



2022–25 Business Plan Highlights

Approved by the Board of Directors

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Date

Approved by the Minister of Finance

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Signature

Date

The Honourable Peter Bethlenfalvy
Minister of Finance

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EXECUTIVE SUMMARY

The Ontario Financing Authority (OFA) is a Provincial Crown agency established by the *Capital Investment Plan Act, 1993* (CIPA). The initiatives in the OFA's 2022–25 Business Plan will focus on achieving the objectives set out in CIPA and those set out in the OFA's mandate letter from the Minister of Finance issued October 1, 2021. The Business Plan covers a three year planning horizon and also reports on results of the previous year's Business Plan. Initiatives for the 2022–25 Plan include:

1. Executing the Province's borrowing program including the Green Bond program, in a manner that minimizes Interest on Debt (IOD) costs over the term of the fiscal plan and beyond, while operating within prudent risk exposure limits and balancing, to the degree possible, the Province's debt maturity profile. Monitoring and responding to domestic and international regulatory changes and, completing regulatory filings with the U.S. Securities & Exchange Commission and any other applicable securities regulators.
2. Managing the Province's debt, investments, Ontario Nuclear Funds Agreement (ONFA) and financial risk, as well as contributing to the development of the Province's fiscal plan and outlook including progress reporting on Ontario's debt burden reduction strategy. Contributing to minimizing IOD costs by working to generate savings from liquid reserve investment activities within prudent risk exposure limits, as well as centralized/segregated investment funds for various public bodies. Working together with Ontario Power Generation Inc. (OPG), managing ONFA-related investments. Contributing to the Province's annual Budget, Ontario Economic Outlook and Fiscal Review (Fall Statement), Public Accounts and quarterly finances.
3. Managing key financial relationships by building and maintaining connections with investors in both existing and new markets, as well as relationships with banks, financial service providers and investment dealers. This includes providing Investor Relations information products and updates on the OFA website; maintaining close relationships and ongoing dialogue with credit rating agencies to keep them informed of the Province's financial status, priorities, and initiatives.
4. Providing cash management and banking services on a centralized basis to all ministries and ensuring that services are provided effectively despite the continuing pandemic. Modernizing both payment and revenue collections mechanisms to ensure better client service to Ontarians. Providing settlement, payment, financial and reporting, loan administration, information technology and other client services for the Treasury Program. Continue to work with subject matter experts including external consultants on implementing the complex provisions of the Financial Instruments standard for the 2022–23 fiscal year.
5. Advising on, and implementing, corporate and electricity finance projects and policies by providing analysis and advice on cost-effective borrowing, investing and risk management by public bodies and other financing proposals, and on business cases for business supports including, in respect of the preceding, on COVID-19 pandemic related issues. This includes providing advice on transactions that may affect the indebtedness or contingent liabilities of Ontario, including provincial guarantees. In addition, undertaking policy and financial analysis, modelling support and implementation, as required, for electricity financings, policies and initiatives, including OPG, the Independent Electricity System Operator (IESO), and ONFA, which could have fiscal, financial and/or economic implications for the Province and/or Ontario Electricity Financial Corporation (OEFC).
6. Managing the availability, integrity, security and capacity of the highly customized and integrated financial systems and information technology environment to ensure the OFA and OEFC can deliver on their mandate.

7. Promoting and enhancing the OFA's cultural values as the organization transitions to a shared work environment through the realty optimized project.
8. Optimizing the OFA's real estate footprint to align with the Mandatory Office Space Standard as per the 2019 MBC Realty Directive.
9. Splitting the Chief Financial and Risk Officer position into two new executive positions.
10. Continuing to make progress on implementing the remaining recommendations from the Auditor General's 2019 value-for-money audit of the OFA.

OVERVIEW OF 2021–22 RESULTS (TO DATE)

The OFA accomplished the following in support of the overall strategic directions outlined in the 2021–24 Business Plan¹:

1. *Execute the Province's borrowing program including the Green Bond program.*
 - As of February 2, 2022, the Province has completed \$39.2 billion of the forecasted \$42.0 billion borrowing program for 2021–22. Approximately 76.6 per cent of this year's borrowing has been completed in Canadian dollars.
 - Sufficient liquidity has been available over the fiscal year to ensure the Province has been able to meet all of its financial commitments and payment obligations with a responsible margin, largely reflecting the long-term borrowing program being on or ahead of pace.
 - The Province issued its tenth and largest Green Bond to date for \$2.75 billion on July 27, 2021, and its eleventh Green Bond for \$1.75 billion on February 2, 2022. The total issuance of \$4.5 billion in 2021-22 is significantly higher than the previous record of \$2.75 billion in 2020-21.
 - Developed and released a seventh Green Bond newsletter on December 13, 2021, updating investors on the use and management of proceeds, the project selection process, as well as, projected environmental benefits of the projects selected.
 - Administered borrowing authority obtained under the *Financial Administration Act (FAA)* which is required to carry out the Province's borrowing program.
2. *Manage the Province's debt, investments, ONFA and financial risk, and contribute to the development of the Province's fiscal plan and outlook.*
 - The IOD expense for 2021–22 is currently forecast at \$12,971 million, as reported in Ontario's *2021 Ontario Economic Outlook and Fiscal Review*, lower than the \$13,130 million forecast in the *2021 Budget*.
 - Funds were managed on a discretionary basis on behalf of the Financial Services Regulatory Authority (FSRA) (Pension Benefits Guarantee Fund, Deposit Insurance Reserve Fund), Ontario Trillium Foundation, Ontario Infrastructure and Lands Corporation (Infrastructure Ontario), and a commitment fund for the Ontario Capital Growth Corporation.
 - Funds were managed on a non-discretionary basis on behalf of the Ontario Immigrant Investor Corporation and Northern Ontario Heritage Fund.
 - With OPG, the Used Fuel and Decommissioning Segregated Funds' investments were managed under ONFA. The Funds have grown from \$25.8 billion at December 31, 2020 to \$28.4 billion at December 31, 2021.
 - Effectively contributed to the Province's Budget, Public Accounts and quarterly finances, including progress updates on Ontario's debt burden reduction strategy, while working remotely. Contributions also included financial analysis and modelling to support the electricity sector outlook and assets and

¹ The OFA's fiscal year end is March 31, 2022, but quantitative performance results are as of December 31, 2021, unless otherwise noted.

advice/analysis on the potential implications of fiscal scenarios and initiatives on IOD, borrowing objectives, credit ratings and financial markets' reactions.

- Facilitated funding of the infrastructure Loan Program of Infrastructure Ontario through both a long-term credit facility and a revolving short-term credit facility.
3. *Manage key financial relationships.*
- Due to COVID-19, all roadshows and in-person investor meetings were put on hold for 2021–22. However, the OFA was able to quickly pivot to using alternative approaches to meet with domestic and international fixed-income investors through conference and video calls. Thirty seven investor meetings have been held as of February 2, 2022. Participated as keynote speakers and panelists at virtual fixed income and Green Bond conferences and roundtable discussions.
 - Continued development of the OFA website to improve functionality, added additional information for investors and provided full mobile accessibility. The increased use of social media through LinkedIn and Twitter contributed to increased traffic to the OFA website.
 - Multiple CEO Video Updates were posted on the OFA website and social media over this time, including updates on the Province's borrowing program, international benchmark issues, Green Bonds, and updates following the Province's release of its *2021–22 First Quarter Finances* and *2021 Ontario Economic Outlook and Fiscal Review*.
 - Maintained close relationships and held ongoing discussions with credit rating agencies and the banks which underwrite and distribute the Province's bonds in Canada and around the world to keep them apprised of government priorities and initiatives in the *2021 Budget*, *2021–22 First Quarter Finances*, *2021 Ontario Economic Outlook and Fiscal review* the *2020–2021 Public Accounts*, and other quarterly finance releases. Credit rating agency meetings were held remotely and likely to continue be held remotely until pandemic related restrictions are lifted.
 - Managed increasingly rigorous regulatory and disclosure requirements, and maintained close relationships with the regulatory bodies in the global capital markets. Liaised with the Office of the Auditor General of Ontario (OAGO) to obtain the Auditor General's consent to use her Independent Auditor's Report in the Province's offering documents and financial disclosure documents filed with international securities regulatory authorities.
 - Monitored credit exposures to banks with which the OFA has relationships.
 - Continued having regular meetings of the IBOR Replacement Working Group in preparation for the adoption of new floating rate benchmarks.
 - Monitored and fully complied with international withholding tax requirements in respect of its financial agreements under FATCA and OECD Common Reporting Standard for Entity Tax Residency.
4. *Provide cash management and banking services as well as settlement, payment services, loan administration and financial and reporting services and other client services*
- Provided centralized banking services to the Province by strategically managing banking relationships; provided efficient centralized cash management services to the Province, thereby contributing to lower IOD, both services were provided effectively within the context of the COVID-19 pandemic, on both a remote and hybrid work basis.
 - Continued to provide cash management services to four client agencies and crown corporations, including the Pension Benefits Guarantee Fund, Ontario Trillium Foundation, Ontario Capital Growth Corporation and FSRA.
 - Provided effective cash forecasting ensuring that the Province's cash reserves continued to meet requirements. This is particularly significant in light of the unsettled market conditions arising from the continuing COVID-19 pandemic.
 - Assisted the Ministries of Finance, Environment, Conservation and Parks and Government and Consumer Services in setting up online revenue collection.
 - Added Visa Debit and Debit MasterCard to MTO's online channel for most of its revenue collection programs to their current credit card option thus providing a more cost effective and inclusive option for citizens.

- Provided strategic advice to Invest Ontario, AGCO/iGaming, Ontario Securities Commission, Species at Risk Conservation Trust agency and Destination Ontario on banking arrangements and procurement of a bank vendor.
 - Continued strategic participation and advice to the cross-ministry Working Group, Executive Governance Committee and Payment Card Industry (PCI) Enterprise Coordination Office to ensure that ministries continued to maintain compliance with mandatory security requirements for debit/credit card acceptance, achieved to date this fiscal year for reporting ministries.
 - Provided ongoing advice to several ministries, central agencies, and the FRO on how to increase and implement more effective electronic banking solutions for the collection of a variety of tax and non-tax program revenues as well as for disbursements and will leverage the provisions under the new banking contracts to implement value-added services.
 - Continued to provide timely and efficient settlement and payment services in managing the Provincial and OEFC debt portfolios and Non-Utility Generator (NUG) power purchase agreements.
 - Commenced working with subject matter experts including external consultants on implementing the complex provisions of the Financial Instruments standard for the 2022–23 fiscal year.
 - Continued to provide accurate agency financial statements, as well as reported provincial debt, derivatives and investments in accordance with strict legislated timelines. As in past years, the OFA's 2020–21 Financial Statements received an unqualified opinion from the OAGO. The OAGO's annual review of the OFA's financial reporting of the Province's debt and IOD presented in the 2020–21 Public Accounts continued to be free of material issues.
5. *Advise on and implement corporate and electricity finance projects and policies*
- Continued to advise on capital projects and financing options for ministries and public sector entities.
 - Continued the review of requests from public bodies for borrowing from the OFA, including a number of Ontario colleges and hospitals, and Crown corporations, resulting in a total to December 31, 2021 of \$390.3 million in new long-term loans. Loan program annual savings are estimated to be nearly \$25.9 million per year for a total of approximately \$352.9 million in cumulative savings to date on a \$5.2 billion portfolio. Provided analysis, advice and monitoring on COVID-19 financial assistance, including financing for public bodies such as the Workplace Safety and Insurance Board and the Financial Services Regulatory Authority.
 - Continued to provide advice on the OFA loan to the Ontario Cannabis Retail Corporation (OCRC) to finance its start-up costs.
 - Continued to provide advice on the MOF loan to FSRA to finance its start-up costs.
 - Continued to monitor terms and conditions of loans and loan guarantees and reviewed proposals and provided advice to ministries, the Deputy Minister and the Minister on proposed options to amend various loans and proposed options for the Province to provide loan guarantees.
 - Provided analysis and advice on the application of section 28 of the FAA to contracts entered into by public entities that would increase the indebtedness or contingent liabilities of the Province, including advice on proposed agreements for major infrastructure projects and broader public sector borrowing put forward by ministries and public bodies that would increase the indebtedness or contingent liabilities of the Province.
 - Reviewed, and provided analysis and advice to MOF and TBS, on requests for exemptions from or streamlining the application of section 28 of the FAA based on certain conditions and thresholds for contracts, or standardised clauses, containing contingent liabilities.
 - Provided financial advice and due diligence on review of potential business supports, including those responding to the COVID-19 pandemic.
 - Provided analysis and advice on value creation initiatives to identify new opportunities to generate new, recurring, non-tax revenue streams for the Province.
 - Provided financial analysis and advice on continuous management and implementation of the Province's commercial agreement with Teranet for the electronic land registry system.
 - Provided analysis, advice, and the fiscal impact of the electricity sector initiatives for the Province's annual Budget, Fall Statement, Public Accounts and quarterly finances.

- Supported and provided analysis and advice on electricity policies and initiatives, including rate mitigation initiatives generally and on those responding to the COVID-19 pandemic, focusing on potential fiscal, financial, and economic impacts on the Province and OEFC; and providing analysis and advice on the unfunded liability of OEFC.
 - Provided analysis and advice on a new loan facility and continued to implement existing loan agreements between OEFC and OPG.
 - Continued to implement credit facilities between OFA and the IESO for liquidity purposes.
 - Provided policy analysis and support for IESO credit facilities provided by the OFA and OEFC.
 - Continued to implement the Aboriginal Loan Guarantee Program (ALGP) to facilitate Indigenous equity participation in electricity infrastructure projects, including the expanded envelope and eligibility, as announced in the *2021 Ontario Economic Outlook and Fiscal Review*. As of December 31, 2021, eleven guarantees totalling almost \$500 million have been approved under the ALGP.
 - Providing loan administration services to the Ministry of Energy for its \$1.3 billion Provincial loan to support a project connecting 16 remote First Nation communities to the Ontario electricity grid.
 - Continued to implement the ONFA, including monitoring the segregated fund values, monitoring OPG's implementation of its 2017 Reference Plan, reviewing and performing due diligence on OPG's 2022 Reference Plan submission, reviewing for approval OPG's ONFA Annual Budget submissions and disbursement eligibility and requests, and monitoring the ONFA access agreement with the Canadian Nuclear Safety Commission (CNSC) as part of OPG's financial guarantee requirement to the CNSC.
 - Provided analysis and advice on electricity supply initiatives, including nuclear refurbishments and small modular reactor development.
 - Provided analysis and advice on policies to support the consolidation of Ontario's electricity Local Distribution Company sector, including the time-limited incentives to the end of 2022.
6. *Promoting and enhancing the OFA's cultural values.*
- Career Growth: The Opportunity Generator continued to provide corporate value as, an enterprise digital solution that offers managers additional resources from within the organization while offering employees learning and development opportunities outside of their normal work duties. A series of recorded webinars focused on discovering skills potential within the organization were held to generate staff participation.
 - Continued development of a mentorship program for OFA co-op students. This provided an opportunity to enhance co-op student work experiences, through continued engagement, support and development. Working alongside OFA mentors, students were provided with the opportunity to discuss ongoing experiences and developmental strategies aimed to maximize student experiences at the OFA.
 - Innovation: The OFA Innovation Lab engages staff in building capabilities and the mindset for innovation through workshops for training while providing an outlet for open conversations. The team behind the OFA Innovation Lab also serves as a resource for working groups and new projects across the organization looking to incorporate innovation, design and user-driven frameworks into their initiatives. The Innovation Lab continued to engage employees through online events, including virtual learning boot camps, "The New Distributed OFA" event where employees shared their experiences of adjusting to a distributed workforce model and offered recommendations for improvement, and speed networking events.
 - Communications: Regular distribution of weekly OFA management meeting minutes to all staff continued to provide insight into corporate direction. An email OFA@Home was created in April 2020 to keep staff connected, sharing stories and pictures from OFA staff while we continued to work from home, this continued in 2021 for special events such as Halloween, Holidays etc. The OFA's monthly newsletter, OFA Exchange, featured articles on OFA accomplishments, individual staff experiences on topics such as anti-racism and the struggles to manage work life balance during COVID-19. Each article linked back to the OFA's core values.

- Town Halls: A series of virtual interactive Town Halls addressed a variety of topics including Anti-Asian Racism, Future Workplace and Employee Experience Survey results, and provided staff with an opportunity to pose questions to senior Management.
 - Management Training: Management participated in a series of information and development webinars and a facilitated management training session on giving feedback. Online workshops were held for OFA Management on the topics of Anti-Racism in the Workplace and the Workplace Discrimination and Harassment Program.
 - Anti-Racism: A dedicated site on Confronting Racism was created with resources for staff self-education and reflection to support individual journeys towards anti-racism and inclusion. Content is added weekly, through a variety of sources including suggestions by OFA staff, resources from the OPS Anti-Racism Directorate and the media.
7. *Ensure the successful execution and enhancement of the OFA's decentralized Business Continuity Plan (BCP).*
- As a result of the COVID-19 pandemic, OFA employees have been functioning away from its offices since late March 2020, in an extreme test of its BCP framework, while meeting all critical objectives and taking on new responsibilities. With the move to Phase 2 of the OPS Return to the Workplace Plan, the OFA exited this extensive fully remote BCP scenario, and successfully entered into a new hybrid work model. In accordance with government direction, the OFA transitioned back to primarily working remotely in mid-December 2021.
 - Implementation of new tools and solutions to support extended remote work and hybrid work scenarios, including audio & video conferencing, mobile document scanning, and electronic signatures, and increased internet capacity.
 - Completed an Internal Audit review of OFA's Business Continuity Management and draft Disaster Recovery Plans in September 2021 with no significant shortfalls identified. Following the audit the newly developed Disaster Recovery Plan was approved in November 2021, which will allow for an organized recovery and response of vital OFA IT systems in the event of an incident impeding critical OFA business functions.
 - In December 2021, the OFA conducted its first corporate BCP test since the pandemic started, to highlight new risks to business continuity arising from the transition to a regular hybrid working model. The results of this test, the pandemic lessons learned retrospective and audit review will be used to enhance both the corporate and business unit level BCP.
 - Launched an enhanced user security awareness program to regularly promote and educate on cyber risks and best practices. The new program includes regular targeted email phishing tests to assess the risk level of this common threat vector. To date the OFA has observed substantially lower at-risk behaviours than industry rates, demonstrating the success of the program.
 - In April 2021, a baseline profile of the OFA cyber security program was established, providing holistic and comprehensive insights to guide both short and long term planning. In Q2, a new cyber security initiatives roadmap was developed to balance risks and resources towards reaching the approved target program maturity profile. These initiatives were successfully reconciled after thorough review for prioritization and completeness by Internal Audit in September 2021.
 - The OPS cyber division and an E&Y audit team have completed external assessments of OFA IT infrastructure in 2020 and 2021 respectively. While there were no critical vulnerabilities discovered, as of August 2021, all recommendations have been addressed through completed projects. Additionally, annual external assessments will be conducted to ensure any additional weakness are identified and remediated in a timely fashion.
Continued to modernize core OFA IT systems and solutions including completion of legacy server upgrades; Financial Instruments accounting standard implementation; IBOR related system enhancements; significant colocation site performance upgrades and Boardroom A/V enablement.
8. *Address the recommendations from the value-for-money audit of the OFA issued by the Auditor General of Ontario (OAGO) in December 2019.*

- As reflected in the 2021 Annual Report of the OAGO, the OFA and MOF has either fully implemented or substantially progressed in implementing 50 per cent of the recommendations with some progress on 25 per cent. The OFA and MOF will continue to progress on these recommendations and will report back to the OAGO in 2023–24.
- The OAGO has concluded that 10 per cent of the recommendations made in 2019 are no longer applicable due to fundamental changes in the underlying circumstances.

2022–25 OBJECTIVES

Key objectives for 2022–25 are listed below. The OFA will continue to adapt and address any issues that may arise related to the COVID-19 pandemic and throughout its recovery period.

1. Execute the Province's borrowing program including the Green Bond program
2. Manage the Province's debt, investments, ONFA and financial risk, as well as contribute to the development of the Province's fiscal plan and outlook including progress reporting on Ontario's debt burden reduction strategy
3. Manage key financial relationships
4. Provide services related to cash management, banking, settlement, payment, financial and reporting, as well as other client services
5. Advise on and implement corporate and electricity finance projects and policies
6. Manage the availability and security of the information technology environment necessary to deliver on mandate
7. Continuing promotion and enhancement of the OFA's cultural values
8. Optimizing the OFA's real estate footprint to align with the 2019 MBC Realty Directive
9. Replacing the Chief Financial and Risk Officer position with two executive positions; the Chief Financial Officer and the Chief Operating Officer
10. Continuing to make progress on implementing the remaining recommendations from the Auditor General's 2019 value-for-money audit of the OFA

MANDATE AND GOVERNING LEGISLATION

The OFA is a provincial Crown agency established by CIPA. CIPA sets out the objects of the OFA. The OFA:

- conducts borrowing and investment for the Province of Ontario and manages the Provincial debt;
- provides cash management and other financial services for the Province;
- advises ministries, Crown agencies, and other public bodies on financial matters; and
- assists Crown agencies and other public bodies to borrow and invest money through external sources or through the OFA.

The OFA also provides a broad range of financial services to OEFC and Infrastructure Ontario.

The FAA also sets out certain financial powers which OFA employees exercise on behalf of the Minister of Finance to carry out the Province's borrowing, manage the Province's debt and invest its liquid reserves.

OVERVIEW OF CURRENT AND FUTURE PROGRAM AND ACTIVITIES AND IMPLEMENTATION PLAN: 2022–25

- Activities will focus on supporting the strategic directions listed below. The OFA will also address the recommendations from the value-for-money audit on the OFA.

1. *Execute the Province's borrowing program including the Green Bond program*

Overview

The OFA endeavours to ensure that borrowing by the Province and OEFC is cost-effective, operated within prudent risk exposure limits and balances the Province's debt maturity profile. Total long-term public borrowing is currently forecast at \$42.0 billion for 2021–22, \$45.3 billion for 2022–23 and \$45.9 billion for 2023–24. These objectives may be challenging to implement due to the state of the global economy/market and the resource constraints within which the OFA is operating.

Implementation Plan

- Meet the Province's funding requirements in as cost-effective and prudent manner as is possible in the current economic and fiscal environment.
 - Continue to wind down the Ontario Savings Bond program.
 - Continue to monitor the Green Bond market to identify future issuance opportunities under the Green Bond Program. Ontario continues to be a leader in the Canadian dollar Green Bond space and will continue to collaborate with other provinces/ issuers such as the Federal government (Finance Canada) in implementing their Green Bond program, which was announced in the federal Fall Budget.
 - Complete regulatory filings with the U.S. Securities & Exchange Commission (SEC), Luxembourg Stock Exchange (LuxSE), Australian Securities Exchange (ASX) and any other applicable securities regulator. Conduct due diligence conference calls, as required, with the dealers and underwriters of the Province's debt securities offerings and their legal counsel.
2. *Manage the Province's debt, investments, ONFA and financial risk, as well as contribute to the development of the Province's fiscal plan and outlook including progress reporting on Ontario's debt burden reduction strategy*

Overview

The OFA manages the debt and liquid reserve portfolios, as well as centralized/segregated investment funds, for various public bodies, and jointly manages the Ontario Nuclear Funds with OPG. Financial risks associated with capital market activities are mitigated by adhering to prudent risk management policies which minimize financial risk by ensuring exposures and losses remain within approved limits. Risk management policies and program exposure limits are reviewed and approved by the OFA Board of Directors on an annual basis. The OFA also contributes IOD, borrowing, debt management and total and net debt objectives and forecasts, and electricity sector fiscal impact projections to the Budget, Fall Statement and other quarterly financial updates; in addition to providing final actuals for Public Accounts. It also contributes updates related to progress on Ontario's debt burden reduction strategy to the Budget and Fall Statement.

Implementation Plan

- Generate IOD savings from liquid reserve investment activities within prudent risk exposure limits, as well as centralized/segregated investment funds, for various public bodies. Manage ONFA-related investments, working together with OPG.

- Ensure interest rate, foreign exchange and credit exposures are within approved policy limits.
- Contribute to the Province's annual Budget, Fall Statement, Public Accounts and quarterly finances, including the electricity sector outlook; advise on the potential impact of fiscal scenarios and initiatives on IOD, total and net debt and debt sustainability ratios (including net debt-to-GDP, IOD-to-revenue, and net debt-to-revenue), borrowing objectives, credit ratings and financial markets' reactions. Continue playing an important role in the development of the Province's annual Budget, Fall Statement and quarterly statements through the provision of timely and accurate financial information, and preparation of the Borrowing and Debt Management and debt burden reduction strategy sections of the Budget and Fall Statement.

3. *Manage key financial relationships*

Overview

The OFA ensures investors and the financial community in Canada and abroad receive financial updates on a timely basis to make informed decisions about Province of Ontario debt securities. Investor Relations activities support borrowing program objectives by maintaining and broadening the Province's investor base. The OFA also ensures credit rating agencies understand government policies, budget, and fiscal performance, properly reflecting these factors in their reports and rating decisions.

The OFA manages the government's relationships with financial institutions, primarily the major Canadian and global banks, their investment dealer subsidiaries, and custodial and fiscal agents. This involves the acquisition and oversight of cost-effective products and services for the Province and certain Crown corporations.

Implementation Plan

- Support the Province's borrowing program by building and maintaining relationships with investors in existing and new markets. Provide Investor Relations information products, including updates to the OFA website, and the OFA social media channels, on a timely basis.
- Maintain close relationships and ongoing dialogue with credit rating agencies to keep them informed of the Province's financial status, priorities, and initiatives.
- Manage Ontario's relationships with banks, financial service providers and investment dealers.
- Liaise with OAGO staff to obtain the Auditor General's consent to use her Independent Auditor's Report in the Province's offering documents and financial disclosure documents filed with international securities regulatory authorities, in accordance with assurance standards in the CPA Canada Handbook.
- Implement and maintain collateralized swap agreements with bank counterparties to limit potential financial losses as a result of a credit event.
- Manage changes in financial and regulatory reform, liaising with regulators and legal counsel, as required.

4. *Provide services related to cash management, banking, settlement, payment and financial and reporting, as well as other client services*

Overview

The OFA provides centralized banking and cash management services to the Province. The effective provision of these services allows for the efficient delivery of provincial services and contributes towards minimizing IOD expenditures. The OFA is responsible for settlements, payments and accounting/reporting functions associated with the Province's and OEFC's debt management programs, as well as agency financial reporting.

Implementation Plan

- Identify and implement effective treasury solutions for the Province and its client agencies. Continue to leverage the lessons learned from a number of alternate and innovative measures implemented over the pandemic towards more efficient and effective program delivery and revenue collections mechanisms post pandemic.
- Work with OPCD and Ministry of Government and Consumer Services (MGCS) to expand the use of bulk Interac e-transfer used as an emergency COVID response for transferring benefits to individuals, to an enterprise solution for use by all ministry programs.
- Continue to work with ministries as a priority to move services online and enable online payment mechanisms to allow for reduction in physical offices operations as well as cheque mail-ins.
- Ensure that the Province has sufficient cash available at all times to meet its financial obligations, particularly in light of borrowing programs that exceed \$40 billion per annum and the continuing impact of the pandemic related restrictions.
- While compliance with PCI Data Security Standards is now in its sustainment phase, the OFA will continue to work with the other OPS stakeholders and the credit/debit card acquirer to ensure that the mandatory external reviews continue to ensure that the Province is in compliance with all applicable PCI data security standards, which are reviewed and updated periodically by the PCI Council.
- Continue to work with TD Merchant Services, the Province's card acquirer, to explore options for the Province to begin accepting new value-added card products and technology, e.g. tokenization, security enhancements, ApplePay and Google Wallet.
- Work with ODS to evaluate and develop a phased implementation plan to add digital wallets (e.g. ApplePay) to provincial websites.
- Continue to provide advice to ministries and agencies on the banking and cash management components of new banking solutions, as well as on government initiatives including modernization and suitable banking options, along with associated legal and regulatory aspects.
- Continue to collaborate with industry associations and provincial and federal jurisdictions on modernization initiatives and issues unique to the public sector e.g. Payments Canada initiative to reduce cheque issuance across all levels of government.
- Continue the delivery of timely and accurate settlement/payment services for the Province and OEFC, including OEFC power supply contract settlements.
- Continue to provide timely and accurate financial reporting for the Province on debt, derivatives and investments. Continue to provide timely and accurate agency financial statements that satisfy the scrutiny of the OFA Board and the OAGO.
- Continue to work with the Office of the Provincial Controller to provide feedback on Chapter 2 of the OAGO Annual Report that deals with Ontario's Public Accounts.
- Continue to monitor and assess any new accounting developments of the International Public Sector Accounting Standards Board, the Financial Accounting Standards Board in the U.S., the Accounting Standards Board and the PSAB of the Chartered Professional Accountants of Canada that affect reporting for the Province and its agencies. Provide advice to the Provincial Controller and external accounting oversight bodies on how changes to accounting standards would affect the Province's debt and IOD.

5. Advise on and implement corporate and electricity finance projects and policies

Overview

The OFA provides financial modelling, analysis and advice to MOF, other ministries, OEFC, Crown agencies, and other public bodies, on financial policies and projects, electricity sector policies and initiatives, and borrowing from capital markets. The OFA also provides assistance in structuring and completing financial transactions, and securing and using private sector financial advisers.

The OFA will continue to work with MOF, other ministries, and Infrastructure Ontario on reducing costs and maximizing the value of government assets. The OFA also supports and facilitates the implementation of other government initiatives, as required.

Implementation Plan

- Develop interest rate and other borrowing, investing and risk management policies, and advise ministries, agencies and public bodies on interest rates and other financing issues.
- Provide advice to ministries, agencies and other public bodies on cost-effective borrowing, investing, credit enhancement strategies, and risk management by public bodies, including on the OFA loans to public bodies program generally and in response to the impacts of and recovery from the COVID-19 pandemic, and assist with structuring financial transactions as required.
- Provide support to the government on MOF loans and loan guarantees as required.
- Provide advice on transactions requiring a provincial guarantee or those that may otherwise increase the indebtedness or contingent liabilities of Ontario.
- Support analysis and advice on government initiatives including business support proposals for Ontario's various industry sectors.
- Continue to work closely with OCGC staff on approaches for managing the Province's investment in the Ontario venture capital sector. Provide support to the Ministry of Economic Development, Job Creation and Trade in the set-up and development of Invest Ontario.
- Provide advice as required on evaluating the Province's assets, including investments in its business enterprises, and analysis and advice to support value creation.
- Continue to provide analysis, advice and support to explore opportunities to generate new, recurring non-tax revenues.
- Provide policy and financial analysis, and modelling support, as required, for policies and initiatives related to the electricity sector that could have fiscal, financial and/or economic implications for the Province and/or OEFC, including on initiatives responding to the impacts of and recovery from the COVID-19 pandemic.
- Provide financial due diligence and advice to the Minister of Finance on applications received under the ALGP.
- Provide loan administration services to the Ministry of Energy for a \$1.3 billion Provincial loan to support a project connecting 16 remote First Nation communities to the Ontario electricity grid.
- Monitor and provide electricity sector fiscal and financial projections for the Province and OEFC, including analysis and advice to the Minister of Finance on the stranded debt, as well as continued reporting on OEFC's revenue sources (e.g., payments in lieu of taxes, the gross revenue charge) and expenses (e.g., IOD).
- Provide analysis and advice to support the effective administration of ONFA and other initiatives related to nuclear liabilities, including advising on OPG's proposed ONFA Reference Plan update, and monitoring and reviewing OPG's on-going implementation of its ONFA obligations, approval of yearly ONFA budgets including investment related expenses, and monitoring the value of ONFA funds to ensure that it continues to satisfy CNSC's financial guarantee requirement.
- Provide analysis and advice on nuclear supply, financing and cost recovery issues, including for nuclear refurbishments and small modular reactors.

6. *Manage the availability and security of the information technology environment*

Overview

Reliable and secure information technology is essential to the OFA's ability to deliver its mandate. The OFA's financial business functions are supported by SCSD's technology infrastructure, providing availability, integrity, security, and capacity via high-performance, highly-redundant systems at a

competitive cost. SCSD can effectively deliver and maintain state-of-the-art financial systems and services because of OFA's internal management of information technology.

Implementation Plan

- Provide a highly available technology environment capable of supporting a 99.98 per cent annual uptime during normal business hours.
- Continuous monitoring of systems availability, capacity and performance.
- Regularly conduct vulnerability and patch management processes.
- Promote a culture of cyber security at all levels of the organization through continued communications, user security awareness, partnerships and enhancements to technology.
- Continue to strengthen cyber security program through established risk based roadmap aligned to modern cyber security framework(s).
- Continuously modernize and enhance systems to mitigate technology risk.
- Pursue solutions that support compliance and efficiency of OFA processes.
- Review and update the Corporate BCP framework by incorporating lessons learned from the pandemic and future flexible work arrangements.
- Modify Treasury systems to support new Financial Instrument Standards.
- Optimize and enhance resiliency of remote and hybrid work solutions.

7. Continuing promotion and enhancement of the OFA's cultural values

Overview

In 2018, the OFA adopted Respect, Innovation, Teamwork and Accountability as its core values. A Cultural Values Working Group guided by OFA executives, maintained early focus on the values ensuring they became the foundation for of all OFA programs, processes and initiatives. In December 2021, the role of leading culture transformation was transitioned from the working group to OFA leadership to shift the focus to aligning the day-to-day operations in each business area with the Values by engaging OFA staff at all levels.

Implementation Plan

- Development of the OFA's People Plan, a guiding vision and purpose, aligning key priorities to maximize connection and engagement for current and future OFA employees. This includes:
 - Advancing learning and development opportunities for employees that builds critical business capacity and actively supports and engages staff at all levels to work in a continued distributed remote environment.
 - Seek out opportunities for awareness campaigns that identify and eliminate systemic racism and supports an inclusive and diverse work environment.
 - Advance the role of the Opportunity Generator, an enterprise digital solution that offers managers additional resources from within the organization while offering employees learning and development opportunities outside of their normal work duties.
- Continue to build capacity for tomorrow's workforce through the mentorship program for OFA co-op students.
- Promote the OFA Innovation Lab as an opportunity for employees to build capabilities and a mindset for innovation through workshops and training while providing an outlet for open conversations.

8. Optimizing the OFA's real estate footprint to align with the 2019 MBC Realty Directive

Overview

The OFA's current lease expires on June 30, 2022. The OFA has engaged Infrastructure Ontario (IO) to provide real estate advice, lease negotiations and project management services for lease renewal. IO's involvement and recommendations will allow the OFA to right-size and optimize its space through a partial redesign to reduce operating costs and move into compliance with the mandatory Management Board of Cabinet's Realty Directive.

Implementation Plan

- Work with IO to ensure the project remains on budget and on schedule.

9. *Replacing the Chief Financial and Risk Officer position with two executive positions*

Overview

Replacing the Chief Financial and Risk Officer (CFRO) position with two executive positions.

Implementation Plan

- The impending retirement of the CFRO will allow the OFA to replace the position with two executive positions.
10. *Continuing to make progress on implementing the remaining recommendations from the Auditor General's 2019 value-for-money audit of the OFA.*

Overview

The 2019 OAGO Annual Report included 10 recommendations for the OFA and MOF based on the OAGO's Value for Money audit of the OFA. The recommendations related to debt sustainability, the Province's borrowing program and the OFA's organizational structure.

Implementation Plan

- As reflected in the 2021 Annual Report of the OAGO, the OFA and MOF have either fully implemented or substantially progressed in implementing 50 per cent of the recommendations with some progress on 25 per cent. The OFA and MOF will continue to progress on these recommendations and will report back to the OAGO in 2022–23.
- The OAGO has concluded that 10 per cent of the recommendations made in 2019 are no longer applicable due to fundamental changes in the underlying circumstances.

ENVIRONMENTAL SCAN

Economic Conditions

Economies around the world, including Ontario's, have experienced a significant rebound from the unprecedented impacts of the COVID 19 pandemic. The outlook for global economic growth has remained resilient despite impacts related to the Omicron variant of COVID-19, continuing supply chain disruptions and rising inflation in many countries.

Ontario's real gross domestic product (GDP) increased by 1.4 per cent in the third quarter of 2021, following a decline in the second quarter. Growth in the third quarter was led by an increase in household spending and exports. Recent economic indicators suggest growth continued in the fourth quarter of 2021.

The Ontario Ministry of Finance estimates Ontario real GDP increased 4.4 per cent in 2021. The Ontario economy is expected to experience relatively strong growth over the 2022 to 2025 period as it recovers from the impacts of the pandemic. Private-sector forecasters² project Ontario real GDP to increase 4.2 per cent in 2022, 3.1 per cent in 2023, 2.2 per cent in 2024 and 2.0 per cent in 2025.

The COVID-19 pandemic remains a significant source of uncertainty for the global economy. Despite rising vaccination rates, the future path of the pandemic globally remains uncertain due to risks around the emergence of new variants of the virus. Heightened uncertainty could weigh on consumer and business confidence, and investment and hiring decisions. Additionally, many countries, including the United States, continue to face high numbers of infections and economic disruptions. This could impact Ontario's economy through exports, supply chains and business and consumer confidence. Also, continuing supply chain disruptions risk further raising price inflation.

The United States is Ontario's largest trading partner, accounting for approximately 77 per cent of the Province's international merchandise exports in 2020. U.S. real GDP increased by 5.7 per cent in 2021 and, according to the survey average of leading business economists compiled by *Blue Chip Economic Indicators*, forecasters expect U.S. real GDP to increase by 3.9 per cent in 2022 and 2.6 per cent in 2023.

Strengthening demand and continuing supply disruptions have supported rising oil prices. West Texas Intermediate (WTI) crude oil prices rose from \$39 U.S. per barrel in 2020 to \$68 U.S. per barrel in 2021 and by the beginning of February 2022, had risen to near \$90 U.S. per barrel. The economic recovery is expected to continue to support oil prices, with the WTI crude oil price projected at \$73 U.S. per barrel in 2022 and \$70 U.S. per barrel in 2023, before moderating to \$66 U.S. per barrel in 2024 and 2025.

The Canada-U.S. exchange rate rose from an average of 74.50 cents U.S. in 2020 to 79.78 cents U.S. in 2021. Private-sector forecasters expect the Canadian dollar will average around 79 cents U.S. over 2022 through 2024 before rising modestly to around 80 cents U.S. in 2025.

Financial Markets

Short term interest rates have been increasing as central banks signal that monetary policy will be tightening to address rapid increases in consumer price inflation. Both the Bank of Canada and the U.S. Federal Reserve have begun reducing extraordinary asset purchase programs introduced early in the pandemic and have signaled they will raise policy interest rates in 2022.

According to private-sector forecasters, the Canadian three-month Treasury bill yield is expected to average 0.8 per cent in 2022, 1.6 per cent in 2023, 1.9 per cent in 2024 and 2.0 per cent in 2025. Private-

² Based on the average of private sector forecasts as of February 2, 2022.

sector forecasters expect the three-month U.S. Treasury bill yield to average 0.6 per cent in 2022, 1.5 per cent in 2023, 2.1 per cent in 2024 and 2.2 per cent in 2025.

The 10-year Government of Canada bond yield averaged 1.4 per cent in 2021. According to private-sector forecasters, the 10-year Government of Canada bond yield is projected to rise to an average of 2.0 per cent in 2022, 2.4 per cent in 2023, 2.7 per cent in 2024 and 2.9 per cent in 2025. Private-sector forecasters expect the 10-year U.S. government bond yield to average 2.0 per cent in 2022, 2.4 per cent in 2023, 2.9 per cent in 2024 and 3.1 per cent in 2025.

Government Initiatives

The economic impacts of the COVID–19 pandemic have been significant and unprecedented. Government policy implementation and developments, including new supports in response to the COVID-19 pandemic will impact the deficit and borrowing requirements for the Province over the medium-term horizon.

The OFA will continue to monitor the Green Bond market to identify future issuance opportunities under its Green Bond Program. The OFA will continue to provide loans to public bodies in support of government initiatives. The OFA will continue to wind down the OSB Program, as the Federal government and several other provinces have discontinued their savings bond programs.

The OFA will also provide financial analysis and advice as required on evaluating the Province's assets, including its investments in its business enterprises, and analysis and advice to reduce costs, enhance efficiency and maximize value.

Regulatory Compliance

The OFA will ensure that information required to be disclosed by the Province in its debt securities offerings related documents, periodic published reports (including the Ontario Budget, the quarterly finances, the Public Accounts and the Fall Statement) and other disclosures filed or submitted under applicable securities legislation, rules and regulations in the United States, Luxembourg, Australia, Switzerland and Singapore is filed on time and otherwise in accordance with those requirements. Regulatory requirements will be monitored continually to ensure the Province has ongoing access to these markets.

INITIATIVES INVOLVING THIRD PARTIES

There are no third parties, other than the provincial government, with which the OFA is partnering or with which it has a funding relationship for the purpose of delivering OFA programs. Moreover, the OFA does not provide transfer payments (grants, subsidies, assistance to persons; the business sector; non-commercial institutions; and other government bodies) to third parties.

COMMUNICATION PLAN

Business Plan

The OFA Business Plan serves as an internal tool for management and staff in the development of program plans and, through the regular reporting of the status of initiatives to the Board of Directors, it serves as a performance measurement tool. The plan also communicates the OFA's business objectives to the Minister of Finance and MOF.

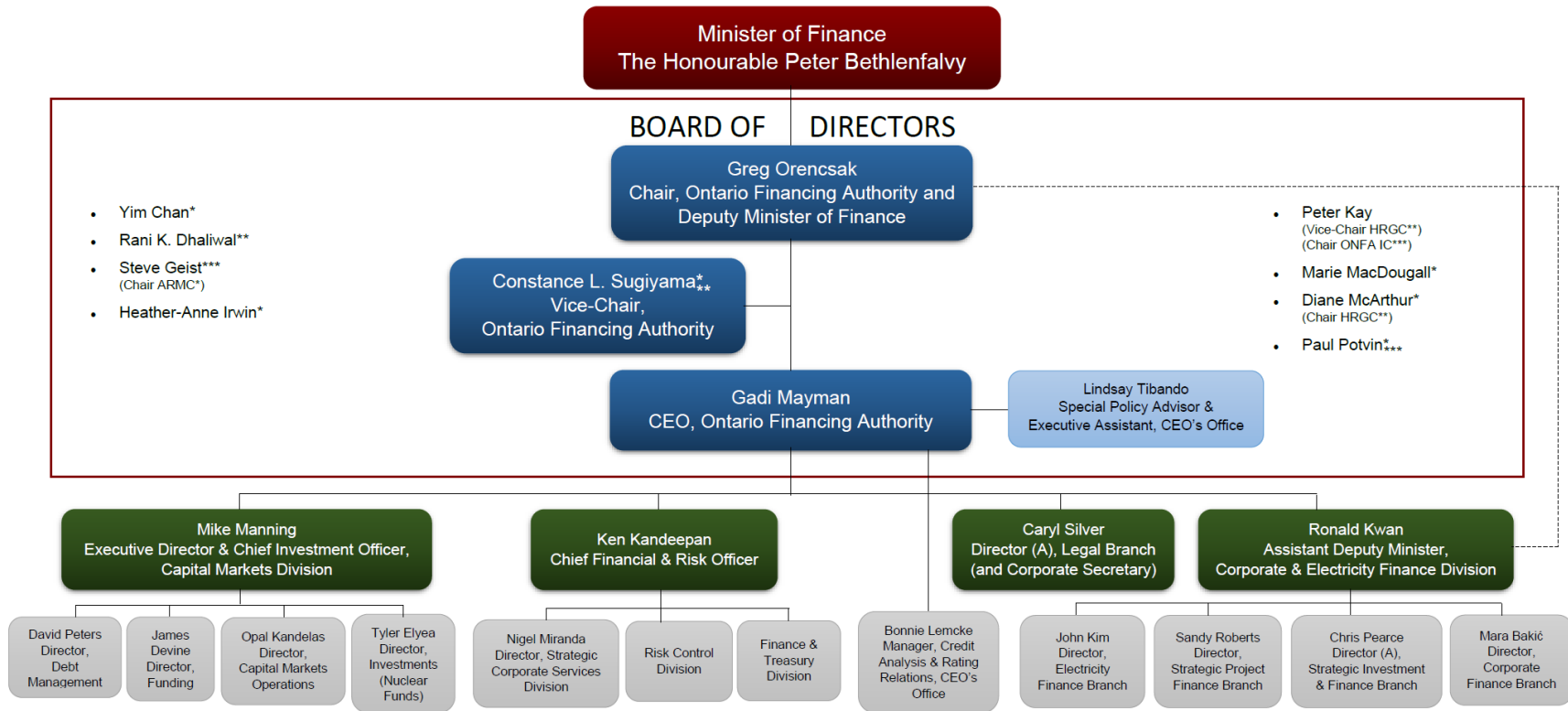
Other Communications

The OFA has a number of external stakeholders, including institutional and retail investors, investment dealers, banks, and credit rating agencies. In 2022–25, the OFA will communicate with stakeholders using various methods including:

1. Websites (including expense information): www.ofina.on.ca; www.ontariosavingsbonds.com; www.ofina.on.ca/algp;
2. Budget, Fall Statement, Public Accounts and quarterly updates: develop borrowing and debt management components;
3. Fact sheets, investor relations presentations, Green Bond Newsletter, CEO Video Updates, and other investor material (available on the OFA's website, LinkedIn, Twitter);
4. Annual Report;
5. Regulatory filings;
6. Business Plan; and
7. Memorandum of Understanding.

Other methods of communication to be used throughout the year are investor relations meetings and regular discussions with credit rating agencies. In addition, the OFA is responsible for the development of communications vehicles for OEFC and will continue to maintain the OEFC website, www.oefc.on.ca, and to produce the OEFC annual report.

ORGANIZATIONAL CHART



* ARMC = Audit & Risk Management Committee
 ** HRGC = Human Resources & Governance Committee
 *** ONFA IC = Ontario Nuclear Funds Agreement Investment Committee

As of January 31, 2022