ANNUAL REPORT

2025

SHEPP™

People. Pensions. Results.

Table of Contents

LAND ACKNOWLEDGEMENT

At SHEPP, we acknowledge that our office located in Regina, Saskatchewan, is on Treaty 4 territory, the traditional lands of the Cree, Dakota, Lakota, Nakota, Saulteaux, and the homeland of the Métis Nation. We make this acknowledgment as an act of reconciliation and a declaration of our commitment to learn about and understand our shared history in a way that moves us towards a healthier future, with relationships rooted in mutual understanding and respect.

Message from the Board

2025 was a significant year for SHEPP. It was a year of progress, thoughtful decision-making, and meaningful momentum for the Plan. Above all, it was a year in which the Board remained focused on its core responsibility: serving the best interests of members by protecting the Plan's long-term financial strength, sustainability, and relevance. As a Board, we are proud of the progress SHEPP continues to make. The Plan remained fully funded in 2025. Investment performance was strong. Service results and positive member feedback further reinforced confidence in the work being done across the organization. Just as important as what SHEPP achieved this year is how it achieved it: through strong leadership, collaboration, and a clear commitment to putting members first. Taken together, these results reflect the strength of SHEPP's governance, funding, and service disciplines.

This year continued a new direction for the Plan. After shifting from deficit recovery to full funding in 2024, the Board's attention moved to considering how to manage surplus responsibly and fairly. That meant approaching surplus utilization with the same care, prudence, and long-term perspective that brought the Plan into its current position.

In 2025, the Board continued to devote significant attention to evolving its funding and surplus governance framework. That work was grounded in several clear principles: protecting benefit security, supporting contribution rate stability, and ensuring fairness across member groups and generations. This approach allowed the Board to approve meaningful past-service benefit improvements for members while maintaining a strong focus on long-term sustainability. Being fully funded does not eliminate risk, and surplus does not mean the Plan is overfunded. Markets change. Conditions evolve. Funding margins remain an important safeguard. Our responsibility as Trustees is to balance today's opportunities with tomorrow's obligations in a way that is equitable, transparent, and firmly rooted in the long-term health of the Plan.

The Board is proud of SHEPP's commitment to grow in relevance to members. For us, relevance means more than delivering a pension benefit. It means helping members strengthen their retirement security. It means communicating clearly about complex topics. And, it means ensuring the Plan continues to respond to the realities of members' lives. That focus is reflected in the Board's new strategic direction and its new strategy to make SHEPP the most relevant plan possible for the people it serves. Looking ahead, the Board's priorities are clear. We will work to sustain momentum, execute on our strategy, and continue to thoughtfully guide the Plan. 2026 will also include an important leadership transition as the Board undertakes the appointment of a new CEO. We approach that responsibility with confidence, knowing the strength of the foundation already in place.

Finally, the Board of Trustees is pleased to recognize Alison McKay for her service to SHEPP. Over her 18+ years at SHEPP, including 13 as CEO, Alison has made an extraordinary contribution to the Plan and to the people it serves. Her leadership, dedication, and collaborative approach have left a lasting mark on the organization. She has worked effectively with the Board, Partner Committees, members, employers, and employees alike. She leaves behind a strong culture, a well-run organization, and a Plan that is exceptionally well-positioned for the future. We thank Alison for her service and for the lasting impact she has made on SHEPP.

Andrew Huculak
Chair

Jeff Stepan
Vice Chair

Message from the CEO

At SHEPP, everything we do begins with our members. In 2025, that commitment was reflected in a year of meaningful progress for the Plan. It was a year of strong progress – not simply because of strong results, but because those results created real opportunities to strengthen benefits, sharpen our focus, and continue building a Plan that is relevant and responsive to members' needs.

One of the most significant milestones of the year was the implementation of SHEPP's first cost-of-living adjustment since the Plan became jointly trusteed. That was an important moment for the organization and, more importantly, for the members and pensioners whose retirement security we are here to protect. It was also part of a broader story: another year of strong investment performance (with a return of 10.0 percent net of investment management fees), continued asset growth (reaching $12.0B), and progress in using that strength in members' best interests. That story continued in 2026 with the rollout of a range of past-service benefit improvements that positively impact almost all of our 69,000 members. At the same time, we remain focused on exactly what this moment means. A strong funded position does not eliminate risk, and surplus cannot be mistaken for permanence. Our responsibility is to work closely with our Board to take a long-term view, manage funding margins, and make good decisions that serve the best interests of members.

This year also marked the close of one strategic cycle and the beginning of the next. Over the past several years, SHEPP has built a strong foundation. Our new strategy builds on that work and focuses on what it means to be the most relevant plan to our members. Relevance means more than financial results. It means understanding the changing realities of work and retirement, delivering service in ways that reflect how members want to engage with us, and helping people feel informed and confident as they make decisions about their retirement. It also means being ready to respond to opportunities, challenges, and changing expectations in ways that continue to add value, financial or otherwise, to the Plan.

To support that vision, we continue to invest in the capabilities that will matter most in the years ahead. In 2025, that included advancing our digital experience strategy, strengthening project delivery across the organization, enhancing cybersecurity and data governance, and taking a measured, practical approach to emerging technologies such as artificial intelligence. We also continue to invest in our people. One of SHEPP's greatest strengths is the depth of pension knowledge within our organization, and we are committed to leveraging that knowledge and building new capabilities from within wherever possible. We've fostered a culture that is collaborative, curious, member focused, and committed to continuous improvement. It's a key advantage for the organization.

The achievements of 2025 were made possible by our people. At every level, SHEPP is supported by people who care deeply about serving members and protecting the long-term health of the Plan. I am grateful to SHEPP employees, the Board of Trustees, partners, advisors, and employers for the trust, care, and commitment that continue to shape this organization. The work done this year has strengthened SHEPP's position and helped prepare the Plan for the future. I am confident SHEPP is well-positioned to keep delivering value and confidence to members in the years ahead.

Alison McKay
Chief Executive Officer

Plan Overview

ABOUT SHEPP

Established in 1962, the Saskatchewan Healthcare Employees' Pension Plan (SHEPP) is the largest defined benefit pension plan in Saskatchewan and the only industry-wide pension plan serving the province's healthcare sector – one of its most essential workforces.

SHEPP is a multi-employer defined benefit plan with 53 participating employers and over 69,000 members who are either receiving or entitled to a pension benefit. Today, one in every 15 employed individuals in Saskatchewan is a SHEPP member, contributing to the health and well-being of communities across the province.

SHEPP's defined benefit structure provides members with a predictable, secure lifetime pension. The pension is calculated using a formula based on a member's highest average eligible earnings over four years and their years of credited service at retirement. Once vested, members are guaranteed a monthly pension they cannot outlive. In addition to retirement benefits, the Plan also includes early retirement, death, and termination benefits.

The Plan is funded through investment earnings from its assets along with contributions from active members and participating employers.

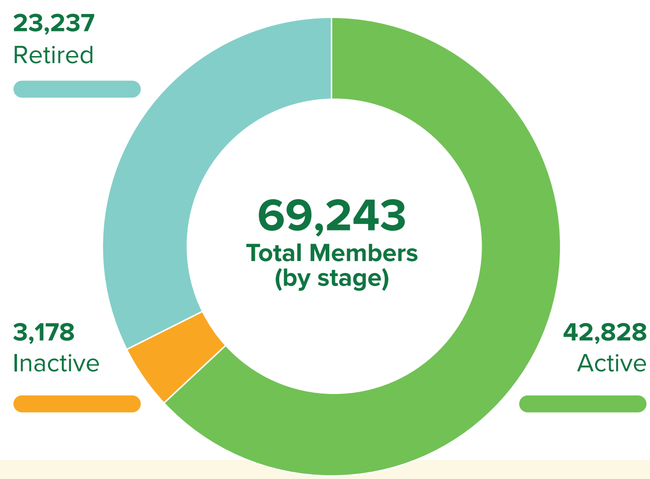
SHEPP operates under a jointly trusteed governance model, overseen by a Board of Trustees appointed by both employers and unions. Their roles and responsibilities are outlined in the Agreement and Declaration of Trust, established December 31, 2002.

The Plan is administered in accordance with the Plan Text, *The Pension Benefits Act, 1992* (Saskatchewan), and the *Income Tax Act* (Canada), ensuring compliance with all regulatory requirements.

One in every 15 people employed in Saskatchewan is a SHEPP member.

53
Participating Employers

Plan Membership Profile



OUR MISSION

To serve the best interests of our members.

OUR VISION

To be the most relevant pension plan for healthcare workers in Saskatchewan.

OUR VALUES

People.

We are people driven and member focused.

Pensions.

We are passionate about pensions.

Results.

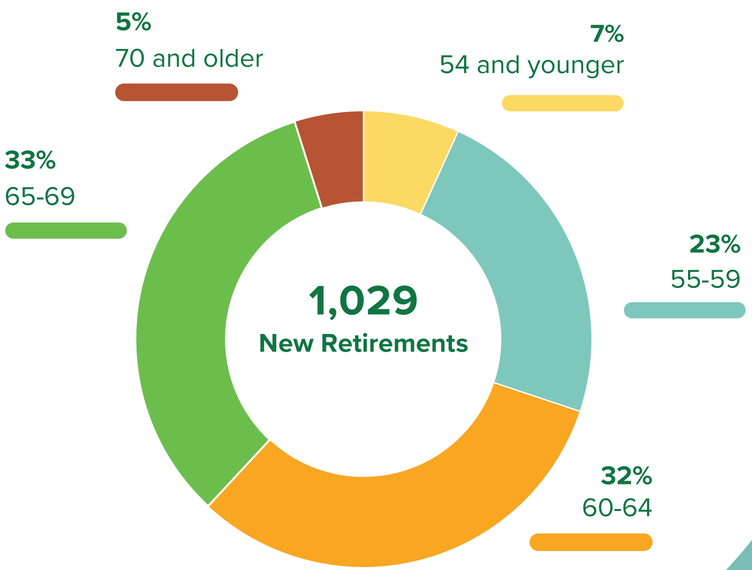
We embrace quality and innovation.

Highlights

Average new monthly bridge benefit:
$678.52

Average new monthly lifetime pension:
$1,785.36

New Retirements by Age
in 2025



4,234
NEW MEMBERS

$12.0 billion in assets

107% funded on a going-concern basis

10% investment return

14,224
members are eligible to retire in the next 10 years

Plan Funding

A NEW PHASE IN PLAN FUNDING

The latest actuarial valuation, as at December 31, 2024, confirmed that SHEPP remained fully funded on a going-concern basis for the second consecutive year, with a funded ratio of 107 percent and a surplus of $768 million. Being fully funded on a going-concern basis means the Plan is in a positive financial position, with sufficient assets to cover current and future pension obligations, and appropriate margins to protect against adverse experience.

In years of adverse experience, these margins can be drawn upon to absorb losses or volatility in Plan costs. In years of favourable experience, the Plan may generate a surplus – where assets exceed the amount required to cover all current liabilities. In 2024, the Plan experienced favourable results, driven primarily by strong investment returns, which further strengthened the Plan's financial position and contributed to its surplus.

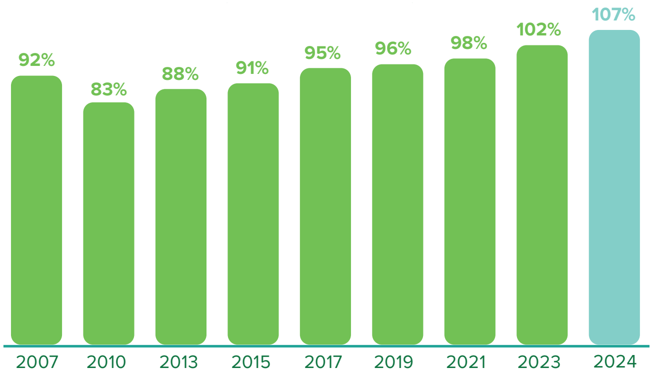
SURPLUS SUPPORTS MEANINGFUL BENEFIT IMPROVEMENTS

As surplus is a relatively new position for the Plan, the Trustees dedicated significant time in 2024 to establishing a prudent framework for the use of going-concern surplus. This framework ensures that any use of surplus is carefully considered and aligned with the Plan's long-term sustainability.

In 2025, guided by this framework and the Plan's mission to serve the best interests of members, Trustees approved the use of surplus for past service benefit improvements. These improvements will be implemented in 2026, and are expected to have a meaningful and positive impact on members' pensions, reflecting the strength of the Plan's financial position.

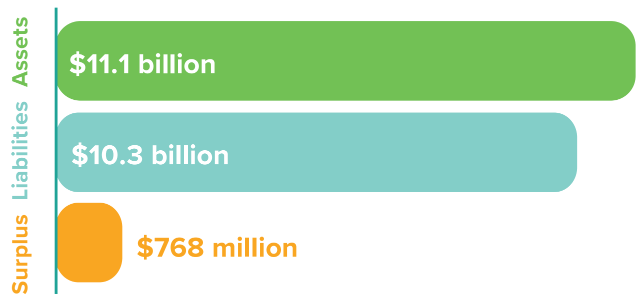
Going-Concern Funded Ratio

as at December 31



Going-Concern Financial Position

as at December 31, 2024



LONG-TERM SUSTAINABILITY REMAINS THE PRIORITY

The Plan's funded position continues to be strong, but uncertainty remains part of the operating environment. As market conditions evolve, Plan funding must continue to be managed with care.

Margins remain an important safeguard for the Plan. They are designed to help protect accrued benefits and support contribution stability through market cycles. The Benefit Security Margin, reflected in the balance sheet, is designed to protect the existing benefits accrued by Plan members. Meanwhile, the Contribution Stabilization Margin is incorporated into the contribution rate and is used to smooth fluctuations in the current service cost. Together, these margins act as a safety net, ensuring the Plan's long-term financial health.

SHEPP operates in an environment shaped by financial markets, inflation, interest rates, demographic change, and regulatory requirements. These factors affect both the value of Plan assets and the cost of future pension obligations. Even in a year marked by strength and opportunity, that reality remains. The Board's responsibility is to balance current opportunities with future obligations in a way that is fair, measured, and sustainable.

BEST ESTIMATE YEAR-END FINANCIALS

Although Plan funding decisions are made on a going-concern basis, best-estimate year-end financials provide a different view of the Plan's financial position and projected obligations at a point in time. The financial statements provide a best-estimate accounting view and help illustrate the Plan's financial position beyond regulatory funding requirements. The statements do not include funding margins.

As at December 31, 2025, total market value of the Fund was $12.0 billion, and pension obligations were $9.5 billion. As a result, the Plan reported a best-estimate surplus of $2.5 billion. Net assets available for benefits increased by approximately $963.0 million in 2025.

As in previous years, it is important not to overemphasize the results of any single year. Short-term gains, while welcome, must be viewed in the context of a longer horizon. Sustainable funding depends not only on investment performance, but also on sound governance, effective risk management, and a funding strategy that can support members through a wide range of economic conditions. That is especially important in a complex and changing environment.

SHEPP Contribution Rates

(as a percentage of pensionable earnings)

	Effective January 1, 2025	
Member	7.3% up to the YMPE*	10.4% above the YMPE*
Employer	8.176% up to the YMPE*	11.648% above the YMPE*

* The YMPE is the Year's Maximum Pensionable Earnings, as set by the Government of Canada.

Investments

INVESTMENT OVERVIEW

Despite times of high volatility and a challenging geopolitical backdrop, 2025 delivered positive returns across most major asset classes. The year was characterized by resilient economic growth, strong corporate earnings in select sectors, and a gradual shift towards lower interest rates, which together offset recurrent shocks from trade policy, geopolitics, and inflation concerns.

SHEPP saw strong returns across all major asset classes within the portfolio.

STRATEGIC INITIATIVES AND ACCOMPLISHMENTS

- Finalized the implementation of the new long-term asset mix resulting from the latest asset liability study including a review and further diversification of the Plan's emerging markets equity allocation.
- Progressed in funding the private equity allocation.
- Approved and funded several co-investments within infrastructure and continued to allocate to funds within the asset class to gain vintage year diversification.
- Reviewed the Plan level investment benchmark.
- Finalized implementation of a new investment risk measurement and reporting system.
- Reviewed and updated the Board's Responsible Investment Policy.
- Developed a risk management overlay to improve asset mix re-balancing.

2025 PERFORMANCE

The SHEPP Fund experienced a strong 10.0 percent return (net of investment management fees) in 2025, matching the Plan benchmark return. The benchmark return reflects SHEPP's target asset mix implemented using passive index strategies and absolute return targets.

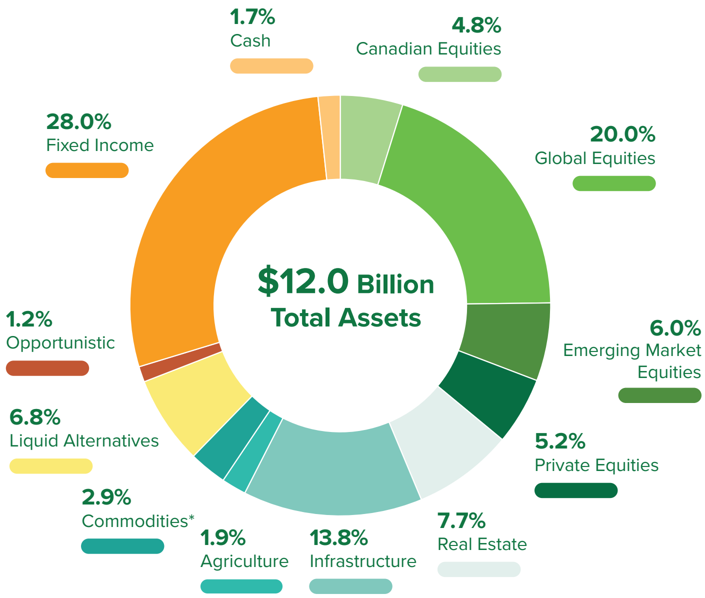
All major asset classes contributed positively to the strong absolute return at the total Fund level, led predominantly by equities and opportunistic mandates. Added value versus the benchmark came from fixed income and opportunistic allocations but was offset by underperformance in real assets and liquid alternatives. Other asset classes were close to benchmark.

INVESTMENT MANAGERS

- AlpInvest Partners
- Baillie Gifford & Co
- Basalt Infrastructure Partners
- BentallGreenOak
- BlackRock Asset Management
- Brevan Howard
- Brookfield Asset Management
- Capital Fund Management
- Causeway Capital Management
- CB Richard Ellis
- Christofferson, Robb & Co
- Connor, Clark & Lunn Investment Management
- Foyston, Gordon & Payne
- Global Infrastructure Partners
- Gresham Investment Management
- HBK Investments
- I Squared Capital
- IFM Investors
- Invesco Ltd.
- JP Morgan Asset Management
- Kohlberg Kravis Roberts & Co
- Macquarie Infrastructure and Real Assets
- Manulife Investment Management
- Meridiam Infrastructure
- Nephila Capital
- North of South Capital
- Pantheon Global Infrastructure
- PGIM Real Estate Finance
- Phillips, Hager & North Investment Management
- PineStone Asset Management
- Systematica Investments
- TD Asset Management
- Wellington Management

2025 Asset Mix

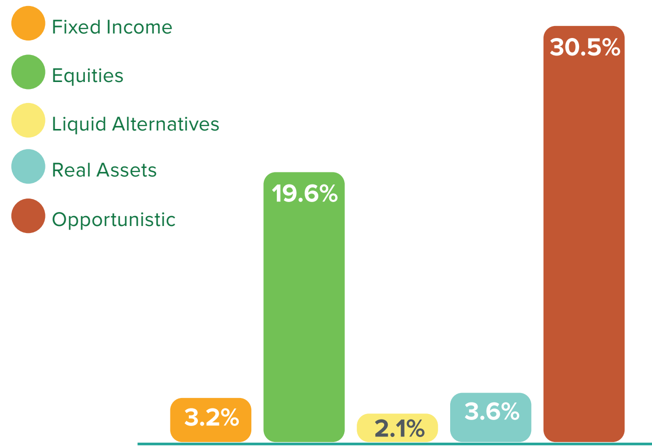
December 31, 2025



Source: Financial Statements (Note 5)
*Based on notional exposure

Asset Class Returns

(net of investment management fees)



Fixed Income

The fixed income portfolio provides stable investment income, supplies liquidity and is designed to hedge against equity risk. There is also a return-seeking element within the portfolio, through mandates that provide exposure to global fixed income and a range of both public and private credit markets.

The fixed income portfolio returned 3.2 percent in 2025 due primarily to strong yields and declining interest rates. The Private Credit allocation led the way with a 7.0 percent return. Other mandates with shorter terms and credit exposure also fared well, providing between 3.6 percent for Core Plus Fixed Income and 5.7 percent for mortgages. Long Bonds tempered overall results returning -0.8 percent for the year. The diversified fixed income portfolio has been a steady source of value add, with all active managers contributing 0.9 percent value add in the year.

Equities

Equities anchor the growth-oriented portion of the portfolio and are expected to deliver dividend income and long-term growth over inflation. The SHEPP publicly listed equity portfolio is diversified globally and across style factors (growth, value, and size). A private equity allocation is also progressing through the funding phase.

Equities were the top performing asset class in 2025, delivering a third consecutive year of double-digit returns. The strong market rally, boosted by artificial intelligence and continued interest rate cuts, continued through 2025. SHEPP's total equity portfolio posted a solid 19.6 percent net return, slightly trailing the benchmark of 20.0 percent. The private equity mandate had the largest detraction from benchmark.

Liquid Alternatives

Liquid alternatives employ strategies that seek to provide attractive risk-adjusted returns across various market environments by being less reliant on positive market direction to generate returns. Designed to have relatively low correlation with traditional equity and fixed income markets, and a risk profile lower than equities, these absolute return strategies are intended to provide diversification at the total Fund level.

The global macro and multi-strategy funds employed by SHEPP provided a 2.1 percent result in 2025 relative to a 5.9 percent benchmark that remained elevated due to higher Treasury-Bill rates.

Real Assets

Real assets include real estate, infrastructure, farmland, and commodity investments. Their role in the portfolio is to provide additional diversification and potential for inflation-sensitive income and longer-term growth opportunities. SHEPP's real asset return for the year was 3.6 percent, which trailed the 5.5 percent benchmark.

Real estate provided a -3.8 percent result in 2025 underperforming its benchmark of 1.6 percent. Asian and US mandates experienced the largest pullbacks, while Canadian and European mandates continued to improve. Certain property types within the asset class continued to struggle in 2025.

Infrastructure returned 6.7 percent net of fees in 2025, slightly trailing the 7.5 percent benchmark. This return was negatively impacted by changes in the value of foreign currencies.

Commodities returned 10.3 percent net of fees in 2025, compared to a benchmark of 10.5 percent.

Farmland was funded in 2025 and had less than a full year of returns.

Opportunistic Investments

The opportunistic investment category within the portfolio is intended to capture potential opportunities that may come out of market dislocations and/or emerging asset strategies. Potential opportunistic investments for SHEPP are those that are expected to add to the Fund from a return and diversification perspective. Currently, this bucket includes insurance-linked securities. These strategies provide diversifying income-oriented returns from insurers managing exposures to potential property losses from catastrophic weather events.

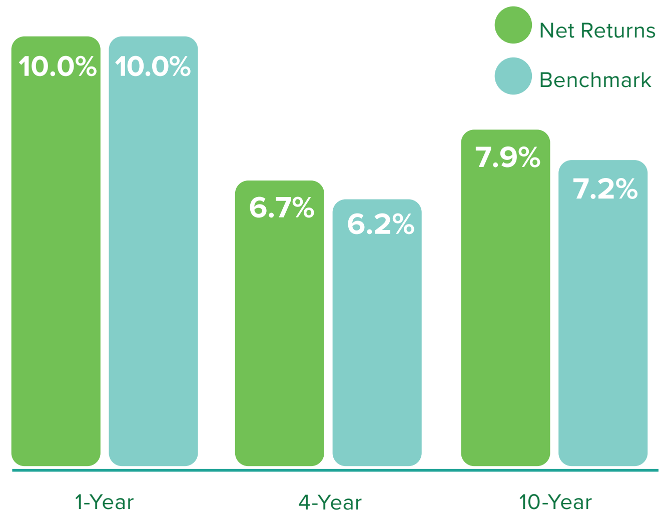
Opportunistic investments returned 30.5 percent in the year due to the strength of attractive insurance-linked securities premiums. Measured against the total Fund benchmark, this added 20.5 percent in value add.

Currency

SHEPP uses a currency overlay program to partially hedge currency exposures that come with a globally diversified portfolio. Since currency acts as a source of diversification during certain market environments, only part of the exposure is hedged, and the hedging level is dynamic. In 2025, SHEPP's total Fund return was enhanced by currency exposure as the Canadian dollar strengthened against a basket of currencies. The currency overlay program partially offset these losses and increased total Fund performance by 0.4 percent.

Total Fund Returns

(net of investment management fees)



LONGER-TERM RESULTS

SHEPP's investment strategy is long-term, geared to enhance Plan sustainability and, as such, its success must be examined under a lens spanning more than any one year. On a longer-term basis, SHEPP assesses the effectiveness of investment strategies and activities relative to absolute return targets used in funding calculations, as well as a benchmark portfolio return calculated using passive index and absolute returns. The primary and secondary objectives, respectively, are to meet or exceed a nominal return of 6.25 percent over the very long term (10+ years) and to meet or exceed the return of the benchmark portfolio approved by the Board (over rolling four-year periods).

As of the end of 2025, the Fund exceeded performance targets with a four-year annualized return of 6.7 percent (net of investment management fees) exceeding the benchmark of 6.2 percent. Over 10 years, the 7.9 percent return (net of investment management fees) also exceeded the 7.2 percent benchmark portfolio return and exceeded the long-term target of 6.25 percent

RESPONSIBLE INVESTING

SHEPP's approach to responsible investing is to integrate Environmental, Social and Governance (ESG) factors into its investment decisions. The Plan's Statement of Investment Policies and Procedures outlines the belief that organizations that manage ESG factors effectively are more likely to endure, manage risk, and create sustainable value over the long term. Therefore, ESG is integrated into the investment process, as part of the Board's commitment to act in the financial best interest of Plan members. SHEPP has set out the practices adopted in applying this belief in its Responsible Investment Policy.

SHEPP engages external managers to implement the Plan's investment strategy and sets out expectations that investment managers integrate ESG factors into investment decisions. Due diligence processes for existing and potential managers review manager practices and measures related to ESG integration. The Board also undertakes an annual review of Responsible Investing (RI) issues and trends. The Board initiated a deep dive into RI approaches in late 2024 and concluded the review in 2025. As part of this review, the Board has made the RI policy publicly available on SHEPP's website.

Annual reporting on the RI activities of the Plan's external managers continued in 2025 and included analysis of ESG ratings and carbon metrics, allowing for enhanced engagement on the ESG integration approaches being used by external managers on SHEPP's behalf.

Administration

FROM STABILITY TO POSSIBILITY

2025 was a year of transition for SHEPP. Reaching fully funded status created new opportunities for the Plan and its members, and the organization continued to build on its foundations of financial stability, people and culture, and strong partnerships.

Against that backdrop, and in the context of an evolving external environment, SHEPP's Board completed a thoughtful process to define the Plan's next chapter. Working closely with senior leadership and advisors, the Board examined a range of strategic options with members' long-term interests at the centre.

The result is *Most Relevant Plan* – a strategy grounded in the realities of a modern healthcare workforce. It reflects a commitment to modernizing SHEPP's core benefit, exploring select services that add value, and strengthening relationships with partners. Just as importantly, it provides a framework for feedback and future choices, balancing innovation with sustainability, fairness and fiduciary responsibility.

As SHEPP moves from deficit recovery toward new possibilities, *Most Relevant Plan* offers a path forward – one designed to keep the Plan meaningful, responsive, and relevant in members' lives.

Most Relevant Plan

SHEPP aspires to be the **most relevant pension plan** for healthcare workers in Saskatchewan by **modernizing our core benefit** and **offering select services** to our members, and by investing in **long-term relationships** with our partners.

Senior Leadership Team

Alison McKay,
Chief Executive Officer

Dustin Antonini,
Chief Investment Officer

Kendra Dumont,
Executive Director of Governance & Strategy

Allison Nystrom,
Chief Experience Officer

Pamela Peters,
Chief Financial Officer

Paula Potter,
Chief Operating Officer

2025 ADMINISTRATION HIGHLIGHTS

People & Culture

A Top Employer – Three Years Running

SHEPP was proud to be recognized by Benefits and Pensions Monitor magazine as one of the pension industry's best workplaces in Canada – for the third consecutive year. This national recognition reflects SHEPP's commitment to fostering a strong employee experience that supports engagement, performance, and organizational capability. A highly engaged workforce contributes to delivering pension administration excellence and sustaining a culture of accountability, resilience, and continuous improvement. As SHEPP embarks on its *Most Relevant Plan* strategy, it is perhaps more important than ever to build a resilient, people-centered organization, ready to meet the evolving needs of members and stakeholders.

Building for the Future

Executing *Most Relevant Plan* starts with people. In 2025, management focused on ensuring SHEPP has the right mix of skills, experience and capacity to support strategic priorities and ongoing operational demands. That work starts from within by creating opportunities for internal movement, learning and upskilling. SHEPP is helping employees broaden their knowledge and apply it in new areas across the organization. This approach strengthens capability while preserving the deep pension expertise and member focus already in place. It is a deliberate investment in people and in strengthening SHEPP's ability to evolve while staying grounded in member service.

A Continued Focus on Developing Leaders

In 2025, SHEPP continued to build leadership strength across the organization through its leadership development program, with two cohorts successfully completing the 18-month journey. The program is designed to strengthen leadership performance, deepen alignment with SHEPP's values, and build the skills, behaviours, and accountability needed to lead effectively. This ongoing investment is helping cultivate a strong pipeline of leaders, support succession planning, and reinforce a resilient, high-performing culture. In 2026, the organization will launch the program's third cohort, continuing its long-term commitment to developing leadership capacity.

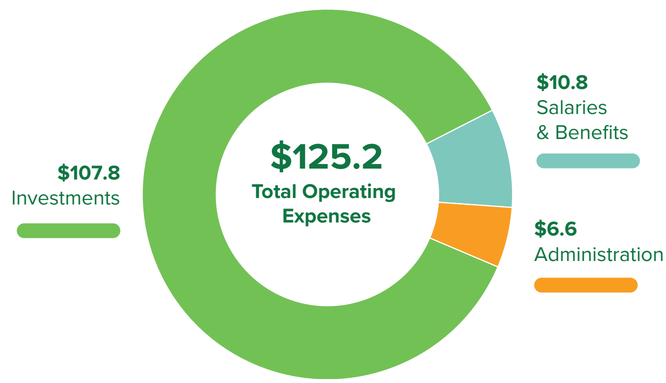
Sustainability

Balancing Cost, Service and Member Value

SHEPP remains focused on delivering service while managing the costs required to operate a growing and complex pension plan. Total operating expenses in 2025 were $125.2 million, up from $106.6 million in 2024. Investment expenses accounted for the majority of costs, driven primarily by investment manager performance fees. While any increase in expenses is worth noting, performance fees are not budgeted because they depend on year-end results. Incurring them is an indicator that investments were successful.

Operating Expenses 2025

(millions)



Administration costs excluding salaries and benefits ($6.6 million) were slightly below budget, and salary and benefit costs ($10.8 million) were lower than budget. SHEPP continues to benchmark costs against peer plans and tracks near the midpoint, reflecting a disciplined balance between service quality, technology investment, and overall value for members.

Strengthening Decision-Making Through Enterprise Risk Management (ERM)

As the strategy evolves to meet future needs, the ERM function ensures that the appropriate layers of risk reviews and effective challenge are in place. ERM continues to help SHEPP meet its regulatory and compliance duties while taking calculated risks that are within the Board-approved and defined risk appetite framework, targets, and tolerances.

In 2025, SHEPP's ERM work included a range of risk and control assessments, fraud risk analysis, analysis of emerging risks, updates to SHEPP's Risk Appetite Framework and metrics, and assessment of CAPSA Guideline 10 - Risk Management, which compares SHEPP's risk management practices against Canadian pension supervisory guidance and helps identify areas for continued improvement.

SHEPP's Board of Trustees continues to play a critical oversight role in ensuring the appropriate risk management practices and tools are effectively in place, ultimately setting the direction for the amount and level of risk SHEPP is willing to undertake.

A Generational Opportunity to Improve Benefits

The 2024 valuation identified a $768 million surplus, driven largely by stronger-than-expected investment returns. The strong financial position created a generational opportunity to enhance benefits for members. In 2025, the Board applied its Surplus Utilization Policy to guide the responsible use of this surplus in members' best interests. That framework supported a broad package of past benefit improvements, boosting lifetime pensions for active, deferred, retired, and members on approved absence due to disability.

Stakeholder Experience

From Transactions to Trusted Relationships

SHEPP remains focused on elevating the experience of members, with a growing emphasis on delivering the right information, at the right time, and in the right way. Informed by an extensive member survey conducted in early 2025, SHEPP laid the foundation for communication, outreach, education, and service delivery that are more responsive to members' lives and decisions.

Survey feedback reinforced the importance of clarity, choice, and confidence, while also highlighting opportunities to strengthen retirement readiness and help members better understand the value of their pension throughout their careers.

SHEPP's new strategy, which started to take shape in 2025, is designed to adapt how service is designed, delivered, and measured as member needs change. By focusing on communication, education, and support – and by measuring results – SHEPP is building a more proactive and responsive experience for members.

Working Closely With Employers

Employers are, and will continue to be, an important partner in pension administration. Not only do employers contribute to the Plan, they also provide critical data used to calculate and deliver pension benefits. SHEPP continued its work to strengthen the employer experience in 2025. With three new employers joining the Plan, the year included significant work to support employer onboarding, training, and ongoing guidance. The Employer Experience team also worked closely with participating employers to help them understand requirements, navigate processes, and submit accurate, timely data to the Plan. As day-to-day operations evolve, SHEPP remains focused on building strong employer relationships and providing the tools, communication, and support employers need to effectively and efficiently administer employee benefits.

Measuring What Matters

Service excellence will always be a vital goal for SHEPP. Even with a 97 percent service score, the organization must continue to evolve to meet member needs and expectations. In 2024, SHEPP introduced a Service Index to further enhance its understanding of service performance. The index tracks key pension transactions and helps SHEPP to understand performance over time. It also provides critical data to support decision-making and continuous improvement moving forward. As SHEPP embarks on its new strategy, the Service Index will remain an invaluable success measure.

Reconnecting Members with Their Pension Benefits

In more practical terms, 2025 also saw SHEPP deliver enhanced value – and real benefits – to members.

- As a result of reaching fully funded status, the Plan released millions of dollars in Transfer Deficiency Holdbacks (which were required when the Plan was in a deficit position) to former members.
- Further, SHEPP's ongoing work to locate "missing members" who have accounts with the Plan, allowed it to ensure more members received the benefits they are entitled to. That work will continue in 2026.

OUR SERVICE STANDARDS

Accurate

We provide accurate knowledge and information.

Timely

We deliver information in a timely manner for critical decision-making.

Helpful

We find the best solution for every situation.

Approachable

Every person is a welcome priority.

2025 SERVICE HIGHLIGHTS

- 54,441 visitors to shepp.ca
- 18,085 phone conversations with members
- 364 in-person meetings with members
- 11,686 emails from members responded to by SHEPP
- 6,934 calculations performed and mailed by SHEPP
- 24,846 calculations online by members in SHEPPweb
- 7,618 personal information updates submitted online by members in SHEPPweb
- 655 members registered to attend a pension information webinar

Governance

STRUCTURE AND AUTHORITY

SHEPP operates under a jointly trusteed governance structure, established on December 31, 2002, through the Agreement and Declaration of Trust (Trust Agreement). This structure ensures that Plan obligations are shared between employers and unions, with authority vested in two governing bodies appointed by the Plan's settlors.

Partner Committees

The Partner Committees are responsible for fundamental changes to Plan design and consist of:

- Union Partner Committee – Representatives appointed by the five settlor unions: SEIU-West, CUPE, SUN, HSAS, and SGEU.
- Employer Partner Committee – Representatives appointed by 3sHealth.

Any changes to pension benefits that impact the Plan's cost must be negotiated and agreed upon by both Partner Committees. They also hold exclusive authority to amend the Trust Agreement.

Union Partner Committee

Janice Platzke (Chair), SEIU-West

Bashir Jalloh, CUPE

Karen Schmid, HSAS

Tanya Schmidt, SGEU

Donna Trainor, SUN

Employer Partner Committee

Kelly Miner (Interim Chair), SAHO Inc.

Mark Anderson, 3sHealth

Leanne Ashdown, Saskatchewan Health Authority

John Knoch, Jubilee Residences Inc.

Sara Knowles, Saskatchewan Health Authority

Nadia Maruschak-Clay, Saskatchewan Health Authority

Erin Roesch, 3sHealth

Lynn Sanya, Saskatchewan Health Authority

Board of Trustees

The Board is composed of eight Trustees:

- Four Trustees appointed by 3sHealth.
- Four Trustees appointed by SEIU-West, CUPE, SUN, and HSAS.

The Board is responsible for administering the Plan, managing its investments, and ensuring compliance with the Plan Text, Trust Agreement, governing legislation, and industry best practices. Additionally, the Board sets the Plan's strategic direction and establishes investment and administrative policies.

The Plan is funded through investment earnings and contributions from both Plan members and participating employers. The Board has a duty to prudently invest the Plan's assets and set contribution rates based on recommendations from the Plan actuary, ensuring sufficient funding to meet pension obligations. It also has the authority to utilize surplus funds in accordance with the Trust Agreement.

As fiduciaries, Trustees must act in good faith and in the best interests of Plan members and beneficiaries. To uphold these responsibilities, the Board remains committed to ongoing governance education, best practices, and continuous improvement efforts, ensuring informed decision-making based on sound policies and expert advice.

The Board held six regular meetings and one special meeting over 11 days in 2025, plus one education day. The Board also held is Annual Meeting with the Partner Committees in June.

Trustee Remuneration Schedule

Position	Annual Retainer	Daily Meeting Rate
Board Chair and Vice Chair	$ 4,500	$ 600
Trustee	$ 2,000	$ 400
Committee Member	$ -	$ 400

SHEPP Trustees receive an annual retainer and a daily meeting rate as set out in the remuneration schedule approved by the Partner Committees.

2025 HIGHLIGHTS

As a result of another year of strong investment returns, the Board was in the fortunate position to utilize a $768M going-concern surplus in the Plan, and approved three past-service benefit improvements:

- An increase to the basic lifetime pension formula, raising the accrual rate from 1.4 percent to 1.6 percent on average earnings up to the YMPE for service between 2001 and 2024;
- A Cost of Living Adjustment of up to 1.89 percent to lifetime pensions (80 percent of Consumer Price Index) for retirees who do not have service, or very little service, between 2001 and 2024; and
- Indexation of deemed earnings used in pension calculations for all active members in receipt of disability benefits for greater than one year, based on the average industrial wage.

These benefit improvements will be implemented in mid-2026, retroactive to January 1, 2026.

A Plan Text amendment was also approved by the Board to provide the ability for inactive non-resident members to receive a non-locked-in transfer of the commuted value of their benefit.

The Board held several strategy workshops in 2025, resulting in the approval of a new strategic direction for SHEPP. The culmination of many wide-ranging discussions between Trustees and Administration, this new strategic direction will position SHEPP with a clear path forward in its aspiration to be the most relevant plan for healthcare workers in Saskatchewan by modernizing the core benefit and offering select services to members, and by investing in long-term relationships with partners.

The Board has a robust governance and policy structure, allowing for regular review and improvements in line with emerging best practices. As a result, the Trustees:

- Reviewed and approved 13 policies, including a new Fraud Risk Management Policy to strengthen the Board's oversight and governance over fraud risk management activities;
- Redrafted an existing policy to become a formal Board Terms of Reference, aligning with governance best practice to promote transparency and outline consistent expectations and operations – even as Board membership changes over time;
- Approved a new Policy Framework to help align policies with SHEPP's strategic direction, overarching legislative, regulatory and compliance requirements, as well as the operational needs of SHEPP;
- Approved the annual CAPSA self-assessments confirming effective Plan governance and prudent investment practices; and
- Conducted their annual review of and compliance with the Code of Conduct and Conflict of Interest Procedures.

The Board also participated in several educational sessions throughout the year covering topics such as accrual rates, leverage as part of the total portfolio, responsible investing, pension plan designs from across Canada, as well as longevity and the future of retirement.

SHEPP's Board of Trustees is ultimately responsible for ensuring the Plan is administered in accordance with its terms and applicable law. In particular, the Board is responsible for setting contribution levels, investing the Plan's assets, overseeing its administration, and (within the limits set in the Trust Agreement) amending the Plan design. While some or all of the Board's administrative duties may be delegated to a third party, the Board ultimately remains responsible.

EXTERNAL ADVISORS

Actuary
- Aon

Auditor
- KPMG LLP

Custodian
- State Street Trust Company Canada

Investment Consultant
- Aon

Solicitor
- Lawson Lundell LLP

Board of Trustees

Andrew Huculak (Chair)
Employee Trustee
CUPE - Retired

Jeff Stepan (Vice Chair)
Employer Trustee
SGI - Retired

Ray Deck
Employer Trustee
Saskatchewan Public Service Commission - Retired

Russell Doell
Employee Trustee
SEIU-West

Natalie Horejda
Employee Trustee
HSAS

Darren Kurmey
Employee Trustee
SUN

Dr. Jim Tomkins
Employer Trustee
University of Regina - Retired

Ted Warawa
Employer Trustee
3sHealth - Retired

Five-Year Financial Highlights

As at December 31

	2025 (000s)	2024 (000s)	2023 (000s)	2022 (000s)	2021 (000s)
NET ASSETS AVAILABLE FOR BENEFITS	**$ 12,030,238**	$ 11,067,311	$ 9,969,105	$ 9,263,780	$ 9,703,461
ACCRUED PENSION OBLIGATIONS	**9,491,400**	8,643,200	8,152,500	7,885,600	8,162,700
CONTRIBUTIONS					
Member	**177,286**	189,552	183,169	175,655	173,271
Employer	**198,560**	212,298	205,149	196,734	194,063
Other	**6,306**	3,314	3,787	3,416	5,344
TOTAL CONTRIBUTIONS	**382,152**	405,164	392,105	375,805	372,678
BENEFIT PAYMENTS					
Pensions	**463,568**	424,759	406,954	386,349	361,273
Terminations and Death Benefits	**60,388**	58,164	48,345	67,264	74,304
TOTAL BENEFIT PAYMENTS	**523,956**	482,923	462,621	456,660	435,577
PLAN EXPENSES					
Administrative	**17,412**	17,808	15,266	13,911	12,769
Investment	**107,825**	88,839	78,879	84,851	70,161
TOTAL PLAN EXPENSES	**$ 125,237**	$ 106,647	$ 94,145	$ 98,762	$ 82,930

2025 FINANCIAL STATEMENTS

KPMG LLP
2000-1881 Scarth Street
Regina, SK S4P 4K9
Canada
Tel 306 791 1200
Fax 306 757 4703

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of Saskatchewan Healthcare Employees' Pension Plan

Opinion

We have audited the financial statements of Saskatchewan Healthcare Employees' Pension Plan (the Plan), which comprise:

- the statement of financial position as at December 31, 2025
- the statement of changes in net assets available for benefits for the year then ended
- the statement of changes in pension obligations for the year then ended
- and notes to the financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Plan as at December 31, 2025, and its changes in net assets available for benefits and its changes in pension obligations for the year then ended in accordance with Canadian accounting standards for pension plans.

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 auditor's report.

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

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

Other Information

Management is responsible for the other information. Other information comprises:

- the information, other than the financial statements and the auditor's report thereon, included in the Plan's Annual Report.

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

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

We obtained the information, other than the financial statements and the auditor's report thereon, included in the Annual Report as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

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 the 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.

- 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.

KPMG LLP

Chartered Professional Accountants

Regina, Canada
May 20, 2026

Statement of Financial Position

As at December 31

		2025		2024
		(000s)		(000s)
ASSETS				
Investments (Note 5)	**$**	**11,997,579**	$	11,059,956
Members' contributions receivable		**15,420**		16,118
Employers' contributions receivable		**17,270**		18,052
Investment income receivable		**5,464**		6,491
Property and equipment		**2,776**		3,407
Intangible assets		**1,443**		2,254
Other receivables		**5,976**		4,186
		12,045,928		11,110,464
LIABILITIES				
Accounts payable		**15,622**		11,097
Transfer deficiency holdback		**68**		32,056
		15,690		43,153
NET ASSETS AVAILABLE FOR BENEFITS		**12,030,238**		11,067,311
PENSION OBLIGATIONS (Note 7)		**9,491,400**		8,643,200
SURPLUS	**$**	**2,538,838**	$	2,424,111

See accompanying notes.

Approved by the Board of Trustees and signed on their behalf on May 20, 2026.

Andrew Huculak, Chair

Jeff Stepan, Vice Chair

Statement of Changes in Net Assets Available for Benefits

For the Year Ended December 31

	2025 (000s)	2024 (000s)
INCREASE IN NET ASSETS		
Contributions - Members	**$ 177,286**	$ 189,552
Contributions - Employers	**198,560**	212,298
Contributions - Other	**6,306**	3,314
Investment income (Note 6)	**292,824**	333,695
Net realized gain on investments	**680,612**	779,880
Realized gain on foreign exchange	**21,990**	-
	1,377,578	1,518,739
DECREASE IN NET ASSETS		
Pension benefits	**463,568**	424,759
Realized loss on foreign exchange	**-**	10,038
Terminations and death benefits	**60,388**	58,164
	523,956	492,961
EXPENSES		
Administrative expenses	**14,060**	13,845
Custodian fees	**502**	378
Investment fees (Note 11)	**107,323**	88,461
Professional fees	**3,352**	3,963
	125,237	106,647
	649,193	599,608
UNREALIZED GAINS/(LOSSES)		
Unrealized market value gain	**310,101**	36,301
Unrealized (loss) gain on foreign exchange	**(75,559)**	142,774
	234,542	179,075
NET INCREASE FOR THE YEAR	**962,927**	1,098,206
NET ASSETS AVAILABLE FOR BENEFITS, BEGINNING OF YEAR	**11,067,311**	9,969,105
NET ASSETS AVAILABLE FOR BENEFITS, END OF YEAR	**$ 12,030,238**	$ 11,067,311

See accompanying notes

Statement of Changes in Pension Obligations

For the Year Ended December 31

		2025 (000s)		2024 (000s)
PENSION OBLIGATIONS, BEGINNING OF YEAR	**$**	**8,643,200**	$	8,152,500
Current service costs		**276,200**		271,400
Benefits paid by the Plan		**(524,000)**		(482,800)
Interest expense		**611,300**		548,800
Change in actuarial assumptions		**(109,300)**		(1,600)
Benefits accrued (Note 3 (o))		**654,700**		189,700
Experience gains		**(60,700)**		(34,800)
PENSION OBLIGATIONS, END OF YEAR (Note 7)	**$**	**9,491,400**	$	8,643,200

See accompanying notes

Notes to the Financial Statements

December 31, 2025

1. Saskatchewan Healthcare Employees' Pension Plan

The Saskatchewan Healthcare Employees' Pension Plan ("the Plan") is a multi-employer defined benefit pension plan registered under *The Pension Benefits Act, 1992* (Saskatchewan) and the *Income Tax Act* (Canada). The Plan is governed by a Board of Trustees pursuant to an Agreement and Declaration of Trust dated December 31, 2002. Four Trustees are appointed by Health Shared Services Saskatchewan (3sHealth) and four healthcare unions (CUPE, HSAS, SEIU-West and SUN) each appoint one Trustee. The Chief Executive Officer and the Plan's employees are responsible for the administration of the Plan, subject to Board monitoring and review.

2. Basis of Preparation

a) *Statement of compliance*

The financial statements for the year ended December 31, 2025 have been prepared in accordance with Canadian Accounting Standards for Pension Plans (CPA Handbook Section 4600). For matters not addressed in Section 4600, IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS) guidance has been implemented.

b) *Basis of measurement*

The financial statements have been prepared on the historical cost basis except for financial instruments which have been measured at fair value, and pension obligations which have been measured at present value of futured expected pension benefit obligations using actuarial assumptions.

c) *Functional and presentation currency*

These financial statements are presented in Canadian dollars, which is the Plan's functional currency and are rounded to the nearest thousand unless otherwise noted.

d) *Use of critical estimates and judgements*

The preparation of financial statements in accordance with Canadian Accounting Standards for Pension Plans requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates and changes in estimates are recorded in the accounting period in which they are determined. The most significant estimation processes are related to the valuation of investments (Note 5) and actuarial determination of pension obligations (Note 7).

Notes to the Financial Statements

December 31, 2025

3. Description of Plan

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

a) *Effective date*

The effective date of the Plan was March 1, 1962.

b) *Eligibility*

Eligible permanent full-time and permanent part-time employees of the Plan employers must participate.

Membership is optional for eligible casual and temporary employees who work at least 780 hours in the immediately preceding calendar year or at least 700 hours in each of the two immediately preceding calendar years.

c) *Member contributions*

The Plan employers are responsible for the accuracy and completeness of the payroll information on which contributions are remitted and benefits determined under the Plan. Contributions are made by both members and the Plan employers in accordance with the provisions of the Plan.

For the year ending December 31, 2025 members are required to contribute 7.3 percent of their pensionable earnings up to the Year's Maximum Pensionable Earnings (YMPE) and 10.4 percent of pensionable earnings above the YMPE.

Plan members may purchase eligible service provided they satisfy the full purchase cost. These contributions are referred to as additional purchased service contributions and may be purchased on a current service or prior service basis.

Plan members may transfer in service and contributions from the pension plan of a prior employer. These contributions are referred to as portability transfer contributions.

d) *Employer contributions*

Employers contribute 112 percent of a member's required contributions.

e) *Amount of pension*

Subject to the maximum pension limits set out in the Plan Text, the basic lifetime pension is equal to the sum of:

(i) 2 percent of highest average contributory earnings[1] multiplied by years of credited service up to December 31, 1989, plus

(ii) 1.65 percent of highest average base contributory earnings[2] plus 2 percent of highest average excess contributory earnings[3] multiplied by years of credited service between January 1, 1990 and December 31, 2000, plus

---

[1] The average of a member's four highest years of contributory earnings.
[2] The average of a member's contributory earnings up to the Year's Maximum Pensionable Earnings during the five highest calendar years of contributory earnings.
[3] The difference between a member's highest average contributory earnings and highest average base contributory earnings.

Notes to the Financial Statements

December 31, 2025

3. Description of Plan (continued)

(iii) 1.6 percent of highest average base contributory earnings plus 2 percent of highest average excess contributory earnings multiplied by years of credited service between January 1, 2001 and December 31, 2024, plus

(iv) 1.4 percent of highest average base contributory earnings plus 2 percent of highest average excess contributory earnings multiplied by years of credited service after 2024.

f) Bridge Pension

The bridge pension is an annual pension commencing on a member's pension commencement date and continuing until the month of attaining age 65. The annual bridge pension equals 2 percent of the member's highest average contributory earnings multiplied by years of credited service minus the annual lifetime pension amount.

g) Retirement dates

The normal retirement date of a member is the first day of the month coincident with or next following the member's 65th birthday.

Members can retire early with an unreduced pension as soon as their age and years of credited service add up to 80 years.

Members can retire with a reduced pension any time after age 55 with at least two years of service. The reduction applied to the member's pension depends on how long the member has worked for their employer. If the member has worked for at least 10 years, the pension is reduced by the lesser of:

(i) 3 percent multiplied by the number of years, and portions thereof, that the member is short of age 65, and

(ii) 3 percent multiplied by the number of years, and portions thereof, that the member's age plus credited service is short of 80 years, and

(iii) The greater of:

(a) 3 percent multiplied by the number of years, and portions thereof, that the member is short of age 62, and

(b) 3 percent multiplied by the number of years, and portions thereof, that the member's credited service is short of 20 years.

A member may delay receipt of pension payments until December 1 of the year in which they attain age 71. In this event, pension accruals will continue in the normal manner.

h) Transfer deficiency holdbacks

The valuation performed at December 31, 2023 revealed a solvency deficit of zero percent and was filed on September 24, 2024. As such, all payments that occurred September 2024 or later would not be subject to a holdback. Transfer deficiency holdbacks plus applicable interest is paid within five years of the initial payment or when the Plan becomes fully funded on a solvency basis (whichever occurs first). As a result of 2023's valuation, the Plan was identified in a fully funded state. Transfer deficiency holdback amounts withheld up to September 24, 2024 were substantially paid during 2025. The amount of $68,000 remains outstanding as at December 31, 2025.

Notes to the Financial Statements

December 31, 2025

3. Description of Plan (continued)

i) Death in service

On the death of a member before retirement, the member's surviving spouse receives the sum of:

(i) the commuted value of the member's pension earned to the date of death in respect of all core credited service, plus excess contributions, if any, and

(ii) the member's accumulated additional purchased service and portability transfer contributions, plus interest.

In lieu of the above, the member's surviving spouse may also elect to receive a lifetime pension, the actuarial value of which is equal to the lump sum payable.

If the member is not survived by a spouse, or the spouse has completed and submitted the pre-retirement death benefit waiver form prescribed under *The Pension Benefits Act, 1992* (Saskatchewan), the death benefit is payable in a lump sum to the member's designated beneficiary or estate.

j) Normal form of pension

The normal form of pension provides for monthly payments for life, with a minimum of 60 monthly payments being guaranteed in any event. Optional forms of pension are available on an actuarial equivalent basis. If the retiring member has a spouse, a joint life optional pension provides a minimum of 60 percent to the surviving spouse upon the member's death unless the spouse has waived this option.

k) Termination of employment

Benefit entitlement to members who are terminated depends upon whether or not the member is vested.

A member is vested if on termination, the member has more than two years of credited service or continuous service.

A non-vested member is entitled to a refund of their own required and additional purchased service contributions, plus interest as either:

(i) a taxable payment issued directly to the member, or

(ii) a tax-exempt transfer directly to the member's personal registered retirement savings plan (RRSP) or other qualifying vehicle.

A vested member is entitled to a deferred pension payable at age 65. The member's deferred pension is calculated based on the member's credited service and contributory earnings at the date of termination.

Prior to age 55, a vested member may discharge their locked-in deferred pension and transfer the present value of the deferred pension to a personal registered retirement savings plan or another registered pension plan, providing the funds transferred are administered on a locked-in basis.

l) Disability benefit

Members who become disabled under the terms of the Plan will continue to earn credited service under the Plan. Their pension at retirement is based on all years of credited service including those on approved absence due to disability, and their highest average contributory earnings are calculated assuming they had made contributions during approved absence due to disability based on their salary when the disability commenced.

3. Description of Plan (continued)

m) Maximum employee cost

At least 50 percent of the cost of the benefit payable at retirement or termination of employment to a member who is vested and locked-in must be provided by employer contributions. Any "excess" contributions on termination or retirement are refundable to the member.

n) Interest

For the purpose of calculating accumulated member contributions, interest rates are applied in respect of required contributions at the rates of interest determined by the Plan from time to time, but in no event are lower than the minimum rate required by *The Pension Benefits Act, 1992* (Saskatchewan).

o) Ad Hoc Increases

Effective January 1, 2025 the Board approved the use of surplus funds to provide an ad-hoc cost-of-living adjustment (COLA) for retirees receiving a pension as of December 31, 2023. The COLA applied would be equal to 50 percent of the increase in the Consumer Price Index (CPI) since each eligible retiree's pension commenced, up to a maximum increase of 5.25 percent. This amendment resulted in an increase to the pension obligation of $189.7 million, which was recognized in the Statement of Changes in Pension Obligations in 2024.

Effective January 1, 2026 the Board approved three past-service benefit improvements, including an increase in the basic lifetime pension formula accrual rate from 1.4 percent to 1.6 percent on average earnings up to the YMPE for service between 2001 and 2024; a COLA of up to 1.89 percent (80 percent of CPI) for retirees with little or no service between 2001 and 2024; and indexation of deemed earnings used in pension calculation for all active members in receipt of disability benefits for greater than one year, based on the average industrial wage. These benefit improvements will be implemented in mid-2026, retroactive to January 1, 2026. These improvements resulted in an increase to the pension obligation of $654.7 million, which has been recognized in the Statement of Changes in Pension Obligations in 2025.

4. Material Accounting Policies

The financial statements are prepared in accordance with Canadian Accounting Standards for Pension Plans (ASPP). These standards provide guidance in the measurement of the Plan's pension obligations and any investments held by the Plan. ASPP also provides the Plan with the ability to select and follow IFRS or Accounting Standards for Private Enterprises for all other accounting policies. The Plan has chosen to adopt the relevant sections in IFRS.

The following policies are considered to be significant:

a) Revenue recognition

Interest on bonds and short-term investments is recognized as it accrues. Income from real estate equity investments is recognized on the accrual basis as earned. Dividend income and pooled fund distributions are recognized as of the date of record.

Investment transactions are accounted for on the trade date. Realized gains and losses on currency forward contracts are recognized on the settlement date and unrealized gains and losses are recognized with reference to the fair value determined using appropriate valuation techniques. The Plan follows the accrual method for the recording of income and expenses.

4. Material Accounting Policies (continued)

b) *Financial instruments*

All financial instruments are carried at fair value, except for receivables which are measured at amortized cost.

(i) Cash and short-term investments: The carrying value of cash, receivables, and short-term investments approximates fair value due to the immediate or short-term nature of these financial instruments.

(ii) Bond, mortgage, private credit, liquid alternatives and opportunistic investments: The fair value of these instruments is based on the market values of the underlying investments.

(iii) Equity: The fair value of equities is based on year-end market quotations. The fair value of equity pooled funds is based on the market values of the underlying investments.

(iv) Currency overlay: The fair value of currency forward contracts is determined using appropriate valuation techniques.

(v) Real estate and agriculture: The fair value of real estate pooled funds is based on the most recent appraisal and earnings results. The fair value of real estate equity and agriculture investments is based on the most recent appraisal.

(vi) Infrastructure: The fair value of infrastructure investments is valued by using market comparable and discounted cash flows valuation models.

(vii) Commodity future contract: The fair value of commodity futures contracts is determined by using market prices.

c) *Investments under securities lending program*

Securities lending transactions are entered into on a collateralized basis. The securities lent are not derecognized on the Statement of Financial Position given that the risks and rewards of ownership are not transferred from the Plan to the counterparties in the course of such transactions. The securities are included within Investments on the Statement of Financial Position on the basis that the counterparties may resell or re-pledge the securities during the time that the securities are in their possession.

Securities and cash received from counterparties as collateral are not recorded on the Statement of Financial Position given that the risks and rewards of ownership are not transferred from the counterparties to the Plan in the course of such transactions.

d) *Provision for accrued pension benefits*

The provision for accrued pension benefits represents the most recent actuarial present value of accrued pension benefits extrapolated to the year-end reporting date. Any resulting change in this provision is recognized in the Statement of Changes in Pension Obligations.

4. Material Accounting Policies (continued)

e) Foreign currencies

Foreign currency transactions are translated into Canadian dollars using the transaction date exchange rate. Monetary assets and liabilities denominated in foreign currencies are adjusted to reflect exchange rates at the balance sheet date. Exchange gains or losses arising on the translation of monetary assets and liabilities or sales of investments are included in the Statement of Changes in Net Assets in the year incurred. Future changes in the fair value of foreign currency derivative financial instruments are recognized as gains or losses in the period of change.

f) Income taxes

The Plan is not subject to income tax since it is a Registered Pension Plan as defined by the *Income Tax Act* (Canada).

g) Accounting standards issued but not yet effective

The following standards have upcoming amendments or changes that are not in effect:

(i) IFRS Accounting Standards: Amendments to IFRS 9 for classification and measurement of financial instruments will be effective for fiscal years beginning on or after January 1, 2026; and

(ii) Section 4600, Accounting Standards for Pension Plans: Improvements to presentation and disclosure of investments for pension plans. These amendments are intended to increase consistency, clarity and usefulness of investment information provided to users of pension plan financial statements and will be effective for years on or after January 1, 2027.

The Plan intends to adopt the amended standards in the fiscal year in which they become effective. Management is currently analyzing the impact these new standards will have on the financial statements.

5. Investments

The objective of the Plan is to maintain sufficient assets to discharge future pension obligations and to generate cash flows required for pension plan payments. The Plan's investment portfolio (the Fund) has holdings that are measured at fair value. Fair value is best evidenced by an independent quoted market price for the same instrument in an active market. An active market is one where quoted prices are readily available, representing regularly occurring transactions. The determination of fair value requires judgment and is based on market information where available and appropriate. Fair value measurements are categorized into levels within a fair value hierarchy based on the nature of the inputs used in the valuation.

Level 1 – Where quoted prices are readily available from an active market.

Level 2 – Valuation model not using quoted prices, but still using predominantly observable market inputs such as interest rates.

Level 3 – Models using inputs that are not based on observable market data.

The Fund holds investments through pooled fund vehicles within the following asset classes: absolute return fixed income, core plus universe bonds, long-term bonds, mortgages, private credit, global large cap (Level 2), global small cap, emerging markets, private equity, real estate, infrastructure, agriculture and opportunistic investments.

The following table provides a summary of the Fund's holdings by asset type and their respective fair value measurement levels.

Notes to the Financial Statements

December 31, 2025

5. Investments (continued)

	2025 (000s)				
Type	**Level 1**	**Level 2**	**Level 3**	**Fair Value**	**Yield (%)**
Fixed income					
Cash	**$ 183,736**	**$ –**	**$ –**	**$ 183,736**	
Short-term investments	**305,973**	**–**	**–**	**305,973**	
Internal fixed income liquidity	**225,982**	**–**	**–**	**225,982**	**3.2**
Absolute return fixed income	**–**	**710,888**	**–**	**710,888**	**4.2 - 5.0**
Core plus universe bonds	**–**	**473,718**	**–**	**473,718**	**4.0**
Long-term bonds	**–**	**1,049,685**	**–**	**1,049,685**	**4.5**
Mortgages	**–**	**469,471**	**–**	**469,471**	**5.0**
Private credit	**–**	**–**	**474,514**	**474,514**	
Total fixed income	**715,691**	**2,703,762**	**474,514**	**3,893,967**	
Equities					
Canadian large cap	**576,260**	**–**	**–**	**576,260**	
Global large cap	**926,230**	**897,262**	**–**	**1,823,492**	
Global small cap	**–**	**580,336**	**–**	**580,336**	
Emerging markets	**–**	**724,261**	**–**	**724,261**	
Private equity	**–**	**–**	**626,382**	**626,382**	
Total equities	**1,502,490**	**2,201,859**	**626,382**	**4,330,731**	
Liquid alternatives	**–**	**604,513**	**211,962**	**816,475**	
Real assets					
Real estate	**–**	**–**	**918,521**	**918,521**	
Infrastructure	**–**	**–**	**1,653,841**	**1,653,841**	
Agriculture	**–**	**–**	**222,083**	**222,083**	
Commodities future contracts*	**4,784**	**–**	**–**	**4,784**	
Total real assets	**4,784**	**–**	**2,794,445**	**2,799,229**	
Opportunistic investments	**–**	**–**	**140,843**	**140,843**	
Currency overlay	**–**	**16,334**	**–**	**16,334**	
Total investments	**$ 2,222,965**	**$ 5,526,468**	**$ 4,248,146**	**$ 11,997,579**	

*Notional values of commodity futures contracts are $342,663 in 2025. Notional values represent economic exposure and are the contractual amounts to which a rate or price is applied for computing the cash flows to be exchanged. These notional values are used to determine the gains (losses) and fair values of these contracts; they are not recorded as assets or liabilities.

5. Investments (continued)

	2024 (000s)				
Type	Level 1	Level 2	Level 3	Fair Value	Yield (%)
Fixed income					
Cash	$ 161,995	$ –	$ –	$ 161,995	
Short-term investments	300,978	–	–	300,978	
Internal fixed income liquidity	206,686	–	–	206,686	3.1
Absolute return fixed income	–	615,158	–	615,158	4.1 - 5.6
Core plus universe bonds	–	432,204	–	432,204	4.0
Long-term bonds	–	997,670	–	997,670	4.2
Mortgages	–	421,162	–	421,162	5.7
Private credit	–	–	417,850	417,850	
Total fixed income	669,659	2,466,194	417,850	3,553,703	
Equities					
Canadian large cap	537,528	–	–	537,528	
Global large cap	894,758	934,375	–	1,829,133	
Global small cap	–	550,756	–	550,756	
Emerging markets	–	633,564	–	633,564	
Private equity	–	–	476,492	476,492	
Total equities	1,432,286	2,118,695	476,492	4,027,473	
Liquid alternatives	–	560,982	214,056	775,038	
Real assets					
Real estate	–	–	909,083	909,083	
Infrastructure	–	–	1,665,861	1,665,861	
Commodities future contracts*	1,961	–	–	1,961	
Total real assets	1,961	–	2,574,944	2,576,905	
Opportunistic investments	–	–	155,040	155,040	
Currency overlay	–	(28,203)	–	(28,203)	
Total investments	$ 2,103,906	$ 5,117,668	$ 3,838,382	$ 11,059,956	

*Notional values of commodity futures contracts are $335,574 in 2024.

5. Investments (continued)

Included in Investments are securities that have been lent under a securities lending program.

Type	2025 Fair Value (000s)	2024 Fair Value (000s)
Investments under securities lending program		
Canadian large cap	**$ 993**	$ 4,334
Global large cap	**5,016**	6,825
Internal fixed income liquidity	**162,676**	98,055
Total investments under securities lending program	**$ 168,685**	$ 109,214

Level 3 Reconciliation

2025 (000s)

	Opening Balance	Transfers from Level 1	Acquisitions	Dispositions	Realized/ Unrealized Gain (Loss)	Ending Balance
Private credit	**$ 417,850**	**$ –**	**$ 89,564**	**$ (34,691)**	**$ 1,791**	**$ 474,514**
Private equity	**476,492**	**29,780**	**77,395**	**(2,044)**	**44,759**	**626,382**
Liquid alternatives	**214,056**	**–**	**–**	**–**	**(2,094)**	**211,962**
Real estate	**909,083**	**–**	**124,567**	**(78,920)**	**(36,209)**	**918,521**
Infrastructure	**1,665,861**	**–**	**144,143**	**(262,189)**	**106,026**	**1,653,841**
Agriculture	**–**	**–**	**222,864**	**–**	**(781)**	**222,083**
Opportunistic	**155,040**	**–**	**–**	**(46,852)**	**32,655**	**140,843**
	$ 3,838,382	**$ 29,780**	**$ 658,533**	**$ (424,696)**	**$ 146,147**	**$ 4,248,146**

2024 (000s)

	Opening Balance	Transfers from Level 2	Acquisitions	Dispositions	Realized/ Unrealized Gain (Loss)	Ending Balance
Absolute return	$ 313,215	$ (313,215)	$ –	$ –	$ –	$ –
Mortgages	392,378	(392,378)	–	–	–	–
Private credit	242,928	–	220,817	(87,222)	41,327	417,850
Private equity	309,256	–	109,223	–	58,013	476,492
Liquid alternatives	466,260	(221,235)	–	(55,694)	24,725	214,056
Real estate	1,005,337	–	12,441	(94,189)	(14,506)	909,083
Infrastructure	1,451,304	–	133,828	(125,277)	206,006	1,665,861
Opportunistic	182,802	–	–	(52,259)	24,497	155,040
	$ 4,363,480	$ (926,828)	$ 476,309	$ (414,641)	$ 340,062	$ 3,838,382

December 31, 2025

6. Investment Income

		2025 (000s)		2024 (000s)
Interest income – cash & short-term investment	**$**	**19,448**	$	17,377
Internal fixed income liquidity		**5,657**		3,974
Absolute return fixed income		**30,185**		22,749
Core plus universe bonds income		**18,648**		17,369
Long-term bonds income		**38,409**		38,318
Mortgages income		**25,118**		24,589
Private credit income		**25,753**		12,751
Canadian large cap income		**18,032**		18,489
Global large cap income		**26,014**		97,969
Global small cap income		**10,755**		18,671
Emerging markets income		**7,539**		10,995
Real estate income		**24,771**		14,554
Infrastructure income		**42,090**		35,396
Currency overlay income		**–**		65
Security lending income		**226**		170
Other income		**179**		259
	$	**292,824**	$	333,695

December 31, 2025

7. Pension Obligations

The pension obligations are the actuarial present value of the future expected pension benefit obligation to members as determined by the actuarial valuation done by Aon, an independent actuarial consulting firm, at least every three years. The last actuarial valuation was performed as of December 31, 2024. The present value of accrued pension benefits was then extrapolated to December 31, 2025 using the funding valuation cost method with the expectation that the Plan will continue on an ongoing basis.

The assumptions used in determining the provision for accrued pension benefits may change from year to year depending upon current and long-term market conditions. The following is a summary of the material actuarial assumptions:

Assumptions	**2025**	2024
Discount rate	**6.80%**	6.70%
Inflation rate	**2.00%**	2.00%
Mortality table	**SHEPP Mortality Table projected generationally with scale MI-2017**	SHEPP Mortality Table projected generationally with scale MI-2017
Remaining service life	**13.3 years**	13.2 years
Salary projection	**2.75% per year**	2.75% per year

The following illustrates the effect of changes in the interest rate and the salary and pensionable earnings assumptions:

- A 100 basis point change in the discount rate results in approximately a 12 percent change in the pension obligations; and
- A 100 basis point change in the salary scale and the pensionable earnings levels results in approximately a 3 percent change in the pension obligations.

8. Capital Management

The Plan defines capital as the funded position, whether in surplus or deficit. The objective of managing the Plan's capital is to ensure that the Plan is fully funded on a going-concern basis to pay the Plan's benefits over the long term. Under *The Pension Benefits Act, 1992* (Saskatchewan), the Plan is required to perform an actuarial valuation at least once every three years but may file more often if desired. In recent years, the Plan's Board of Trustees has filed valuations more frequently, which has been advantageous for carefully monitoring the Plan's funded position. The Plan prudently manages its investments to satisfy its long-term funding requirement in accordance with Statement of Investment Policies and Procedures (SIP&P) and Funding Policy, which are reviewed annually by the Board. The surplus was $2,539 million as of December 31, 2025 (2024: $2,424 million). The Plan complied with the applicable externally imposed capital requirements during the year.

9. Financial Risk Management

The nature of the Plan's operations results in a Statement of Financial Position that consists primarily of financial instruments. The key risks that arise are credit risk, market risk (consisting of interest rate risk, foreign exchange risk, equity price risk and geopolitical risk), and liquidity risk.

Material financial risks are related to the Plan's investments. These financial risks are managed through policies within the SIP&P, which is subject to review and approval by the Board not less than annually.

Permitted investments under the SIP&P include fixed income, equities, liquid alternatives, real assets, opportunistic investments and currency overlay. By investing in a well-diversified portfolio of asset classes and further diversifying within each asset class, risk is reduced. The SIP&P sets out the asset mix to achieve sufficient asset growth on a risk-controlled basis. The minimum, maximum and target weightings for each asset class, and sub-class, are clearly established within the total Fund policy asset mix.

The SIP&P sets out a minimum quality requirement of "BBB" for bonds and debentures at the time of purchase unless otherwise specified in an investment manager's mandate; a minimum rating of "R-1" for short-term investments at the time of purchase and a minimum quality standard of "A" at the time of transaction for counterparties in a derivative transaction. Downgrades in qualities of an asset below the established purchased standards require immediate disclosure to the Board and require the affected investment manager to set out a course of action to resolve the deviation.

In addition, the SIP&P includes maximum quantity restrictions. With limited specific exceptions, debt and equity holdings in a single company are limited to 10 percent of the carrying value of the total Fund. The Plan may not invest directly or indirectly in the securities of a corporation representing more than 30 percent of the votes that may be cast to elect the directors of the corporation.

Maximum quantity restrictions are also applied at the investment manager level. Each investment manager engaged by the Plan is responsible for investing the assets of the Plan in accordance with the SIP&P, the mandate prescribed by the Plan for the manager or the agreement under which the Plan has contracted the manager's services.

Notes to the Financial Statements

December 31, 2025

9. Financial Risk Management (continued)

Credit risk

Credit risk is the risk that one party does not pay funds owed to another party. The Plan's credit risk arises primarily from two distinct sources: accounts receivable and certain investments. The maximum credit risk to which the Plan is exposed is limited to the carrying value of the financial assets summarized as follows:

		2025 (000s)		2024 (000s)
Members' contributions receivable	$	15,420	$	16,118
Employers' contributions receivable		17,270		18,052
Investment income receivable		5,464		6,491
Other receivables		5,976		4,186
Cash		183,736		161,995
Short-term investments		305,973		300,978
Fixed income*		2,929,744		2,672,880
Private credit		474,514		417,850
	$	3,938,097	$	3,598,550

*Fixed income comprises internal fixed income liquidity, absolute return fixed income, core plus universe bonds, long-term bonds and mortgages.

Members' and employers' contributions receivable and dividends receivable are generally received in less than 30 days. Accrued interest receivable is received on the next scheduled payment date, generally either annually or semi-annually.

Credit risk within short-term, fixed income and private credit investments is managed through the investment policy that establishes a minimum credit quality for issuers and spreads the risk amongst several issuers. The investment policy requires a minimum credit quality for individual bonds of BBB for issuers at the time of issue unless otherwise specified in an investment manager's mandate and R-1 for short-term investments.

Credit ratings for fixed income investments are as follows. Credit ratings data is not available for private credit.

	2025			2024		
Credit rating		**Fair Value (000s)**	**Makeup of Portfolio**		Fair Value (000s)	Makeup of Portfolio
AAA	$	640,154	21.9%	$	589,170	22.0%
AA		874,981	29.9%		835,060	31.2%
A		320,784	10.9%		302,216	11.3%
BBB		343,811	11.7%		309,094	11.6%
Less than BBB		223,761	7.6%		162,699	6.1%
Other*		526,253	18.0%		474,641	17.8%
	$	2,929,744	100%	$	2,672,880	100%

*Other includes mortgages, unrated fixed income securities, and net fixed income derivative exposure.

9. Financial Risk Management (continued)

The Plan is also subject to credit risk through its use of forward currency contracts. The contracts are entered into between the Plan and approved counterparties. The credit risk is mitigated by limiting counterparties to specific entities approved by the Board.

As part of the Plan's securities lending strategy, collateral has been pledged to the Plan by various counterparties for securities out on loan to the counterparties. At December 31, 2025 the Plan's investments included loaned securities with a market value of $168,685,000 (2024: $109,214,000) and the fair value of securities and cash collateral received in respect of these loans was $179,149,000 (2024: $116,042,000).

Market risk

Market risk represents the potential for loss from changes in the value of financial instruments. Value can be affected by changes in interest rates, foreign exchange rates, equity prices, and geopolitical risk. Market risk primarily impacts the value of investments.

Interest rate risk

The Plan is exposed to changes in interest rates in its cash, short-term investments, internal fixed income liquidity, absolute return fixed income, core plus universe bonds, long-term bonds and mortgages. Duration is a measure used to estimate the extent market values of these investments change with changes in interest rates. Duration data is not available for private credit. Using this measure, it is estimated that a 100 basis point increase/decrease in interest rates would decrease/increase net assets by $238,092,000 at December 31, 2025 (2024: $223,920,000); representing 7 percent (2024: 7.1 percent) of the $3,419,453,000 (2024: $3,135,852,000) fair value of these investments.

Foreign exchange risk

The Plan is subject to changes in the United States/Canadian dollar exchange rate on its United States denominated investments. Also, the Plan is exposed to other non-North American currencies through its investment in non-Canadian equities, foreign infrastructure and foreign real estate. At December 31, 2025 the Plan's exposure to United States equities was 32 percent (2024: 34.4 percent) and its exposure to non-North American equities was 8.3 percent (2024: 15.9 percent).

The Plan manages this risk through the use of currency futures or forwards. At December 31, 2025 the fair value of currency forward contracts payable was $871,191,000 (2024: $569,862,000) and the fair value of currency fund contracts receivable was $2,459,885,000 (2024: $1,827,794,000).

Equity price risk

The Plan is exposed to changes in equity prices in Canadian, United States and other markets. Equities comprise 36 percent (2024: 36 percent) of the market value of the Plan's total investments. Individual stock holdings are diversified by geography, industry type and corporate entity. A 10 percent change in equity prices would result in a $433,073,000 (2024: $402,747,000) change in the Plan's net assets.

9. Financial Risk Management (continued)

Geopolitical risk

The current geopolitical environment increases uncertainty in financial markets with a possible resurgence of trade tariffs and inflation, including upward pressure on commodity prices and the potential for global supply chain disruptions. Given the current US government, the threat of protectionism increases the risks of tariffs, stagflation, turbulence in the financial markets, and a weakening of the Canadian dollar against other currencies. Management will continue to monitor the impact of geopolitical risk on its use of judgements, estimates and assumptions.

Real estate, infrastructure and agriculture risk

Real estate, infrastructure and agriculture assets are valued based on estimated fair values determined by using appropriate techniques and best estimates. An independent auditor performs an annual assessment on these estimated fair values to ensure the assets are fairly stated in all material aspects. Risk in the real estate, infrastructure and agriculture portfolio is further managed through diversification across types and locations. Adverse impacts in any one segment of the market or geographic location are minimized by having holdings diversified across property type, geographic location and investment size.

Liquidity risk

Liquidity risk is the risk that the Plan is unable to meet its financial obligations as they fall due. Cash resources are managed on a daily basis based on anticipated cash flows. The following summarizes the contractual cash flows of the Plan's financial liabilities:

	Contractual cash flows (000s)		
As at December 31, 2025	**Carrying Amount**	**Total**	**Less than 1 year**
Accounts payable	**$ 15,622**	**$ 15,622**	**$ 15,622**
Transfer deficiency holdbacks	**68**	**69**	**69**
	$ 15,690	**$ 15,691**	**$ 15,691**
As at December 31, 2024			
Accounts payable	$ 11,097	$ 11,097	$ 11,097
Transfer deficiency holdbacks	32,056	32,273	32,273
	$ 43,153	$ 43,370	$ 43,370

10. Related Party Transactions

These financial statements include transactions for the Plan's administrative expenses paid to 3sHealth. All transactions are recorded at the exchange amounts agreed by the two parties.

		2025 (000s)		2024 (000s)
Expenses	**$**	**87**	$	86

Key management personnel compensation

Key management personnel are those persons having authority over the planning, directing, and controlling activities of the Plan, which include directors and executive officers.

Key management personnel compensation is comprised of:

		2025 (000s)		2024 (000s)
Short-term employee benefits	**$**	**1,986**	$	2,241
Post-employment benefits				
Defined benefit retirement allowance		**124**		154
Total benefits	**$**	**2,110**	$	2,395

Board remuneration and expenses

The Plan established the Trustee Remuneration and Expense Policy in 2023. Trustees are entitled to receive an annual retainer and per diem payment when attending Board meetings, Committee meetings, orientation and workshop sessions, or other formal meetings of the Board or a Committee. Trustees are also reimbursed for Board business expenses incurred to attend meetings and to participate in approved orientation and education sessions.

		2025 (000s)		2024 (000s)
Expense reimbursements	**$**	**44**	$	60
Remuneration		**65**		66
Total Board remuneration and expenses	**$**	**109**	$	126

December 31, 2025

11. Investment Fees

Investment fees incurred by the Plan and reported in the Statement of Changes in Net Asset Available for Benefits are:

		2025 (000s)		2024 (000s)
Investment management fees	$	68,133	$	61,104
Investment performance fees		37,259		25,026
Investment consulting fees		1,224		1,295
Investment transaction fees		707		1,036
Total investment fees	$	**107,323**	$	88,461

The Plan incurs management fees which are base fees incurred for investment managers to manage the Plan's investments. Performance fees are incurred when certain returns are exceeded.

The Plan invests in real estate equity investments through Sunrise Properties Ltd. (Sunrise) and infrastructure investments through Horizon Alternative Investments SHEPP Holdings Ltd. (Horizon). Sunrise and Horizon are 100 percent owned subsidiaries of SHEPP.

In addition to the fund management fees and performance fees incurred directly by the Plan, and reported separately on the Statement of Changes in Net Assets Available for Benefits, the Plan also incurs fund management and performance fees in Horizon and Sunrise. The fund management and performance fees recorded in Horizon and Sunrise are included within the unrealized market value gain on the Statement of Changes in Net Assets Available for Benefits.

		2025 (000s)		2024 (000s)
Incurred directly by the Plan	$	68,133	$	61,104
Incurred through Sunrise		55		105
Incurred through Horizon		1,671		1,702
Total investment management fees	$	**69,859**	$	62,911

Total performance fees incurred by the Plan are:		2025 (000s)		2024 (000s)
Incurred directly by the Plan	$	37,259	$	25,026
Incurred through Horizon		2,779		4,884
Total performance fees	$	**40,038**	$	29,910

12. Comparative Information

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.

SHEPP

People. Pensions. Results.

102 - 4581 Parliament Ave
Regina, SK S4W 0G3
sheppinfo@shepp.ca

www.shepp.ca