensitive bonds, and real estate, which were driven by long-term interest rates and specific sub-sector supply-demand imbalances in areas such as office and retail real estate.

While near-term market performance is important, building portfolio resilience is crucial for funding pensions over the long term. Since UPP's inception, our focus has been setting a foundation for long-term success, and we began seeing tangible benefits from these efforts in 2024. We are actively positioning ourselves to navigate market volatility by implementing a range of strategies across key asset classes. Co-investments have led to better portfolio alignment, reduced fees, and enhanced control, with early positive returns from infrastructure investments. By conducting all manager research, selection, monitoring, and asset-liability studies internally, we've achieved significant cost savings and heightened portfolio transparency. Even with increased allocations to higher-cost asset classes, UPP-driven negotiations and our focused portfolio strategy have driven reductions in external management fees. Our new fee structures reward partners for exceeding their benchmarks, especially in public equities. These strategic efforts prepare UPP to navigate future challenges and take advantage of emerging opportunities—less than five years into our journey.

Reflecting on the year, what trends had the most significant impact on UPP's portfolio?
One of the most significant trends was the Bank of Canada's reduction of short-term interest rates, which had mixed effects. Public equities saw valuation and financing benefits, with lower financing costs boosting returns in industrial, multi-residential real estate, and infrastructure investments like digital infrastructure, renewable energy, and transportation. Our strategic entry into these sectors is set to benefit our portfolio in the long term. However, government spending and inflation concerns drove up long-term interest rates, reducing long-term bond prices and affecting our fixed income portfolio. Despite this, we still see long-term government bonds as crucial for managing the Plan's liabilities.

Continue on next page

U.S. equity returns remained strong in 2024, with growth stocks in technology sectors leading the way. Our decision to increase exposure to this market early in the year through our passive investment program contributed significantly to strong public equities performance for the second year in a row.

Strong demand for renewable energy in 2024 reinforced UPP's commitment to climate solutions, which continue to show positive valuations driven by growing demand for efficient transportation, energy, and expanded data infrastructure. These investments diversify our portfolio and align with our Climate Action Plan, as they are expected to contribute to climate change mitigation and/or adaptation to its impacts. While the U.S. has signalled its plans to withdraw from the Paris Agreement and roll back climate-related policies, global support for renewables remains strong, particularly in Europe and Asia. Meeting the ever-increasing demand for energy will require diverse approaches. Ultimately, we believe that our climate solutions commitments, which we're looking to increase to $1.2 billion by 2030, will enhance our ability to capture returns and manage risk while increasing the overall resilience of our portfolio. Read more about our commitment to climate solutions on page 56.

Continued geopolitical instability, especially due to conflicts in eastern Europe and the Middle East, impacted global markets and investor confidence. The Canadian dollar's weakness–driven by a widening gap between U.S. and Canadian interest rates, differing economic growth prospects, and a potential trade war–directly impacts UPP. Shifting trade policies and potential tariffs close to home have also led to increased currency volatility. Since our pension liabilities are in Canadian dollars, but many of our investments are in U.S. dollars, we employ a hedging strategy to mitigate currency risk, converting some of the portfolio back to Canadian currency. This balanced approach helps limit volatility and enhance long-term returns, considering diversification, liquidity, and costs.

How will UPP navigate a challenging 2025?

Looking ahead, we anticipate that geopolitical tensions, ongoing North American trade disruptions, and evolving domestic policy landscapes will continue to ramp up uncertainty and volatility. While UPP's portfolio is not immune to this, and it's impossible to accurately predict what will happen, we have been preparing for it. Since UPP's inception, we've worked hard to build capabilities to structure and test the portfolio, and much more. We're confident we can navigate these complexities and continue delivering long-term value for our members.

With that, the next year or two will likely test our portfolio's resilience and our team's ability to seize opportunities that typically present during periods of high market volatility. We are focusing on driving toward our target asset mix, leveraging our scale to deliver value to members, and applying our in-house capabilities to manage risk, integrate responsible investing practices in our portfolio, and access a wider range of investment opportunities. Working with our partners to deliver flexible solutions and staying agile to take advantage of good opportunities remain central to our strategy. Read more about our portfolio transition and progress we made in 2024 toward our target asset mix on page 31.

"UPP is prepared to navigate future challenges and take advantage of emerging opportunities–less than five years into our journey."

Aaron Bennett
Chief Investment Officer

A purpose-driven portfolio transition

When UPP assumed management for the pension assets of participating organizations, we combined several investment portfolios into one and developed a multi-year transition plan toward achieving a unified and cost-effective portfolio with a specific asset mix tailored to UPP's funding objectives and investment beliefs. Designed to support a healthy funding and liquidity position, UPP's target asset mix provides our Investment team with clear guidance for asset concentrations and risk management, while enhancing our ability to swiftly adapt to evolving market opportunities. It also leverages the cost-saving benefits that come from Plan growth.

UPP's exposure evolution

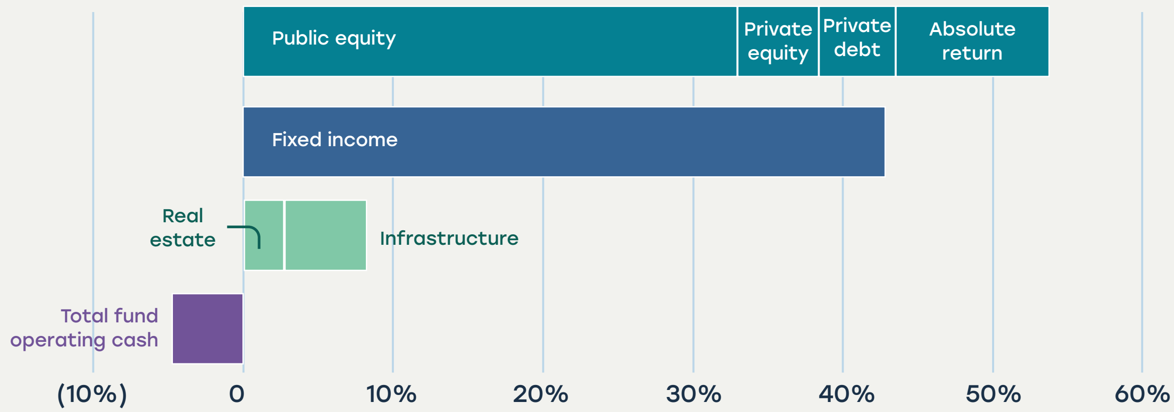
Since embarking on our portfolio transition journey, we have made significant progress in shifting our exposure toward certain asset classes. In 2024, we further reduced our exposure to public equities and increased our investments in interest rate-sensitive assets. We also increased our allocation to inflation-hedging assets, including investing in renewable energy, digital infrastructure, and multi-residential real estate. These shifts support better portfolio alignment with our investment approach and pension liabilities, reducing sensitivity to systematic risk, interest rate changes, and funding ratio volatility over time. We continuously explore new investments that reflect this priority.

[13] Reflecting the midpoint of asset class exposure ranges.

[14] Formerly named short-term money market and funding.

Asset mix (%)[13]	2024	Inception July 1, 2021	Target asset mix
Return enhancing	53.6	71.9	52
Interest rate sensitive	43.4	29.2	42
Inflation sensitive	7.7	4.6	16
Total fund operating cash[14]	(4.7)	(5.7)	(10)

2024 asset mix



The pace at which we can shift toward our target asset mix depends on both structural and transitionary elements, including market movements, liquidity, available investment opportunities, and the duration of investment commitments within the original portfolios. In the short to medium term, UPP will continue to transition the portfolio with these goals in mind:

- balance risk and return within the Plan's unique context
- selectively internalize aspects of our strategy to save costs and enhance control
- further diversify the fund in line with our investment beliefs, including growing our exposure to private markets and other assets that respond well to inflation
- continue our path toward a net-zero portfolio by 2040 or sooner
- harness our structure and growing scale

How we invest

In-house, professional investment management

UPP's Investment team deploys and manages investments through a mix of funds and direct co-investments. Our team seeks to provide long-term, stable funding for members' pensions by:

- proposing a tailored asset mix that provides needed returns and manages pension liability risk
- resizing and repositioning strategies in line with our target asset mix and within defined mandates
- adjusting allocations in response to changes in the market environment and pension liability
- researching and identifying new investment opportunities and partnerships to improve long-term portfolio performance
- executing timely and cost-effective transactions with a keen focus on total fund liquidity
- balancing active and passive management to manage costs, returns, risk, and liquidity
- constructing portfolios with externally managed strategies while selectively internalizing certain programs to manage cost, improve transparency, and gain control
- embedding financially material environmental, social, and governance considerations in investment analysis, portfolio management, and stewardship activities across our portfolio to better manage risk and capture returns

BENEFITS OF UPP'S IN-HOUSE EXPERTISE

We've taken a thoughtful approach to building in-house capabilities, focusing on areas where internal expertise creates the greatest value for the Plan and its members.

We have prioritized roles that strengthen our ability to deliver long-term, sustainable returns—such as manager research, selection, and monitoring; sophisticated portfolio construction; private market capabilities; responsible investing; and the strategic use of leverage. We've also embedded an integrated investment risk framework that considers the full picture—both assets and liabilities—to guide better-informed decision-making.

These core investment capabilities are supported by strong internal functions in financial analysis and reporting, operations, tax and legal compliance, actuarial services, and treasury management. This focused approach positions us to manage risk effectively, capture unique opportunities, and build a portfolio designed to deliver strong, long-term returns aligned with the Plan's evolving liability profile.

CREATING VALUE FOR OUR MEMBERS

As a Plan built for growth and managed with in-house capabilities, UPP is positioned to:

- access and execute complex investment transactions, including co-investments, that add differentiated value
- drive cost savings through negotiated costs and preferential fee structures
- enhance control, transparency, and oversight through active governance and investor rights
- access investment opportunities not typically available to smaller investors
- tailor investments to reflect our long-term strategy and investment beliefs
- influence responsible business practices across portfolio companies and external investment managers, knowing that companies who commit to responsible investing targets are better positioned to deliver strong long-term returns

Learn more about our investment activity.

Continue on next page

BENEFITS OF UPP'S IN-HOUSE EXPERTISE

Rapidly growing private markets capabilities
By building an in-house team that can establish robust fund and co-investment pipelines, form partnerships with top-tier partners, and execute co-investments, UPP can access investment opportunities that are often unavailable to smaller investors. So far, our team has evaluated over 300 opportunities that align with our private markets strategy. The completion of our first direct, single-asset investment in 2024 and subsequent co-investments, which require extensive research and due diligence capabilities, showcases our growing capabilities in private markets.

By the end of 2024, we surpassed $1 billion in commitments and investments since 2022, including six fund partnerships and eight direct co-investments across private equity, private debt, real estate, and infrastructure. These private investing initiatives align our portfolio more closely with our strategy and vision. As we continue to expand our private markets exposure, our dedicated team and valuable partnerships remain central to generating stable returns for our members.

Learn more about the benefits of direct investing.

"The key words for us are in-house expertise and a cohesive approach across our four private asset classes, which enable deeper partnerships."

Peter Martin Larsen
UPP's Senior Managing Director and Head of Private Markets in an interview with Top 1000 Funds

PRIVATE MARKETS INVESTMENT HIGHLIGHTS

Copenhagen Infrastructure Partners

SPRING 2023
Fund investment in Fund V

WINTER 2024
Direct investment in CI V Co-investment Portfolio A

Quinbrook Infrastructure Partners

FALL 2023
Fund investment in Net Zero Power Fund
Direct investment in US Co-Investment Sidecar

SUMMER 2024
Direct investment in Rowan Digital Infrastructure

Kohlberg & Company

SPRING 2024
Fund investment in Kohlberg Investors X
Direct investment in Riveron, a portfolio company in Kohlberg Investors X

FALL 2024
Direct investment in CLEAResult

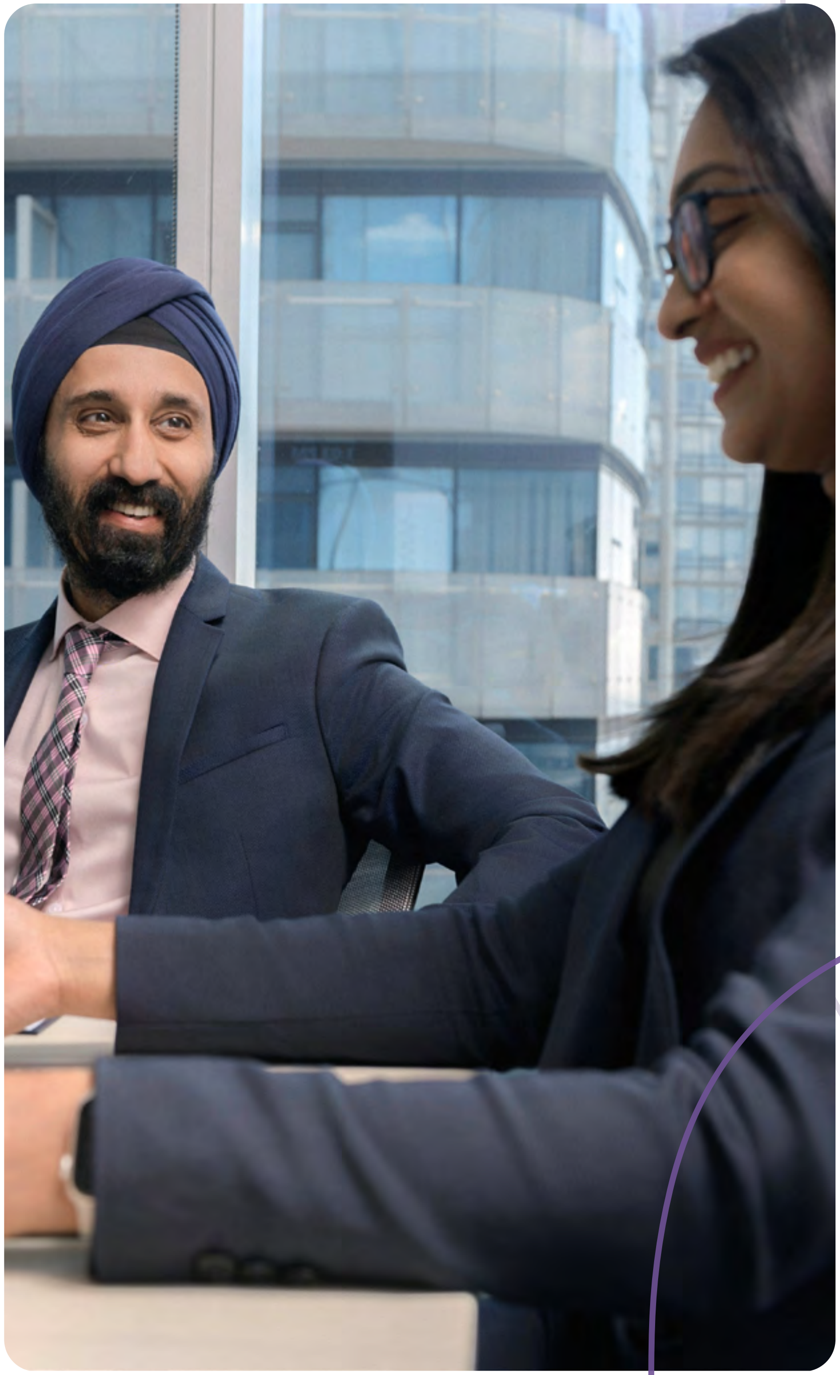
Enhancing performance and impact through trusted partnerships

Our partnerships with external investment managers play an essential role in implementing our investment strategy, so alignment with our vision and approach is crucial. When evaluating current and prospective partners, we consider a broad range of operational, investment, and financially material environmental, social, and governance factors reflected in an organization's structure and practices. UPP selectively works with investment managers who:

- are aligned with our investment beliefs and responsible investing approach and ambitions
- can generate long-term performance
- support strong risk management
- have the capacity to provide portfolio transparency and fees aligned with positive outcomes for our members
- offer appropriate investor rights and protections, allowing us to exercise our stewardship priorities through the portfolio
- seek a collaborative and mutually beneficial relationship based on exchanging strategic insights and best practices

Disciplined due diligence and ongoing dialogue help us understand the investment commitments, capabilities, and goals of our current and prospective partners.

See Appendix 4 for a list of our investment partners with $50 million or more of our assets under management and view our top single-name public equity holdings.



FOSTERING RESPONSIBLE INVESTMENT PRACTICES WITH UPP'S EXTERNAL MANAGERS

UPP's manager engagement program is designed to foster collaborative relationships and oversee the actions of our investment partners.

We engage with strategic partners regularly to learn more about the evolution of their responsible investing programs and maintain open dialogue on UPP's responsible investing priorities.

These discussions also aim to provide tailored and actionable recommendations that would support the improvement of responsible investing practices. We have defined focus areas such as equity, diversity, inclusion, inequality, climate change, and other factors that could materially influence investment outcomes.

In 2024, we engaged over 20 strategic investment partners across asset classes. Recent examples include:

- UPP provided tools and recommendations to enhance responsible investing policies and practices.
- We encouraged managers to enhance their disclosures in line with industry standards.
- Our team maintained regular contact to ensure accountability on commitments, including the creation or enhancement of internal diversity, equity, and inclusion policies; the integration of material environmental and social factors into investment decisions; and the clear definition of roles and responsibilities for these efforts.

UPP's Managed Account Platform (MAP) offers a flexible, transparent, and efficient way to allocate capital across diverse and complex investment strategies while offering better control of our investments through our MAP provider, Lighthouse Investment Partners. Unlike commingled funds, where assets are pooled, MAP provides greater oversight and its customizable structure allows us to better align investments with UPP's specific needs, including supporting our responsible investing priorities.

ADVANCING OUR NET-ZERO COMMITMENT WITH A KEY PARTNER AND A UNIQUE STRATEGY

UPP recently collaborated with Acadian Asset Management, one of our partners from inception, to develop an innovative investment strategy that supports our responsible investing commitments. Acadian's thoughtful integration of material environmental, social, and governance factors allowed us to co-create a mandate that aligns with our broader investment strategy and supports our goal of achieving a net-zero portfolio by 2040 or sooner.[15]

The result is Acadian's Carbon-Reduced Strategy, a quantitatively driven strategy designed to seek better returns compared to a passive public equity benchmark index. This strategy focuses on ensuring the portfolio carbon emissions intensity does not exceed the relevant benchmark index and seeks to reduce portfolio carbon emissions intensity over time.

Learn more about our investment activity.

"Together with Acadian, we are innovating in public equities to deliver both performance and measurable progress toward net-zero."

Nirupa Muthurajah
Director, Equity Strategies Lead

[15] Based on a weighted average carbon intensity (tCO_2e/\$M revenue).

Applying a focused risk lens

A core part of our investment strategy is managing investment risks in relation to our pension obligations. This means defining and evaluating risk not just at the asset level, but also through the lens of liabilities, ensuring we remain aligned with our long-term purpose. To generate the returns needed to support the pension, we must take investment risk in line with our target asset mix. While this comes with the potential for market losses or short-term changes in our funding ratio, our integrated risk approach helps us monitor and manage that risk thoughtfully across the total portfolio.

We apply a disciplined approach to risk-taking, aiming to be adequately compensated for the risk we assume. Through comprehensive risk systems, we are able to analyze and optimize risk exposures across the portfolio. This system allows us to better understand how risks interact across different asset classes, strategies, and time horizons–and how they relate to our overall funding needs.

To gain deeper insight into material exposures in our portfolio and those of our investment managers, we evaluate many dimensions of risk, including market concentration, liquidity, regulatory factors, and financially material environmental, social, and governance (ESG) risks. These insights help us avoid undue concentrations, optimize return relative to risk, and inform strategy decisions. In all cases, our objective is to take risk intentionally, efficiently, and with clarity on how it contributes to our ability to meet pension obligations.

Strong investment and risk accountability

With Board oversight, UPP's Investment team sets the total fund strategy and manages the asset mix with clear principles, limits, and thresholds codified in our investment policies. Because investing and investment risk are intrinsically linked, these elements are governed and managed together.

Our Statement of Investment Policies and Procedures (SIPP) and Asset Mix and Investment Risk (AMIR) Policy define the principles and Board-defined guardrails within which UPP invests and manages assets. These policies include asset class and subclass exposure ranges, risk limits, and ESG integration guidance to:

- generate sufficient returns to meet UPP's current and future pension obligations
- create a resilient portfolio that will perform in a range of market environments
- support efficient asset mix changes

These total fund policies are underpinned by operational frameworks covering counterparty risk, liquidity risk, portfolio rebalancing, and currency hedging. Together, they establish clear risk boundaries and responsibilities.

UPP's Responsible Investing Policy reinforces the SIPP and AMIR with specific guidance on how we integrate financially material ESG risks into our investment processes and stewardship practices. Learn more about our approach to responsible investing.

Proactive reporting and oversight

The Management Investment Committee (MIC) is the central forum for overseeing the development and execution of UPP's asset class strategies and operational infrastructure, including responsible investing. Chaired by the Chief Investment Officer and composed of senior leaders from investments, finance, risk, and legal, the MIC ensures the strategic decisions are informed by a cross-functional view of investment risk. The CIO reports to the CEO and the Board's Investment Committee.

The Investment Committee of the Board oversees UPP's investment policies, asset mix, and significant new investments. It also monitors investment risk exposure, ESG integration, and progress on our Climate Action Plan.

Oversight of material environmental and social risk factors

Financially material environmental and social risks are actively managed at both the Management and Board levels, reflecting our belief that these complex factors carry the potential to impact our investments, operations, and ability to deliver long-term value to members. UPP's Senior Managing Director of Responsible Investing provides regular updates to the MIC and Board, ensuring ESG risks are fully integrated into our investment and risk oversight. In 2024, we conducted a climate scenario analysis using a third-party tool to assess how various climate-related scenarios could affect the portfolio. UPP will continue to undertake this type of forward-looking analysis in the years ahead.

ACHIEVING RETURNS AND MANAGING RISK: A DUAL APPROACH

UPP's investment program is carefully designed to maintain a healthy funding ratio by delivering sufficient long-term returns, which in turn brings stable contribution and benefit levels for employers and members. This is why we carefully evaluate the impact of each investment decision on our portfolio, the need to take measured risks, and the potential sensitivities of assets and liabilities. Each UPP investment decision is supported by internal experts, comprehensive processes, and analysis driven by powerful techniques and tools.

Ongoing demographic analysis and asset-liability modelling
UPP's internal asset-liability modelling and matching techniques play a vital role in estimating how Plan assets and liabilities will react to external changes. These comprehensive AL studies enhance our understanding of critical risks to the Plan and guide adjustments to our target asset mix.

Many similarly sized Canadian pension plans outsource this sophisticated modelling and analysis work to third-party firms and consultants. In contrast, UPP has built a dedicated team of in-house asset-liability experts. By immersing fully in the process, we gain a profound understanding of our Plan's liability stream. This advantage takes on additional significance as we continue to grow and welcome more participants into the Plan. UPP's built-in asset-liability expertise also provides the flexibility to perform these analyses at any time, making the process both cost-efficient and timely. Our in-house modelling team can regularly simulate and analyze the Plan's sensitivities across thousands of economic scenarios, enabling UPP's Investment team to respond nimbly to significant market volatility or unique investment opportunities.

People, systems, and solutions to understand total fund risk
UPP's organizational culture emphasizes meaningful integration of subject matter experts and cutting-edge technology to ensure our members' pension benefits are secure and stable.

Our approach features two key technological solutions, which together provide a holistic analysis of risk at the total-fund level: Ortec Finance's GLASS, an asset-liability matching and risk management tool, provides top-down modelling of broad asset classes, while BlackRock's Aladdin Risk system offers a bottom-up, detailed risk analysis by examining each holding individually. Cross-organizational support fosters a cohesive environment where systems are seamlessly integrated.

Continue on next page

ACHIEVING RETURNS AND MANAGING RISK: A DUAL APPROACH

Ortec Finance's GLASS is a scenario analysis tool that leverages extensive historical data. Incorporating close to 2,000 simulations spanning over 30 years, GLASS's vast dataset and advanced capabilities allow our Investment team to prepare for various future scenarios—from typical market movements to rare events. With this tool, UPP can build for the future while adapting to changes in the asset or liability side of the Plan.

BlackRock's Aladdin Risk provides comprehensive portfolio insights, capturing nuances of different investments and the effects of combining them. This tool enhances our due diligence, risk assessments, and decision-making. Using Aladdin, we can analyze country and sector exposures to ensure our risks are both deliberate and justified. It also helps us stress test our portfolio across various periods and market conditions (such as global financial crises) and customize scenarios that reflect current issues, such as tariffs and trade wars.

Cross-organizational support

- UPP's in-house Portfolio Construction and Investment Risk team, actuaries and investment professionals work together to drive portfolio insights and a greater understanding of the liability needs and risk profile of both UPP's member organizations and the broader university sector.
- Our internal asset-liability capabilities allow us to better respond to both risks and investment opportunities in a cost-effective way—strategic advantages that benefit our Plan's continued health and stability.

Protecting and enhancing long-term value through stewardship

UPP seeks to use our influence as an institutional investor and our partnerships to catalyze positive change in both our investment portfolio and the broader economy. We firmly believe in the power of stewardship as a lever for value creation, risk management, and improved corporate practices, which lead to better investment outcomes.

WHAT IS STEWARDSHIP?

"Stewardship is the use of investor rights and influence to protect and enhance overall long-term value for clients and beneficiaries, including the common economic, social and environmental assets on which their interests depend."

—Principles for Responsible Investment

Consistent with our fiduciary duty to members, UPP's stewardship activities help ensure we effectively manage risks and capitalize on opportunities in our investment portfolio. As stated in our investment beliefs, creating value and managing risk involve exercising UPP's voice to influence outcomes related to financially material issues, including ESG factors.

UPP uses policy advocacy and collaboration with other investors and stakeholders to influence corporate behaviour in ways that enhance and protect long-term value, while maintaining full autonomy in our investment and proxy decisions. Our stewardship activities are guided by the actions and priorities set out in our stewardship plans. Given their potential impact, we approach our stewardship activities with the same intention and rigour as we do when selecting and allocating investments. Read UPP's Inequality Stewardship and Climate Stewardship plans.

When we see the potential for material negative financial impact and when engagement or other activities have not influenced, or are unlikely to influence, positive change, we will consider excluding investments from our portfolio. Generally, we see exclusions as a tool to mitigate investment risk rather than for changing behaviours on systemic issues. Learn more about our Investment Exclusion Policy.

UPP'S STEWARDSHIP LEVERS

Advocacy
Promote market-wide sustainable standards and practices

Direct engagement
Influence corporate behaviour through direct engagement with companies

Collaborative initiatives
Collaborate with other investors or market actors to amplify our impact

Third-party engagement
Leverage our engagement service provider and external managers to participate in engagement activities

Proxy voting
Use our public company votes to drive change among companies and corporate directors

Advocating for sustainable public policy and market standards

We selectively communicate with regulators and policymakers—either independently or with peers—to encourage fair and efficient public policy, government regulations, and market systems that support the Plan's objectives.

UPP joined 10 of Canada's leading pension investors and investment managers in a response to the Canadian Sustainability Standards Board in support of its proposal to improve and standardize sustainability-related and climate-related disclosure requirements for Canadian companies.

UPP, under the leadership of President and CEO Barbara Zvan, contributed technical expertise and strategic guidance as a member of the Government of Canada's Sustainable Finance Action Council, helping to develop made-in-Canada sustainable finance guidelines and disclosure standards.

Exercising our influence with portfolio companies

At UPP, we use direct and collaborative dialogue to engage with management teams and boards from our portfolio companies. Whether we are leading these engagements or supporting broader efforts through collaborative work with investors and partners, our objective is to generate measurable progress on financially material issues. Our efforts are focused on promoting better business practices, including improving disclosure.

Partnering with Shareholder Association for Research and Education (SHARE) helps expand UPP's engagement reach within our public company portfolio.

Supporting responsible investing practices through proxy voting

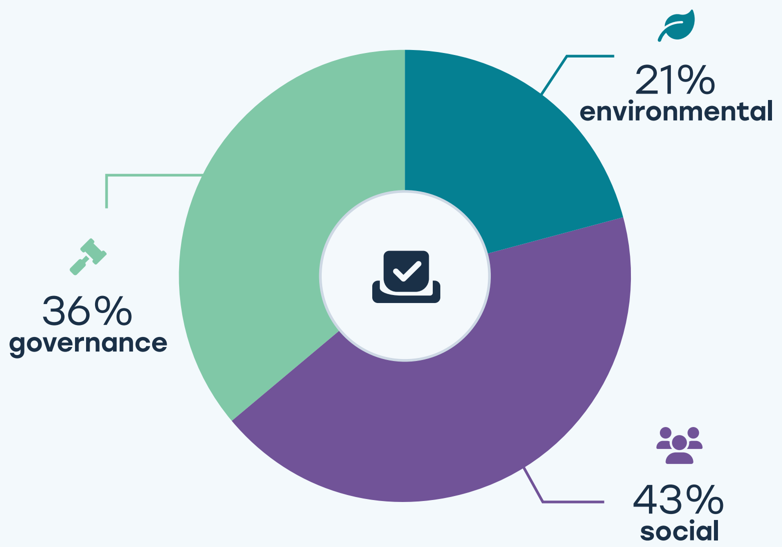
As a company shareholder, we exercise our voting rights to clearly communicate our expectations and hold publicly traded companies accountable for implementing responsible investing practices. Priorities that influence our voting decisions include supporting sound corporate governance practices, encouraging meaningful progress, transparency, and accountability on ESG issues that stand to impact our long-term investment returns.

UPP's Proxy Voting Policy states our positions and expectations on issues focused on enhancing shareholders' long-term economic interests. It details our approach to exercising voting rights and applies to all public equity holdings where UPP has the authority to direct votes. This policy is available on our website, as are all our Proxy Voting Records, including our decisions and rationales.

To amplify the impact of our votes, we discuss our vote rationales with the boards and management teams of select companies. This also gives us the opportunity to share information and expertise that may help shift perspectives and produce positive change.

UPP'S SHAREHOLDER PROPOSAL VOTES IN 2024

The number of votes UPP casts on specific topics varies based on the types of proposals presented for voting.



Shareholder proposal examples

- An environmental shareholder proposal may request that companies disclose information on climate-related lobbying activities or adopt greenhouse gas emissions reduction targets.
- Social proposals may request companies to report on gender or racial pay gaps.
- A governance shareholder proposal may request that a company appoint an independent board chair.

CONTROL AND INFLUENCE AMONG OUR PUBLIC COMPANY HOLDINGS

To support value creation and risk management, UPP aims to influence outcomes related to issues that could affect our long-term ability to pay pensions. These issues may include material financial risks tied to environmental or social issues, as well as corporate governance and disclosure.

Proxy voting is one tool used to drive change among public companies, their management, and their directors. Over the past three years, after merging 30 public equity mandates from three different pension plan portfolios, we have diligently worked to increase our proxy voting rights in our unified portfolio. Three major strategic shifts supported this goal:

- started gradually transitioning public equity commingled fund investments to vehicles that allow us to retain voting rights
- gradually changed the concentration of our portfolio from numerous smaller commingled funds to fewer larger investments in segregated accounts, allowing us to better leverage partnerships, reduce fees, enhance transparency, and better exercise our responsible investing policies
- initiated in-house proxy voting activities

Commingled or pooled funds have set investment strategies controlled by external managers and cannot be tailored to UPP's views on important topics such as responsible investing. Since the fund's underlying assets are held by the manager, we generally cannot exercise voting rights. In some instances, we have successfully negotiated the ability to direct voting rights for our holdings in these funds.

Segregated accounts are typically portfolios of public equities where UPP maintains direct ownership of the assets, allowing us to determine how votes are cast. We also have full portfolio transparency and strategy customization options, which enable us to apply our Investment Exclusion Policy. Furthermore, UPP can negotiate more aligned fee structures by reducing fixed management fees and shifting manager compensation toward performance-based incentives. These efforts help further align our publicly traded investments with our responsible investing practices.

As a result of these efforts, we increased the concentration of our active public equity portfolio, and our voting rights grew to 40% of our public equity investments in 2023 and 57% in 2024, allowing us to scrutinize and influence voting decisions more effectively across the portfolio.

Learn more about how UPP exercises voting rights and works to influence key issues on page 45.

2024 STEWARDSHIP HIGHLIGHTS

Formalized our plan to address inequality in our portfolio
We published our Inequality Stewardship Plan, which seeks to address a systemic issue that can pose significant risks for long-term investment returns. The plan focuses on two key commitments: promoting decent work standards as set out in the International Labour Organization Declaration on Fundamental Principles and Rights at Work and curbing excessive executive compensation.

"UPP's fiduciary duty is to act in the best interest of our members, which includes understanding how systemic issues like inequality impact our investment portfolio and our ability to generate long-term investment returns."

Delaney Greig
Director, Investor Stewardship, in a deep dive into UPP's Inequality Stewardship Plan

Supported improved sustainability- and climate-related disclosure
In 2024, we supported improved sustainability- and climate-related disclosure requirements in Canada and internationally. Following the International Sustainability Standards Board (ISSB)'s publication of new sustainability- and climate-related disclosure standards in 2023, UPP responded to local consultations in nine international jurisdictions, including Australia, China, and Japan, advocating for alignment with these standards. To support the adoption of the ISSB standards in Canada, we issued our own response to the Canadian Sustainability Standards Board (CSSB) and contributed to a joint Canadian pension plan response. Our President and CEO, Barbara Zvan, also published an op-ed advocating for the CSSB's swift adoption of and alignment with the international standards. In December 2024, the CSSB met our call, adopting general sustainability- and climate-related disclosure standards.

Exercised voting rights to influence key issues
The shareholder and management proposals we vote on will help drive stronger practices and accountability on topics that can impact our returns. In 2024, at close to **3,000 meetings** and for over **1,500 companies**, UPP submitted nearly **3,600 votes** against director elections due to insufficient board independence, lack of climate oversight, or lack of gender and/or racial diversity.

In one example from the 2024 proxy season, **UPP voted against directors at 9.8% of public companies** in our portfolio due to inadequate board oversight of climate risk matters or insufficient climate action in high-impact sectors. To amplify the impact of our votes, we contacted 34 Canadian companies to explain our vote decisions.

Continue on next page

2024 STEWARDSHIP HIGHLIGHTS

Engaged with portfolio companies toward focused outcomes
UPP engaged in bilateral or collaborative dialogues—working with partners including SHARE and Climate Engagement Canada—with all 27 companies prioritized for engagement in our Climate Stewardship Plan. Of these, six high-emitting Canadian companies made progress on one or more of our priorities, including new emissions disclosures, additional details on their decarbonization strategies, or new science-based emissions reduction targets. Furthermore, three banks committed to additional climate-related disclosures and target-setting in 2025. We are reviewing the information gained through our initial engagements with 11 oil and gas companies and will refine our position regarding these companies as appropriate.

UPP works with SHARE to conduct additional outcome-focused engagements with portfolio companies. In 2024, SHARE secured commitments to human rights due diligence related to migrant workers and supply chain labour practices at four large food companies. These efforts support UPP's focus on labour rights as a guardrail against inequality.

Multiplied our impact through strategic partnerships

- UPP joined the Investor Alliance for Human Rights and the Labour Rights Investor Network (LRIN) and signed the LRIN's investor statement supporting the rights to freedom of association and collective bargaining. These efforts reflect our recognition that human rights and inequality are systemic risk factors, and underscore our commitment to addressing these issues as part of a prudent, long-term investment strategy.
- Our collaboration with the Institutional Investors Group on Climate Change allowed us to contribute to policy discussions and initiatives aimed at decarbonizing key sectors.
- UPP signed several statements, including the Global Investor Statement to Governments on the Climate Crisis, that reflect our dedication to addressing climate risk through collaborative action. Read our statements and submissions.
- Our continued participation in the Net-Zero Asset Owner Alliance (NZAOA) amplified our message through industry positions, guidelines, and collaborative efforts to address the challenges external managers face and provide clarity on the needs of asset owners.

UPP is proud to share that two of our senior leaders have been elected to two-year terms as working track co-leads with the NZAOA.

Maria Clara Rendon, Senior Director, Responsible Investing, was elected as track co-lead for Engagement, and **Zandra Alexander, Senior Director, Strategic Communications**, was elected as track co-lead for Communications. Both Maria Clara and Zandra have been key contributors to UPP's responsible investing progress and are well positioned to represent the organization within the NZAOA. The UN-convened NZAOA comprises the global institutional investors committed to transitioning their investment portfolios to net-zero GHG emissions by 2050. UPP joined the Alliance in 2022, fulfilling a key commitment from our Climate Action Plan.

A look at the portfolio

Our investment program was designed to earn sufficient long-term returns, at an appropriate level of risk, that will deliver secure and stable pension benefits to our members now and in the future. Pension security and stability are at the core of all we do.

The total fund delivered a net return of 10.3% in 2024, driven primarily by strong performance in the return-enhancing asset class.[16] Decreasing short-term interest rates benefited inflation-sensitive assets. Gains were slightly offset by losses in interest rate–sensitive and real estate assets.

Asset mix and returns by asset class

Assets	Year-end 2024		Year-end 2023	
	Asset mix (%)	Net return (%)	Asset mix (%)	Net return (%)
Return enhancing	**53.6**	**20.4**	**55.8**	**13.1**
Public equity	32.8	28.0	34.0	19.5
Private equity	5.5	0.5	5.6	(2.1)
Private debt	5.1	7.2	6.8	6.1
Absolute return	10.2	14.7	9.4	8.8
Interest rate sensitive	**43.4**	**(2.1)**	**41.8**	**7.2**
Fixed income	39.3	(2.1)	41.8	7.2
Inflation-sensitive bonds[17]	4.1	-	-	-
Inflation sensitive	**7.7**	**1.8**	**6.9**	**0.6**
Infrastructure	5.2	8.4	3.5	6.7
Real estate	2.5	(6.7)	3.4	(4.6)
Total fund operating cash[18]	**(4.7)**	**9.8**	**(4.5)**	**5.7**
	100.0	**10.3**	**100.0**	**10.2**

[16] Net returns are net of external costs including investment management fees, performance fees and transaction costs.

[17] Inflation-sensitive bonds asset class has a start date of June 25, 2024. July 2024 is the first performance reporting period for this asset class.

[18] Formerly named short-term money market and funding.

Asset class overview

The Plan's asset mix is diversified across a broad range of asset classes, organized in three categories: return enhancing, interest rate sensitive, and inflation sensitive. Under this structure, we divide our total fund assets based on their exposure to key economic drivers as well as their risk-return characteristics and roles in funding the pension. Our approach combines focused investment strategies at the asset class level with comprehensive asset allocation, risk, liquidity, and responsible investing at the total fund level.

Each year, we review the mandate and strategies in each asset class across a number of dimensions, including investment performance, evolving market outlook, value-add and risk profile, and capital efficiency. The findings from these reviews inform the next stages of our portfolio evolution.

Active and passive strategies

A thoughtful blend of active and passive investment strategies at the asset class level helps us seize opportunities and diversify investment risk across factors such as geography, currencies, sector, duration, and asset classes. Our approach combines comprehensive asset allocation, liquidity, and risk management at the total fund level. We employ active management strategies to enhance returns, provide diversification, and create better alignment with our assets and liabilities. We choose these strategies when they can offer clear benefits to the fund's long-term stability and generate significant value for our members. Where we see less opportunity, we focus on lower-cost passive strategies, which closely emulate the performance of market indices.

As of December 31, 2024, UPP's portfolio employed $6.4 billion in active strategies and $6.4 billion in passive strategies. Our active portfolio, which adds value through return-enhancing and inflation-sensitive assets, includes public equities, private equity, private debt, absolute return strategies, infrastructure, and real estate. On a three-year basis, these programs generated a strong 8.2% net return, though slightly below the active portfolio benchmark return of 8.6%.

Benchmark performance within the context of our evolving portfolio

When UPP was created, we combined existing portfolios from other pension plans, which had varying goals and investment benchmarks. As part of our efforts to orient our portfolio toward our own investment strategies and beliefs, we selected our own set of benchmarks to measure value-added (relative) performance of our active strategies and create better alignment with our long-term strategy and target asset allocation process. UPP's benchmarks reflect the desired performance of our target asset mix, helping our teams drive toward our long-term investment goals.

Relative performance is normally measured against longer time periods (at least three years, more often a five-year or a full market cycle). This provides appropriate context to evaluate the strategies and decisions employed by the portfolios. However, since UPP is a new pension plan with only a short history, our relative performance results could be imprecise. We expect these results will become more meaningful in the short to medium term, as the Plan matures and the portfolio becomes more representative of UPP's strategies.

Additionally, over 60% of UPP's active portfolio, representing 30% of the total portfolio, consists of less liquid investments made before UPP's inception, which adds a layer of complexity to assessing relative performance. While these investments have benefited our members in the past and they are performing broadly as expected, they are not aligned with our go-forward approach, causing greater divergence in our relative performance results. Since our control over the nature and duration of these investments is limited, we take every available opportunity to restructure and manage them on a go-forward basis. The influence of market movements, liquidity, and available investment opportunities impacts the speed at which these adjustments happen.

Return-enhancing assets

Asset mix weight: 53.6% ($6.8B)
One-year return: 20.4%

Return-enhancing assets—which include public and private equities, private debt, and absolute return strategies—generally reduce funding risk over the long term by delivering higher relative rates of return. They can, however, display higher relative volatility (a measure of market risk) in the short term. Public equities are made up of passive and active programs. Other return-enhancing categories are currently only active. Passive strategies are intended to track a benchmark closely, while active strategies can capitalize on volatility to better manage risk and improve returns over longer periods.

This asset class generated a one-year return of 20.4% and 7.9% on a three-year basis. Public equities led the one-year return with 28.0% and was a strong contributor to the three-year return. Absolute return strategies have been a consistent positive contributor over the last three years with 17.5% and a strong contributor to the 2024 return due to their intended ability to find unique return opportunities that are uncorrelated to typical equity and fixed income returns.

While global public equity markets provided high returns, our strategic overweight in U.S. equity within our passive public equity portfolios resulted in the portfolio's strong performance for a second year. For 2024, our diversified portfolio of absolute return strategies outperformed on an absolute and relative basis. Systematic and credit managers performed well and achieved diversification with near-zero correlation to equity markets and negative correlation to fixed income markets.

In 2024, the private debt portfolio had considerable activity and delivered strong overall returns. The portfolio performed well on a three-year basis, benefiting from higher interest rates and a broadening opportunity set in the market. Private equity was the most significant laggard, with three-year returns of (0.5)% driven by illiquid strategies initiated prior to UPP's inception and sector-specific challenges, including few exits, the higher cost of capital, and illiquidity. The one-year return was 0.5%. Several newly added private equity and private debt investments, which are aligned with our strategy, show promising early returns. Since investments for private markets asset classes are based on long-term investment strategies, it is preferable to assess them with long-term returns, which are not yet available.

What is the impact of illiquid asset classes on our portfolio?
Private equity and private debt are illiquid assets with longer holding periods and inherent structures that make them very difficult to buy or sell quickly or economically. UPP's unified portfolio was created using existing investments, which were at different stages of their investment lifecycle and with different risk strategies in mind. This illiquidity and extended holding periods slow the speed at which we can transition our portfolio and affect our performance relative to our benchmarks. We anticipate stronger results as we become able to reinvest these positions.

What is the J-curve effect?
Newer private investments in private equity, private debt, infrastructure, and real estate are subject to the J-curve effect, which refers to the pattern of returns seen over the lifecycle of a private markets fund. In the first five years of a new fund investment, the capital committed for asset purchases can take time to deploy and generate investment returns. As a result, these new funds typically experience low or negative returns in early years, represented by the downward "J" slope. Not to be mistaken as decreases in value, these results are inherent to the structure of new investments and reverse over time as investments are realized.

Interest rate-sensitive assets

Asset mix weight: 43.4% ($5.6B)
One-year return: (2.1)%

Allocations to assets such as fixed income generally reduce funding risk over the long term by helping offset the effects of changing interest rates on UPP's pension liabilities. This includes long-dated government bonds, which are a stable source of long-term returns and help align our fixed income portfolio with the interest rate sensitivity of our liabilities.

UPP's interest rate–sensitive portfolio consists mainly of passively managed, longer-term Canadian federal and provincial government bonds. Newly launched and reported as of 2024, UPP's Inflation-linked Bonds strategy is designed to mirror Canadian real return bonds' performance. Due to the bond component, these strategies also provide some protection against the interest rate sensitivity of our pension liability. The strategy also aims to protect against inflation and help us meet our indexing requirements.

The fixed income portfolio experienced slight losses over one year following the decline in government bonds late in the year, which was influenced by the Bank of Canada's decisions to cut interest rates.

In December, a stable inflation environment with declining interest rates meant that UPP's Inflation-linked Bonds strategy provided moderate returns. The strategy's alignment with the Bank of Canada's 2% target suggests that the inflation protection aspect of the strategy performed adequately given the relatively low inflation rate.

As we transition toward our target asset mix, we will continue building our core position in longer-term government bonds and aligning the duration (or interest rate sensitivity) of the Plan's assets and liabilities. Additionally, we will continue to look at strategies related to inflation-linked bonds to better manage our risk exposure to higher-than-expected inflation and the inherent sensitivity of our (conditionally) inflation-linked benefits.

How do changing interest rates impact the portfolio?
As interest rates increase, the value of existing bonds tends to decrease, leading to lower returns. Inflation erodes the purchasing power of fixed income payments, making bonds less attractive to investors. Market volatility and expectations around economic growth or government spending can also impact bond prices, resulting in negative returns. Despite steadily decreasing interest rates in 2024, the portfolio still felt the impact of relatively high long-term interest rates from 2023, which weighed on bond prices and returns. As interest rates fall, the value of existing bonds typically increases, which can lead to higher returns.

Inflation-sensitive assets

Asset mix weight: 7.7% ($1.0B)
One-year return: 1.8%

Real assets such as real estate and infrastructure provide stable long-term returns, with cash flows and values more closely linked to inflation. The positive sensitivity to inflation helps mitigate the impact of inflation on the long-term value of the Plan's liabilities, which are linked to salary levels and partially indexed to changes in inflation. Interest can also play a role in the performance of these assets. Higher interest rates can lead to higher financing costs and compressed valuations through an overall higher cost of capital. These assets tend to be less sensitive to economic growth due to their more essential nature and, thus, can provide a useful offset to return-enhancing assets like public equities.

Despite a rapid decline in inflation and initially higher interest rates, our inflation-sensitive asset class produced a positive one-year return of 1.8%. On a three-year basis, the return was 4.2%. The Infrastructure portfolio achieved a strong one-year return of 8.4%, driven by new co-investments and asset appreciations. The strong returns are particularly impressive given the earlier stage of our infrastructure program and the inherent drag of the J-curve effect on newer investments. Our increased exposure to infrastructure assets through UPP-initiated investments, including Quinbrook, Arjun, Angel Trains, and DigitalBridge, contributed to this outperformance.

High interest rates and post-pandemic supply-demand imbalances in office and retail real estate negatively impacted the performance of the broader real estate market and our portfolio, which largely comprises investments made before UPP's inception. On a three-year basis, the portfolio has generated slightly positive annual returns. While our current portfolio has some exposure to office real estate, it is not a prominent feature of our go-forward strategy.

We will continue growing UPP's infrastructure and real estate exposure in areas aligned with our strategy. The transitional state of our portfolio will likely continue to impact our benchmark performance for both categories in the short to medium term.

INFRASTRUCTURE INVESTMENTS THAT SUPPORT OUR RESPONSIBLE INVESTING PRIORITIES

As part of our efforts to embed our responsible investing approach at the total fund and individual asset level, our due diligence process seeks to identify financially material environmental, social, and governance factors that present risks and opportunities for our portfolio. In line with these efforts, UPP's recent infrastructure investments have been instrumental to progressing our portfolio transition. They not only provide important inflation-hedging properties to our portfolio and enhanced diversification, but they also support meaningful progress against our climate solutions investment target, which we announced last year.

UPP's climate solutions investments include assets or entities that are expected to contribute to climate change mitigation and/or facilitate adaptation to its impacts. In 2024, UPP completed three infrastructure co-investments qualifying as climate solutions. For more information about how UPP defines climate solutions, please refer to our Climate Transition Investment Framework.

"Infrastructure investments are a key part of UPP's portfolio, naturally aligning with our long-term investment goals by providing stable, inflation-linked cash flows to meet our pension obligations. Co-investing allows our team to strategically target sectors or assets while undertaking detailed due diligence to uncover risks and ensure alignment with our responsible investing commitments. Together, these factors help us provide stable, long-term pension benefits for our members."

James Wong
Senior Director, Infrastructure

INFRASTRUCTURE INVESTMENT HIGHLIGHTS

Angel Trains

The U.K.'s largest rolling stock company, serving the passenger rail sector with close to 4,100 vehicles, most of which are electric

Rowan Digital Infrastructure

Data centre solutions for large digital businesses that help organizations meet their energy needs from renewable sources

CI V Co-investment Portfolio A

A portfolio of development-stage renewable energy assets

These investments have promising long-term investment return potential while also aligning with our responsible investing priorities.

Learn more about UPP's investments in climate solutions on page 56.

Total Fund Operating Cash

Asset mix weight: (4.7)% (-$0.6B)[19]
One-year return: 9.8%

The ability to dynamically adjust our exposures in a rapidly changing market is an important part of our strategy. Primarily consisting of short-term Canadian government bonds, UPP's total fund operating cash asset class is considered to be equivalent to cash. It is designed to meet our short-term obligations, including paying pensions and financing our investments, while supporting portfolio liquidity and stability in times of financial volatility. It also offers us flexibility and additional capacity to take advantage of market opportunities as they arise.

Since the cost of borrowing is tied to short-term interest rates, we carefully evaluate our options for the most cost-effective access to investment financing. Throughout 2024, the short-term interest rate on cash and cash equivalents was higher than the cost of borrowing, which boosted the performance of this asset class.

How we fund investments and manage liquidity
To increase our exposure to Canadian government bonds, UPP uses derivatives such as total return swaps, which do not require a full cash exposure. Using this form of leverage is a typical strategy among mid- and large-sized Canadian pension plans to create secure and stable portfolios. UPP uses a relatively low level of leverage, which we further reduced between 2022 and 2023. In 2024, we diversified our sources of leverage, which gave us more flexibility and enhanced our portfolio's dynamic capabilities.

Proactive liquidity planning helps us meet our short- and long-term obligations. To this end, UPP established a robust internal treasury function aimed at enhancing liquidity management and investment financing. Its work is supported by comprehensive policies and practices that strengthen our capacity to manage liquidity risks, especially during periods of financial stress. Together, these efforts support improved investment returns by contributing to efficient and agile execution.

[19] The negative asset weight indicates our use of leverage within the portfolio, which may change each year based on our needs.

Progress on our Climate Action Plan

First launched in July 2022, UPP's Climate Action Plan speaks to two intrinsically connected objectives: delivering secure and stable pension benefits for our members today and tomorrow, and investing in a healthy and resilient world for our members to retire into. We established a bold and clear set of climate-related commitments that seek to align our investment portfolio to net-zero GHG emissions by 2040 or sooner, with an emphasis on decarbonizing the real economy.

UPP will transition our investment portfolio to

net-zero GHG emissions by

2040 or sooner

with interim portfolio GHG emissions intensity reduction targets from a 2021 baseline (tCO_2e/$M invested):

16.5% by 2025 60% by 2030

We made these commitments with the expectation that governments will uphold their own commitments to fulfil the goals of the Paris Agreement. This would entail reducing annual greenhouse gas emissions sufficiently to limit the rise of global temperatures to 1.5°C above pre-industrial levels and ultimately to achieve net-zero greenhouse gas emissions by the second half of this century. The interim and 2040 emissions reduction targets in our 2040 net-zero target and interim targets relate to the Scope 1 and Scope 2 emissions of our portfolio companies.

See UPP's definitions and treatments of Scopes 1, 2, and 3 emissions and GHG emissions calculation methodologies on page 123.

2024 CLIMATE ACTION PLAN HIGHLIGHTS

Our 2024 progress will help UPP manage the impacts of climate risk on fund performance and capitalize on opportunities that can enhance our ability to provide pension benefits to our members over the long term.

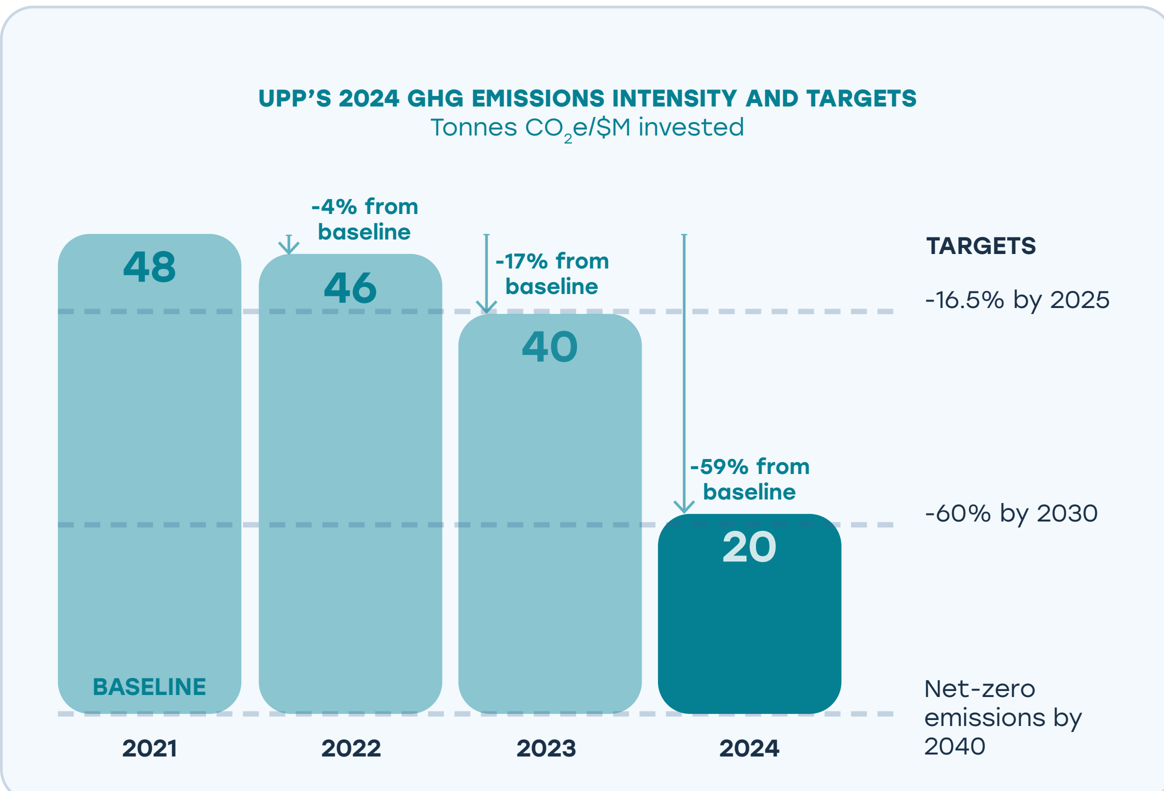
- Reduced our portfolio GHG emissions intensity by 51% in 2024 and 59% against our 2021 baseline
- Committed over $650 million toward our climate solutions since 2023
- Fully incorporated the Climate Transition Investment Framework into our investment due diligence process, which helped us assess the climate transition alignment and readiness of potential investment opportunities
- Engaged with priority companies from our Climate Stewardship Plan on actions needed to decarbonize their businesses and support the economy-wide transition to net zero
- Encouraged our external managers to submit emissions reduction targets for Science Based Targets initiative validation and other efforts to help measure and manage physical climate risks

Read the full update on our 2024 Climate Action Plan.

2024 portfolio GHG emissions intensity

To track our progress against our net-zero commitment, we annually calculate and report the emissions associated with our investments. UPP's portfolio GHG emissions intensity ended 2024 at 20 tonnes CO_2e/$M invested, down 59% from our 2021 baseline and far exceeding our 2025 target. The decrease was primarily driven by changes within our public equities and infrastructure portfolios, and an increase in global equity valuations coupled with a decline in value of the Canadian dollar against other currencies.

Despite our own progress, global cooperation is needed to effectively tackle climate change and achieve lasting emissions reductions. Short-term fluctuations driven by market volatility underscore the need for our dual focus on reducing emissions in our portfolio and in the real economy. As we assess new investment opportunities, lower our portfolio's emissions intensity, and push for climate-related market and policy improvements, we remain focused on meeting the next interim target from our Climate Action Plan: a 60% reduction in GHG emissions intensity from our 2021 baseline by 2030.



2024 operational carbon footprint

UPP began reporting our operational emissions related to various business functions and activities in 2023. We contine to expand the scope of activities captured in our operational emissions quantification and disclosures. Through this work, we are moving toward establishing an operational emissions baseline, which will enable us to monitor our operational greenhouse gas emissions and make reductions to our operational footprint in line with our 2040 operational emissions target.

We assess our operational GHG emissions with calculations based on the *GHG Protocol Corporate Accounting and Reporting Standards*, and associated guidance.

See Appendix 2 for an overview of our results and methodologies for UPP's portfolio GHG emissions intensity and operational carbon footprint on page 123.

UPP's climate solutions target

In 2023, UPP set a target to commit $1.2 billion to climate solutions by 2030. This target includes new commitments to funds across several public and private asset classes, as well as direct investments or co-investments, which can be classified as a climate solution according to our [Climate Transition Investment Framework].

Progress toward our target

To monitor progress against our target, UPP discloses new dollars committed to climate solutions investments annually. In addition, we disclose the market value of our climate solutions investments to monitor how the dollars committed are translating into climate solution assets across the portfolio over time.

> Since 2023, UPP has committed $650 million to climate solutions, making good progress toward our goal to commit $1.2 billion by 2030.

In 2024, UPP added $250 million in commitments to funds and assets that qualify as climate solutions. These include Angel Trains, Rowan Digital Infrastructure, and CI V Co-investment Portfolio A, which not only provide key portfolio benefits such as inflation protection but also demonstrate that strategic, long-term investments can facilitate climate change mitigation and/or facilitate adaptation to its impacts.

These are legally binding commitments to make capital allocations into assets or funds that qualify as climate solutions. While some commitments may be deployed in the near term, others may be structured to be drawn down over time or have future deployment dates. As we commit capital to qualifying funds, direct investments, and co-investments, we will continue to add fixed dollar amounts toward our target—an approach that ensures we can effectively measure our progress.

UPP'S CLIMATE SOLUTIONS COMMITMENTS

As our climate solutions commitments are deployed, they translate into actual investments that UPP owns and reside in our portfolio. The value of these investments can fluctuate based on market conditions, portfolio adjustments, or a reclassification resulting from shifts in the activities of qualifying funds and assets.

With the addition of net-new climate solutions investments to our portfolio and increases in market value of existing ones, the market value of UPP's climate solutions investments was over $527 million in 2024, up from more than $290 million in 2023.

CLIMATE SOLUTIONS INVESTMENTS IN OUR PORTFOLIO
Year-end market value

Committed to transparency and leading reporting practices

Transparency is a cornerstone at UPP. We publish our Climate Action Plan progress annually, along with several more voluntary disclosures about our proxy voting activity and climate solutions investing.

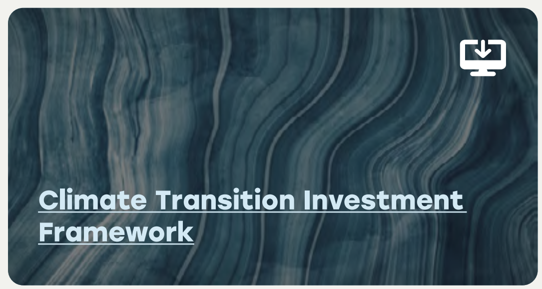
This year, we began aligning our disclosure with new standards published by the CSSB, which are aligned with the ISSB. The CSSB's disclosure standards consolidate existing standards related to the consideration of sustainability- and climate-related risks and opportunities.

View UPP's disclosures related to the CSSB standards and learn more about UPP's approach to responsible investing on page 130.

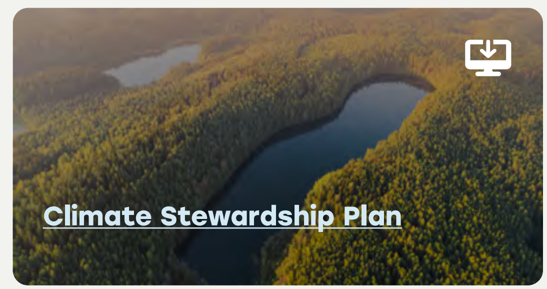
EXPLORE MORE RESPONSIBLE INVESTING CONTENT ON MYUPP.CA

Part of being a responsible investor is advancing climate readiness across our portfolio. Our Climate Action Plan details UPP's commitment and path to net-zero portfolio emissions by 2040 or sooner, with an emphasis on decarbonizing the real economy.

We believe that disclosing our public company votes is an important step that supports transparency with our members and increases the impact of our votes. Proxy voting activity for UPP's segregated fund mandates is publicly searchable in our real-time database.



The Climate Transition Investment Framework was created to support the commitments outlined in UPP's Climate Action Plan. It supports our ability to manage the impacts of climate-related risks on fund performance and capitalize on opportunities for long-term value creation.



This Climate Stewardship Plan sets out the steps UPP is taking from 2023 to 2025 to realize the stewardship commitments of our Climate Action Plan and address the risks associated with climate change and encourage the transition to a more resilient world with net-zero GHG emissions.

Serving our members

Delivering dependable, lifelong pension security

UPP was founded with a promise of a dependable and secure lifetime pension income for our members while delivering service excellence. Since 2021, we have provided stable contribution rates and lifetime benefit levels.

Inflation protection for 2025
Under UPP provisions, the defined benefit pension for UPP service includes annual conditional funded indexation of up to 75% of the increase in the Canadian Consumer Price Index (CPI). In 2025, UPP provided indexation at 75%, which means members receiving pensions (including survivors and dependents in pay) received an increase to their pensions accrued under UPP provisions of 2.03% at January 1, 2025. Learn more about UPP's 2025 inflation protection increase

For those receiving pensions that include service earned before their previous plan joined UPP, inflation protection for the pre-conversion portion of their pension is based on the indexation provisions of their former plan. For additional information, please consult the Prior Plan Quick Guides available in the Member Resources section of myUPP.ca.

What is inflation protection?
Inflation protection helps maintain the purchasing power of pensions over time, by increasing a member's monthly pension based on a portion of the annual rise in the CPI, through a cost-of-living adjustment—also called indexation.

2024 HIGHLIGHTS

41,665
total members

22,260
active members

12,960
members receiving a pension

6,445
deferred vested members

$51,830
average annual pension for newly retired in 2024[18]

2,450
new members in 2024[18]

594
new retirees in 2024[18]

1.7
ratio of working to retired

65
average retirement age

[18] Based on data at January 1, 2025.

Introducing our new service experience

Delivering a high-quality service experience is central to UPP's commitment to members. From the outset, we prioritized listening–engaging directly with members to understand what matters most to them. We heard clearly that members value access to expert support, easy-to-use tools, and clear information.

Guided by this feedback, in 2024, we launched our new service experience featuring direct, personalized support through UPP's pension experts, self-service portals, and enhanced web resources for both members and employers–designed to provide accessible, secure, and responsive support throughout the pension journey. We will continue rolling out new features in phases, including the Pension Estimator in 2025.

Read on to learn more about the tools, resources, and team we're building to support our members.

Dedicated support for moments that matter

UPP's team of pension experts support our members through the moments that matter, big or small, from early career to retirement. Whether members are preparing for retirement, starting a family, changing employers, or have quick pension-related questions, UPP's Member Services team is there every step of the way.

"UPP's approach prioritizes what truly matters to members and employers: seamless, efficient access to tools and information supported by scalable and secure technology and a highly skilled team. Whether delivering dependable, easy-to-use digital solutions or offering a personalized, supportive voice during moments that matter, we are dedicated to meeting our members' needs. Our commitment to information accuracy and security is at the heart of everything we do."

Thomas Stachowicz
Director, Client Experience

GET SUPPORT IN MULTIPLE WAYS

Communicate directly with the UPP's Member Services team via secure messages on the myUPP Member Portal or call us toll-free at 1-833-627-7877.

We look forward to supporting members with all pension-related matters Monday through Friday, 8:30 a.m. to 5 p.m. ET.

User-friendly and secure online tools

The myUPP Member and Employer portals provide a secure self-service digital environment that simplifies administrative tasks, eliminates paperwork, and offers an easy way to connect with our team. These portals will continue to evolve, introducing new tools and resources to enhance the user experience.

myUPP Member Portal
Members can:

- communicate directly with UPP via secure messaging
- manage personal information, including contact details and spousal and beneficiary information
- access key documents, such as annual statements
- upload documents securely and conveniently

To support members in planning for retirement, UPP recently began a phased rollout of the self-service Pension Estimator. This tool allows members to model different retirement scenarios with ease and confidence. Some members already have access, with broader access continuing to roll out over time to ensure a smooth user experience. For members with time-sensitive needs or those seeking additional support, UPP's Member Services team is available to provide personalized assistance.

myUPP Employer Portal
Employers can:

- communicate directly with UPP via secure messaging
- manage member information and pension-related events
- submit retirement and enrolment requests
- securely receive and return electronic documents for pension administration

Employers will also receive new tools and training, including recorded training modules designed to support seamless pension administration.

Keeping personal information secure

UPP's online tools are supported by secure technology and data platforms, ensuring a proactive approach to service delivery and the ability to manage Plan complexity as UPP grows and incorporates new plans. Our Technology, Data, and Delivery team works closely with Pension Services in developing and maintaining a digital environment that prioritizes the safety and confidentiality of members' personal data.

The myUPP Member Portal uses robust security measures and multifactor authentication (MFA) to ensure account safety. MFA includes an extra security step, sending a code to a member's phone or email during registration and login they must enter to access their account.

Q: How can members calculate their future pension?

A: The Pension Estimator in the myUPP Member Portal helps calculate future pension benefits based on different scenarios, including age, work status, and key dates. The calculator is being rolled out in phases, so if a member does not yet have access to it, UPP's Member Services team will be happy to provide a personalized pension estimate.

Matt Tsui
Senior Specialist, Employer Pension Services

Accessible digital resources

In 2024, we redesigned the member section of our website to improve accessibility, usability, and overall user experience. The updated member section is a comprehensive resource hub, offering clear information about Plan features and support tools. To guide ongoing improvement to our digital services, we've embedded feedback surveys, where members can share input. We've also introduced an updated UPP Member Handbook and are developing resources to help members learn about their pension, including on-demand webinars for easy on-demand access.

As part of our commitment to inclusivity and equitable access, UPP's website incorporates a range of accessibility features, including accessiBe's accessWidget, developed in collaboration with individuals with disabilities.

This powerful tool enables users to personalize their online experience by adjusting content, colour, display, and navigation. At the same time, AI technology works behind the scenes to enhance accessibility for screen readers and keyboard navigation in real time.

Upcoming features for UPP members

Throughout 2025, we'll add new tools and features to support members in managing their pensions, including the phased rollout of the Pension Estimate Calculator, which allows members to explore different retirement scenarios. In the coming months, members will also be able to view more of their individual pension information online–including membership details, work history, pensionable service, and payment history. Get the latest updates and information on UPP's member experience.

Q: How can members determine their earliest unreduced retirement date?

A: The earliest unreduced retirement age for UPP service is achieved by attaining 80 "points," with the member being at least 60 years of age. For example, a member who has 18 years of service and is 62 years old will be able to retire at their earliest unreduced retirement age, since 62 + 18 = 80. Pension benefits earned under a prior plan and UPP work together to provide members a secure benefit in retirement. For more information, please see UPP's prior plan resources.

Rachel Assefi
Senior Specialist, Member Services

Your feedback is important to us
UPP was purposefully designed to grow and evolve with our membership. Your feedback is an important part of that process and remains crucial in shaping our approach. To share feedback on UPP's service, please contact us via secure messaging in the myUPP Member Portal, toll-free phone at 1-833-627-7877 (Monday through Friday, 8:30 a.m. to 5 p.m. ET), or email memberservices@universitypensionplan.ca.

Managing costs

Managing costs in our transition from build to business as usual

UPP was created to bring the advantages of Ontario's world-renowned jointly sponsored pension plans to the university sector, and we have made significant progress toward this goal. At every step, we have pursued our foundational work with unwavering focus, oversight, and precision.

When launching the Plan in 2021, UPP was tasked with building a defined benefit pension plan from the ground up. That foundational build required early investments in core structures, talent, and tools—including multidisciplinary expertise across the organization. Since inception, we have built comprehensive investment capabilities and partnering functions needed to expertly manage the fund, as well as the systems, processes, and expertise to securely administer the Plan and deliver quality service to a growing membership. This infrastructure was built with the specialized needs of a sector-wide, growth-oriented Plan.

UPP's expense profile to date largely reflects those initial costs. As we move toward a business-as-usual operating state, while growing the Plan through new entrants and investment returns, expenses are expected to normalize to levels similar to more mature similar-sized pension peers.

2024 cost profile

Total costs ($millions)	**2024**	**2023**
Investment costs[20]	120.0	110.8
Pension costs[21]	45.8	37.3
Total	**165.8**	**148.1**

In 2024, UPP's total costs were $165.8 million, up from $148.1 million in 2023. This increase was primarily driven by the continued buildout of our in-house pension administration capabilities and investment operations, alongside portfolio growth. Roughly half of the increase in investment costs was attributed to higher external manager fees (in absolute dollar terms) driven by portfolio growth and the transition toward our target asset mix, while the rise in pension costs reflected the launch of UPP's pension administration and member services function and targeted hiring to support new service delivery and onboarding functions.

As UPP moves through the final stages of our foundational build, cost growth is expected to slow. Many functions are transitioning to a steady-state operating model and beginning to see cost stabilization. Meanwhile, roles that have been temporarily supporting build-and-transition projects will transition into ongoing operational roles, focused on enhancing system functionality, expanding UPP's service offering, and supporting new Plan onboarding. In the coming years, build-specific roles and related costs will level off, with significantly lower headcount growth relative to asset and membership growth.

[20] Includes external investment management fees, internal investment teams, and a proportionate allocation of corporate support functions.

[21] Includes pension administration functions, a proportionate allocation of corporate support functions, and pension services agency costs.

UPP'S INVESTMENT AND PENSION COST SEGMENTS

Run-the-business costs

These costs reflect UPP's ongoing operations, including people, technology, and corporate functions. As a multi-employer plan designed for growth, UPP incurs certain structural costs, such as specialized systems and teams for onboarding new participants and managing administrative complexity. While these structural costs require scale to reach peak efficiency, they are fundamental to delivering long-term value and benefits to members, such as easy pension portability between participating employers. As assets and participants grow, business-as-usual expenses are expected to normalize relative to asset size, aligning more closely with mature peer plans of a similar size.

This category also includes all internal talent, including employees temporarily supporting build-and-transition projects who will transition into operational roles.

One-time build-and-transition costs

These costs reflect temporary investments in the systems, tools, and structures required to assume full pension and investment responsibilities from UPP's founding and future participating institutions. This category includes one-time expenditures in specialized external partners supporting system implementation and organizational design. As the foundational build phase winds down, these costs will phase out, with long-term functions fully embedded within UPP's internal operations.

Agency costs

These costs were associated with transitional agreements with UPP's founding universities for pension and investment services. These agreements ensured continuity of service and mitigated risk during the Plan's initial development. Investment agency costs ended in 2022, and pension agency costs concluded in August 2024. These costs will not recur beyond 2024.

Investment costs

$63.2 million ($58.7 million in 2023) | External manager fees[22]

External investment manager fees are generally set as a percentage of average assets under management and vary by portfolio size, structure, and negotiated terms. Expressed in basis points (cents per $100 of assets), they provide a consistent measure of cost across asset classes and time periods.

In 2024, these fees increased in absolute dollar terms, driven by portfolio growth (from $11.1 billion to $12.2 billion average assets) and our ongoing transition toward UPP's target asset mix. However, as a percentage of assets, fees declined slightly, from 53 to 52 basis points, reflecting continued cost discipline.

Roughly two-thirds of external manager fees were tied to infrastructure, active public equities, and absolute return strategies. As the portfolio continues shifting toward private assets such as infrastructure and real estate, changes in fee structure are expected. Though private assets generally carry higher fees, they offer important benefits, including long-term diversification and inflation-hedging returns.

UPP's in-house teams continued to pursue cost efficiencies across asset classes during the year, with a disciplined approach to asset selection, fees, and strategic partnerships that enhance value for our members. In active public markets, we refined strategies, renegotiated fees, and implemented targeted cost-saving measures across several sectors. In private markets, we pursued fee-minimizing structures, eliminating carried interest where possible and securing low- or no-fee co-investment opportunities. In other asset classes, we applied a low-fee approach to passive strategies where appropriate, to access market exposure at minimal cost.

Despite portfolio growth and an increase in higher-fee asset classes, total external manager fees remained stable as a proportion of assets.

$52.5 million ($36.6 million in 2023) | Run the business

In 2024, UPP's investment-related and corporate support functions transitioned into steady-state operations, with most foundational build activities completed across the Investment team and supporting functions. The year-over-year cost increase reflects the full-year impact of hires made in 2023 to selectively internalize key functions and support a more complex investment program. These increases were partially offset by a reduction in one-time build expenses.

With core teams and systems now in place—across portfolio construction, trading, liquidity, and exposure management—UPP has begun internalizing select investment and risk functions. These advances improve our agility in dynamic markets, strengthen risk controls, and create a more scalable, cost-effective operating platform through automation and process improvements. These steps position UPP to manage increasing asset volumes while minimizing cost growth, contributing to a natural plateau in certain operating expenses over time.

$4.3 million ($15.5 million in 2023) | One-time build and transition

Following the successful operationalization of key systems, build-related investment costs declined significantly in 2024. Remaining expenses primarily reflect amortized implementation costs and targeted enhancements to our cybersecurity infrastructure. Staff operating these systems are now part of ongoing operations and included under run-the-business costs.

[22] Of the $63.2 million ($58.7 million in 2023), $37.9 million ($29.6 million) is reported in investment income and $25.3 million ($29.1 million in 2023) is reported in investment management expenses in the financial statements notes.

Pension costs

A major milestone in 2024 was the launch of UPP's in-house pension administration and member services function, marking the conclusion of our agency agreements with our founding universities. These arrangements ensured continuity of service and mitigated risk during the Plan's initial development.

This included building the infrastructure, systems, and internal expertise needed to support a robust pension administration and service model, including dedicated functions for both member and employer support. While still in the early stages, these foundational investments position UPP to strengthen service delivery over time and support the efficient onboarding of new pension plans as the organization grows.

$26.6 million ($14.9 million in 2023) | Run the business
In 2024, we continued building the teams, systems, and processes needed to support UPP's new pension administration and service functions. The primary driver of increased costs from 2023 to 2024 was targeted hiring across member and employer services, transaction support, analytics, training, and Plan policy.

All staffing costs are captured under run-the-business expenses, including employees temporarily supporting build initiatives. As our pension systems and operations transition to steady state, we are shifting from one-time implementation efforts to ongoing operational activities—focused on enhancing functionality, expanding our service offering, and onboarding new plans. This shift allows UPP to operate more efficiently, with future hiring limited to targeted areas, supporting a cost structure that remains stable even as Plan membership and assets expand.

In 2024, approximately 15% of pension administration costs supported the active onboarding of plans. As a multi-employer pension plan with a growth mandate, UPP must maintain the capabilities to efficiently onboard new plans and manage increasingly complex administration. This includes scalable systems and expertise to meet the long-term service expectations of members and participating employers. To balance cost efficiency with expertise, we maintain a strong internal team while leveraging external advisors for specialized needs.

$15.6 million ($17.9 million in 2023) | One-time build and transition
One-time build costs declined in 2024 as UPP's pension administration system became fully operational and the pension services agency period concluded. These initial investments included system implementation and configuration and specialized support in areas like technology, actuarial analysis, and project management.

While core systems are now in place, some build-related costs will continue over the next couple of years as we phase in additional system functionality. After that, cost growth is expected to level off.

$3.6 million ($4.5 million in 2023) | Agency
UPP completed the transition of all pension services in-house in 2024, concluding agency agreements with the founding universities and their service providers. These costs, previously incurred on a cost-recovery basis, covered oversight and administration during the transition period. Agency costs will not recur in 2025 and beyond.

A risk-smart organization

Risk governance

Disciplined risk management at UPP began from day one and is a responsibility shared by all.

Together, UPP's Executive Leadership team and Board help ensure that our risk management and compliance systems meet our evolving needs and that our risk culture remains strong.

Our approach to managing risk

As we implement our strategy and run UPP's operations, risk management is not about eliminating all risks or adding complex processes. It is about ensuring we understand, manage, and optimize risks in everything we do and make informed decisions accordingly.

UPP's Enterprise Risk Management Framework defines how we manage risk, including roles and responsibilities, risk appetite guidance, risk taxonomy (types of risk), risk management process, and risk governance. As UPP evolves, we remain focused on enhancing our risk management capacities.

UPP'S ENTERPRISE RISK CATEGORIES

Investment and funding risk
The inability to secure total fund returns or manage pension plan risks in order to pay benefits when they come due

Strategic risk
Risk associated with UPP's strategic choices, ability to implement our strategic decisions, or response to changes in the external environment

Operational risk
Risk of loss or other adverse impact resulting from people, inadequate or failed internal processes and systems, or external events

Legal and regulatory risk
Failure to implement, manage changes to, or otherwise abide by laws, regulations, and legal requirements, including our fiduciary duties

Reputational risk
Negative change in perception of UPP or our public image as a result of any event, behaviour, action, or inaction by UPP, our employees, or those with whom we associate

UPP's risk lines of defence

Our risk governance model defines how we manage risk, including roles and responsibilities. In partnership with our functional leads, and with direct oversight from the Board and CEO, investment risk and enterprise risk are overseen by dedicated risk leaders across three lines of defence.

1 First line of defence: Functional leaders
The leaders of our organizational functions are our primary risk owners, responsible for managing risks within their area of responsibility through effective internal controls.

2 Second line of defence: Risk partners
Focused risk partners—including investment risk, enterprise and operational risk, compliance, legal, actuary, and tax—and compliance provide controls and independent oversight of the first line of risk defence.

3 Third line of defence: Audit
UPP's internal audit function provides independent assurance to the Board on risk, governance, and internal controls.

Internal controls and compliance

To maintain compliance with applicable regulations, standards, and internal policies, UPP has a comprehensive framework of policies, procedures, controls, and reporting structures. These include our Code of Conduct, Conflict of Interest Policy, Related Party Transactions, and Whistleblowing Policy and reporting platform. Our Board of Trustees helps ensure we fulfil our responsibilities to strong governance by overseeing public disclosures, legal matters, and ethical and whistleblower reports.

All UPP employees are trained on our policies and procedures in our onboarding process and must formally acknowledge they comply with the Code of Conduct on an annual basis.

PART THREE

Strong value starts with good governance

UPP is a jointly sponsored pension plan, where members and employers each have a say, through their representatives, in Plan design, funding, and administration.

How it works at UPP

Guided by clearly defined mandates, UPP's Joint Sponsors, Board of Trustees, and Management all play a role in ensuring the Plan is run efficiently, strategically, and prudently.

Role of the Joint Sponsors

UPP is jointly sponsored by representatives of our participating universities in equal partnership with member union and faculty association representatives. UPP's Joint Sponsors include a six-member Employer Sponsor Committee and a six-member Employee Sponsor Committee (seats are evenly split between faculty associations and unions, as set out in a Labour Sponsor Agreement). Each Sponsor Committee has an established advisory structure as one of many mechanisms to exchange information and views among UPP's growing membership.

Together, the Joint Sponsors are responsible for decisions about the terms and conditions of UPP, such as:

- determining Plan design, including benefit, contribution, and indexation levels

The Joint Sponsors' Funding Policy guides decisions on Plan design and risk sharing. It was designed specifically to maintain contribution stability, protect benefit security, manage intergenerational integrity, and achieve long-term Plan sustainability.

- determining when to file funding valuations and how to address any funding shortfalls and surpluses, per the Funding Policy
- appointing the Plan's Administrator

The Joint Sponsors appoint a Board of Trustees as UPP's legal Administrator, with a fiduciary obligation to all Plan members.

The Board includes six Trustees selected by the Employer Sponsor, six by the Employee Sponsor, one nominated by non-unionized members and appointed by the Employee Sponsor, and a jointly appointed Chair. UPP's 14 Trustees bring varied experience and deep expertise in areas important to UPP, as assessed under the Joint Sponsors' Attributes, Skills, and Competencies Framework.

- setting terms for and approving new participating organizations; subsequent conversion and onboarding led by UPP management.

MEET OUR JOINT SPONSORS

Employer sponsor committee

Elaine Do Rosario, University of Guelph

Kelly Hannah-Moffat, University of Toronto

Donna Janiec, Queen's University

Steven Millan, Queen's University

Sharmilla Rasheed, University of Guelph

Trevor Rodgers, University of Toronto

Employee sponsor committee

Colleen Burke, United Steelworkers

Robert Hickey, Queen's University Faculty Association

Lisa Kramer, University of Toronto Faculty Association

Herb Kunze, University of Guelph Faculty Association

Kelly Sedore, Canadian Union of Public Employees

John Tartt, United Steelworkers

Role of the Board of Trustees

UPP's independent Board of Trustees (the Board) is responsible for directing and overseeing the day-to-day administration of UPP and the investment of our assets—as delegated to Management—with Plan members' best interests at the heart of every decision. This includes oversight of UPP's strategy and its execution, investment approach and policies, annual budgets, risk profile, benefits administration, and executive compensation.

The Board also approves the audited financial statements and oversees annual preliminary funding valuations to monitor the Plan's long-term financial health, which are reviewed each year with the Joint Sponsors. The actuarial assumptions for these valuations, including the discount rate, are set by the Board, in line with the Canadian Institute of Actuaries Standards of Practice and under the guidance of the Board's independent actuary.

The Board governs the Plan in accordance with the *Pension Benefits Act* (Ontario) and the *Income Tax Act* (Canada), as well as UPP's Trust Agreement, Plan Text, and common law.

Standing committees of the Board

The Board's five standing committees oversee Management activities and make recommendations to the Board in areas specified in their respective mandates. The Board approves committee recommendations in its oversight of UPP's operational, investment, strategic, and governance matters. While executive leads are assigned to each committee, no member of Management sits on a committee or the Board.

The Board reviews committee compositions and mandates annually, periodically refreshing them to reflect the needs of UPP's evolving strategy, accommodate new Trustees, and bring new perspectives and diversity to each committee.

Board Code of Conduct and related policies

The Board of Trustees places the utmost importance on sound ethical conduct and business practices. All Trustees provide an annual Code of Conduct and related policies attestation, which includes a declaration of any real or potential conflicts of interest, related parties, outside interests, and business courtesies. Trustees are prohibited from knowingly allowing their own interests to conflict with their UPP duties and powers and must always act in the sole interest of UPP's members and beneficiaries.

MEET OUR BOARD OF TRUSTEES

Our Trustees bring a range of relevant experience and expertise across sectors and disciplines. Read our Trustees' full biographies and committee mandates.

Gale Rubenstein, Independent Chair, Joint Sponsor–appointed in 2020, ex officio member of all Board committees

Alan Jette, Employer Sponsor–reappointed in 2023, Investment Committee (Chair)

Alex D. McKinnon, Employee Sponsor–reappointed in 2023, Pension Services Committee (Chair), Audit and Finance Committee

Hazel Claxton, Employer Sponsor–reappointed in 2023, Audit and Finance Committee (Chair), Human Capital Committee

Hugh Mackenzie, Employee Sponsor–reappointed in 2023, Investment Committee, Human Capital Committee

Janet Ecker, Employer Sponsor–reappointed in 2023, Pension Services Committee, Governance Committee

Kathy Bardswick, Employer Sponsor–appointed in 2020, Governance Committee, Human Capital Committee (resigned December 31, 2024)

Kelly Bertrand, Non-unionized Employee Sponsor–appointed in 2024, Audit and Finance Committee

Laura Brownell, Employee Sponsor–reappointed in 2024, Audit and Finance Committee, Governance Committee

Leanne MacMillan, Employee Sponsor–reappointed in 2023, Human Capital Committee, Pension Services Committee

Pierre G. Piché, Employer Sponsor–appointed in 2023, Audit and Finance Committee, Pension Services Committee

Ranjini Jha, Employee Sponsor–appointed in 2024, Investment Committee

Ron Mock, Employer Sponsor–reappointed in 2024, Human Capital Committee (Chair), Investment Committee

Sue Wurtele, Employee Sponsor–reappointed in 2024, Governance Committee (Chair), Investment Committee

Board effectiveness

UPP's Board of Trustees is committed to high governance standards in its oversight role and conducts regular evaluations and reviews to uphold good governance standards. We continuously enhance our Board evaluation practices, ensuring we remain aligned with best practices.

Consistent with our focus on governance, UPP periodically assesses our Board governance structures, mandates, and policies to ensure they continue to promote governance excellence and leverage the Board's inherent strengths. In addition, UPP annually conducts an independent assessment at the Board, committee and periodically, the Trustee level, which covers topics such as UPP's governance approach and culture, meeting efficiency, and transparency and fostering and developing relationships between groups. Results from this assessment help ensure that UPP's delegated authority between the Board, its committees, and the Management team remains appropriate and efficient and that UPP maintains a strong governance culture grounded in open communication and clear accountabilities.

Trustee self-assessments

To understand the evolving breadth and depth of the Board's skills and expertise, each Trustee periodically performs a confidential self-assessment against a matrix of skills relevant to the Plan. These assessments inform education and development opportunities and committee composition and determine where the Board would benefit from independent advice in the review of major projects and initiatives.

Self-assessment criteria include experience in directorship, investment and asset management, risk, accounting and finance, legal/governance and regulatory, stakeholder and labour relations, communications and media relations, talent management and compensation, culture, technology and data, actuarial and funding, sustainability (including climate change), social responsibility, governance, pension administration and finance, and strategy.

2024 BOARD HIGHLIGHTS

Welcomed new Trustees

Kelly Bertrand and Ranjini Jha were both appointed to UPP's Board of Trustees effective January 1, 2024. In addition, the Employee Sponsor reappointed Laura Brownell and Sue Wurtele, and the Employer Sponsor reappointed Ron Mock, all for a three-year term.

After joining the Board in 2020, Kathy Bardswick resigned from her position as of December 31, 2024. UPP's Board is grateful for Kathy's invaluable contributions and dedication to UPP in the last five years. The Employer Sponsor will appoint a new Trustee to replace Kathy in 2025.

Participated in focused education sessions

As UPP evolves as an organization, shared understanding and mission clarity help us move together toward a common goal. Throughout the year, the Board and Management team engaged in deep discussion, focused education, and consultation with internal and external experts to form an aligned vision, coalesce on critical strategic objectives, and set a unified knowledge baseline.

In-house education topics in 2024 included:

- cybersecurity and geopolitical risk
- crisis management communications
- GHG emissions intensity metrics
- responsible investing

Individual Trustees completed further independent educational development and participated in diversity events and presentations hosted by UPP.

Held Board and committee meetings

The Board meets no less than once each quarter, with committee meetings occurring on a more frequent basis.

Role of Management

Accountability for UPP's day-to-day operational, strategic, and risk matters is delegated by the Board to the President and CEO and her Executive Leadership team (ELT) through formal Board resolutions. The Board reviews and approves this delegation at least annually.

UPP's ELT houses the leads of each internal division, serving as an advisory body to the President and CEO. This team, in tandem with UPP's broader leadership team, brings a wide range of global experience and expertise and is responsible for building the Plan's foundations, establishing our overall strategic direction and ensuring UPP delivers on our long-term investment, service, risk, and growth strategies. Both our executive and senior leadership teams also serve as models for our values-based culture. Learn more about UPP's executive and senior leadership teams.

> **UPP's ELT regularly meets with the Joint Sponsors to inform and consult on Plan matters and provide updates on our organizational build. The ELT shares educational materials with the Joint Sponsors to help inform their decisions and build a common information foundation.**

PROMOTING ACTIONABLE, HIGH-IMPACT POLICY IN CANADA

UPP CEO and President Barbara Zvan was reappointed as a Senior Fellow and Co-Chair of the C.D. Howe Institute's Pension Policy Council. In this role, she collaborates with pension peers in addressing complex governance challenges and advancing meaningful policy solutions that support a more secure and prosperous retirement for all Canadians.

The Pension Policy Council was launched to address key challenges facing Canada's retirement saving system and make recommendations to ensure the integrity of pension earnings for the growing number of Canadians approaching retirement. In today's complex landscape, the C.D. Howe Institute gives home to the constructive dialogue needed to shape effective public policies for today and tomorrow.

Barbara Zvan
President and Chief Executive Officer

Joanna Lohrenz
Chief Pension Services Officer

Aaron Bennett
Chief Investment Officer

Karen Rowe
Chief Financial Officer

Brian Gill
Chief Technology Officer

Kathy Johnson
Chief Engagement and Strategy Officer

Christine Chen
General Counsel

Omo Akintan
Chief People Officer

Stephanie Scarchilli
Chief of Staff

PART FOUR

Investing in our people

We are committed to creating an intentional and inclusive culture that attracts, retains, and inspires world-class talent and where all employees feel empowered, rewarded, and encouraged to perform at their peak.

Life at UPP

UPP is committed to bringing greater pension peace of mind to the university sector. Our shared commitment to this unites and motivates our team, creating the foundation for a thriving and inclusive culture. Learn more about what UPP has to offer and view our career opportunities.

What we do

We do work that matters

We help ensure our members have a bright future to retire into.

We grow every day

Every day is different at UPP. Our cross-functional philosophy encourages our people to share information, approaches, and perspectives.

We are stronger together

We believe in bringing smart and capable people together to create, solve, and grow with a clear shared vision, without ego or judgment.

We prioritize wellness

We ensure our people are cared for in ways that matter to them.

Supporting our people

We believe in supporting people to do their best work. This is why we offer our employees comprehensive, competitive, and inclusive benefits.

Enhanced benefits

- Defined benefit pension plan
- Comprehensive group benefits
- Extended paramedical and mental health service coverage

Flexibility

- Hybrid work model
- Work-from-anywhere program
- Flexible health-care and lifestyle spending accounts

Support at every life stage

- Educational assistance
- Fertility treatments, paid parental leave, and top-up benefits
- Gender affirmation coverage

"At UPP, everything we do for our members, our Plan, and our future starts with how we invest in and support our people. From day one, we've been intentional about building a purpose-driven, outcome-oriented, and deeply inclusive culture. It goes beyond attracting and retaining great talent—it's about fostering an environment where every employee feels valued, empowered, and connected to our shared commitment."

Victoria Stewart
Manager,
People and Culture

Our employee experience and workplace culture

We are shaping our employee experience and workplace culture to help everyone do their best work. In 2024, we launched an Intentional Culture framework, which includes clear pillars and a pledge to guide behaviours and decision-making, turning abstract concepts into practical actions. An integral piece of our Intentional Culture is empowering employees through feedback. To support this, we conducted an Employee Engagement Survey that gathered insights and measured engagement across the organization.

Our survey insights help us adapt to the evolving needs of our workplace and the people within it. We encourage employees to voice their opinions and provide candid feedback.

2024 Employee Engagement Survey

In 2024, 96% of UPP employees participated in the engagement survey, reflecting a strong culture of openness and shared commitment. High participation strengthens the reliability of our insights and helps guide meaningful action.

The results confirm that UPP continues to foster a healthy, high-performing workplace. A strong majority of employees expressed a positive connection to their work at UPP, with over 90% indicating they feel proud about being part of the organization—nearly 10% above our industry benchmark.

Feedback summary

- Employees believe UPP fosters a collaborative, inclusive, and growth-oriented culture where they feel supported, valued, and empowered to thrive.
- Employees are proud to work for UPP and appreciate opportunities to make a positive impact on our members and overall success.
- Employees believe UPP is dedicated to fostering an intentional culture and focusing on equity, diversity, inclusion, and reconciliation, as well as responsible investing.

EMPLOYEE REFLECTIONS

- “What I love most about UPP is the supportive work environment that allows me to grow and excel within my role.”
- “I genuinely enjoy working at UPP and appreciate the opportunities it offers to collaborate with diverse, cross-functional teams to drive meaningful change.”
- “The work environment is wonderful. I get to work with smart, committed, and caring people every day.”
- “I think UPP has successfully built a great workplace culture. It cares about the well-being of the employees and offers flexibility to the employees.”

Building an inclusive workforce

We believe that building an inclusive workforce is crucial to our success. A diverse team brings a broad range of perspectives, experiences, and ideas that strengthen our decision-making, drive innovation, and enhances the way we serve our members. By fostering an equitable and inclusive workplace, we create an environment where all employees feel valued and empowered to do their best work.

UPP's Equity, Diversity, Inclusion, and Reconciliation (EDI & Reconciliation) program and three-year roadmap, which began in 2022, are the blueprints for our inclusive, respectful working environment and our way of honouring the Truth and Reconciliation Commission's Call to Action 92. They are rooted in our belief that diverse teams, perspectives, and lived experiences spark better decisions and outcomes, new thinking, and a thriving work environment—all essential foundations to strong performance.

Having concluded the third year of our roadmap at the end of 2024, we have made measurable progress along our journey, achieving key milestones that strengthen our approach and drive real-world impact:

- Published UPP's EDI & Reconciliation Policy, which underpins UPP's commitments
- Linked program results to performance and compensation outcomes, emphasizing their importance as a business priority
- Supported diversity efforts by launching a self-identification survey for employees and job applicants
- Established employee feedback mechanisms and action plans to address feedback
- Delivered foundational EDI & Reconciliation training programs and established key partnerships to support continuous learning, advisory, and talent sourcing
- Recognized and celebrated our diverse culture with dozens of employee events

We look forward to building on these foundations in our next phase. Read more about EDI & Reconciliation at UPP.

2024 EMPLOYEE ENGAGEMENT SURVEY HIGHLIGHTS

- 97% of employees believe UPP is a diverse and inclusive workplace.
- 94% believe UPP is committed to taking action to support reconciliation with Indigenous Peoples (in other words, honouring the Truth and Reconciliation Commission's Call to Action 92).
- 90% believe UPP is taking appropriate action to build an equitable workplace.
- 88% feel they can bring their authentic self to work, including all parts of their background and identity.

EMPLOYEE REFLECTIONS

"UPP delivers on its commitment to EDI & Reconciliation in a commendable way. I can bring my whole self to work, which feels great."

"UPP actively seeks different ways to educate its employees on these topics, including initiatives focused on women's health and Indigenous events."

"I'm quite impressed with UPP's continuous commitment to EDI & Reconciliation issues. The level of care far surpasses any organization I've worked at previously, and there have been so many learning opportunities in my short time here."

"I appreciate the EDI & Reconciliation initiatives at UPP. It goes beyond the workshops, speakers, and other events. There is an environment where these issues can be talked about openly. In fact, it is encouraged."

2024 EDI & RECONCILIATION PROGRAM HIGHLIGHTS

Increased team diversity

An important goal of UPP's EDI & Reconciliation Policy is to foster team diversity, which enhances decision-making and contributes to a more positive workplace culture. Offering self-identification opportunities helps us measure employee diversity and use data-driven insights to shape our EDI & Reconciliation program and talent practices effectively.

- In 2024, UPP's employee self-ID survey reached over 90% completion. High participation rates improve the accuracy of our metrics and help us confidently move forward with our plans.
- 87% of employees and 71% of Trustees identified as members of at least one of the following groups: Indigenous, Black, Racialized, 2SLGBTQI+, Persons with Disabilities, or Women+.[23]
- 63% of employees and 14% of Trustees self-identified as East and South Asian, Black, Middle Eastern, Latin American, or as members of other racialized groups.
- 58% of employees at all levels (75% of executive leadership, 43% of the investment division), and 57% of Trustees identified as Women+.

UPP partners with organizations such as Women in Asset Management and Obsidi (formerly Black Professionals in Tech Network) to strengthen diversity in our candidate pool and implement best practices for hiring and retaining a diverse workforce.

In 2024, we expanded our efforts by partnering with Indigenous Works to support learning and candidate sourcing. This organization is dedicated to improving the inclusion and engagement of First Nations, Inuit, and Métis in the Canadian economy through training programs, resources, advisory services, and job opportunities. Learn more about Indigenous Works.


UPP welcomed participants from the Women in Asset Management Program (WAM) at the Ivey Business School at Western University to our offices for a networking and discussion forum.

[23] Includes women (cisgender and transgender) and non-binary individuals.

Continue on next page

2024 EDI & RECONCILIATION PROGRAM HIGHLIGHTS

Celebrated diversity at work

Throughout the year, we honoured and celebrated occasions and events that reflect our team's diversity, using these opportunities to focus on intersectionality, education, awareness, and inclusion. Below are a few highlights.

INTERNATIONAL WOMEN'S HISTORY MONTH

UPP marked International Women's History Month in March by hosting Dr. Sarah Kaplan, UPP member and the Founding Director of the Institute for Gender and the Economy at the University of Toronto's Rotman School of Management. Dr. Kaplan shared her insights on the intersection of gender equity and innovation for businesses, governance, and society.

BLACK HISTORY MONTH

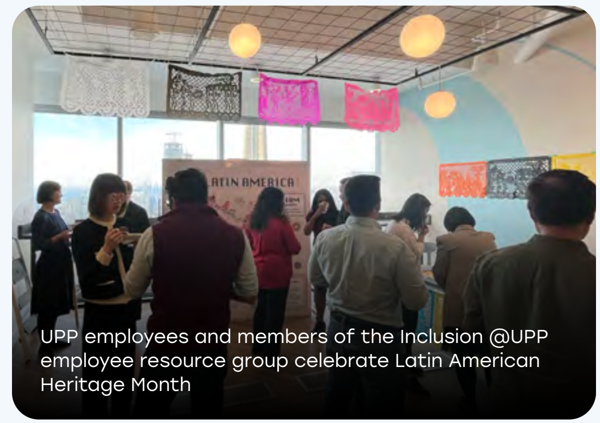
As part of our Black History Month events, UPP Board Trustee Hazel Claxton joined us for a fireside chat where she shared her insights regarding the impact of mentorship and sponsorship on her notable career, sentiments on work-life balance, and reflections on the importance and role of board work.

LATIN AMERICAN HERITAGE MONTH

Throughout October, UPP celebrated Latin American Heritage Month, providing opportunities to explore the rich cultural heritage of Latin individuals and communities, including geography, traditions, cuisine, and artistic contributions.

Dr. Kaplan (centre) with members of UPP's Women+ employee resource group

Cohosts of the fireside chat, UPP's Omo Akintan, Chief People Officer (left), and Krys Gray, Pension Operations Manager (centre), with Hazel Claxton (right)



UPP employees and members of the Inclusion @UPP employee resource group celebrate Latin American Heritage Month

Continue on next page

2024 EDI & RECONCILIATION PROGRAM HIGHLIGHTS

Promoted continuous learning and collective education

UPP promotes EDI & Reconciliation in the workplace through learning and development activities. We offer training programs, learning materials, and other resources on key topics to support group education and learning.

Throughout the year, 92% of UPP employees joined EDI Foundations workshops facilitated by Empowered to learn key equity, diversity, and inclusion concepts.

EMPLOYEE REFLECTIONS

"It is fantastic that UPP is so invested in EDI and truly makes it a place I can be proud to work."

"It's good to know that I work for an organization that prioritizes these issues in action, not words."

"I think EDI workshops like this inspire conversations and promote a culture of respect and understanding, which leads to a more harmonious workplace. I look forward to our next one!"

83% of our employees participated in reconciliation-focused learning sessions on topics including Indigenous history, impacts of colonization, and Indigenous cultural competency.

EMPLOYEE REFLECTIONS

"A lot of information from this workshop is not taught at schools … this workshop is a step in the right direction."

"I have learned a lot from the focused learning about Indigenous experiences and the hardships they had to go through."

"I'm glad this subject is being taken seriously at UPP and that the organization is doing its part in educating employees.

PART FIVE

Our compensation structure

We seek to build a high-performing organization with a strong culture. This includes having an attractive compensation structure that rewards performance and makes us competitive in the talent market.

UPP's total rewards philosophy

As an organization responsible for delivering dependable pension income to over 41,000 members[24] and investing $12.8 billion in net assets, we depend on attracting and retaining talented employees in a competitive environment. We believe that building a high-performing organization and providing lifelong pension security to the university sector is attractive to employees, and we pay particular attention to creating a culture that makes UPP a place where people want to work. This includes a compensation structure that makes us competitive in our target market for specialized talent and rewards performance fairly and appropriately.

"Our strength as an organization lies in the people who dedicate their skills and passion to protecting the pension security of our members. By nurturing talent and fostering an intentional culture, we ensure that every member of our team is empowered to deliver on the promise our members count on.

Omo Akintan
Chief People Officer

A holistic approach to employee engagement and satisfaction

Our Total Rewards strategy, which includes compensation, benefits, wellness, professional development, recognition, and work-life balance, plays an important part in achieving our long-term objectives. It ensures that our commitment to excellence and care for our members is reflected in the way we support our employees.

[24] As of January 1, 2025.

Our Total Rewards program and Strive and Thrive, our performance management framework, closely align and reflect our commitments to members, creating clarity of purpose and alignment across all levels. The objectives of this dual approach are to:

- **Align the organization**
  Reinforce and reflect our organization's vision and values, ensuring our employees act with integrity, inclusivity, ingenuity, and impact.
- **Drive our strategy**
  Encourage prudent decision-making and informed judgment in line with our long-term strategy by rewarding successes on both annual and long-term objectives.
- **Promote desired behaviours and accountability**
  Encourage a collaborative culture, a one-UPP mindset, with a focus on what we achieve and how we achieve it ***and*** accountability for the short- and long-term impacts of our decisions on members, the organization, and the communities around us.
- **Stay competitive to attract and retain top talent**
  Position UPP to be market-aligned and externally competitive in our compensation approach, to engage qualified talent in executing our vision.
- **Fairly reward strong performance**
  Apply equitable and fair employee practices, ensuring all employees at every job level have appropriate development and reward opportunities.

STRIVE AND THRIVE PERFORMANCE MANAGEMENT

UPP recognizes performance and differentiates rewards based on successful contributions to goals encompassing financial, non-financial, and cultural aspects. Through our Strive and Thrive framework, employee performance is assessed and managed against strategic objectives, divisional scorecards, individual goals, and intentions for living our core values.

To maintain focus on our purpose of bringing greater pension peace of mind to our members and serving them with care, we implemented an annual organizational scorecard, and divisional scorecards were in place as of January 1, 2025. The scorecards, which are approved by the Board, include organizational and divisional goals, respectively, with corresponding measures and objectives aligning to the pillars of our organizational strategy. They ensure a balanced focus between key short-, medium-, and long-term objectives. Individual goals are set each year against scorecard and cultural objectives, which cascade from the CEO and Executive Leadership team to each UPP employee.

A phased build for structure and flexibility

UPP was created to bring the advantages of Ontario's world renowned jointly sponsored pension plans to the university sector, and we have made significant progress toward this goal. At every step, we have pursued our foundational work with unwavering focus, oversight, and precision.

When launching the Plan in 2021, UPP was tasked with building a jointly sponsored, defined benefit pension plan from the ground up. That foundational build required early investments in core structures, talent, and tools—including multidisciplinary expertise across the organization. Since inception, we have built comprehensive investment capabilities and partnering functions needed to expertly manage the fund, as well as the systems, processes, and expertise to securely administer the Plan and deliver quality service to a growing membership. This infrastructure was built with the specialized needs of a sector-wide, growth-oriented Plan.

Core to our success was attracting multidisciplinary expertise in a range of areas across the organization, including talent with the specific leadership and skills to build each aspect of the Plan with precision and at pace, then transition to long-term operational execution and oversight.

To that end, great rigour has been applied in setting UPP's compensation structure to align with our long-term objectives and evolving market practices.

Total rewards elements

UPP offers total rewards (base salary, incentive pay, benefits, and our defined benefit pension plan) that are market-competitive and support our organizational objectives and purpose. Compensation elements reflect UPP's phased program design, guided by defined principles approved by the Board. The Human Capital Committee (HCC) of the Board has overseen all aspects of the development of UPP's Total Rewards program.

Compensation components

Base salary
Each UPP employee is assigned a job level with a corresponding salary band providing market-competitive pay for the responsibilities, skills, knowledge, and experience required for a particular role. Salaries are reviewed upon hire, annually, and with material changes in role or responsibilities.

Performance incentives
UPP employees have an incentive target set consistent with market levels. Incentives are designed to reward individuals for performance against specified organizational, divisional, and individual objectives (financial and non-financial). Annual performance evaluations are calibrated into Board-approved organizational, divisional, and individual performance multipliers, which are used to determine individual incentive allocations.

The compensation mix between fixed and variable compensation is designed such that, generally speaking, employees with more influence over organizational performance have a larger share of their compensation as variable incentives, or pay at risk. For example, for members of the Executive Leadership team, the target incentive component exceeds base salary. Those incentives are also proportionately linked to organizational and divisional performance so employees with higher influence over performance have their incentives more closely linked to organizational and divisional scorecard objectives.

UPP has a weighted incentive pay structure wherein the total incentives awarded to employees with significant influence on organizational and divisional performance consist of a mix of annual and deferred incentive pay. The annual incentive is paid out in the year it is allocated, while the deferred incentive is retained and paid in three parts over the subsequent three years.

Deferred incentives further align compensation with UPP's long-term performance and our members' interests. The payable deferred incentive amount in a given year is adjusted such that it increases or decreases at the rate of UPP's long-term investment performance. In addition, the deferred incentive payment will be adjusted based on UPP's performance against key metrics related to the quality of member services delivered, the robustness of UPP's risk management practices. and the delivery of UPP's ambitious responsible investing goals, including our portfolio GHG emissions reduction target. This ensures that short-term decisions align with long-term impacts on UPP performance and promote prudent risk-taking among our organization's senior leaders, all in our members' interest.

As our deferred incentive program phases in over the next two years, UPP's senior leaders will see a larger portion of their total variable incentive mix deferred. Deferred incentive awards for the 2023 calendar year were granted in 2024 and will vest in three parts, adjusted as described above, beginning in 2025. The first payment will be disclosed in our 2025 annual report, which will be published in 2026.

Benefits and other rewards
UPP offers a comprehensive, wellness-focused insurance and benefits program that includes health and dental benefits (with extended coverage for paramedical services, mental health, fertility, gender affirmation, and travel), life insurance, disability, vacation, leave policies (including an eight-week "work from anywhere" program), a family assistance program, and an education assistance framework. Employees also receive a defined benefit pension under the UPP Plan.

Market benchmarking
UPP's Total Rewards team oversees external benchmarking activities and brings a focused and consistent market lens to our recruitment and talent strategies. The team monitors market data to ensure that roles are consistently benchmarked and evaluated and that UPP's compensation remains competitive and in line with our principled pay practices. In addition, as part of the development of UPP's Variable Incentive Plan, the HCC and Board retained an independent compensation consulting practice with expertise in the pension sector for advice on the Plan's market competitiveness.

Compensation oversight

Total rewards practices at UPP adhere to a formal governance process established by our Board of Trustees. The HCC is responsible for overseeing and recommending UPP's compensation philosophy and approach, policies, and programs for Board approval. Where appropriate, the HCC engages independent compensation advisors to support its review of Management's recommendations.

UPP's CEO and Chief People Officer oversee the implementation of the compensation program and make recommendations to the HCC and Board on program design, base salary budgets, incentive compensation awards, and executive pay. The Board determines total compensation for the CEO and Executive Leadership team and approves the CEO's recommendation on aggregate annual incentives for all other employees.

As our program evolves, we remain committed to building a rewarding and fulfilling environment for our people and delivering long-term value for all Plan members.

Executive compensation

As described previously, executive compensation at UPP is determined by the Board of Trustees. Refer to the table below for 2024 compensation for UPP's Named Executive Officers: President and CEO, Chief Financial Officer, and the three other highest-paid executive officers.

Total incentives consider an array of financial and non-financial performance dimensions reflecting UPP's strategic objectives, as discussed throughout this annual report.

UPP conducts a comprehensive market review of executive compensation at least every two years to ensure alignment with market competitiveness, organizational objectives, and governance best practices. This independent third-party analysis benchmarks compensation against a defined peer group with adjustments for size and scope. The findings are reviewed and approved by the Board and the HCC.

In 2024, this review resulted in salary adjustments for two executive roles, as reflected in the table below. The process applies rigorous evaluation criteria, considering factors such as organizational size, role scope, and evolving market trends.

2024 executive compensation

($thousands, annualized)	Base salary	Annual incentive	Deferred incentive allocation	Total direct compensation	Other[25]	Total cash compensation	Benefits	Pension contribution[26]
	A	B	C	A+B+C	D	A+B+D	E	F
Barbara Zvan President and Chief Executive Officer	560.0	1244.4	670.1	2474.5	475.0	2279.4	14.4	21.6
Aaron Bennett Chief Investment Officer	400.0	800.2	430.9	1631.1		1200.2	14.4	21.6
Christine Chen General Counsel	339.7	458.2	246.7	1044.6		797.9	14.7	21.6
Karen Rowe Chief Financial Officer and Head of Operations	343.0	439.3	236.5	1018.8		782.3	14.4	21.6
Joanna Lohrenz Chief Pension Services Officer	294.0	415.9	223.9	933.8		709.9	14.5	21.6

2024 Board of Trustee remuneration

Trustee remuneration has remained unchanged since 2020.

($thousands)	
Chair	150
Trustee	50

Trustees are reimbursed for reasonable and necessary expenses incurred in carrying out UPP business. These reimbursements relate primarily to travel, meals, and accommodations pertaining to in-person attendance at UPP Board, committee, or similar meetings, or for relevant educational programs (for example, the Institute of Corporate Directors program). For 2024, these expenses totalled $93,377.

[25] The CEO's inaugural employment agreement included a deferred payment. In 2024, this one-time payment became payable in two equal instalments. The first instalment is reflected above. The second instalment will be paid in 2025 and disclosed in the 2025 Compensation Discussion and Analysis.

[26] Changes in pension values are not included in total compensation.

PART SIX

Financial statements

Management's responsibility for financial reporting

The financial statements of University Pension Plan Ontario ("UPP") have been prepared by Management and approved by the Board of Trustees. Management is responsible for the preparation and fairness of the financial statements, which have been prepared in accordance with Canadian accounting standards for pension plans, as set out in the Chartered Professional Accountants of Canada Handbook Section 4600, Pension Plans. The financial statements also comply with the financial reporting requirements of the Pension Benefits Act (Ontario) and Regulations under this Act. For accounting policies that do not relate to its investments or pension obligations, the financial statements follow the requirements of IFRS Accounting Standards, as issued by the International Accounting Standards Board. To the extent that IFRS Accounting Standards in Part 1 is inconsistent with Section 4600, Section 4600 takes precedence. Where deemed appropriate, the financial statements include certain amounts based on Management's judgments and best estimates.

Systems of internal controls and procedures over financial reporting and disclosure controls have been designed and established to maintain proper records and safeguard the assets. These controls include appropriate segregation of responsibilities, an organizational Code of Conduct, and accountability policies and framework that outline delegated authorities at UPP. We report any significant deficiencies to the Audit and Finance Committee ("Committee") of the Board of Trustees of UPP.

The Committee assists the Board of Trustees in discharging its responsibility to approve the annual financial statements. The Committee meets regularly with Management and the External Auditor to discuss the scope and findings of audits and to satisfy itself that their responsibilities have been properly discharged.

The Committee reviews the annual financial statements and recommends them to the Board of Trustees for approval. UPP's External Auditor, PricewaterhouseCoopers LLP (the "External Auditor"), has conducted an independent audit of the financial statements in accordance with Canadian generally accepted auditing standards, performing such tests and other 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 Committee to discuss findings related to the integrity of UPP's financial reporting and the adequacy of internal control systems.

Barbara Zvan
President and Chief Executive Officer

Karen Rowe
Chief Financial Officer

May 27, 2025

Actuarial opinion

Eckler Ltd. (Eckler) was retained by the University Pension Plan Ontario Board of Trustees (the "Board"), as legal administrator of the plan, to perform an actuarial valuation of the going concern liabilities of the University Pension Plan Ontario (the "UPP") as at January 1, 2025 for inclusion in UPP's financial statements covering the period from January 1, 2024 to December 31, 2024 in accordance with Section 4600 of Part IV of the Chartered Professional Accountants of Canada (CPA Canada) Handbook.

The valuation of UPP's actuarial liabilities was based on:

- UPP provisions in effect at December 31, 2024;
- membership data provided by UPP with an effective date of January 1, 2025;
- methods prescribed by Section 4600 of the CPA Canada Handbook for pension plan financial statements; and
- assumptions regarding future investment returns, inflation, salary growth and demographic experience, etc., as approved by the Board, in consultation with Eckler.

This valuation was undertaken for purposes of the Plan's financial statements under Section 4600 of the CPA Canada Handbook and it might not be suitable for other purposes. Any party reviewing these valuation results for other purposes should have their own actuary or other qualified professional assist in their review to ensure that the party understands the assumptions, results and uncertainties inherent in our estimates.

We have reviewed the data used for the valuation and have performed tests of reasonableness and consistency, and it is our opinion that the membership data on which the valuation are based are sufficient and reliable for the purpose of the valuation. Additionally, it is our opinion that the assumptions and the methods employed in the valuation are appropriate for the purpose of the valuation.

We confirm that no significant events occurred during the reporting period. Since December 31, 2024, and as of the date of this report, there has been considerable volatility in global investment markets and macroeconomic uncertainty in connection with international trade policies and tariffs. Any impact on the market value of Plan assets and the actuarial assumptions is not reflected in the valuation results and as such, the plan financial position shown in this report may be substantially different if those results were incorporated in our valuation. These effects will be revealed in future valuations. We are not aware of any other subsequent events that would have a material impact on the valuation results presented herein.

Notwithstanding the foregoing opinion, emerging experience differing from the assumptions will result in gains or losses which will be revealed in future valuations.

Our valuation has been prepared, and our opinions given, in accordance with accepted actuarial practice in Canada.

Respectfully submitted,

Jill Wagman, Eckler Ltd.
Fellow, Canadian Institute of Actuaries

Jasenka Brcic, Eckler Ltd.
Fellow, Canadian Institute of Actuaries

May 27, 2025

Independent auditor's report

To the Trustees of University Pension Plan Ontario

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of University Pension Plan Ontario (the Plan) 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

The Plan's financial statements comprise:

- the statements of financial position as at December 31, 2024 and 2023;
- the statements of changes in net assets available for benefits for the years then ended;
- the statements of changes in pension obligations for the years then ended; and
- the notes to the 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 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 the Plan in accordance with the ethical requirements that are relevant to our audit of the 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 Annual Report.

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

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

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 financial statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Plan's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Plan to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

PricewaterhouseCoopers LLP

Chartered Professional Accountants,
Licensed Public Accountants

Toronto, Ontario
May 27, 2025

Statement of Financial Position

As at December 31 (Canadian $ in thousands)	2024	2023
Net Assets Available for Benefits		
Assets		
Investments (Note 4)	**$ 12,892,575**	$ 11,501,156
Investment-related assets (Note 4)	**408,278**	225,693
Contributions receivable:		
Employee	**1,716**	601
Employer	**1,729**	1,248
Other assets	**37,261**	51,241
Total Assets	**13,341,559**	11,779,939
Liabilities		
Accounts payable and accrued liabilities	**46,292**	43,140
Investment-related liabilities (Note 4)	**532,395**	17,365
Total Liabilities	**578,687**	60,505
Net Assets Available for Benefits	**12,762,872**	11,719,434
Accrued Pension Obligations and Surplus (Deficit)		
Accrued pension obligations (Note 7)	**12,574,779**	11,966,492
Deficit:		
Funding surplus	**247,055**	249,277
Actuarial value adjustment (Note 7)	**(58,962)**	(496,335)
Total Surplus (Deficit)	**188,093**	(247,058)
Accrued Pension Obligations and Surplus (Deficit)	**$ 12,762,872**	$ 11,719,434

See accompanying notes to financial statements.

On behalf of the Trustees:

Gale Rubenstein, Board of Trustees Chair

Statement of Changes in Net Assets Available for Benefits

Years ended December 31 (Canadian $ in thousands)		2024		2023
Changes due to Investment Activities				
Net investment income (loss) (Note 6)	**$**	**1,195,493**	$	1,084,245
Investment administrative expenses (Note 10)		**(56,886)**		(52,185)
Total Changes due to Investment Activities		**1,138,607**		1,032,060
Changes due to Pension Activities				
Transfer from predecessor plans (Note 3)		**-**		-
Contributions (Note 8)		**514,590**		520,229
Benefit payments (Note 9)		**(564,002)**		(558,501)
Pension administrative expenses (Note 10)		**(45,757)**		(37,313)
Total Changes due to Pension Activities		**(95,169)**		(75,585)
Total Increase in Net Assets Available for Benefits		**1,043,438**		956,475
Net Assets Available for Benefits, Beginning of Year		**11,719,434**		10,762,959
Net Assets Available for Benefits, End of Year	**$**	**12,762,872**	$	11,719,434

See accompanying notes to financial statements.

Statement of Changes in Pension Obligations

Years ended December 31 (Canadian $ in thousands)		2024		2023
Increase in Pension Obligations:				
Transfer from predecessor plans (Note 3)	$	-	$	-
Current service costs		473,422		442,472
Interest on accrued benefits		649,856		619,177
Changes in actuarial assumptions		(850)		12,180
Past service buybacks		5,531		14,395
Net experience losses		44,330		24,200
Total Increase		1,172,289		1,112,424
Decrease in Pension Obligations				
Benefit payments (Note 9)		564,002		558,501
Total Decrease		564,002		558,501
Net Increase in Pension Obligations		608,287		553,923
Pension Obligations, Beginning of Year		11,966,492		11,412,569
Pension Obligations, End of Year	$	12,574,779	$	11,966,492

See accompanying notes to financial statements.

Notes to the financial statements

Amounts are in thousands of Canadian dollars except where otherwise noted.

1. Description of the Plan

(a) General

The University Pension Plan Ontario (UPP or the Plan) and the Trust Fund (the Fund) was established on January 1, 2020, pursuant to a Sponsors' Agreement between the Employee Sponsor (made up of the Faculty Associations and the Non-Faculty Unions that sponsor and participate in the Plan acting through their Employee Sponsor Committee) and the Employer Sponsor (made up of the Universities that sponsor and participate in the Plan, acting through their Employer Sponsor Committee) and a Trust Agreement between the Employee Sponsor, the Employer Sponsor and the Board of Trustees as the legal administrator of the new jointly sponsored pension plan (JSPP).

As a trust, without separate legal personality, UPP must act through its Board of Trustees, who take all actions and enter all contracts in their capacity as Trustees. The Board of Trustees is comprised of 14 individuals including an independent Chair and was established as plan administrator through the Trust Agreement between the joint sponsors officially constituted on January 1, 2020.

Member universities that have transitioned their existing single employer pension plans (collectively the Predecessor Plans) to UPP include the following:

- On July 1, 2021, the net assets and pension obligations of the Revised Pension Plan of Queen's University, the University of Toronto Pension Plan, Pension Plan for Professional Staff of University of Guelph, the Pension Plan for Non-Professional Staff of University of Guelph, and the Retirement Plan of University of Guelph were transferred to UPP.
- On January 1, 2022, the net assets and pension obligations of the Contributory Pension Plan of Trent University Faculty Association were transferred to UPP.
- On January 1, 2022, the staff of the University of Guelph and University of Toronto faculty associations and eligible UPP employees joined UPP. These are new pension plans with no net assets and pension obligations transferred.

The Plan is registered provincially under the Pension Benefits Act Ontario (PBA), with the Financial Services Regulatory Authority of Ontario (FSRA), and federally under the Income Tax Act (Canada) with the Canada Revenue Agency under registration number 1357243.

The Plan is a registered pension plan as defined in the Income Tax Act and is not subject to income tax in Canada. The Plan may be subject to tax on income earned in other jurisdictions.

The following is a summary description of the Plan. For more complete information, reference should be made to the Plan text.

(b) Funding

Plan benefits are funded by member and employer contributions and investment income. The determination of the Plan's funded status and contribution requirements to fund regular benefits and any deficits are made on the basis of periodic actuarial valuations.

Funding policy

Establishing and amending the Funding Policy is the responsibility of UPP's Joint Sponsors (comprised of the Employee Sponsor and Employer Sponsor) and is reviewed at least annually. Pension benefits for pensionable service accrued under each participating university's single employer pension plan and transferred to UPP are referred to as pre-conversion date benefits. Pension benefits for future service under the UPP on and after the conversion date are referred to as post-conversion date benefits. The Funding Policy outlines the funding of pre-conversion date benefits (past service funding) and the funding of post-conversion date benefits (future service funding).

Amounts are in thousands of Canadian dollars except where otherwise noted.

The contribution rate required to fund future service benefits under UPP will be shared 50/50 between participating universities and employees. In addition, contributions to fund deficits in respect of UPP future service benefits will be shared 50/50 between the participating universities and employees.

Past service funding remains the full responsibility of the participating universities for the 10-year period following the conversion date. For years 11 to 20 after the conversion date, responsibility for losses and allocation of gains in respect of past service funding transitions from 100% to the participating universities to 100% to UPP, with UPP then sharing the allocated portion 50/50 between the participating universities and employees. After 20 years, past service funding is the responsibility of UPP and shared 50/50 between the participating universities and employees.

(c) Contributions

Each member shall contribute to the Plan by payroll deductions each Plan Year effective July 1, 2021, 9.2% of pensionable earnings up to or equal to the Year's Maximum Pensionable Earnings (YMPE) and 11.5% of pensionable earnings above the YMPE up to the maximum pensionable earnings for contributions. Contributions made by members of the Plan are matched 100% by their employers.

(d) Retirement Pensions

Under the Plan, active members have two parts to their pensions. The first part is brought in from the pension plan they were previously participating in before they joined UPP, which is called pre-conversion service. In this first part, members keep the pensions they've earned based on the prior plan's benefit formula for service to the transfer date. The pre-conversion service does not change going forward; however, the pre-conversion pensions can increase as members' future earnings increase.

The second part is for service on and after transfer date, which is called post-conversion service or UPP service. All active members from any prior plan can only earn UPP service on and after the transfer date. UPP pensions are determined in accordance with the Plan text using a formula that considers a member's best average earnings as the highest 48 months of pensionable earnings up to a maximum limit under the Income Tax Act, average of YMPE established by the federal government in the last 48 months before a member's retirement, and years of pensionable service. A member is eligible for a reduced retirement pension from age 55. An unreduced retirement pension is available from age 65 or on and after age 60 if the sum of a member's age and qualifying service equals at least 80 at such pension commencement date.

(e) Inflation Protection

Inflation protection is designed to increase the amount of a pensioner's monthly pension to maintain purchasing power.

Under UPP, pensioners receive pre-conversion inflation protection based on the prior plan's indexing formula which varies by each plan joining UPP. For post-conversion service, UPP's target funded conditional indexation is 75% of the increase in Consumer Price Index for Canada. The funded conditional indexing is subject to the Plan's funded status and terms of the Funding Policy, and is not guaranteed at this level except during the first 7 years of the Plan for UPP service.

(f) Death Benefits

Death benefits are available on the death of an active member, deferred vested member, or retired member. For retirees, the survivor benefit depends on the guarantee period and/or survivor pension elected at time of retirement. In general, the benefit may take the form of a lump-sum payment, an immediate pension, or deferred pension to the surviving spouse.

(g) Disability Pensions

A member who becomes disabled shall continue to accrue pensionable service until the earliest that the member is no longer disabled, the member retires after reaching their earliest retirement date, or the member passes away. While a member is disabled, employer contributions will fund both employer and member contributions, provided a member satisfies the Plan's definition of disability.

Amounts are in thousands of Canadian dollars except where otherwise noted.

2. Summary of Significant Accounting Policies

(a) Basis of Presentation

These financial statements have been prepared by management in accordance with Canadian accounting standards for Pension Plans, as set out in the Chartered Professional Accountants of Canada Handbook Section 4600 – Pension Plans (Section 4600). The recognition and measurement of UPP's assets and liabilities, inclusive of pension obligations, are consistent with the requirements of Section 4600. The financial statements also include disclosures required by Regulation 909 of the PBA.

For accounting policies that do not relate to its investments or pension obligations, the financial statements follow the requirements of IFRS Accounting Standards, as issued by the International Accounting Standards Board. To the extent that IFRS Accounting Standards in Part 1 is inconsistent with Section 4600, Section 4600 takes precedence.

Certain comparative figures have been revised to conform to the current year's presentation. Prepaid benefits ($24,033) was formerly presented separately on the Statement of Financial Position, and is now included in Other assets.

(b) Functional and Presentation Currency

These financial statements are presented in Canadian dollars, which is the Plan's functional currency.

(c) Use of Estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the statement of net assets available for benefits and the reported amounts of changes in net assets available for benefits during the year. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised.

Measurement uncertainty exists in the valuation of the pension obligations of the Plan and the Plan's Level 3 investments. Measurement uncertainty arises because:

- the Plan's actual experience may differ, perhaps significantly, from assumptions used in the valuation of the pension obligations of the Plan; and
- the estimated fair values of the Plan's Level 3 investments (this term is defined in Note 4 Investments), where the valuation inputs for assets and liabilities are not based on observable market data, may differ significantly from the values that would have been used had an active market existed for these investments.

While best estimates have been used in the valuation of the pension obligations of the Plan and the Plan's Level 3 investments, management considers that it is possible, based on existing knowledge, that changes in future conditions in the short-term could require a material change in the recognized amounts.

Differences between actual results and expectations in the pension obligations of the Plan are recorded in changes in actuarial assumptions, experience gains and experience losses in the Statement of Changes in Pension Obligations in the year when actual results are known.

Differences between the estimated fair values and the amounts ultimately realized for investments are included in net investment income in the year when the ultimate realizable values are known. The Plan is exposed to a variety of financial risks as a result of its investment activities which are described in Note 5 – Financial Risk Management.

(d) Related party transactions

The Board of Trustees, management, subsidiaries, and employers' that have joined the Plan are considered related parties according to the Handbook. All transactions were conducted in the ordinary course of business and at arm's length terms, consistent with those applied to unrelated third parties.

Amounts are in thousands of Canadian dollars except where otherwise noted.

(e) Foreign Currency Translation

Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rates prevailing on the year-end date. Income and expenses are translated into Canadian dollars at the exchange rates prevailing on the dates of the transactions. The realized and unrealized gains and losses arising from these translations are included within net realized and unrealized gains on investments in Net Investment Income (Loss).

(f) Net Investment Income (Loss)

Investment income (loss) is recorded on an accrual basis and includes interest, dividend, and distribution income from investments. Realized gains and losses on the disposal of investments and unrealized gains and losses on the fair value of investments are recognized in Net Investment Income (Loss). Realized gains and losses represent the difference between proceeds on disposal and cost. Unrealized gains and losses represent the changes in the difference between the fair value and cost of the investment held.

(g) Transaction Costs

Transaction costs include incremental costs directly attributable to the acquisition, issue or disposal of investment assets or liabilities. These costs are expensed in the period on an accrual basis and reported as a component of Net Investment Income (Loss).

(h) Management Fees

Management fees for external investment managers are recognized in external manager fees reported in Net Investment Income (Loss) as incurred in Note 6 – Net Investment Income (Loss). For certain investments, where the investment return is net of fees and are not separately invoiced, the external manager fees and performance fees are offset directly to Net Investment Income (Loss).

(i) Financial Assets and Financial Liabilities

i) Financial Assets

Financial assets are recognized initially on the trade date, which is the date that the Plan becomes a party to the contractual provisions of the instrument. Certain investments are invested through master trusts, that are 100% owned by UPP.

Investment assets are measured at fair value. The change between the fair value of investments at the beginning and end of each year is recognized as unrealized gains or losses included in Net Investment Income (Loss) in the Statement of Changes in Net Assets Available for Benefits.

All non-investment financial assets are subsequently measured at amortized cost.

The Plan derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Plan neither transfers nor retains substantially all the risks and rewards of ownership and does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the average cost of the asset and consideration received is recognized as a net realized gain or loss on sale of investments included in Net Investment Income (Loss) in the Statement of Changes in Net Assets Available for Benefits.

ii) Financial Liabilities

All financial liabilities are measured at fair value and recognized initially on the trade date at which the Plan becomes a party to the contractual provisions of the instrument.

The Plan derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expired.

All non-investment financial liabilities are subsequently measured at amortized cost.

iii) Derivative Financial Instruments

Derivative financial instruments are financial contracts where the value is determined based on changes in prices of the underlying assets, interest rates, foreign exchange rates or indices. The fair values of derivative assets and derivative liabilities are presented in investment related assets and investment related liabilities, respectively, in the Statement of Financial Position. The changes in fair value of these instruments are recognized in Net Investment Income (Loss) in the Statement of Changes in Net Assets Available for Benefits.

Amounts are in thousands of Canadian dollars except where otherwise noted.

iv) Pending Trades

Pending trades include accrued receivables and payables from unsettled transactions. The fair values of amounts receivable and payable from pending trades approximate their carrying amounts due to their short-term nature.

v) Securities Lending

The Plan may enter into securities lending transactions. These securities lending activities are fully collateralized by securities. Securities on loan continue to be recognized as investments in UPP's Statement of Financial Position. Collateral received in the form of securities is not recognized as the risk and rewards of ownership do not transfer. Lending fees earned by the Plan on these transactions are included in Net Investment Income (Loss).

The securities loaned and related collateral received by the Plan is disclosed in Note 5 – Financial Risk Management section c) Credit Risk and section d) Collateral Pledged and Received.

vi) Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

In determining fair value, the Plan follows the guidance in IFRS 13, Fair Value Measurement (IFRS 13), in Part I of the Chartered Professional Accountants of Canada Handbook as required by Section 4600. As allowed under IFRS 13, if an asset or a liability measured at fair value has a bid and an ask price, the price within the bid-ask spread that is the most representative of fair value in the circumstances shall be used to measure fair value. The Plan uses closing market price as a practical expedient for fair value measurement.

When available, the Plan measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

If a market for a financial instrument is not active, then the Plan establishes fair value using a valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analyses and option pricing models.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price, i.e., the fair value of the consideration given or received, unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets.

All changes in fair value are recognized in the Statement of Changes in Net Assets Available for Benefits as part of Net Investment Income (Loss).

Fair values are determined as follows:

- Cash and short-term investments are valued based on cost plus accrued interest, which approximates fair value. Cash includes cash balances held with investment managers.
- Money market funds, bonds and publicly traded equities are valued based on closing quoted market prices.
- Investments in pooled funds (other than private investment interests and hedge funds) are valued at their net asset value per unit supplied by the pooled fund manager, who is directly investing the funds in the underlying operating units. The net asset value is determined using quoted market prices or alternative valuation methods where quoted market prices are not available.
- Hedge funds fair value is based on the net asset values as reported by the hedge fund managers.

Amounts are in thousands of Canadian dollars except where otherwise noted.

- Investments in private debt, private equity, infrastructure and real estate include investments held through ownership in limited partnership funds and co-investments with limited partnership funds. Investments in limited partnership funds and co-investments are recognized at fair values using amounts supplied by the fund managers. The fund managers use a valuation methodology that is based upon the best available information that may incorporate assumptions and best estimates after considering a variety of internal and external factors. 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 derivative financial instruments, including forwards, bond and equity return swaps, are valued using year-end quoted market prices.
- Repurchase agreements (repos) are transactions where UPP sells securities and simultaneously agrees to buy them back at a specified price at a future date. Repurchase agreements are carried at cost, which together with accrued interest approximates fair value due to their short-term nature.

(j) Other Assets

Other assets include miscellaneous receivables and prepaid expenses, valued at cost, approximating fair value. A right-of-use asset, also included in other assets, was initially measured at cost and subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

(k) Accrued Pension Obligations

Pension obligations are determined based on the results of an actuarial valuation prepared by an independent firm of actuaries and these results are summarized using an actuarial valuation report prepared for funding purposes. This valuation uses the projected benefits method pro-rated on service for actuarial cost and various economic and demographic assumptions. All assumptions are set by management and approved by the Board of Trustees with the concurrence of the Plan's independent actuaries, and each assumption, except for the discount rate, is typically best estimate but may include a margin for conservatism. The discount rate is a risk adjusted long-term rate of return on the pension fund reflecting its long-term asset mix.

(l) Actuarial Value Adjustment

Beginning in January 2022, the actuarial value of net assets for the Plan is used to assess the funded position of the Plan. The actuarial value adjustment is applied to the fair value of net assets available for benefits to arrive at the actuarial values of net assets. The actuarial adjustment represents a portion of the pension plan's unrecognized cumulative investment gains or losses (above or below the actuarial smoothing rate) over a five-year period. The actuarial value adjustment cannot exceed 15% of the fair value of net assets.

(m) Contributions

Contributions from the members and employers of the Plan as at the end of the year are recorded on an accrual basis.

(n) Sales Taxes

Non-refundable sales taxes are recognized as administrative expenses. Refundable amounts are recognized as a recoverable amount from tax authorities and recoveries are netted against the respective investments that they pertain to.

(o) Future Changes to Accounting Disclosure

During 2024, the International Accounting Standards Board issued IFRS 18 Presentation and Disclosure in Financial Statements to replace IAS 1 Presentation of Financial Statements. The standard is effective for annual reporting periods beginning on or after January 01, 2027. Management is currently assessing the impact of adopting these standards on the Financial Statements.

3. Transfer from Predecessor Plans

There were no transfers from Predecessor Plan's during the years ended December 31, 2024, and December 31, 2023.

Amounts are in thousands of Canadian dollars except where otherwise noted.

4. Investments

(a) Investments by Fair Value and Cost:

The following table summarizes these investments at both their fair value and cost as at December 31:

($ thousands)	2024 Fair Value	2024 Cost	2023 Fair Value	2023 Cost
Cash and Short-Term Money Market[1]	**$ 783,485**	**$ 779,017**	$ 1,143,286	$ 1,137,171
Interest Rate Sensitive Assets				
Fixed Income				
Canadian bonds	**4,324,339**	**4,358,743**	3,205,146	3,110,251
Bond funds	**59,248**	**58,386**	-	-
Return Enhancing Assets				
Private Debt				
Bond funds	**661**	**2,457**	96,910	103,812
Private debt	**651,670**	**437,004**	609,135	476,428
Mortgages	**-**	**-**	87,575	89,579
Absolute Return				
Hedge funds	**1,156,767**	**586,332**	1,002,136	590,051
Public Equity				
Canadian equity	**131,341**	**104,246**	289,730	267,590
Non-Canadian equity	**1,165,600**	**1,137,574**	339,917	295,489
Equity funds	**2,957,301**	**2,168,940**	3,265,849	2,848,667
Private Equity	**687,806**	**537,681**	652,498	514,194
Inflation Sensitive Assets				
Infrastructure	**664,029**	**560,425**	393,040	359,573
Real estate	**310,328**	**337,585**	415,934	415,344
Total Investments not including Investment-related Assets and Liabilities	**12,892,575**	**11,068,390**	11,501,156	10,208,149
Investment-related Assets				
Derivatives (Note 4d)	**243**	**-**	132,347	-
Pending trades[1]	**408,035**	**407,486**	93,346	93,489
Investment-related Liabilities				
Derivatives (Note 4d)	**(101,272)**	**-**	(1,178)	-
Pending trades[1]	**(114,126)**	**(114,126)**	(16,187)	(16,187)
Repurchase agreements	**(316,997)**	**(315,662)**	-	-
Total Investments including Investment-related Assets and Liabilities	**$ 12,768,458**	**$ 11,046,088**	$ 11,709,484	$ 10,285,451

[1] The 2023 previously reported amounts for Cash and Short-Term Money Market investments with a fair value of $77,159 were reclassified to Investment-related Assets: Pending trades $93,346 and Investment-related Liabilities: Pending trades $(16,187).

Amounts are in thousands of Canadian dollars except where otherwise noted.

The Plan holds 100% of the units in master trust structures. The fair value of assets held within master trust structures are $3,615,068 (2023: $3,979,029) and the unit values of the master trusts have a cost of $2,310,250 (2023: $3,655,779).

(b) Investment Fair Value Hierarchy:
Determination of fair values of investments, derivatives, and repurchase agreements are as described in Note 2.

Fair value measurements recognized in the Statement of Net Assets Available for Benefits are categorized using a fair value hierarchy, which reflects the significance of inputs used in determining the fair values.

- Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities; primarily includes publicly listed equity instruments;
- Level 2 – inputs other than quoted prices included in Level 1 that are observable by market participants either directly through quoted prices for similar but not identical assets or indirectly through observable market information used in valuation models; and
- Level 3 – inputs for assets and liabilities that are not based on observable market data.

Amounts are in thousands of Canadian dollars except where otherwise noted.

The following table illustrates the classification of the Plan's assets and liabilities recognized at fair value as at December 31:

				2024
($ thousands)	**Fair Value Level 1**	**Fair Value Level 2**	**Fair Value Level 3**	**Total**
Cash and Short-Term Money Market	$ 70,304	$ 713,181	$ -	$ 783,485
Interest Rate Risk Sensitive Assets				
Fixed Income				
Canadian bonds	-	4,324,339	-	4,324,339
Bond funds	-	59,248	-	59,248
Return Enhancing Assets				
Private Debt				
Bond funds	-	-	661	661
Private debt	-	-	651,670	651,670
Mortgages	-	-	-	-
Absolute Return				
Hedge funds	-	1,154,877	1,890	1,156,767
Public Equity				
Canadian equity	131,341	-	-	131,341
Non-Canadian equity	1,165,600	-	-	1,165,600
Equity funds	-	2,945,459	11,842	2,957,301
Private Equity	-	-	687,806	687,806
Inflation Sensitive Assets				
Infrastructure	-	-	664,029	664,029
Real estate	-	-	310,328	310,328
Total Investments not including Investment-related Assets and Liabilities	1,367,245	9,197,104	2,328,226	12,892,575
Investment-related Assets				
Derivatives	-	243	-	243
Pending trades	796	407,239	-	408,035
Investment-related Liabilities				
Derivatives	-	(101,272)	-	(101,272)
Pending trades	(43)	(114,083)	-	(114,126)
Repurchase agreements	-	(316,997)	-	(316,997)
Total Investments including Investment-related Assets and Liabilities	$ 1,367,998	$ 9,072,234	$ 2,328,226	$ 12,768,458

Amounts are in thousands of Canadian dollars except where otherwise noted.

The following table illustrates the classification of the Plan's assets and liabilities recognized at fair value as at December 31:

2023

($ thousands)	Fair Value Level 1	Fair Value Level 2	Fair Value Level 3	Total
Cash and Short-Term Money Market[1]	$ 36,450	$ 1,106,836	$ -	$ 1,143,286
Interest Rate Risk Sensitive Assets				
Fixed Income				
Canadian bonds	-	3,205,146	-	3,205,146
Bond funds	-	-	-	-
Return Enhancing Assets				
Private Debt				
Bond funds	-	89,578	7,332	96,910
Private debt	-	-	609,135	609,135
Mortgages	-	87,575	-	87,575
Absolute Return				
Hedge funds	-	1,001,871	265	1,002,136
Public Equity				
Canadian equity	289,730	-	-	289,730
Non-Canadian equity	339,917	-	-	339,917
Equity funds	-	3,243,631	22,218	3,265,849
Private Equity	-	-	652,498	652,498
Inflation Sensitive Assets				
Infrastructure	-	-	393,040	393,040
Real estate	-	-	415,934	415,934
Total Investments not including Investment-related Assets and Liabilities	666,097	8,734,637	2,100,422	11,501,156
Investment-related Assets				
Derivatives	-	132,347	-	132,347
Pending trades[1]	847	92,499	-	93,346
Investment-related Liabilities				
Derivatives	-	(1,178)	-	(1,178)
Pending trades[1]	(687)	(15,500)	-	(16,187)
Repurchase agreements	-	-	-	-
Total Investments including Investment-related Assets and Liabilities	$ 666,257	$ 8,942,805	$ 2,100,422	$ 11,709,484

[1] The 2023 previously reported amounts for Cash and Short-Term Money Market investments with a fair value of $77,159 from Level 1 were reclassified to Investment-related Assets: Pending trades $93,346 and Investment-related Liabilities: Pending trades $(16,187).

Amounts are in thousands of Canadian dollars except where otherwise noted.

The following table reconciles the Plan's Level 3 fair value measurements on December 31:

($ thousands)	Fair Value December 31, 2023	Gain (Loss) included in Net Investment Income (Loss)[1]	Purchases	Sales and Return of Capital	Fair Value December 31, 2024
Bond, equity and hedge funds	$ 29,815	$ 671	$ -	$ (16,093)	$ 14,393
Private debt	609,135	76,347	137,445	(171,257)	651,670
Private equity	652,498	(3,056)	62,508	(24,144)	687,806
Infrastructure	393,040	99,718	338,948	(167,677)	664,029
Real estate	415,934	(28,274)	53,457	(130,789)	310,328
Total	**$ 2,100,422**	**$ 145,406**	**$ 592,358**	**$ (509,960)**	**$ 2,328,226**

($ thousands)	Fair Value December 31, 2022	Gain (Loss) included in Net Investment Income (Loss)[1]	Purchases	Sales and Return of Capital	Fair Value December 31, 2023
Bond, equity and hedge funds	$ 724,919	$ 27,173	$ 5,288	$ (727,565)	$ 29,815
Private debt	664,504	15,968	146,696	(218,033)	609,135
Private equity	676,078	(20,049)	27,120	(30,651)	652,498
Infrastructure	264,437	21,193	178,783	(71,373)	393,040
Real estate	402,868	(27,204)	42,098	(1,828)	415,934
Total	$ 2,732,806	$ 17,081	$ 399,985	$ (1,049,450)	$ 2,100,422

[1] Includes net realized gain of $8,599 (2023: $238) and net unrealized gain of $136,807 (2023: $16,843).

For the years ended December 31, 2024, and 2023 there were no transfers in nor out of Level 3.

Sensitivity to changes in assumptions for Level 3 investments

The fair values of Level 3 investments are provided by external parties. Sensitivity to changes in assumptions are not provided for these investments as the fair values are based on information provided by external parties where the Plan has a lack of information rights over assumptions and methodologies used to determine the fair value.

Amounts are in thousands of Canadian dollars except where otherwise noted.

(c) Significant Investments

The following information is provided in respect of individual investments with a cost or fair value in excess of 1% of the cost or fair value of the Plan, as at December 31:

($ thousands)	2024 Number of Investments	2024 Fair Value	2024 Cost	2023 Number of Investments	2023 Fair Value	2023 Cost
Canadian bonds	**7**	**$ 1,621,156**	**$ 1,641,728**	4	$ 513,866	$ 502,047
Equity funds	**8**	**2,796,774**	**2,016,563**	10	3,005,078	2,589,557
Hedge funds	**4**	**870,050**	**409,279**	3	538,463	251,871
Infrastructure and Real estate	**1**	**197,338**	**172,496**	3	379,229	344,496
Short-Term Money Market	**-**	**-**	**-**	3	319,468	318,435

The individual investments with a fair value or cost exceeding 1% of the fair value or cost of the Plan as at December 31, 2024, are as follows:

Canadian bonds – Government of Canada

Equity Funds – Arrowstreet (Canada) Global All-Country Alpha Extension Fund I, Ashmere LP, BlackRock CDN US Equity Index Non-Taxable Class A, Impactive Capital Fund LP, MSCI United States Index Non-Lending CTF, MW CCF WORLD TOPS 150/50 FUND, Orbis Institutional Global Equity L.P., WindWise MSCI EAFE Index NL Fund for Exempt Organizations

Hedge funds – AQR Alternative Trends Fund, L.P., Arrowstreet Capital Global Equity Long/Short Fund (Feeder) Limited., MW TOPS Composite Fund, Whitebox Multi-Strategy Partners, L.P.

Infrastructure – DigitalBridge Strategic Assets Fund, LP

Amounts are in thousands of Canadian dollars except where otherwise noted.

(d) Derivatives

Derivatives are financial contracts, where the value is derived from the underlying indices, or foreign exchange rates. The Plan utilizes such contracts to enhance investment returns and for managing exposure to interest rate and foreign currency volatility. Derivative contracts include:

i) Foreign Exchange Forward Contracts:
Forward contracts are contractual obligations either to buy or to sell a specified amount of foreign currencies at predetermined future dates and prices.

Forwards are contractual customized contracts transacted in the over-the-counter market between two parties to exchange a notional amount of one currency for another at a specified price for settlement at a future date. UPP utilizes foreign exchange forward contracts to modify currency exposure for both economic hedging and active currency management.

ii) Bond and Equity Swap Contracts:
A bond/equity swap is a contractual agreement between two parties to provide the investment return on a referenced asset. The receiver of the total return on the asset pays a fixed or floating rate of interest to the payor of the asset total return. UPP utilizes bond/equity swaps to promote asset risk diversification.

At December 31, the Plan had the following derivative contracts outstanding. The notional amounts represent the economic exposure and are the contractual amounts to which a rate or price is applied for computing the cash flows to be exchanged. The notional amounts do not necessarily represent the amount of potential market risk or credit risk arising from derivatives.

2024

($ thousands)	Notional Value	Fair Value Assets	Fair Value Liabilities
Interest Rate Contracts			
Bond swap contracts	$ 1,196,063	$ -	$ (41,643)
Equity Contracts			
Equity swap contracts	-	-	-
Foreign Exchange Forward Contracts	2,371,316	243	(59,629)
Total	$ 3,567,379	$ 243	$ (101,272)

2023

($ thousands)	Notional Value	Fair Value Assets	Fair Value Liabilities
Interest Rate Contracts			
Bond swap contracts	$ 1,818,748	$ 60,351	$ (35)
Equity Contracts			
Equity swap contracts	105,636	3,175	-
Foreign Exchange Forward Contracts	2,100,940	68,821	(1,143)
Total	$ 4,025,324	$ 132,347	$ (1,178)

Amounts are in thousands of Canadian dollars except where otherwise noted.

5. Financial Risk Management

The Plan is exposed to a variety of financial risks as a result of its investment activities and has formal policies and procedures that govern the management of market, credit, foreign currency, and liquidity risk.

(a) Market Price Risk

Market price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. As all the Plan's financial instruments are carried at fair value with fair value changes recognized in the Statement of Changes in Net Assets Available for Benefits, changes in market prices such as foreign exchange rates, interest rates, equity prices, commodity prices, credit spreads and other price inputs will directly result in an increase (decrease) in net assets. Market price risk is managed by the Plan through construction of a diversified portfolio of assets traded on global markets and across various industries.

The Plan's investments in equities are also sensitive to market fluctuations. An immediate hypothetical increase (decrease) of 10% in equity values will impact the Plan's equity investments by an approximate unrealized gain (loss) of $466,571 (2023: $409,276).

The following are other key components of market price risk:

i) Foreign Currency Risk:

Foreign currency risk is the risk that the value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Plan is exposed to risk that the exchange rates of the various currencies may change in a manner that has an adverse effect on the value of the portion of the Plan's assets or liabilities denominated in currencies other than the Canadian dollar. In accordance with the Plan's Statement of Investment Policies and Procedures (SIPP), foreign currency hedging may be employed for certain non-Canadian currency exposures to mitigate this volatility. Net investments by currency after the impact of currency hedging as at December 31 are as follows:

		2024		2023
($ thousands)		**Net Exposure**		**Net Exposure**
Canadian Dollar	**$**	**9,041,891**	$	9,191,262
Foreign Currency Exposure				
United States dollar		**3,466,092**		2,396,631
Other		**260,475**		121,591
Total	**$**	**12,768,458**	$	11,709,484

The impact of a 5% absolute change in the Canadian dollar against the United States dollar currency exposure, holding all other variables constant would have resulted in a $173,305 (2023: $119,832) change in net assets available for benefits.

Amounts are in thousands of Canadian dollars except where otherwise noted.

ii) Interest Rate Risk:

Interest rate risk refers to the effect on the fair value of the Plan's assets and liabilities due to fluctuations in interest rates. This risk arises from changes in floating interest rates impacting investment income (loss) or changes in fixed income securities held directly by the Plan that increase or decrease unrealized gains or losses.

As at December 31, 2024, for every 1% increase or decrease in prevailing market interest rates, the fair value of the direct fixed income holdings in the Plan would decrease or increase by approximately $(835,150) (2023: $(708,832)) and $1,041,360 (2023: $883,657), respectively.

(b) Liquidity Risk

Liquidity risk is defined as an inability to meet payment obligations in a timely manner when they become due, and the risk that assets may not be in the form required (e.g., converted into cash when needed). Liquidity exposures are created when derivatives and other financial instruments are used in the management of Statement of Financial Position exposures. Since the liquidity risk from these exposures is triggered by market volatility outside of UPP's control, these exposures are closely monitored and managed. Various other investment activities create demand for liquidity such as capital calls as well as operational aspects.

UPP's liquidity management approach is to ensure UPP has sufficient liquidity to meet its expected and unexpected obligations in normal and stressed market conditions, while preserving its desired asset mix exposure. UPP accesses liquidity through cash or cash equivalents, high quality liquid assets and redemptions from externally managed assets. UPP may use repurchase agreements, derivative contracts and securities lending arrangements to gain additional investment exposures. The use of these instruments increases UPP's collateral demands and liquidity risk.

Amounts are in thousands of Canadian dollars except where otherwise noted.

As at December 31, 2024, UPP maintained $783,485 (2023: $1,143,286) liquid assets in the form of cash and short-term money market instruments. The remaining terms to contractual maturity of UPP's derivative and non-derivative liabilities as at December 31 are presented in the table below.

2024

($ thousands)	Within 1 year	1-5 years	Over 5 years	Total
Accounts payable and accrued liabilities	$ 35,866	$ 5,393	$ 9,106	$ 50,365
Derivative contracts	101,272	-	-	101,272
Pending trades	114,126	-	-	114,126
Repurchase agreements	319,669	-	-	319,669
Total	$ 570,933	$ 5,393	$ 9,106	$ 585,432

2023

($ thousands)	Within 1 year	1-5 years	Over 5 years	Total
Accounts payable and accrued liabilities	$ 31,350	$ 5,334	$ 10,579	$ 47,263
Derivative contracts	1,178	-	-	1,178
Pending trades[1]	16,187	-	-	16,187
Repurchase agreements	-	-	-	-
Total	$ 48,715	$ 5,334	$ 10,579	$ 64,628

[1] This represents the reclassification from Cash and Short-Term Money Market investments to Investment-related Liabilities: Pending trades.

Amounts are in thousands of Canadian dollars except where otherwise noted.

(c) Credit Risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Plan.

The Plan's credit risk exposure is primarily in Canadian Bonds, which are diversified among federal, provincial, corporate, and other issuers. Additionally, there is credit risk exposure to counterparties for the Plan's derivative contracts. There were no significant concentrations of credit risk in the portfolio in 2024 or 2023.

Credit ratings issued by S&P Global, Fitch, DBRS and Moody's rating agencies are regularly monitored and analyzed. The breakdown of the Canadian bonds portfolio and derivative contract counterparties by credit rating as at December 31 is:

		2024			2023
($ thousands)		**Fair Value**	**Percentage of Portfolio**		**Fair Value**	**Percentage of Portfolio**
AAA	**$**	**2,616,475**	**61%**	$	1,063,605	32%
AA		**1,708,107**	**39**		1,418,608	42
A		**-**	**-**		854,102	26
Total	**$**	**4,324,582**	**100%**	$	3,336,315	100%

(d) Collateral Pledged and Received:

UPP's collateral arrangements that support certain investment activities are as follows:

i) Derivatives

In the case of certain OTC derivatives, collateral can be pledged to counterparties to manage credit risk in accordance with the Credit Support Annex (CSA), which forms part of the International Swaps and Derivatives Association (ISDA) Master Agreements. All uncleared derivatives are subject to global regulatory requirements requiring a CSA in conjunction with ISDA.

ii) Securities lending

UPP may engage in securities lending pursuant to the terms of an agreement with a lending agent. The Plan will receive collateral of at least 102% of the value of securities on loan. All securities loaned are recallable on demand at the option of UPP. Credit risk associated with the borrower is mitigated by requiring the borrower to provide collateral with market values exceeding the market value of the loaned securities. Further, the program entered into provides for 100% indemnification by the lending agent and parties related to the Plan's custodian, to the Plan for any defaults by borrowers.

iii) Repurchase agreements

Repurchase agreements include collateral pledged to counterparties. Collateral is exchanged between the counterparties based on the current value of securities sold under agreement to repurchase. Additional collateral is pledged if the value of the securities fall below a predetermined level.

Amounts are in thousands of Canadian dollars except where otherwise noted.

The fair value of collateral pledged and received for derivatives, securities loaned, and repurchase agreements as at December 31 is as follows:

($ thousands)	2024	2023
Derivatives		
Collateral received	$ -	$ -
Collateral pledged	19,327	-
Securities Lending Program		
Securities loaned	598,107	1,503,212
Collateral received	633,410	1,615,257
Repurchase Agreements		
Associated liability from repurchase agreements	(316,997)	-
Collateral pledged	3,108	-

iv) Offsetting arrangements

Certain financial transactions, such as derivatives transactions, involve a legally enforceable right to offset the recognized amounts and to settle payments on a net basis, or to realize the asset and settle the liability simultaneously. Financial assets and liabilities that are offset are reported as a net amount in the financial statements. Similar arrangements include securities lending, repurchase agreements and any related rights to financial collateral.

In the following table, the net amount presents the effect of the amounts that are subject to conditional netting arrangements or similar arrangements as at December 31:

2024

($ thousands)	Gross Amounts of Recognized Financial Instruments	Amounts Available for Offset in Financial Statements	Net Amounts before Collateral	Financial Collateral Pledged	Net Amount
Derivative assets	$ 243	$ -	$ 243	$ -	$ 243
Derivative liabilities	(101,272)	-	(101,272)	19,327	(81,945)
Securities lending[1]	598,107	-	598,107	(598,107)	-
Repurchase agreements	(316,997)	-	(316,997)	3,108	(313,889)

2023

($ thousands)	Gross Amounts of Recognized Financial Instruments	Amounts Available for Offset in Financial Statements	Net Amounts before Collateral	Financial Collateral Pledged	Net Amount
Derivative assets	$ 132,347	$ (30)	$ 132,317	$ -	$ 132,317
Derivative liabilities	(1,178)	30	(1,148)	-	(1,148)
Securities lending[1]	1,503,212	-	1,503,212	(1,503,212)	-
Repurchase agreements	-	-	-	-	-

[1] These securities are included in Cash and Short-Term Money Market, Canadian bonds, Canadian and Non-Canadian Equities.

Amounts are in thousands of Canadian dollars except where otherwise noted.

6. Net Investment Income (Loss)

The Plan's net investment income (loss) for the years ended December 31, 2024, and 2023 is presented in the tables below.

	2024		
($ thousands)	Investment Income (Loss)[1]	Net Gain (Loss) on Investments[2]	Net Investment Income (Loss)[3]
Cash and Short-Term Money Market	$ 33,716	$ 9,238	$ 42,954
Interest Rate Risk Sensitive Assets			
Fixed Income			
Canadian bonds	126,909	(139,830)	(12,921)
Non-Canadian bonds	-	-	-
Bond funds	(54)	1,168	1,114
Return Enhancing Assets			
Private Debt			
Bond funds	288	(2,131)	(1,843)
Private debt	21,887	76,347	98,234
Mortgages	1,006	(303)	703
Absolute Return			
Hedge funds	69	263,082	263,151
Public Equity			
Canadian equity	4,588	35,114	39,702
Non-Canadian equity	3,654	59,689	63,343
Equity funds	42,573	875,454	918,027
Private Equity	11,090	(3,056)	8,034
Inflation Sensitive Assets			
Infrastructure	(6,874)	99,718	92,844
Real estate	7,746	(28,274)	(20,528)
Investment-related Assets and Liabilities			
Derivative Instruments	-	(270,507)	(270,507)
Repurchase Agreements	(1,519)	-	(1,519)
Total Investment Income	245,079	975,709	1,220,788
Investment Management Expenses			
External manager fees	(25,295)	-	(25,295)
Net Investment Income (Loss)	$ 219,784	$ 975,709	$ 1,195,493

Amounts are in thousands of Canadian dollars except where otherwise noted.

	2023		
($ thousands)	**Investment Income (Loss)[1]**	**Net Gain (Loss) on Investments[2]**	**Net Investment Income (Loss)[3]**
Cash and Short-Term Money Market	$ 61,512	$ 4,518	$ 66,030
Interest Rate Risk Sensitive Assets			
Fixed Income			
Canadian bonds	97,620	121,714	219,334
Non-Canadian bonds	-	(3)	(3)
Bond funds	5,756	23,765	29,521
Return Enhancing Assets			
Private Debt			
Bond funds	4,921	5,645	10,566
Private debt	11,077	15,993	27,070
Mortgages	4,903	2,170	7,073
Absolute Return			
Hedge funds	2,197	63,244	65,441
Public Equity			
Canadian equity	9,418	17,719	27,137
Non-Canadian equity	4,071	40,099	44,170
Equity funds	55,424	408,014	463,438
Private Equity	9,423	(19,494)	(10,071)
Inflation Sensitive Assets			
Infrastructure	4,501	21,193	25,694
Real estate	10,393	(27,203)	(16,810)
Investment-related Assets and Liabilities			
Derivative Instruments	7,197	147,571	154,768
Repurchase Agreements	-	-	-
Total Investment Income	288,413	824,945	1,113,358
Investment Management Expenses			
External manager fees	(29,113)	-	(29,113)
Net Investment Income	$ 259,300	$ 824,945	$ 1,084,245

[1] Investment income (loss) is net of transaction costs of $1,262 (2023: $680).
[2] Includes net realized gain of $680,638 (2023: loss $(178,065)) and net unrealized gain of $295,071 (2023: gain $1,003,010).
[3] Net of certain investment management fees and performance management fees.

Amounts are in thousands of Canadian dollars except where otherwise noted.

7. Accrued Pension Obligations

The accrued pension obligations are the actuarial present value of pension obligations, applying the best estimate and discount rate assumptions set by management and approved by the Board of Trustees, using the projected benefits method pro-rated on the service.

The pension obligation at December 31, 2024 was prepared using the discount rate approved by the Board of Trustees for the January 1, 2025 actuarial valuation. This reflects the revised long-term asset mix return estimates for the purposes of the actuarial valuation going forward. Under the Pension Benefits Act, an actuarial valuation report prepared by an independent external actuarial firm must be filed with FSRA at least once every three years. The Plan valuation report was last filed for the January 1, 2024 period-end. The following are the significant assumptions used in the actuarial valuation of the Plan as at December 31:

	2024	2023
Discount rate[1]	**5.45%**	5.45%
Inflation rate[2]	**2.00%**	2.00%
Cost-of-living adjustments	**1.50%**	1.50%
YMPE and ITA maximum pension	**2.75%**	2.75%
Pensionable earnings	**4.00%**	4.00%
Mortality table	**95% of 2014 Canadian Public Sector Pensioners' Mortality Table, with mortality improvement scale MI-2017 from 2014**	95% of 2014 Canadian Public Sector Pensioners' Mortality Table, with mortality improvement scale MI-2017 from 2014
Retirement rates	**Age-related table[3]**	Age-related table[3]

[1] The pension obligation as at December 31, 2024 was prepared using the discount rate approved by the Board of Trustees for the January 1, 2025 actuarial valuation. This reflects the revised long-term asset mix return estimates for the purposes of the actuarial valuation.

[2] Trent's indexation reserve has been replaced with an indexation assumption of 0.7% per annum.

[3] Faculty retirement rates are as follows: 2% from ages 55 through 59 inclusive, 5% from ages 60 through 64 inclusive, 30% from ages 65 through 68 inclusive, 50% from ages 69 through 70 inclusive, 100% age 71, and additional 5% at age 60 with 80 age-plus-service points; staff retirement rates are as follows: 2% from ages 55 through 59 inclusive, 7% from ages 60 through 64 inclusive, 50% from ages 65 through 67 inclusive, 100% at age 68, and additional 15% at age 60 with 80 age-plus-service points.

Amounts are in thousands of Canadian dollars except where otherwise noted.

Actuarial Value Adjustment
For funding purposes, the Plan adopted an actuarial asset value basis for measurement of plan assets effective January 1, 2022. Under this method, the actuarial value of assets has been determined using a smoothing method that recognizes excess investment gains and losses over that year's discount rate occurring during a calendar year on a straight-line basis over five years (four years at December 31, 2023 and fully phased in at December 31, 2024). Excess gains and losses are determined by reference to the discount rate assumption for the going concern valuation. The actuarial value of assets cannot exceed or be lower than 15% of the fair value of net assets. The impact of the Actuarial value adjustment reduces the funding deficit in the Statement of Financial Position by $58,962 as at December 31, 2024 (2023: $496,335).

8. Contributions

Contributions received or receivable for the years ended December 31, 2024, and 2023 were comprised of the following:

($ thousands)		2024		2023
Member Contributions				
Current service contributions[1]	**$**	**233,852**	$	218,228
Total Member Contributions		**233,852**		218,228
Employers				
Current service contributions[1]		**243,337**		226,444
Past service contributions[2]		**31,870**		61,162
Total Employer Contributions		**275,207**		287,606
Transfers in from Other Plans		**5,531**		14,395
Total Defined Benefit Contributions	**$**	**514,590**	$	520,229

[1] All contributions for current service are required contributions.
[2] Past service contributions include both required and voluntary contributions.

Amounts are in thousands of Canadian dollars except where otherwise noted.

9. Benefit Payments

Benefit payments for the years ended December 31, 2024, and 2023 were comprised of the following:

($ thousands)	2024	2023
Retirement benefits	**$ (508,392)**	$ (483,067)
Termination/death benefits	**(51,314)**	(68,480)
Transfers to other pension plans	**(4,296)**	(6,954)
Total Benefit Payments	**$ (564,002)**	$ (558,501)

10. Investment Administrative and Pension Administrative Expenses

(a) Investment Administrative Expenses:

($ thousands)	2024	2023
Salaries and benefits	**$ 38,419**	$ 32,994
Professional, agency, and consulting fees[1]	**10,816**	11,550
Technology and communications	**4,292**	3,840
Premise	**1,044**	1,411
Other	**2,315**	2,390
Total Investment Administrative Expenses	**$ 56,886**	$ 52,185

(b) Pension Administrative Expenses:

($ thousands)	2024	2023
Salaries and benefits	**$ 21,851**	$ 14,076
Professional, agency, and consulting fees[1]	**16,309**	18,673
Technology and communications	**5,058**	1,957
Premise	**1,046**	1,411
Other	**1,493**	1,196
Total Pension Administrative Expenses	**$ 45,757**	$ 37,313

[1] Total professional fees include $2,073 (2023: $1,762) in actuarial fees and $1,030 (2023: $836) in external audit fees.

Amounts are in thousands of Canadian dollars except where otherwise noted.

11. Related party transactions

Related party transactions include the following:

(a) an agency agreement with each of University of Toronto, University of Guelph and Queen's University to provide pension administrative services that concluded in 2024. In 2024, pension administrative services expenses totalled $3,618 (2023: $4,321); and

(b) compensation to key management personnel, which includes the Board of Trustees of the Plan and members of the executive leadership team who are responsible for planning, controlling, and directing the activities of the Plan.

The aggregate key management compensation is included in the table below:

($ thousands)		2024		2023
Salaries and short-term employee benefits	**$**	**8,609**	$	7,597
Other long-term benefits		**2,399**		1,348
Total	**$**	**11,008**	$	8,945

12. Capital

UPP 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 to meet the pension obligations over the long term. Refer to Note 5 for further disclosure on management of financial risks.

13. Commitments

In the normal course of business, UPP may enter into commitments to fund certain investments over the next several years in accordance with the terms and conditions agreed to. UPP also has future lease commitments for office premises. As at December 31, these commitments totalled $1,196,329 (2023: $1,281,950).

14. Subsequent Events

Subsequent to year-end, on January 1, 2025, eligible members of the Contributory Pension Plan for Employees Represented by OPSEU Local 365 and Exempt Administrative Staff of Trent University (Trent Staff Plan) and the Victoria University General Pension Plan (Victoria University Plan) have officially joined UPP. Net assets of approximately $190 million (Trent Staff Plan) and $90 million (Victoria University Plan) along with the pension liabilities were successfully transferred into the Plan.

Appendices

Appendix 1: Actuarial assumptions used in the funding valuation

Plan net assets are measured at fair market value and on a smoothed asset basis, where investment gains and losses are averaged over a period of years to smooth out market fluctuations. Asset smoothing helps manage short-term investment volatility when valuing Plan assets, reflecting a more stable, long-term view of fund performance.

Pension benefits are funded through set contributions from employees and employers and investment earnings.

Plan liabilities are measured on a going-concern basis using long-term economic and demographic assumptions following actuarial standards and industry practice and as required under Ontario's *Pension Benefits Act*. The going-concern basis assumes the Plan will continue to exist over a long time horizon so as to seem indefinite—in a sense, until the last pension payment is made to existing members, which could be 75 to 100 years from now.

To estimate our benefit funding needs, economic assumptions reflect the external market environment and Plan experience. These assumptions include expected investment returns, inflation and salary trends, and regulatory elements, such as growth in the CPP maximum earnings limits, which are the year's maximum pensionable earnings and year's additional maximum pensionable earnings.

The **discount rate** is the most important economic assumption in any pension valuation. It is used to "discount" future pension payments and contributions into a present value, or value in today's dollars. It considers what the Plan can earn over the long term, net of costs and provisions for risk, and how conservative to be today to ensure sufficient future funding. It is also a vital tool in managing a fair Plan experience between current, retired, and future members.

Changing the discount rate is an important decision made by UPP's Board of Trustees, and it must be made judiciously, taking many factors into account. Its timing could impact contribution rates and the Plan's funding level.

Demographic assumptions help forecast when and for how long contributions will be made by Plan members and pension benefits will be payable to members, on average, based on Plan experience and industry-wide standards.

Two key assumptions underpinning UPP's liability forecast are the retirement scale, which is the range of ages at which members switch from being active contributors to pensioners, and life expectancy, which informs how long we can expect to pay a pension.

Our retirement scale reflects the combined expected experience of the founding universities over the past five consecutive years. It indicates what percentage of the active employee population is expected to retire at each age. The scale is reviewed and compared to actual experience annually.

With respect to life expectancy, we anticipate that our members will continue enjoying longer lives and track this experience against a custom mortality table based on industry-accepted Canadian public sector employee mortality rates and improvement scales.[27] This table is commonly used by all large public sector plans across the country.

UPP's active-to-retiree ratio is 1.7, meaning over one-and-a-half active members for every retiree. This common measure of plan maturity and plan sustainability indicates how many active contributing members UPP has relative to retired members receiving pension payments in the Plan.

Both the retirement and mortality scales are recommended by UPP's external actuary, regularly reviewed with UPP Management, and approved by UPP's Board of Trustees.

[27] A standard Canadian Pensioners' Mortality table for public sector employees was published by the Canadian Institute of Actuaries in 2014.

Appendix 2: Portfolio GHG emissions intensity and methodology

Global greenhouse gas (GHG) emissions have risen quickly in past decades and now need to drop even more quickly to limit global warming to 1.5°C, with no or limited overshoot. Longer term, to stabilize our climate, GHG emissions need to approach, and likely be lower than, zero.

UPP seeks to achieve net-zero GHG emissions in our investment portfolio by 2040 or sooner. This commitment is consistent with the objectives of the Paris Agreement to limit the average global temperature increase to 1.5°C above pre-industrial temperatures.

Our climate commitments are grounded in the expectation that governments will uphold their pledges to meet the goals of the Paris Agreement. These commitments are also based on scientific imperatives to reduce GHG, our investment beliefs, feedback from UPP's members, and our role as an investor to support the transition to a resilient, net-zero world. For more information, see UPP's Climate Action Plan.

Tracking our GHG emissions

To track our progress, we annually calculate and report our portfolio GHG emissions intensity, which is an analysis of the emissions associated with our investments. Calculating and disclosing GHG emissions intensity metrics in this way is informed by one aspect of the Canadian Sustainability Standards Board (CSSB) climate disclosure standard, which calls for the disclosure of Scope 1, Scope 2, and Scope 3 GHG emissions and related risks. The CSSB standards are based on the International Financial Reporting Standards Sustainability Disclosure Standards, which are internationally recognized sustainability disclosure standards by the International Sustainability Standards Board.

Scope 1:
Direct GHG emissions from sources a company directly owns or controls

Scope 2:
Indirect GHG emissions associated with the electricity or heat a company consumes

Scope 3:
Indirect GHG emissions associated with a company's value chain (for example, GHG emissions associated with products from a supplier and GHG emissions from its products when customers use them)

We report the Scope 1, 2, and 3 emissions of our portfolio companies (direct and indirect GHG emissions) since they are some of UPP's Scope 3 emissions (for us, GHG emissions associated with our portfolio are Scope 3 emissions under Category 15: Investments of the GHG Protocol). We report our financed Scope 1 and Scope 2 emissions in the table on page 125. We separately report Scope 1 and Scope 2 emissions for sovereign bonds and the estimated Scope 3 emissions of our portfolio companies.

Portfolio GHG emissions intensity methodology

UPP's GHG emissions intensity method employs carbon dioxide equivalent (CO_2e) for GHG emissions. It includes the GHG emissions included in the Greenhouse Gas Protocol: carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF_6), and nitrogen trifluoride (NF_3).

Our calculations are informed by the *Greenhouse Gas Protocol, A Corporate Accounting and Reporting Standard, Revised Edition* and the *Global GHG Accounting and Reporting Standard Part A: Financed Emissions, Second Edition* developed by the Partnership for Carbon Accounting Financials (PCAF Standard).

Our methodology is intended to help UPP prepare a true and fair inventory of our financed GHG emissions and is based on the principles of relevance, completeness, consistency, transparency, and accuracy. The most recently available GHG emissions from our investments are attributed to us based on the proportion of the investment we own. For example, if UPP owns 1% of a portfolio company's enterprise value, including cash, we include 1% of its GHG emissions in our financed emissions metrics.

Reporting scope

UPP's current GHG emissions intensity includes the GHG emissions associated with our long corporate investment exposures in equities and fixed income (publicly traded and privately held), including total return swaps. Short exposures are not included, and we have excluded cash, cash equivalents, derivatives funding, absolute return assets, and investments for which it is not possible to determine GHG emissions. As a result of these exclusions, the value of analyzed exposures in our GHG intensity will not always match UPP's total asset exposure reported on page 31.

Portfolio GHG emissions intensity

20 tCO_2e/$M invested

59% reduction since the base year

This reduction in GHG emissions intensity is primarily attributed to changes in our portfolio.

UPP's financed greenhouse gas emissions metrics

UPP reports GHG emissions from our portfolio companies, focusing on their Scope 1 and Scope 2 emissions. PricewaterhouseCoopers LLP conducted an independent, third-party limited assurance engagement on the public equity portion of our 2024 GHG emissions intensity metrics, as noted by the check marks (☑) below. Its limited assurance covers 33% of our net investment exposures as of December 31, 2024. See the assurance report on page 133.

	Value of exposure analyzed ($M)		Total GHG emissions (tCO_2e)		Portfolio GHG emissions intensity (tCO_2e/$M invested)		Weighted average carbon intensity (tCO_2e/$M revenue)		Emission-weighted data quality score	
	2024	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Public equity	**4,243**	3,975	**96,178** ☑	181,066[28]	**23** ☑	46[28]	**61**	94	**2.0**	1.9
Private equity	**658**	712	**12,615**	21,879	**19**	31	**38**	69	**5.0**	5.0
Private debt	**693**	791	**10,652**	16,760	**15**	21	**30**	48	**5.0**	5.0
Infrastructure	**666**	393	**8,999**	29,099	**14**	74	**73**	266	**5.0**	5.0
Real estate	**309**	415	**918**	1,464	**3**	4	**10**	31	**5.0**	5.0
Corporate fixed income	**0**	0	**0**	0	**N/A[29]**	N/A[29]	**112**	74	**4.8**	5.0
Total	**6,570[30]**	6,287	**129,361[30]**	250,267[30]	**20**	40	**54**	92	**2.8**	2.7

[28] PricewaterhouseCoopers LLP conducted an independent, third-party limited assurance engagement on the public equity portion of our 2023 total GHG emissions and portfolio GHG emissions intensity metrics in the prior year.

[29] UPP's exposure to corporate fixed income as a sub-asset class was negligible in 2024. The intensity of the small remaining value was 26 tCO_2e/$M invested.

[30] Figures do not add up due to rounding.

Emissions associated with sovereign debt investments

To align with the PCAF Standard and the membership expectations of the Net-Zero Asset Owner Alliance, we also calculate the GHG emissions associated with our sovereign debt investments, using best available data. However, these GHG emissions cannot be included with the GHG emissions intensity calculations from other investments due to variances in methodology and inherent double counting.

	Portfolio GHG emissions intensity (tCO_2e/$M invested)		Total GHG emissions (tCO_2e)	
	2024	**2023**	**2024**	**2023**
Scope 1 Including land use, land-use change, and forestry	**370**	360	**1,360,273**	987,677
Scope 1 Excluding land use, land-use change, and forestry	**380**	370	**1,396,309**	1,013,842
Scope 2	**68**	66	**249,707**	181,309

Scope 3 emissions associated with our portfolio companies

Measuring Scope 3 emissions associated with portfolio companies is still a relatively new exercise for pension funds, and we rely heavily on estimates from our third-party data provider. Scope 3 emissions for all investments in our portfolio totalled approximately 1.1 million tCO_2e, down from 1.5 million tCO_2e in 2023.

GHG emissions intensity data quality

The table to the right describes our GHG data sources and how we assigned a data quality score to each investment. It further explains how emissions data is generated for our calculations. For our 2024 GHG emissions intensity, 53% of the analyzed value was based on data reported by companies and collected by our third-party data provider (Scores 1 and 2). The data quality of our sovereign debt emissions is a Score 1, as we used verified GHG emissions reported by the country.

GHG emissions intensity methodologies, including the attribution of portfolio company emissions to investors, are rapidly evolving. We have calculated our metrics to the best of our ability at the time of publication. However, our approach is subject to various limitations and challenges. For example, we rely on two types of data to calculate our metrics: emissions data reported by companies and collected by our third-party provider and estimates from a third-party data provider.

Much of the reported company data is not third-party verified, a process that would provide greater certainty in the data. Our third-party data provider does not provide a Systems and Organization Controls report to support its estimates. However, data quality control documentation is provided. Nearly half of our GHG emissions intensity relies on estimated data from our third-party data provider or on internal calculation.

Going forward, we plan to improve the quality of our input data through engagement with companies and data providers, and we also plan to enhance our analytical capabilities.

	Data quality score	Source of GHG emissions data
More certain	1	Reported by issuer, and issuer-indicated emissions have been verified or assured by a third party
	2	Reported by issuer
	3	Estimated by third-party data provider using physical activity data (for example, electricity generation)
	4	Estimated by third-party data provider using historical issuer emissions or geography/industry averages
Less certain	5	Estimated by UPP using geography/industry averages or other means

Operational GHG emissions

UPP applies the operational control approach to our operational GHG emissions accounting. UPP's workforce continued growing in 2024, which led to increases in electricity consumption and waste generated. In addition, we expanded the scope of inclusion for our operational GHG emissions footprint, including cloud computing for the first time, leading to an increase of 2% compared to our 2023 operational GHG emissions footprint. Our overall 2024 operational GHG emissions footprint was 63.8 tCO_2e.

UPP does not directly own or control direct GHG emissions (in other words, Scope 1 emissions) from our operations. The following provides information about Scope 2 and 3 emissions associated with our operations. UPP does not use an internal carbon price.

Scope 2 emissions

Our Scope 2 emissions arise from electricity use and heating and cooling in our office. We collected data from our property manager at 16 York Street, which is certified as LEED Platinum, on electricity and deep lake water cooling usage. This report includes our deep lake water cooling figures for the first time, as we now have a complete year of data. Also for the first time, we are including deep lake water cooling for November and December 2023, which represents the first months in our current office at 16 York Street.

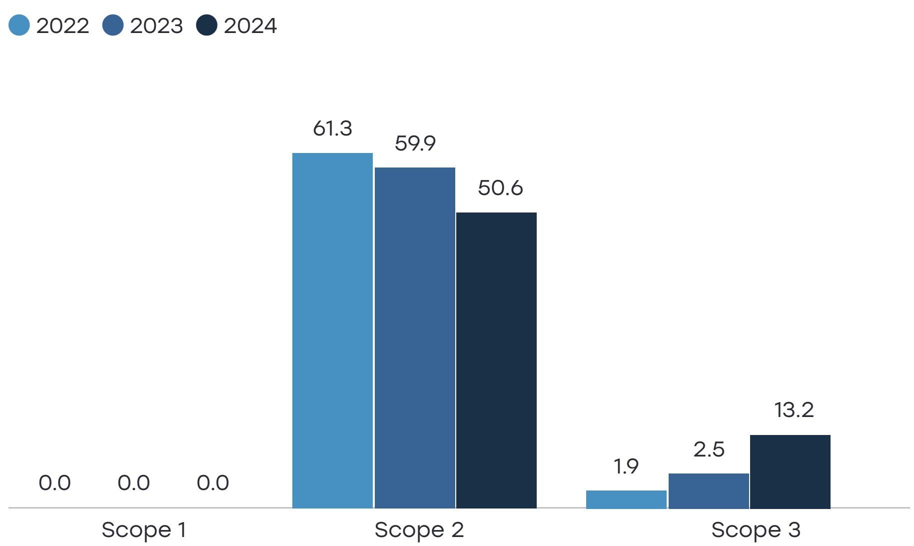
Operational Scope 3 emissions

UPP continues to expand the scope of what is included in our Scope 3 emissions disclosures. Note that Category 15 (Investments–in other words–financed emissions) is not included in this section. Our Scope 3 emissions calculations for 2024, reported on page 127, include data we have available for Category 1 (Purchased Goods and Services), Category 5 (Waste Generated in Operations), Category 6 (Business Travel), and Category 7 (Employee Commuting). UPP will continue to engage internally and externally to collect data that will enable us to expand the scope of our operational emissions calculations.

UPP has reported on our operational Scope 3 emissions since 2023. For the first time in 2024, UPP collected and is disclosing part of our Category 1 emissions by disclosing the GHG emissions tied to our usage of data centres for cloud computing and AI purposes. To address Category 5 emissions, we received 2024 information on recycled, composted, and landfill waste for our office from our property manager. We also received information on data centre-related GHG emissions from our service providers. We are currently establishing systems to collect additional Scope 3 emissions data for categories 1, 6, and 7. Once additional Scope 3 emissions are collected, we will establish a baseline year for our operational footprint, which will allow us to track our progress over time.

In 2024, UPP reported operational GHG emissions related to data centres for the first time, which led to a significant increase in our Scope 3 emissions.

UPP operational emissions Scopes 1, 2, and 3 (tCO_2e)



	Units	2024	2023	Year-over-year change (%)
Scope 1				
Scope 1	tCO_2e	-	-	-
Scope 2[31]				
Electricity	tCO_2e	6.5	5.9	9
Emissions factor	gCO_2e/kWh	30.0[32]	30.0[32]	-
Steam	tCO_2e	-	34.5	-
Emissions factor	gCO_2e/lb.	-	76.6[33]	-
Deep lake water cooling	tCO_2e	19.5	13.8	41
Emissions factor	tCO_2e/unit of output (megawatt-hour equivalent)	0.1[35]	0.1	N/A
Natural gas	tCO_2e	24.7	5.7	332
Emissions factor	gCO_2e/m^3	1,921.0[32]	1,921.0[32]	-
Total Scope 2	**tCO_2e**	**50.6**[39]	**59.9**	**(16)**
Scope 3				
Category 1: Purchased Goods and Services[36]				
Cloud computing	tCO_2e	10.6	N/A	N/A
Emissions factor[37]	N/A	N/A	N/A	N/A
Category 5: Waste Generated in Operations				
Landfilled waste	tCO_2e	2.1	1.8	14
Emissions factor	tCO_2e / short ton	0.6[34]	0.5[34]	-
Composted waste	tCO_2e	0.4	0.6	(30)
Emissions factor	tCO_2e / short ton	0.1[34]	0.1[34]	-
Recycled waste	tCO_2e	0.1	0.1[38]	(7)
Emissions factor	tCO_2e / short ton	0.1[34]	0.1[38]	-
Total Scope 3	**tCO_2e**	**13.2**[38]	**2.5**[38]	**421**
Total				
Scope 2 and 3	**tCO_2e**	**63.8**[39]	**62.4**[39]	**2**

[31] UPP moved offices in late 2023. Steam was used in the previous building, and natural gas is used in our current building.
[32] Ontario emissions factor as defined by the Government of Canada's emission factors and reference values for corresponding years.
[33] Based on the 2021 EPL study of Enwave deep lake water cooling and steam.
[34] Landfill emissions factor for waste type as defined by the United States Environmental Protection Agency Emissions Factors for Greenhouse Gas Inventories for corresponding years.
[35] Emissions factor informed by 2023 Enwave Scope 1 and 2 emissions because 2024 Enwave figures were not available at the time this report was prepared.
[36] Includes only cloud computing emissions.
[37] Emissions figures obtained directly from service providers, metrics unavailable.
[38] Restated to reflect updated emissions factor.
[39] Figures do not add up due to rounding.

Appendix 3: CSSB disclosure matrix

UPP supports consistent and comparable sustainability and climate reporting. To this end, we advocated for the adoption of the disclosure standards published by the International Sustainability Standards Board (ISSB) and the Canadian Sustainability Disclosure Standards (CSDS) of the Canadian Sustainability Standards Board (CSSB). Our reporting practices will increasingly be guided by the Canadian standards, which include recommendations for sustainability- and climate-related disclosures. We are committed to evolving toward full alignment to these standards. Visit the Financial Reporting and Assurance Standards Canada website to learn more.

CSSB CSDS 1 and CSDS 2 alignment matrix

The following table provides reference to where our disclosures are aligned with the Canadian Sustainability Standards Board (CSSB) recommendations. UPP's Organizational Sustainability Strategy defines the sustainability topics most likely to have a significant impact for UPP's operations, as recommended in CSDS 1: General Requirements for Disclosure of Sustainability-related Financial Information. Sustainability performance metrics are guided by the Sustainability Accounting Standards Board (SASB) Standard for Asset Management & Custody Activities.

	CSDS 2	CSDS 1					
Topics of importance	**Climate Change**	**Procurement and Vendors**	**Equity, Diversity, Inclusion, and Reconciliation**	**Cybersecurity**	**Public Policy**	**Employment**	**Business Ethics**
CSSB PILLARS							
Governance Each material topic is governed by a Board Committee. For further information on governance of sustainability-related risks and opportunities refer to Trustees self-assessments and 2024 Board Highlights.							
Additional references	Applying a focused risk lens		Equity, Diversity, Inclusion, and Reconciliation at UPP			Compensation oversight	

Topics of importance	CSDS 2	CSDS 1					
	Climate Change	Procurement and Vendors	Equity, Diversity, Inclusion, and Reconciliation	Cybersecurity	Public Policy	Employment	Business Ethics
Strategy UPP's Organizational Sustainability Strategy describes how sustainability topics of importance are actively managed, governed and reported against. Our website describes key objectives for each of these topics, while our annual reports share our progress.							
Additional references	Investing and acting responsibly Enhancing performance and impact through trusted partnerships Applying a focused risk lens Protecting and enhancing long-term value through stewardship Progress on our Climate Action Plan		Fostering our culture Building an inclusive workforce Equity, Diversity, Inclusion, and Reconciliation at UPP	Continuous focus on data security Keeping personal information secure	Defined benefit pension plans: supporting Ontario's economy Protecting and enhancing long-term value through stewardship Promoting actionable, high-impact policy in Canada	Fostering our culture Investing in our people Our compensation structure Building a bright future – together	Internal controls and compliance
Risk Management Financially material environmental, social, and governance factors are actively managed at the Management and Board levels and are fully integrated into our investment and risk management approach. For further information on our investment risk management approach refer to "Applying a focused risk lens" and for our enterprise risk management approach refer to "A risk-smart organization".							
Metrics & Targets UPP's Organizational Sustainability Strategy outlines internal and external metrics that are reported against on a regular basis for each sustainability topic. The annual report shares our external metrics, referenced below.							
Additional references	Progress on our Climate Action Plan Appendix 2: Portfolio GHG emissions intensity and methodology		2024 EDI & Reconciliation program highlights			Our employee experience and workplace culture	

Appendix 4: Top external managers

$50 million or more of our assets under management[40]

Name	Active/Passive
Acadian Asset Management LLC	Active
AQR Capital Management	Active
Arbour Lane Capital Management LP	Active
Arcline Investment Management LP	Active
Ares Management	Active
Arjun Infrastructure Partners	Active
Arrowstreet Capital L.P.	Active
Bayview Asset Management	Active
BlackRock Asset Management Canada Limited	Active/Passive
Brookfield Asset Management	Active
Capital Fund Management S.A. (“CFM”)	Active
CC&L Investment Management Ltd	Active
CIBC Asset Management	Passive
Clearlake Capital Group, L.P.	Active
Compass Rose Asset Management, LP	Active
Crestline Management, L.P.	Active
DigitalBridge	Active
Episteme Capital Partners (UK), LLP	Active
Fiera Capital Corporation	Active/Passive

Name	Active/Passive
Hardman Johnston Global Advisors	Active
Impactive Capital LP	Active
Impax Asset Management Group	Active
Kohlberg & Company, LLC	Active
Marshall Wace LLP	Active
Orbis Investment Management Limited	Active
PAG	Active
Q Residential	Active
Quinbrook Infrastructure Partners LLC	Active
Select Equity Group, L.P.	Active
Springs Capital (Hong Kong) limited	Active
State Street Global Advisors	Passive
Stepstone Group	Active
TB Management Holding Ltd	Active
TD Asset Management	Active/Passive
Two Sigma Advisers, LP	Active
Validus NA Inc.	Passive
Whitebox Advisors LLC	Active
Woodbourne Capital Management SP BTO, LLC	Active

[40] Includes external managers who have consented to disclosure. UPP provides this investment information for information purposes only. The information is not intended to provide investment or financial advice and should not be relied upon for that purpose. The information is current as of December 31, 2024, and may not reflect UPP’s current holdings. UPP does not guarantee the completeness, timeliness, or accuracy of this information. UPP will not accept any liability in relation to the use of or reliance on the information. Any reliance on or use of the information for any purpose is at the risk of the user.

Appendix 5: Limited assurance report on public equity portion of carbon footprint

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

To the Board of Trustees of UPP

We have conducted a limited assurance engagement on the select performance metrics of UPP (the "Entity") detailed below in Exhibit 1 (the "select performance metrics") and included in the UPP 2024 Annual Report, as at December 31, 2024 and for the year then ended.

Responsibilities for the select performance metrics

Management of the Entity is responsible for:

- the preparation of the select performance metrics in accordance with the applicable criteria, applied as explained in the UPP 2024 Annual Report on pages 123-124 (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 are 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.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership

pwc

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 the greenhouse gas performance metric, 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 judgment and maintain professional skepticism throughout the engagement. We also:

- Determine the suitability in the circumstances of the Entity'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 the Entity'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 judgment, 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 the Entity's reporting processes relevant to the preparation of its select performance metrics by:
  - Making inquiries of the person responsible for the sustainability information.
  - Inspecting relevant documentation relating to the Entity'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 inquiries 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 disclosure in the UPP 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, 2024 and for the year then ended are not prepared, in all material respects, in accordance with the applicable criteria.

Restriction on use

Our report has been prepared solely for the Board of Trustees of the Entity for the purpose of assisting management in reporting to the Board of Trustees on its select performance metrics. The select performance metrics therefore may not be suitable for any other purpose. Our report is intended solely for the Entity.

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

PricewaterhouseCoopers LLP

Chartered Professional Accountants,
Licensed Public Accountants

Toronto, Ontario
May 27, 2025

Exhibit 1: Our limited assurance engagement was performed on the following select performance metrics:

Select performance metrics	Description	Reporting Criteria and Scope	Results
Total GHG Emissions	The absolute GHG emissions associated with the measured portfolio, expressed in Metric tonnes CO2-equivalent (tCO2eq) as at December 31, 2024. **Methodology:** Scope 1 and Scope 2 GHG emissions represent the share of a portfolio company's emissions attributed to UPP based on economic ownership.	Management's internally developed criteria as outlined in UPP's 2024 Annual Report In-scope asset class: Public Equity	96,177.80 tCO2eq
Portfolio GHG emissions intensity	Total GHG emissions for a portfolio normalized by the market value of the portfolio, expressed in tCO2eq/$M invested as at December 31, 2024. **Methodology:** Scope 1 and Scope 2 GHG emissions are allocated based on economic ownership of investments, as described under methodology for Total GHG emissions. The in-scope portfolio value is used to normalize the data.		22.66 tonnes CO2eq/$M invested

Cautionary Statement

This annual report contains forward-looking statements that reflect UPP's current expectations regarding future events, performance, and strategies. These statements are based on assumptions and estimates that are subject to significant business, economic, and competitive uncertainties, many of which are beyond our control or are subject to change. Forward-looking statements are typically identified by future or conditional verbs or words such as "outlook," "believe," "estimate," "potential," "expect," and similar expressions, or future or conditional verbs such as "will," "would," "should," "could," "may," and similar expressions. Actual results or events could differ materially from those anticipated due to various risks and uncertainties. UPP does not undertake to update any forward-looking statements to reflect new information, future events, changes in circumstances, or for any other reason. Readers are cautioned not to place undue reliance on these statements due to the inherent uncertainty involved.

The sustainability-related metrics, data, and other information contained in this annual report, including but not limited to UPP's sustainability-related commitments, goals, and targets are or may be based on prevailing laws, guidelines, taxonomies, methodologies, frameworks, market practices, or other standards (collectively, "Methodologies"), as well as good faith assumptions and estimates. These Methodologies may continually evolve, and our assumptions and estimates may prove incorrect or inaccurate for reasons we cannot foresee or predict. UPP depends on data from our external investment managers, portfolio companies, and other third-party sources, which we believe to be reliable but have not independently verified or assessed the assumptions underlying such data. While UPP attempts to improve accuracy through an independent limited assurance review of certain data as set out in the limited assurance opinion of this annual report, such review is limited in scope, and we cannot guarantee the accuracy or completeness of this data. These factors could impact our ability to achieve our goals and targets.