

## FY2025 Human Resources and Benefits Committee Chair Annual Report

### 2025 HRBC Members:

- Madelaine O’Driscoll (Chair) – took over from Daphne FitzGerald April 2025
- Chris Scherk, Board Member
- Jhoanna Harrison, Board Member
- Angelo Cristofaro, Non-Board Committee Member
- Daphne FitzGerald, Non-Board Committee Member

### Committee Work Plan

The Committee reviewed its workplan at the start of each meeting to ensure that all assigned responsibilities, as outlined in the Committee’s Terms of Reference, were attended to at the appropriate meeting, and that any new responsibilities added were carried out following the Plan’s timetable.

### Membership & Member Benefits

The Member Penetration Rate as of Q4 was 70%. Risks were reviewed and no changes were recommended to the Risk Register. Reports were received on Membership growth and activity for the year, as well as a summary of new of membership applications in 2025 of 329, of which 282 were new hires and 47 were late hires. Presentations to new classes resulted in a penetration rate of 57%. No memberships were declined in 2025.

### New Technology Enhancements

Over the course of the term, the Committee discussed the implementation and related risks of the new Administration System, which was successfully deployed on February 4, 2026. .

### Policies, Processes & Key Document Reviews

The committee oversees the annual marketing, communication and research plan. It is satisfied with the communications to membership to keep them informed of their benefits and pleased with the positive membership value survey results.

The committee reviewed and recommended a new Social Media Policy, which staff are now including as a medium for their messaging.

### HR/Staff Matters

The Committee reviewed staff-related matters including performance; progress against Strategic and Business objectives; and reviewed staff benefits and compensation.

The Fund's Culture was introduced late 2024 by staff, with expected behaviours defined. An employee engagement survey was conducted at year-end with results indicating strong employee satisfaction.

## Committee Evaluations

In accordance with good governance practice, the annual evaluation of the HRBC was carried out with all five committee members participating. A summary of all feedback was prepared and discussed, with no major concerns noted.

I would like to thank all HRBC Committee Members for their participation and support.

Thank you,

Madelaine O'Driscoll  
HRBC Chair

## FY2025 New Membership Committee Chair Annual Report

### **2025 New Membership Committee Members**

- Randy Carter (Chair)
- David Lewis
- Chris Scherk
- Debbie Bland
- Pete Grande

The objective of the New Membership Committee (NMC) is to oversee the evaluation of the feasibility and implementation of expanding membership in the Fund, a federally regulated fraternal benefit society.

Exploring the issue of expanding membership is a demanding and complex undertaking. In 2025, a comprehensive Business Case and Business Model were presented by management with input from the Fund's Appointed Actuary. The Business Case identified the reasons for the initiative, the financial benefits to the Fund, the impact and mitigation of risks, and implementation approach. The Business Case was recommended to the Board for its approval in August 2025. Thereafter, in December 2025, the resources and implementation approach, including regulatory approval, were assessed and planned for 2026 actions.

I would like to thank the members of the New Membership Committee on behalf of the TPWOF membership.

Sincerely,

Randy Carter  
Chair, New Membership Committee

## FY2025 Audit Committee Chair Annual Report

### 2025 Audit Committee Members

- David Lewis (Chair)
- Jhoanna Harrison
- Paul Rinkoff
- Jonathan Pinto

The following report highlights the key activities of the TPWOF Audit Committee for 2025.

### Investments

The goal of the Board of Directors for management of the assets of the Fund is the achievement of an appropriate investment return, over the long term, to meet the Fund's policy obligations.

#### *ALM Portfolio Update*

Overall, the ALM portfolio value at December 31, 2025 was \$68.8M, down slightly from year-end 2024 value of \$70.074M.

The ALM portfolio performance in Q4 was -0.94% versus the relative performance objective of -0.99%, for a difference of +0.05%. Year to date 2025, the Fund exceeded the objective by +0.06%.

#### *Surplus Portfolio Update*

Overall, the Surplus portfolio value at December 31, 2025 was \$16.842M, up slightly from year-end 2024 value of \$16.824M.

The Surplus portfolio in Q4 was 1.46% versus the Benchmark of 1.82%, under performing by -0.36%. Year to date 2025, the account under performed by -1.84%. Current market conditions are impacting the returns, and the committee is closely monitoring this portfolio.

Overall, the portfolio maintained its medium level of risk over the quarter.

#### *Contractual Service Margin Portfolio Update*

The CSM portfolio value at December 31, 2025 was \$7.962M.

The Contractual Service Margin (CSM) portfolio is invested in a portfolio of Guaranteed Investment Certificates in order to reduce interest rate risk. The CSM is directly related to the provision of related insurance contract liabilities, which at the end of this same period were valued at \$8M.

### Compliance

For 2025, the Toronto Police Widows & Orphans Fund portfolio managed by PH&N Institutional was in compliance with:

1. all applicable Income Tax Act (Canada) and Ontario Insurance Act regulations; and
2. all guidelines/restrictions contained in the Toronto Police Widows & Orphans Fund Investment Policy.

## Internal Audit

KPMG performed three Internal Audits for TPWOF in 2025. Findings from two internal audits were completed and TPWOF practices deemed effective; findings were reported as Low risk.

## OSFI Supervision

The Office of the Superintendent of Financial Institutions conducts supervisory work to assess the institution's safety and soundness, and its compliance with the Insurance Companies Act and other regulatory requirements. The supervisory work included a review of the institution's quarterly and annual regulatory filings and audited financial statements, and compliance with integrity and security guidelines, which were found to be satisfactory. Supervisory work also included a review of the Fund's operational resilience and risk management, with findings reported for management action in 2026.

## Operating Budget and Expenses

The Audit Committee reviewed the quarterly budget variance reports throughout 2025. The annual budget of the TPWOF was reviewed in detail and recommended to the TPWOF Board for approval. The Audit Committee remains satisfied that TPWOF is operating in a fiscally responsible and prudent manner.

## External Audit

RSM Canada LLP completed the annual audit of the TPWOF for the year ended December 31, 2025.

RSM Canada LLP has been retained by the TPWOF to provide external audit and tax services for 2026.

## Conclusion

In conclusion, I would like to thank the members of the Audit Committee for their assistance and dedication in discharging their fiduciary responsibilities on behalf of the TPWOF membership. It is my sincere belief that the membership is well and truly served by this group of committed individuals.

Sincerely,

David Lewis, MBA, CFA, PhD  
Chair, Audit Committee

## FY2025 Risk Committee Chair Annual Report

### 2025 Risk Committee Members

- Ian Williams (Chair)
- David Lewis
- Randy Carter
- Marc Madramootoo
- Jeff Dymond

In concert with Management and the Board, the Risk Committee provides guidance in all risk matters important to the ongoing operations of the Fund. The following report details the 2025 activities of the Toronto Police Widows and Orphans Fund.

### Scope of the Risk Committee's Work

The Risk Committee is tasked with oversight of the Board-approved policies related to enterprise risks, insurance coverage, outsourcing, pricing and claims management, capital management and adequacy, privacy, reinsurance and disaster recovery/business continuity in the event of a disruptive event. The Risk Committee reports its work, and makes recommendations, to the Board of Directors. It also works closely with other committees to ensure the financial soundness of the Fund. All committees now include a discussion on risks appropriate to their work and inform the Risk Committee of any new or emerging risks to be monitored.

Increasingly, the Risk Committee is reviewing cyber and technology-related risks with increasing inclusion of Key Risk, and Key Performance indicators included in our work.

### Policy Review

Throughout the course of the past year, the Risk Committee reviewed, and recommended that the Board approve, all of the policies mentioned above that fall within the scope of the committee's work.

### Capital Adequacy

The Fund assesses the adequacy of its capital using the Life Insurance and Capital Adequacy Test (LICAT) framework as required by OSFI, the Fund's regulator. Under this framework, the adequacy of capital is expressed as the ratio of available capital to required capital (expressed as a percentage). The minimum requirement, as determined by OSFI, is to have a Total LICAT ratio of 100% (i.e., available capital equal to required capital).

The Fund has a Capital Policy that requires it to maintain capital in excess of these regulatory requirements. This additional target capital allows the Fund to maintain benefits through periods of volatility. The Fund's Capital Policy requires it to maintain a Total LICAT ratio in excess of 130%.

In Q4, 2025, the Fund's Total LICAT ratio was 252.7%. This ratio reflects the ongoing capital strength of the Fund. The Fund remains well capitalized to ensure the provision of future benefits.

## Financial Condition Testing

The Fund's Appointed Actuary conducted the annual Financial Condition Testing of the Fund. This report highlights plausible threats to the Fund's solvency and recommends mitigating actions to those threats. The report considers the past, present and future financial positions of TPWOF and the sensitivity of surplus to changes in various experience factors and management policies. The Actuary issued a satisfactory report on the future financial condition of the Fund.

## Bonus Rate for Death Benefits

The Risk Committee reviews the financial position of the Fund – as measured by its capital strength - to assess what level of bonus benefits, if any, can be paid on death benefits provided by the Fund. This bonus rate is reviewed annually and set by the Board of Directors who consider a recommendation from the Risk Committee. The Risk Committee recommended that a bonus death benefit rate of 20% be approved for the 2026 calendar year.

## Chief Risk Officer

The appointed Chief Risk Officer (CRO), Danielle Harrison, provided regular input to the committee's risk assessments. Her leadership has demonstrably strengthened the Fund's ability to identify, assess, and mitigate risks across all areas of operations. In 2025, she contributed to the expanded Financial Notes on Fund risks, and presented a comprehensive Own Risk and Solvency Assessment (ORSA) report to the Risk Committee and Board, at year-end. This role reflects our commitment to ensuring effective oversight and fostering a risk-aware culture. We look forward to the continued improvement of our risk management practices and ensuring the Fund remains well-positioned to navigate potential challenges in the future.

I thank the members of the Risk Committee as well as all Committee's for their assistance and dedication to addressing risks to the Fund throughout the year. I also thank staff for their important role in supporting the Risk Committee's work and for their day-to-day operation of the Fund on behalf of its members.

Sincerely,

Ian Williams  
Chair, Risk Committee

# FY2025 Board and Governance Committee Chair Annual Report

## 2025 Board of Directors

### Board Members:

- Chuck Hamilton (Chair)
- Ian Williams (Risk Chair)
- David Lewis (Audit Chair)
- Madelaine O'Driscoll (HRBC Chair)
- Randy Carter (New Membership Committee Chair)
- Chris Scherk
- Marc Madramootoo
- Paul Rinkoff
- Jhoanna Harrison
- Pete Grande

### Non-Board Committee Members:

- Debbie Bland
- Angelo Cristofaro
- Jonathan Pinto
- Jeff Dymond
- Daphne FitzGerald

## 2025 Governance Committee Members:

- Chuck Hamilton (Chair)
- David Lewis (Audit Committee Chair)
- Madelaine O'Driscoll (HRBC Chair)
- Ian Williams (Risk Committee Chair)
- Randy Carter (NMC Chair)

2025 was a busy year for the Toronto Police Widows and Orphans Fund. All Member benefits were maintained for the year and will continue into 2026. As the committee Chairs have reported, the Fund had a successful financial result for the year and received a clean audit opinion from our external auditor, RSM Canada. This year, we enhanced our risk management frameworks, and every committee is now evaluating emerging risks to the Fund. Identified risks in the fund continue to be well managed. We also refreshed our strategic plans to build a stronger future for the Fund.

In the area of Governance, it has been a particularly busy year. Our federal regulator, the Office of the Superintendent of Financial Institutions (OSFI) has been active in reviewing insurance company governance structures to ensure regulatory compliance and proper controls. This entails significant effort by the Board and Management to demonstrate the Fund's compliance and additional policies have been added as required. A Regulatory Compliance Management framework and Data Governance policy framework were introduced; independent reviews were conducted, and the reviewer's opinion affirmed the effectiveness of governance practices.

All policies receive an annual review by Management and changes are brought to the Board for approval.

The Board remains committed to the principles of good governance, risk oversight, and regulatory compliance to ensure the long-term sustainability of the Fund.

I thank all members of each committee for their efforts to ensure a strong and thriving Fund.

I'd also like to recognize the continuing commitment of our President & CEO, Sylvi Karr. It is a demanding task to balance each of the strategic and operational goals with the regulatory requirements of the Fund. Sylvi also maintains a steady presence in the policing community and participates in many policing events. All these efforts, supported by the capable team she has built, support the mission of the Fund and its promise to members. I thank Sylvi, and her dedicated team, for their work on behalf of all Members of the Fund.

It's been an honour to serve Members this year, and I look forward to the years ahead.

Yours fraternally,

Chuck Hamilton  
Chair of the Board  
Chair of the Governance Committee  
Toronto Police Widows & Orphan's Fund