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NORTHERN EMPLOYEE BENEFITS SERVICES (NEBS)

Pension Plan Annual Report

For the Year Ended
December 31, 2025
And including updated information to June 2026.

Al McDonald
Pension Committee Chairman

June 30, 2026

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BACKGROUND

This Report is the Annual Financial Report (the "**Report**") for the Northern Employee Benefits Services Pension Plan (the "**Plan'**) prepared in respect of the year 2025 as required by section 27 of the *Northern Employee Benefits Services Pension Plan Act*, both as S.N.W.T. 2015, c. 6 and S. N. 2015, c. 10 (the "**NEBS Acts**").

Overall responsibility for preparation and assembly of the Report is with the Northern Employee Benefits Services Pension Plan Pension Committee (the "**Pension Committee**") which serves as the administrator of the Plan pursuant to section 13 of the NEBS Acts. However, this Report consists of the audited financial statements for the Plan, prepared by Avery Cooper & Co., a certificate of compliance prepared with the assistance of the Pension Committee's legal counsel, Lawson Lundell LLP, and a report on the long-term goals and objections for the Plan, prepared by the Board of Directors of NEBS.

REPORT OF THE CHAIR OF THE PENSION COMMITTEE

For the 2025-2026 year.

GENERAL OVERVIEW

The Pension Committee administers the Pension Plan and has a fiduciary duty to Plan members to ensure they receive the retirement benefits established in the Plan. Pension Committee Members are trustees with responsibility for the Plan's funds. In discharging these duties, the Pension Committee meets at least three times a year on a face-to-face basis and holds other meetings as necessary by teleconference. Since last May's report to Members, the Pension Committee met in September, December and April and all meetings were held in Yellowknife. 2025 market investment returns were a positive 17.67%, adding $100 million to the fund.

The investment fund sits at $646 million. NEBS continues to actively manage investments with sound investment strategies, diligence, awareness of economic conditions and events, experienced investment managers, and good governance. NEBS' 5-year rate of return is 9.0%, and the 10-year rate of return is 8.8%.

2025-2026 has witnessed unprecedented times with geopolitical economic conditions and world trade being upset by the US Administration's tariff policies and the war in Iran. Fortunately, market resilience and strategic investments have enabled NEBS to achieve solid returns despite the economic challenges in the markets.

HIGHLIGHTS OF ACTIVITIES

Lori Satov is the NEBS investment manager with the firm Connor, Clark & Lunn. Lori keeps the CEO, Pension Committee, and Board of Directors aware of the markets on a monthly and quarterly basis, as well as presenting on our investment returns at each Pension Committee meeting. The NEBS Investment Fund also includes a Real Estate asset class managed by BentallGreen Oak and as of January 2025 we have a 38-million-dollar investment in Infrastructure as an asset class with IFM.

In 2025 the Pension Committee decided to add farmland as another alternative asset class and selected Bonnefield as the Investment Manager. It is expected that NEBS will acquire a 60-million-dollar uptake in shares of Bonnefield in June 2026.

The Pension Committee also engages a third-party investment consultant, Julianna Spiropoulos from TELUS Health, to monitor the investments and report on the performance of our investment managers. Julianna regularly compares our managers to other managers and the performance objectives as set out in our Statement of Investment Policy. The strong returns achieved in the Investment Fund this year, despite the challenges in the markets throughout the year, show the investment strategies of the Pension Committee and the investment managers are working the way they should.

At each meeting, the Pension Committee also reviewed reports on the Plan's operations and dealt with several Employer Member and individual Plan Member matters.

FINANCING THE PLAN

How well, or poorly, NEBS does with its investments is a key determinant of the financial position of the Pension Plan. The contributions of employees and their employers, plus the investment returns achieved on these contributions, must fund the benefit entitlements of Plan Members. It is required that a professional actuary determine if the Plan can fund its pension promise to Plan members. The actuary for the NEBS Plan is AON.

AON completes a valuation of the Plan on two bases. The first basis, called a going concern valuation, projects the costs of future pension entitlements for all members and estimates the future assets of the Plan. These projections are calculated using a number of assumptions about the future demographics of Plan members and economic factors such as future inflation rates. Our actuary then determines how much will be required in current contributions to pay the future benefit entitlements.

The January 1, 2026 Preliminary Valuation demonstrates the Plan remains solidly funded on a going concern basis with a funded ratio of 126%. This year, the valuation once again demonstrates a continued surplus in the going concern analysis. Contributions to service the current and future costs of the Plan remain less than the current employer and employee contribution rates and no increase will be necessary from the current 8% employee and 8% employer amounts. It should be noted that the NEBS Pension Committee has managed to stabilize the rates since the last increase in 2002.

The second valuation of the Plan that AON completes for the Pension Committee is on a solvency basis. This valuation is completed on the assumption the Plan is terminated on the date of the valuation, and all Plan members are paid for the future value of their pension entitlements on a commuted value basis. This ratio is also positive at 107% funded. This requirement to finance a pension plan on a solvency basis commonly applies for private plans, not public-sector plans such as the NEBS Plan, where the windup of the plan would not occur. With the new legislation, the NEBS Pension Plan is exempt from funding on solvency but will continue to monitor solvency through the valuation process.

CONCLUSION

2025 was a successful year for the NEBS Plan operationally and despite increasing interest rates and inflation, the plan remains solidly funded and well placed. The market conditions in 2026 are challenging, but the NEBS Pension Committee feels well positioned to take on these challenges



Al McDonald
Pension Committee Chairman

CHIEF EXECUTIVE OFFICER'S REPORT

Despite wide-ranging geopolitical events disrupting markets, 2025-2026 was a very good year for the investment fund with positive returns across all asset classes. The Fund realized annual returns of 17.67%. The NEBS Investment Fund exceeded $600 million in 2025 and was at $646 million at the end of the first quarter of 2026. This is a direct result of a variety of factors, including a prudent and well-thought-out Statement of Investment Policy, high-quality and well-informed advice from our investment consultants and plan actuaries, a knowledgeable and informed Pension Committee and Board, and excellent performance by CC&L and our Investment Managers.

In April of 2025, the NEBS Pension Committee made the decision to add Farmland as an additional, alternative asset class to its investment portfolio. Bonnefield was selected as the manager as a result of a thorough search and interviews with Farmland Managers and a final decision by the Pension Committee. Farmland is considered an alternative asset class which is not significantly affected by market disruptions and provides long-term growth with minimal risk.

On behalf of the NEBS Board and Pension Committee, and myself, it is a pleasure to continue to offer a high-quality pension plan for all of our Northwest Territories and Nunavut members, and we remain steadfast in servicing our members to the best of our ability.



Shawn Maley,
NEBS Chief Exec

NORTHERN EMPLOYEE BENEFITS SERVICES
Yellowknife, NT

ANNUAL FINANCIAL REPORT
PENSION PLAN TRUST FUND

For the Year Ended December 31, 2025

NORTHERN EMPLOYEE BENEFITS SERVICES | ᐅᑭᐅᖅᑕᖅᑐᑎᑯᓇᔨᓕᑯᑯ ᐃᒃᓱᕈᓯᖅᑕᕐᓂᐊᕐᓂᖅᓄᑦ ᓄᓇᕗᑦᑐᖅᑎᑦ

2025 MANAGEMENT DISCUSSION & ANALYSIS

PENSION PLAN TRUST FUND

The Annual Financial Report for the year ended December 31, 2025 is based on the Northern Employee Benefits Services (NEBS) Pension Plan audited annual financial statements for the year then ended. Responsibility for preparing this Annual Financial Report rests with the NEBS Pension Committee.

Highlights

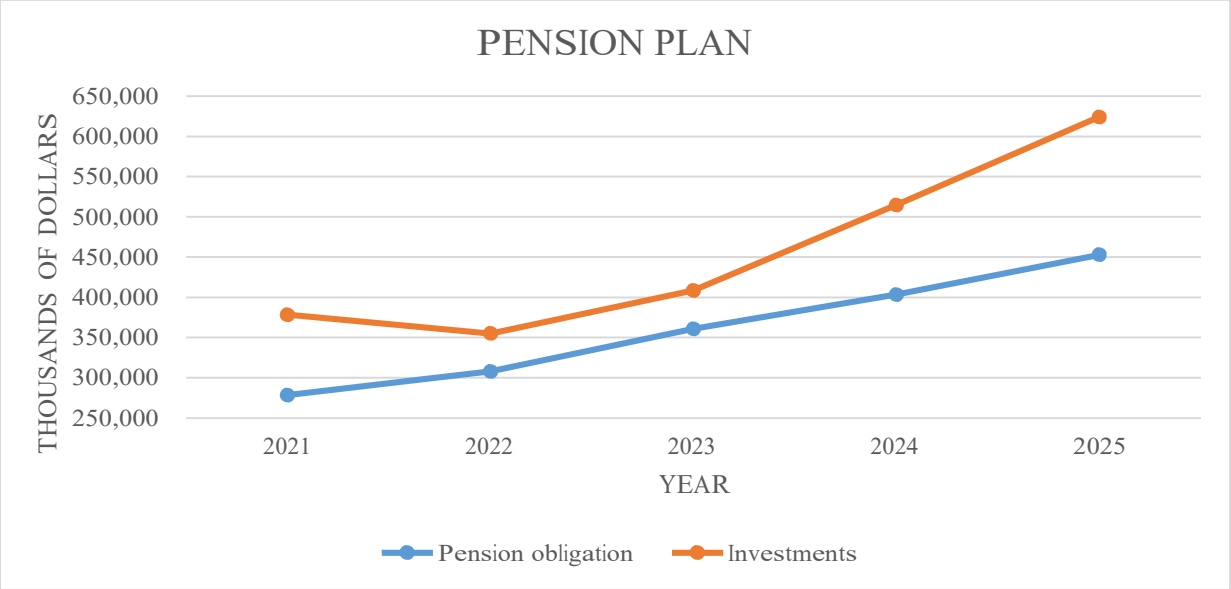
- Clean audit opinion
- Pension Plan Surplus is $175,470,000 for 2025, up 49% from $117,707,000 for 2024
- Increase in Pension Net Assets Available for Benefits is $107.406,000, up 2% from an increase of $105,389,000 for 2024
- Investments totaled $624,138,000, up 21% from $514,561,000 for 2024
- Investment income of $86,797,000, up 3% from $83,957,000 for 2024
- Pension Obligation is $452,945,000 up 12% from $403,303,000 for 2024
- Cash from operations is $91,389,000 up 29% from $70,853,000 for 2024
- No new accounting standards adopted in 2025
- Pension contributions are $42,229,000, up 4% from $40,596,000 for 2024

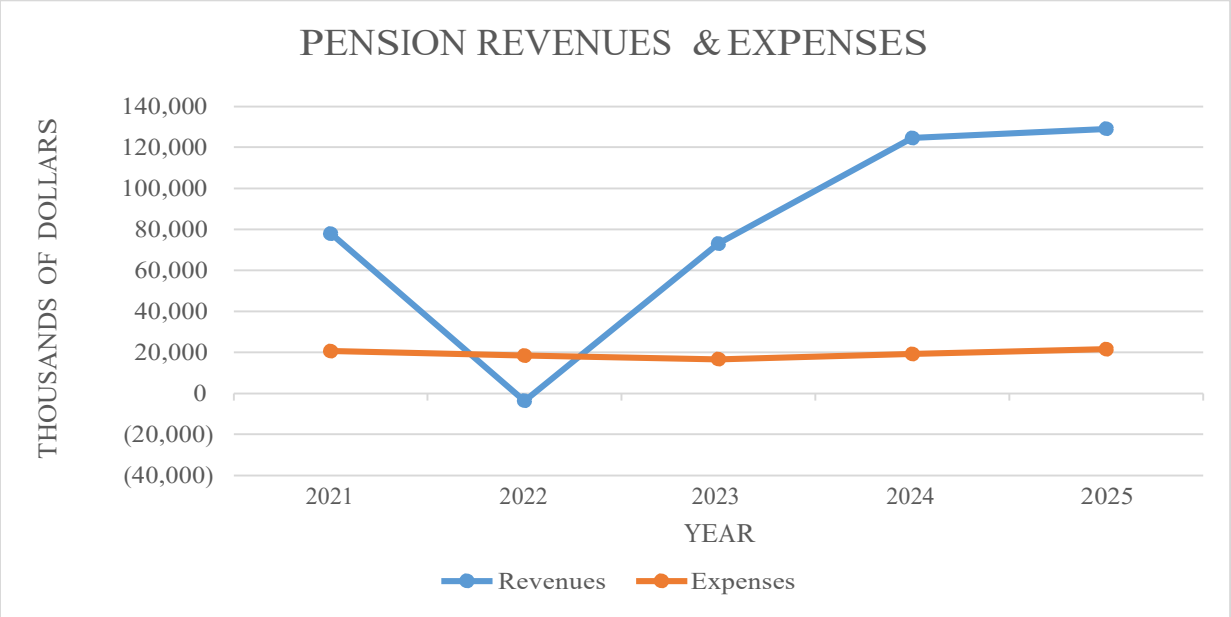
Analysis

The Independent Auditor's Report, is dated April 16, 2026, the date the NEBS Pension Committee approved the annual audited financial statements for the year ended December 31, 2025.

There were no significant changes to the format or presentation of the annual financial statements from 2024.

The Pension Obligation at December 31, 2025 is $452,945,000 up $49,642,000 or 12% from 2024. The increase is due primarily to benefits accrued and interest accrued on benefits.

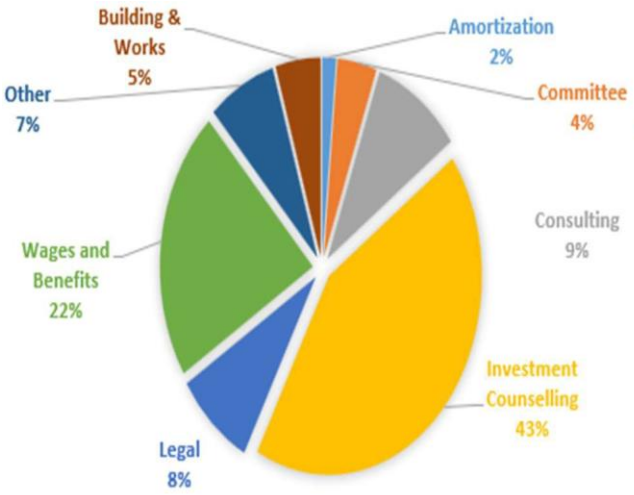




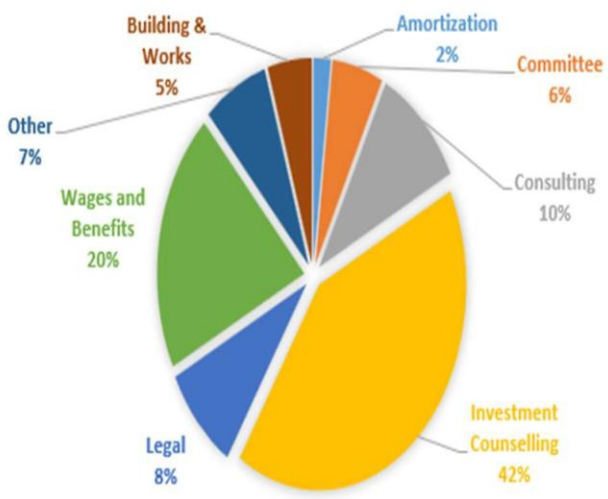
Revenues for 2025 include all sources, such as contributions, of $42,229,000 (2024 - $40,596,000), investment income of $86,797,000 (2024 – $83,957,000), and other income of $31,000 (2024 - $34,000). The total revenue is $129,056,000 (2024 - $124,586,000), an increase of 4%. Excluding investment income, total revenues during 2025 were $42,259,000 (2024 - $40,630,000), an increase of 4% from 2024.

Included in contributions during the year of $42,229,000 (2024 - $40,596,000) is $86,000 (2024 - $nil) from terminating membership buyouts. This represents the portions of the Pension Plan solvency deficiency owing upon the withdrawal from membership in accordance with the NEBS Joining or Terminating Membership Policy. Management is aware of 0 pending member withdraws.

2025 Administrative Expense



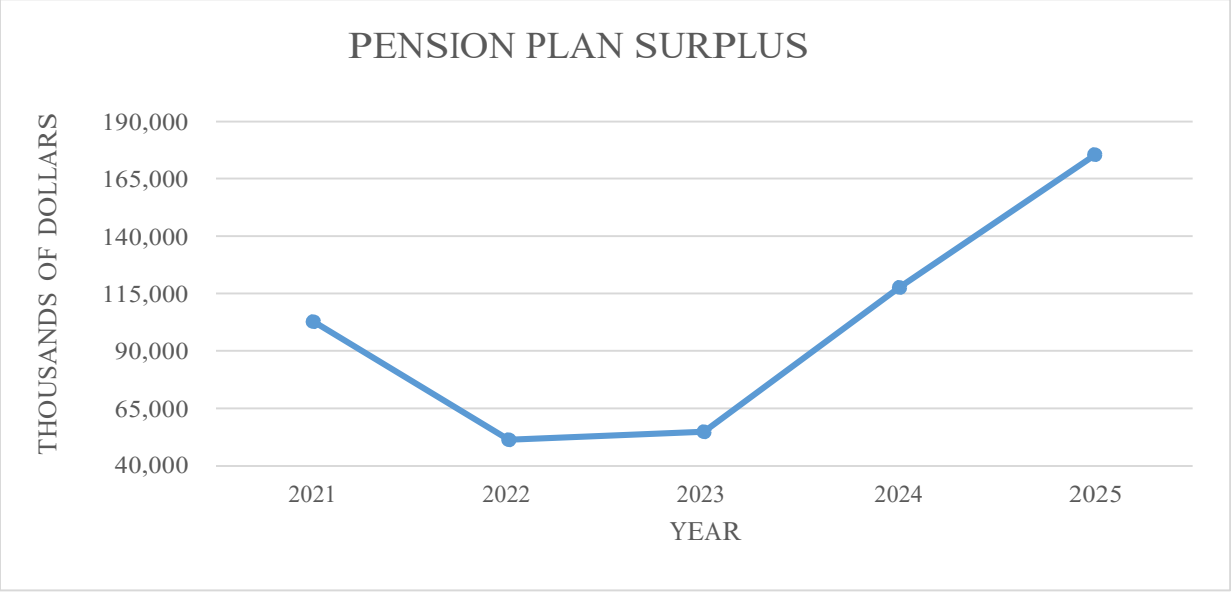
2024 Administrative Expenses



Expenses for 2025 totaled $21,650,000 (2024 - $19,197,000), an increase of approximately 13%. Expenses represent about 51% (2024 – 47%) of total revenue excluding investment income or losses. Expenses include benefits payments of $18,433,000 (2024 - $16,308,000), a 13% increase from 2024, representing about 44% (2024 – 40%) of total revenues non inclusive of investment income or losses.

While pension payments of $10,732,000 (2024 - $9,791,000) increased by $941,000 or 10% during 2025, this is within normal expectations as it represents approximately 25% (2024 – 24%) of total contributions. Termination payments of $7,701,000 (2024 - $6,517,000) increased by $1,184,000 or 18% during 2025 and represent about 18% (2024 – 16%) of total contributions.

Total expenses also include administrative expenses of $3,217,000 (2024 - $2,890,000), up 11% from 2024, representing about 8% (2024 – 7%) of total contributions. The increase in administrative expenses for 2025 was due primarily to the increases in wages and benefits expenses and investment counselling expenses. Building and works expenses were 90% of budget, Committee expenses were 72% of budget, Consulting fees were 72% of budget, Investment counselling fees were 105% of budget, Trustee and custodial fees were 106% of budget, Legal expenses were 106% of budget, and Wages and Benefits expenses were 89% of budget. Overall, as shown in the above graph, total administrative expenses for 2025 are within expectations, representing 91% of budget.



Pension Plan Surplus (Net Assets Available for Benefits less Pension Obligations) of the Pension Plan Trust Fund were $175,470,000 at December 31, 2025, compared to $117,707,000 at December 31, 2024, an increase of $57,763,000 or approximately 49%. The increase in net assets during 2025 is primarily due to significant gains observed in investments.

The net assets consist of the components detailed in Note 10 to the audited annual financial statements at December 31, 2025 which include Net Assets Invested in Tangible Capital Assets (EITCA) of $205,000 (2024 - $140,000) the Unfunded Severance Pay Liability of $(157,000) (2024 - $(132,000)), and Unrestricted Surplus of $175,423,000 (2023 - $117,700,000).

Risks & Outlook

The Pension Plan has various investments on the stock markets. Income made from these investments are dependent on whether the markets go up or down. NEBS cannot control these changes but has a sound investment strategy to try to minimize the risk. This strategy includes continuous monitoring and economic forecasting to ensure the investments are placed correctly and of tolerable risk. Management also believes that sound assumptions are being used in determining the value of the pension obligations.

At December 31, 2025, NEBS Pension Plan has an unfunded liability included in the accounts for the provision of severance pay totalling $157,000 (2024 - $132,000). In accordance with its standard employment terms and conditions, NEBS estimates costs of long-term, full-time employees, who have four years or more of continuous service, based on one weekly pay multiplied by the number of years of such service. If the employee voluntary resigns, the aforementioned multiple is one half that rate. Management uses a 50%/50% probability that an employee will leave NEBS due to retirement, layoff or illness, versus

voluntary resignation. Management assesses this proportion annually and believes the assumptions used are reasonable. Actual results could differ materially from estimates.

NEBS is modernizing its software platform and has engaged PENAD and its PENAD PX3000 platform for this transition. It is expected to be operational in July 2026.

Despite tumultuous geo political factors causing global market disruptions, The Pension Plan Investment Fund realized 16.3% returns in 2025.

Looking forward, NEBS will continue to manage its funds in an efficient and effective manner to ensure a healthy Pension Plan.

Respectfully submitted,



April 16, 2026

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Northern Employee Benefits Services Pension Plan Trust Fund's management is responsible for the preparation, integrity and objectivity of the financial statements. The financial statements have been prepared in accordance with Canadian accounting standards for pension plans relevant to preparing such financial statements and have been approved by the Northern Employee Benefits Services' Board of Directors. Where appropriate, the preparation of financial information contained in this report includes estimates and judgments' based on careful consideration of information available to management. Actual results may differ from those estimates.

Northern Employee Benefits Services Pension Plan Trust Fund's management have developed and maintained books of account, records, financial and management internal control and management practices. These are designed to provide reasonable assurance as to the reliability of financial information in accordance with the Canada Business Corporations Act. Northern Employee Benefits Services Pension Plan Trust Fund's management fulfills their responsibilities for financial reporting, internal control, and safeguarding assets.

Avery Cooper & Co. Ltd. Chartered Professional Accountants annually provide an independent, objective audit for the purpose of expressing their opinion on the financial statements in accordance with Canadian generally accepted auditing standards.

Aon Hewitt Inc., an independent firm of consulting actuaries, has been engaged to provide an extrapolation of actuarial pension benefits and liabilities of the Northern Employee Benefits Services Pension Plan. This extrapolation was performed as of December 31, 2025 in which they provided their estimated valuation of accrued pension benefits and liabilities of the Plan.

On behalf of Northern Employee Benefits Services Pension Plan Trust Fund,



Chair of the NEBS Pension Committee



Chief Executive Officer

April 16, 2026

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Chartered Professional Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Members of
the Northern Employee Benefits Services Pension Committee

Opinion
We have audited the financial statements of Northern Employee Benefits Services Pension Plan Trust Fund (the "Organization"), which comprise the statement of financial position as at December 31, 2025, and the statements of changes in fund balance, net assets available for benefits, pension obligations, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (together "the financial statements").

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2025, and the results of its operations and its cash flows 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 report. We are independent of the Organization 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.

Emphasis of Matter
As described in Note 2(a), Northern Employee Benefits Services has prepared a separate set of financial statements of the Health & Welfare Fund for the year ended December 31, 2025 in accordance with Canadian accounting standards for pension plans relevant to preparing such financial statements on which we issued a separate auditor's report to the members of Northern Employee Benefits Services dated April 17, 2026. A separate set of combined financial statements of Northern Employee Benefits Services as at December 31, 2025 and for the year then ended has not been prepared.

Other Information
Management is responsible for the other information. The other information comprises the Management Discussion and Analysis.

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, or otherwise appears to be materially misstated.

We obtained the Management Discussion and Analysis prior to 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 this 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 these 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Evaluate 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 Organization'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 Organization to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Avery, Cooper & Co. Ltd.

Avery Cooper & Co. Ltd.
Chartered Professional Accountants

Yellowknife, NT
April 16, 2026

NORTHERN EMPLOYEE BENEFITS SERVICES
PENSION PLAN TRUST FUND

STATEMENT OF FINANCIAL POSITION
December 31, 2025

	2025	2024
ASSETS		
CURRENT		
Cash	$ 4,749,768	$ 6,265,700
Contributions Receivable (Note 8)	616,733	1,452,300
GST Receivable	42,869	34,909
Prepaid Expenses	30,745	18,994
	5,440,115	7,771,903
INVESTMENTS (Note 3)	624,137,966	514,560,992
CAPITAL ASSETS (Notes 2(e) and 4)	16,988	10,298
INTANGIBLE ASSETS (Notes 2(e) and 4)	951,673	516,566
	$ 630,546,742	$ 522,859,759
LIABILITIES		
CURRENT		
Wages & Benefits Payable	$ 189,988	$ 164,973
Accounts Payable & Accrued Liabilities	489,814	450,428
Deferred Contributions	436,491	613,242
Penad Loan (Note 5)	752,081	371,685
Current Portion of Capital Lease Obligation (Note 6)	4,949	4,949
Due to Health & Welfare Fund (Note 12)	251,371	234,601
	2,124,694	1,839,878
CAPITAL LEASE OBLIGATION (Note 6)	6,921	10,406
	2,131,615	1,850,284
NET ASSETS AVAILABLE FOR BENEFITS	628,415,127	521,009,475
PENSION OBLIGATIONS (Note 7)	452,944,800	403,302,500
NET ASSETS		
PENSION PLAN SURPLUS (Note 10)	$ 175,470,327	$ 117,706,975

Approved and authorized for issue on behalf of the Pension Committee on April 16, 2026:

Director Director

See the accompanying notes.

NORTHERN EMPLOYEE BENEFITS SERVICES
PENSION PLAN TRUST FUND

STATEMENT OF CHANGES IN FUND BALANCE
For the Year Ended December 31, 2025

	2025	2024
FUND BALANCE, BEGINNING OF YEAR	$ 117,706,975	$ 54,738,973
INCREASE IN PENSION OBLIGATIONS	(49,642,300)	(42,420,700)
INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS	107,405,652	105,388,702
Net change	57,763,352	62,968,002
FUND BALANCE, END OF YEAR	$ 175,470,327	$ 117,706,975

See the accompanying notes.

NORTHERN EMPLOYEE BENEFITS SERVICES
PENSION PLAN TRUST FUND

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
For the Year Ended December 31, 2025

	2025	2024
INCREASE IN ASSETS		
Contributions from employees (Note 8)	$ 22,511,567	$ 22,518,636
Contributions from employers (Note 8)	19,716,977	18,077,137
Interest and Dividends (Note 9)	62,399,592	46,642,758
Gain on sale of investments (Note 9)	7,630,335	3,898,419
Current period change in fair value of investments (Note 9)	16,766,657	33,415,568
Other Income	30,905	33,564
	129,056,033	124,586,082
DECREASE IN ASSETS		
Benefits		
Pension Payments	10,732,265	9,790,769
Termination Payments	7,700,963	6,516,810
	18,433,228	16,307,579
Administrative		
Administration	51,038	50,187
Amortization and losses (Note 4)	45,777	54,437
Building & Works	152,607	139,561
Committee	132,737	160,676
Communications	14,493	12,960
Computer Software Development	393	11,237
Consulting	301,996	289,536
Investment Counselling	1,377,364	1,201,086
Legal	265,465	245,253
Marketing	12,496	13,602
Professional Fees	20,474	22,659
Staff Travel & Staff Training	33,568	17,086
Supplies & Materials	7,114	4,988
Trustees & Custodial Fees	90,330	72,195
Wages & Benefits	711,301	594,338
	3,217,153	2,889,801
	21,650,381	19,197,380
INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS	107,405,652	105,388,702
NET ASSETS AVAILABLE FOR BENEFITS, BEGINNING OF YEAR	521,009,475	415,620,773
NET ASSETS AVAILABLE FOR BENEFITS, END OF YEAR	$ 628,415,127	$ 521,009,475

See the accompanying notes.

NORTHERN EMPLOYEE BENEFITS SERVICES
PENSION PLAN TRUST FUND

STATEMENT OF CHANGES IN PENSION OBLIGATIONS
For the Year Ended December 31, 2025

	2025	2024
INCREASE IN PENSION OBLIGATIONS		
Interest Accrued on Benefits	$ 25,882,100	$ 23,009,600
Experience Losses	3,066,100	-
Other Miscellaneous Losses	-	527,800
Indexing Experience	-	2,051,200
Benefits Accrued	34,063,900	29,347,000
COLA applied to pensioners and deferred vested members	3,885,700	3,546,800
New Entrants	2,237,800	3,886,100
	69,135,600	62,368,500
DECREASE IN PENSION OBLIGATIONS		
Other Miscellaneous Gains	548,500	-
Experience Gains	-	3,644,100
Indexing Experience	498,200	-
Benefits Paid	18,446,600	16,303,700
	19,493,300	19,947,800
INCREASE IN PENSION OBLIGATIONS	49,642,300	42,420,700
PENSION OBLIGATIONS, BEGINNING OF YEAR	403,302,500	360,881,800
PENSION OBLIGATIONS, END OF YEAR	$ 452,944,800	$ 403,302,500
AS REPRESENTED BY:		
Active/Disabled Members	$ 266,148,400	$ 232,504,000
Deferred Pensioners	69,474,200	65,385,200
Pensioners	117,322,200	105,413,300
	$ 452,944,800	$ 403,302,500

See the accompanying notes.

NORTHERN EMPLOYEE BENEFITS SERVICES
PENSION PLAN TRUST FUND

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2025

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Receipts from Contributions	$ 42,887,360	$ 40,266,508
Cash Receipts from Other Income	30,905	33,564
Cash Receipts from Investment Income	70,029,927	49,738,749
Cash Paid for Pension & Termination Benefits	(18,433,228)	(16,307,579)
Cash Paid for Wages & Benefits	(686,286)	(582,893)
Cash Paid for Other Administrative Expenses	(2,440,400)	(2,295,463)
	91,388,278	70,852,886
CASH FLOWS USED FOR INVESTING ACTIVITIES		
Purchase of Capital & Intangible Assets	(487,573)	(175,957)
Increase in Investments	(92,810,318)	(71,426,909)
	(93,297,891)	(71,602,866)
CASH FLOWS FROM FINANCING ACTIVITIES		
Penad Loan Advances	380,396	168,976
Change in Due to Health & Welfare Fund	16,770	90,732
Repayment of Capital Lease Obligation	(3,485)	(3,114)
	393,681	256,594
INCREASE IN CASH	(1,515,932)	(493,386)
CASH, BEGINNING OF YEAR	6,265,700	6,759,086
CASH, END OF YEAR	$ 4,749,768	$ 6,265,700

NORTHERN EMPLOYEE BENEFITS SERVICES
PENSION PLAN TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2025

1. DESCRIPTIONS OF PLANS

Northern Employee Benefits Services (the "Organization" or "NEBS") is registered under federal legislation and was incorporated as a not-for-profit organization under Part II of the Canada Business Corporations Act on March 16, 1999, and is continued under the Canada Not-For-Profit Corporations Act on March 26, 2013.

NEBS is also registered as an extra-territorial corporation in the Northwest Territories. The registered address of NEBS is located at 5122 53 Street, Yellowknife, Northwest Territories, Canada X1A 1V6.

(a) General

The Board of Directors is responsible for administering the Group Benefits Plan and the Pension Committee for administering the Pension Plan on behalf of the employer groups participating in these plans and their employees. As required by the legislation, these seperate set of financial statements present the financial position, results of operations and cash flows of the NEBS Pension Plan Trust Fund and exclude the accounts of the NEBS Health and Welfare Fund.

The Pension Plan is a contributory multi-employer defined benefit plan covering employees eligible to participate. Eligible employer groups are public sector employers, indigenous organizations, community governments and their agencies, public housing organizations, cooperatives and other not-for-profit employers operating in northern locations (including the Northwest Territories, Nunavut, Yukon Territory and the northern portions of other Canadian provinces) who are members of the organization.

Under both the group benefits and pension plans, contributions are made by the participating employer members and their employees.

The NEBS Pension Plan was registered under the Canada Pension Benefits Standards Act (1985) (PBSA) until 2004 when the Office of the Superintendent of Financial Institutions (OSFI), the regulator of the Act, ruled that the Plan was exempt from registration. The Board and Pension Committee had jointly agreed to voluntarily comply with the PBSA until the Plan was registered under Territorial legislation.

Both the Government of the Northwest Territories and Government of Nunavut passed mirror legislation, the Northern Employee Benefits Services Pension Plan Protection Act that came into force March 12, 2009. This legislation sets rules to protect Plan Members funds.

During 2015, the Northern Employee Benefits Services Pension Plan Protection Act (NWT) was amended by the NWT Legislative Assembly. In October 2015, the Northern Employee Benefits Services Pension Plan Act (Nunavut) came into effect.

1. DESCRIPTIONS OF PLANS, continued

(b) The following description of the Northern Employee Benefits Services Pension Plan Trust Fund ("Pension") is a summary only. For more complete information, reference should be made to the Registered Plan Text filed with the Canada Revenue Agency.

1) Funding Policy

The plan administrator, Northern Employee Benefits Services Pension Committee, must fund the benefits determined under the Plan. The determination of the value of these benefits is made on the basis of an actuarial valuation for the pension fund.

In accordance with the Pension Plan Text, Individual Plan Members are required to contribute 8% of their salary to the Plan. Employer contributions required are equal to the amount certified by the Actuary as being necessary to fully fund the benefits accruing under the Plan, less the amount of required employee contributions. Any deficit existing in the Plan must be specifically funded in accordance with the requirements set out in the Registered Plan Text.

2) Service Pensions

A service pension is payable to a member, for each year of pensionable service in accordance with the Pension Plan Text.

3) Survivors' Pensions

A survivor pension is paid to a vested member's spouse or eligible children.

4) Death Benefits

The Plan provides benefits, depending on the age at death, to a spouse, eligible dependents or a beneficiary.

5) Withdrawal Refunds

Refunds include an amount equal to the commuted value of a vested member's pension benefit if the employee's service exceeds two years. If the employee's service is less than two years, the refund is equal to the employee's contributions plus interest.

6) Income Taxes

The Plan is a Registered Pension Plan as defined in the Income Tax Act Canada and is not subject to income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

The Organization's financial statements are prepared in accordance with Canadian accounting standards for pension plans. The significant accounting policies used are as follows:

(a) Basis of presentation

A pension plan is a reporting entity, separate from the sponsor and the plan participants, using the going concern basis to present the aggregate financial position of the plans, independent of the sponsor and plan members.

The financial statements are prepared to assist participating employers and others in reviewing the activities of the plan for the fiscal period but they do not portray the funding requirements of the plan or the benefit security of individual plan members. As such, participants may also need to review, amongst other things, actuarial reports, and to take into account the financial health of the sponsor.

In selecting or changing accounting policies that do not relate to its investment portfolio or pension obligations, Canadian accounting standards for pension plans (ASPP) requires NEBS to comply on a consistent basis with either International Financial Reporting Standards (IFRS), or Canadian accounting standards for private enterprises (ASPE), to the extent that those standards do not conflict with the requirements of ASPP. NEBS has chosen to comply on a consistent basis with IFRS relevant to preparing these financial statements.

As required by the legislation referred to in Note 1(a), these separate set of financial statements present the financial position, results of operations and cash flows of the NEBS Pension Plan Trust Fund and exclude the accounts of the NEBS Health & Welfare Fund. The financial position, results of operations and cash flows of the NEBS Health & Welfare Fund are presented in a separate set of financial statements that do not include the financial position, results of operations and cash flows of the NEBS Pension Plan Trust Fund. A separate set of combined financial statements of NEBS as at December 31, 2025 and for the year then ended has not been prepared.

(b) Cash equivalents

NEBS considers all highly-liquid investments with maturities of three months or less, convertible to known amounts of cash, and which are subject to insignificant risk of changes in value, to be cash.

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(c) Fair value hierarchy

The Organization classifies its financial assets and liabilities at fair value using a fair value hierarchy made up of three levels, according to the inputs used in making the measurements.

Level 1: This level includes assets and liabilities measured at fair value based on unadjusted quoted prices for identical assets and liabilities in an active market that the Organization can access at the measurement date.

Level 2: This category includes measurements that use, either directly or indirectly, observable inputs other than quoted prices included in level 1. Derivative instruments in this category are measured using models or other standard valuation techniques using observable market data.

Level 3: The measurements in this category depend upon inputs that are less observable, not available or for which observable inputs do not justify most of the instruments' fair value.

(d) Investments

Investments for the Pension Fund Trust Fund are measured at fair value and categorized according to the fair value hierarchy using the market approach valuation technique. NEBS determines fair value of investments based on information supplied by the investment manager. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. Purchases and sales of investments are accounted for at trade date. Transaction costs are expensed as incurred. Investment income is recognized on an accrual basis. The current year change in fair value of investments is the difference between the fair value and the cost of investments at the beginning and end of each year, adjusted for realized gains and losses during the year.

(e) Capital and intangible assets

Northern Employee Benefits Services records capital assets at cost allocated equally between the Group and Pension Funds. NEBS considers individual capital items costing $10,000 or more to be capital assets. Cost includes a portion of GST that is not recoverable. NEBS provides for amortization allocated equally between the Group and Pension Funds using the straight-line method at the following rates:

Office equipment	5 years
Computer equipment	3 - 6 years
Intangible assets	10 years

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(e) Capital and intangible assets, continued

Intangible assets, consisting of a software license for the use of the C-DAT Pension and Health Benefits Integrated System (PHBIS), is amortized and allocated between the Pension and Group Funds on a straight-line basis over its estimated useful life of ten years. In 2018 the software license was purchased outright and is now the property of NEBS to utilize as it deems necessary. The recording of annual amortization expense commenced during 2015 when the asset became available for use. NEBS has approved the replacement of the C-DAT software with the Penad PX3000, which will provide Defined Benefit pension administration and Group Life and Health administration. During the year, $467,055 of implementation costs were allocated to the Pension Fund and $474,393 were allocated to the Group Fund. The software is expected to become available for use during 2026 at which time amortization expense will commence.

(f) Pension obligations

Pension obligations of the multi-employer defined benefit pension plan are measured using the actuarial present value of accrued pension benefits determined by applying best estimate assumptions and the projected benefit method prorated on services. Net assets available for benefits is the difference between the Pension Plan's assets and its liabilities, excluding the accrued pension benefits.

(g) Revenue recognition

Revenue from contributions, investment income, and interest charged to members' accounts, are recognized on an accrual basis. The accrual basis of accounting recognizes the effect of transactions and events when the transactions and events occur, regardless of whether there has been a receipt or payment of cash or its equivalent. Deferred revenue results from contributions for future periods paid in advance. Employer contributions for current service and special payment for funding deficiency must meet or exceed the minimum contributions required based on the most recent actuarial valuation report. Employee contributions for past service are recorded in the year received.

(h) Pension and termination benefits

Pension and termination benefits are shown as expenses in the year of payment.

(i) Allocated expenses

Expenses incurred under a cost-sharing arrangement that are common to the administration of NEBS's two Funds are consistently allocated equally each year.

(j) Cash flows

To provide more relevant information about the flows of funds in and out of NEBS's cash balances under Canadian accounting standards for pension plans, NEBS has elected to include as an integral part of the financial statements, a Statement of Cash Flows for each period presented.

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(j) Cash flows, continued

Information about NEBS's timing of cash receipts and cash payments within each Fund enables NEBS's management to assess the capacity of NEBS to generate cash and cash equivalents and the needs of NEBS for cash resources. The adequacy of expected cash flows, taking into consideration their timing and certainty of generation, is evaluated against cash resources required to repay financial obligations, and to conduct the necessary activities of the Fund as described in Note 1(b).

(k) Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for pension plans requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from these estimates.

Significant estimates are used in determining the useful lives of depreciable capital and intangible assets, provisions for delinquent accounts and severance pay, allocating administrative expenses between NEBS's two Funds, and pension obligations. The Pension Plan's actual experience may differ significantly from assumptions used in the calculation of the Pension Plan's pension obligations. While best estimates have been used in the valuation of the Pension Plan's actuarial value of accrued benefits, management considers that it is possible, based on existing knowledge, that changes in future conditions in the short term could require a material change in the recognized amounts. Differences between actual results and expectations are disclosed in these financial statements as net experience gains or losses in the Statement of Changes in Pension Obligations in the year when actual results are known.

(l) Foreign currency translation

Transactions in foreign currencies are translated into the functional currency of the entity using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rate prevailing at the reporting date. Non-monetary items measured at historical cost are translated at the exchange rate at the date of the transaction. Exchange differences are recognized in profit or loss in the period in which they arise.

3. INVESTMENTS

The Pension Plan's investments are categorized according to the fair value hierarchy as follows:

3. INVESTMENTS, continued

	2025		2024	
	Cost	Market	Cost	Market
Level 1				
Canadian equities	$ 97,506,091	$ 111,707,445	$ 85,155,835	$ 90,719,912
Foreign equities	202,827,080	238,144,368	192,942,796	218,531,440
	300,333,171	349,851,813	278,098,631	309,251,352
Level 2				
Fixed income securities	234,240,270	200,648,985	162,081,116	172,713,084
Pooled Money Market	1,335,777	1,335,777	2,333,637	2,333,637
	235,576,047	201,984,762	164,414,753	175,046,721
Level 3				
Real Estate Funds	28,090,018	30,929,410	27,059,989	30,262,919
Infrastructure Funds	38,000,000	41,371,981	-	-
	66,090,018	72,301,391	27,059,989	30,262,919
	$ 601,999,236	$ 624,137,966	$ 469,573,373	$ 514,560,992

3. INVESTMENTS, continued

The above listed investments are held by National Bank and will not be redeemed in the subsequent period.

The fair value hierarchy as described in Note 2(c) requires the use of observable market inputs wherever such inputs exist. A financial instrument is classified at the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

Investments are valued based on information provided by the investment manager. In particular:

- money market instruments consist of cash and treasury bills, which are valued using published market quotations;

- fixed-income securities consist of an investment in a bond fund. Directly owned bonds are valued using published market quotations. Valuations of the bond fund are received on a per unit basis from the investment manager. Valuations are derived from the sum of the fair value of bond fund assets determined using published market quotations less bond fund liabilities divided by the total number of units outstanding;

- equities consist of Canadian and foreign equity funds. Foreign equity funds also include the fair value of foreign exchange forward contracts. Investment valuations for the funds are received from the various issuers and are calculated in accordance with their published valuation methodologies. Valuations are derived from the sum of the fair value of equity fund assets determined using published market quotations less equity fund liabilities divided by the total number of units outstanding.

- Infrastructure funds consist of long term contracted or regulated infrastructure assets across Europe, North America, and Australia. They are valued at an estimated fair value and are subject to valuations by independent valuators on at least an annual basis. Valuations mostly use a discounted cash flow approach.

- real estate funds consist of the BGO Prime Canadian Property Fund. A premier, open-end core real estate strategy managed by BentallGreenOak (BGO), investing in a diversified portfolio of high-quality Canadian industrial, multi-family, retail and office properties. It focuses on sustainable, top tier assets in major markets like Toronto, Vancouver, and Montreal, targeting stable income and capital appreciation. The fund is valued at an estimated fair value and is subject to real estate appraisals by independent and accredited appraisers on at least an annual basis. Valuations use one or more of the three commonly used methodologies to arrive at an indication of value: the replacement cost approach, the income approach and the direct comparison approach.

4. CAPITAL AND INTANGIBLE ASSETS

A reconciliation of the carrying amounts of capital assets at the beginning and end of the year is as follows:

	Office Equipment	Computer Equipment	Intangible Assets	Total
Cost:				
Balance, beginning of year	$ 5,183	$ 47,028	$ 913,267	$ 965,478
Additions	-	20,518	467,055	487,573
Balance, end of year	5,183	67,546	1,380,322	1,453,051
Accumulated amortization:				
Balance, beginning of year	(5,183)	(36,730)	(396,701)	(438,614)
Amortization	-	(13,828)	(31,948)	(45,776)
Balance, end of year	(5,183)	(50,558)	(428,649)	(484,390)
Net book value	$ -	$ 16,988	$ 951,673	$ 968,661

Included in capital assets is computer equipment under capital lease with a cost of $20,846 (2024 - $20,846), accumulated amortization of $17,355 (2024 - $10,413), and carrying value of $3,491 (2024 - $10,433).

5. PENAD LOAN

NEBS has a non-revolving demand installment loan; detailed as follows:

	2025	2024
Canadian Imperial Bank of Commerce		
Software		
$1,000,000 Non-revolving Demand Instalment Loan - prime + 1%, regular monthly payments of $16,666.62 plus interest. Interest only payments until facility has been fully dispersed.	$ 752,081	$ 371,685

5. PENAD LOAN, continued

Secured by:

1. General Security Agreement granting a first security interest in all present and after acquired personal property.

2. Debt service covenant of 1.25 to 1.00 or more. Fully compliant.

The software replacement is anticipated to become available for use and the loan fully drawn during 2026.

6. CAPITAL LEASE OBLIGATION

The capital lease with Xerox Canada Ltd. for printer and scanner equipment with a carrying value of $3,492 (2024 - $10,434), is recorded at an amount equal to the present value of the lease payments using the interest rate implicit in the lease. The implicit interest rate of the obligation is 10.15% and the lease expires November 3, 2028, repayable in quarterly installments of $1,237 including interest. The following is a schedule of future minimum lease payments under the capital lease:

2026	$ 4,949
2027	4,949
2028	3,711
Total future minimum lease payments	13,609
Less amount representing interest	1,739
Present value of minimum net lease payments	11,870
Less current portion	4,949
	$ 6,921

7. PENSION OBLIGATIONS

The actuarial present value of accrued pension benefits was estimated by AON, a firm of consulting actuaries. The data and assumptions used for the extrapolated December 31, 2025 liabilities are the same as that used in the actuarial valuation as at December 31, 2024. The data and assumptions used for the extrapolated December 31, 2024 liabilities are the same as that used in the actuarial valuation as at December 31, 2023. The December 31, 2025 extrapolation has been prepared based on the pension plan provisions as at December 31, 2024. The December 31, 2024 extrapolation has been prepared based on the pension plan provisions as at December 31, 2023. The going concern results were prepared using the projected benefit actuarial cost method (also known as the projected unit credit method).

7. PENSION OBLIGATIONS, continued

The Plan's liabilities have been estimated as at December 31, 2025 by increasing the liabilities at the last valuation date described above by the cost of accruing benefits and interest, and subtracting benefit payments accumulated with interest for the same period. The cost of benefits accrued is from the December 31, 2024 actuarial valuation report, adjusted for differences in the actual versus expected contributions. Other than the actual cost-of-living increase on January 1, 2025, the actuaries have assumed that there were no experience gains and losses in the interim periods.

Significant and long term actuarial assumptions used in the going concern valuation were:

	2025	2024
Discount rate:	6.25%	6.25%
Rate of salary increase:	2.50%	2.50%
Inflation:	2.00%	2.00%

A going concern valuation is performed to determine the funded status of the pension plan and the funding requirements for the pension plan treating the plan as a going concern. The legislation referred to in Note 1(a) does not require the Plan to be funded on a solvency basis.

The actuarial valuation report on the funded position of the Plan on a going concern basis as at January 1, 2025 was completed by the actuary in November 2025. In accordance with the Northern Employee Benefits Services Pension Plan Act, the next actuarial valuation for the purposes of developing funding requirements should be performed no later than as at January 1, 2028.

Should there be a deficiency, the NEBS Pension Committee would review the action necessary to ensure such a hypothetical deficiency is amortized according to the rules established by the Pension Benefits Standards Act, 1985. Accordingly, NEBS has elected to perform a funding valuation annually, the next expected to be in January 1, 2026.

The actuarial value of assets has been calculated using the actual market value of assets as at December 31, 2025 and adjusted for outstanding contributions, and benefit payments.

The actuarial value of net assets available for benefits is equal to the adjusted market value of assets over a four year period as of December 31, 2025.

8. PENSION CONTRIBUTIONS

Contributions revenue during the year of the Pension Plan Trust Fund consists of the following:

8. PENSION CONTRIBUTIONS, continued

	2025	2024
Employee and employer current service cost	$ 39,185,523	$ 36,154,274
Employee past service cost	-	-
Voluntary additional contributions from employees	2,918,805	4,441,499
Terminating membership buyouts	86,112	-
Employer Unfunded Liability Contributions	38,104	-
	$ 42,228,544	$ 40,595,773

There was one terminating membership buyout in 2025 (2024 - none). Management is not aware of any pending withdrawing members.

Contributions revenue during the year of the Pension Plan Trust Fund includes the following:

	2025	2024
Employee portion	$ 22,511,567	$ 22,518,636
Employer portion	19,716,977	18,077,137
	$ 42,228,544	$ 40,595,773

As at December 31, 2025, contributions receivable of the Pension Plan Trust Fund includes the following:

	2025	2024
Employee portion	$ 308,366	$ 726,150
Employer portion	308,366	726,150
	$ 616,732	$ 1,452,300

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2025

9. INVESTMENT INCOME

Total investment income during the year of the Pension Plan Trust Fund is as follows:

	2025	2024
Realized investment income:		
Gain (loss) on sale of investments	$ 7,630,335	$ 3,898,419
Interest and dividends	62,399,592	46,642,758
Total realized investment income	70,029,927	50,541,177
Unrealized investment income:		
Current period change in fair value of investments	16,766,657	33,415,568
	$ 86,796,584	$ 83,956,745

Investment income during the year from gain on sale of investments of the Pension Plan Trust Fund consists of the following:

	2025	2024
Canadian equities	$ 1,349,693	$ 312,900
Foreign equities	5,323,678	1,906,067
Fixed income - Bonds	956,964	1,679,452
	$ 7,630,335	$ 3,898,419

Investment income during the year from interest and dividends of the Pension Plan Trust Fund consist of the following:

	2025	2024
Canadian equities	$ 20,902,514	$ 9,263,231
Foreign equities	28,963,139	27,221,124
Fixed income - Bonds & Debentures	12,523,133	10,009,324
Canadian pooled money market funds	10,806	149,079
	$ 62,399,592	$ 46,642,758

10. NET ASSETS

The purpose of NEBS is to provide benefits to members. As such, when managing capital, the objective is to preserve assets of the Pension Plan Trust Fund, and the Health & Welfare Fund, in a manner that provides NEBS with the ability to continue as a going concern, to have sufficient assets to meet future obligations for benefits, and to have sufficient liquidity to meet all benefit and expense payments.

The capital of NEBS consists of its surplus (deficit) as represented by the Pension Plan Trust Fund balance or deficit. Excluding the impact of investment income, NEBS is funded through a combination of employee and employer contributions. The surplus (deficit) of the Pension Plan Trust Fund represents the difference between the Net Assets Available For Benefits and the actuarially determined accrued pension benefits on a going-concern basis. Actuarial valuations, which aid in the determination of the extent of the Pension Plan Trust Fund's capital, are performed annually. Surplus or deficit, as they arise, as well as other relevant aspects of NEBS, are managed in order to comply with the externally imposed requirements of the Income Tax Act and the legislation referred to in Note 1(a).

As at December 31, 2025, NEBS is not in violation of any externally imposed legal or regulatory requirements.

As at December 31, 2025, the Pension Plan Trust Fund balance consists of the following:

	2025	2024
Capital assets	$ 16,988	$ 10,298
Intangible assets	951,673	516,566
Penad loan	(752,081)	(371,685)
Capital lease obligation	(11,870)	(15,355)
Net assets invested in capital and intangible assets	204,710	139,824
Unfunded severance pay liability in wages & benefits payable	(156,903)	(132,354)
Unrestricted surplus	175,422,520	117,699,505
	$ 175,470,327	$ 117,706,975

11. FINANCIAL INSTRUMENTS AND RISK

The Pension Plan's investments are recorded at fair value based on information provided by the investment manager. Other financial instruments of NEBS consist of cash, short-term investments, contributions receivable, other receivables, interfund balances, wages and benefits payable, and accounts payable. The fair value of these financial instruments approximates their carrying values.

The fair values of Pension Plan investments are exposed to credit, liquidity, and market risks. Asset diversification and investment eligibility requirements serve as basic risk-management tools for the investment portfolio as a whole. The Pension Plan's investment strategy requires that investments be held in a diversified mix of asset types and also sets out investment eligibility requirements. The diversification of assets serves to lower the variations in the expected return performance of the portfolio. Eligibility requirements serve to ensure that Pension Plan assets, to the extent possible, are not placed at undue levels of risk and can meet the obligations of the Pension Plan as necessary. While the above policies aid in risk management, the Pension Plan's investments and performance remain subject to risks, the extent of which is discussed below:

Credit risk

Credit risk is the risk that a counterparty to a financial contract will fail to discharge its obligations in accordance with agreed-upon terms. The Pension Plan is exposed to credit risk through its investments in money market instruments (excluding cash), and fixed-income securities. The Pension Plan's credit risk on money market instruments, fixed-income securities, and inflation-linked assets is managed by setting concentration limits on exposure to any single issuer, as well as by setting minimum credit-rating criteria for investment.

Concentrations of credit risk exist when a significant proportion of the portfolio is invested in securities subject to credit risk with similar characteristics or subject to similar economic, political, or other conditions. The investment portfolio as a whole is subject to maximum exposure limits and asset allocation targets that are designed to manage exposure to concentrated credit risk.

Liquidity risk

Liquidity risk is the risk that the Pension Plan will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Pension Plan's financial liabilities consist of Accounts Payable & Accrued Liabilities, Penad Loan, Capital Lease Obligation and Due to Health & Welfare Fund. These amounts are short term in duration and are set to mature within one year. Liquidity risk is managed through ensuring that sufficient liquid assets are maintained to meet anticipated payments and investment commitments in general. With respect to the Pension Plan's financial liabilities and the actuarial value of accrued pension benefits, management believes that the Pension Plan is not subject to any significant liquidity risk. The actuarial value of accrued pension benefits is not considered a financial liability; however, it is the most significant liability of the Pension Plan in the Statement of Financial Position. NEBS is required to contribute all funds necessary to meet any funding shortfalls of the Pension Plan as they may arise from time to time.

11. FINANCIAL INSTRUMENTS AND RISK, continued

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is composed of interest rate, currency, and other price risk. The extent of market risk exposure is dependent on the nature of the investment.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate owing to changes in market interest rates. The Pension Plan is exposed to interest rate risk through its investment holdings in interest-bearing, or fixed-income, assets. These principally include money market instruments and fixed-income securities. The Pension Plan manages its exposure to interest rate risk through holding a diversified mix of assets, both interest-bearing and non-interest bearing. This approach lowers the impact of variations in overall portfolio performance owing to factors arising from interest rate risk. The fair value of the Pension Plan's assets, specifically the fixed-income securities, is affected by changes in the nominal interest rate.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market. The Pension Plan is exposed to other price risk through its holdings in Canadian equities. The Pension Plan manages these risks through maximum proportions of equities in its investment portfolio and through concentration limits on investments in any one issuer, as outlined in the investment policy. Future cash flows relating to the sale of an investment exposed to other price risk will vary depending on market prices at the time of sale. Concentrations of other price risk exists when a significant portion of the portfolio is invested in equities with similar characteristics or subject to similar economic, market, political, or other conditions.

12. ALLOCATED EXPENSES

Included in administrative expenses of the Pension Plan Trust Fund for the year are expenses allocated under a cost-sharing arrangement totaling $1,362,846 (2024 - $1,313,541) which includes equal allocations between the Health & Welfare Fund and the Pension Plan Trust Fund. Expenses allocated equally include certain expenses included in Intangible Assets, Wages & Benefits, Communications, Building & Works, Supplies & Materials, Professional Fees, Investment Counselling, certain Committee Expenses, and Marketing.

Included in the NEBS Pension Plan Trust Fund as at December 31, 2025 is an amount due to the NEBS Health & Welfare Fund of $251,371 (2024 - $234,601). The interfund balance, which arises from the chargeback of expenses during the year allocated to, and paid on behalf of, the Pension Plan Trust Fund, is unsecured, non-interest bearing, and due on demand. Changes during the year in interfund balance are as follows:

12. ALLOCATED EXPENSES, continued

	2025	2024
Interfund balance, beginning of year	$ 234,601	$ 143,869
Total chargebacks charged from Health & Welfare Fund	1,362,846	1,313,540
Repayments to Health & Welfare Fund	(1,346,076)	(1,222,808)
Interfund Balance, end of year	$ 251,371	$ 234,601

During the year, excluded from the accompanying financial statements are self-insured pension premium expenses incurred totalling $56,340 (2024 - $41,713).

NORTHERN EMPLOYEE BENEFITS SERVICES
HEALTH & WELFARE FUND & PENSION PLAN TRUST FUND

COMBINED SCHEDULE OF BOARD HONORARIA
For the year ended December 31, 2025

The NEBS Honorarium & Expenses Policy establishes honoraria and expenses to be paid to Directors and the Chairman, and the By-Laws for Northern Employee Benefits Services requires that Employer Members ratify any changes in remuneration. The Policy was last changed and ratified in 2024.

During the year, all in person Pension Committee and Board Meetings were held in Yellowknife in April, September and December.

	2025 Meetings Attended	2025	2024
Aitaok, Vicki	4	2,800	-
Aumond, Michael	4	2,800	4,400
Bennett, William	6	11,900	14,000
Cohen, Michael	2	2,450	9,450
Couturier, Marie	6	6,300	8,400
Ehaloak, Sharon	4	4,900	-
Fleming, Brian	6	11,900	5,250
Mahe, Stacey	2	1,400	-
McBride, Gary	6	7,000	7,700
McCrea, Sara	0	-	4,050
McDonald, Allan	6	4,800	8,000
McKee, John	1.5	1,050	2,800
Stewart, Art	7	9,800	12,450
Young, Gwen	6	4,200	4,200
Sessua Kuengou, Judy Romaric	6	10,500	12,600
		$ 81,800	$ 93,300
Allocation:			
Administrative Board Expenses - Health & Welfare Fund		$ 41,250	$ 46,650
Administrative Committee Expenses - Pension Plan Trust Fund		40,550	46,650
		$ 81,800	$ 93,300

NORTHERN EMPLOYEE BENEFITS SERVICES PENSION PLAN (the "Plan")

PENSION COMMITTEE'S CERTIFICATE OF COMPLIANCE
IN RESPECT OF THE YEAR 2025

The Pension Committee is required by section 27(2)(b) of the Northern Employee Benefits Services Pension Plan Act (the "Act") to file a certificate stating that, in the opinion of the Pension Committee, the Plan complies with the Act and the regulations under the Act.

I, Al MacDonald, the Chair of the Pension Committee for the Northern Employee Benefits Services Pension Plan CERTIFY THAT

1. The Pension Committee has reviewed the compliance of the Plan with the Northern Employee Benefits Services Pension Plan Act and the regulations under the Act;

2. It is the opinion of the Pension Committee that the Plan complies with the Act and the regulations, and

3. The Pension Committee acknowledges that the obligation to determine compliance of the Plan is the responsibility of the Pension Committee, and declares that the Pension Committee has fulfilled that responsibility and, in having resolved to that effect, has complied with the Act and the regulations.

I declare that the above statements are true to the best of my knowledge and belief and I make these statements conscientiously believing them to be true.

CHAIR OF PENSION COMMITTEE

30th June 2026

Date

Long Term Sustainability

In accordance with section 27(2)(c) of the NEBS Act and in compliance with Appendix B of the NEBS Funding Policy, a statement of the long-term sustainability has been prepared for the NEBS Plan.

Based on a 15-year projection of the going concern position, using the assumptions and methods disclosed in the January 1, 2026 preliminary actuarial valuation as well as the guidelines recommended in Appendix B of the NEBS Funding Policy, current contribution rates of the NEBS Plan are adequate to sustain the NEBS Plan over the next 15 years.

In accordance with Appendix B of the NEBS Funding Policy, excess amounts existing in the Pension Fund over and above amounts required by the NEBS Acts to be held in the Pension Fund to secure the benefits payable from the Plan over a 15 year period may be used to as a contingency reserve (margin) against adverse deviation arising from negative plan experience, shifts in maturity of the NEBS Plan over time and higher than projected costs of future benefit accruals.

The accompanying presentation details the assumptions, methods, calculation and results of the 15-year projection (i.e. the Contribution Rate Adequacy Test) performed as at January 1, 2026 to assess the long term sustainability of the NEBS Plan.

Aon Proprietary and Confidential

Goals and Objectives

2025 Goals and Objectives update:

Governance Goal (Restated): The Pension Committee and the Board of Directors will lead the organization using a participative result based, governance model.

Objective 1: Continue to update and monitor NEBS Governance objectives and policies.
Objective 2: Continue with Pension Committee training.
Objective 3: Have the Pension Committee attend a Pension Conference to expand their knowledge base.

In 2025, NEBS continued to utilize the Pension Committee Standing Agenda Items Table to review all policies and procedures, and either readopt or change them as required. Objective 2 was achieved by including training on the agendas of all three pension committee meetings, held in April, September, and December 2025. Objective 3 will be achieved by having the Pension Committee attend the Association of Canadian Pension Management (ACPM) national conference in Montreal from September 22 – 24, 2026.

Funding Goal (Restated): Obtain and maintain full funding by collecting contributions and earning investment returns on investments necessary to pay expenses and all promised benefits.

Objective 1: Achieve optimal investment returns by working with the Pension Committee, Investment Managers, and the Investment Consultant, and by updating the Statement of Investment Policy.
Objective 2: Finalize the onboarding of Farmland as a new asset class.

In 2025, Objective 1 was met with a 17% annual rate of return across all asset classes and funds. Objective 2 was met with a 10% ($38 million) investment in Infrastructure with IFM.

Plan Administrative Goal (Restated): Provide high quality, cost effective administrative support.

Objective 1: Continue to implement the use of electronic technology in our operations.
Objective 2: Increase electronic communication with members.
Objective 3: Finalize updates to increase the functionality of our website.
Objective 4: Finalize and distribute a new employer manual.
Objective 5: Finalize the new PENAD Software program.
Objective 6: Plan and incorporate cross-training of staff for redundancy.
Objective 7: Produce a Members Annual Report.
Objective 8: Produce quarterly newsletters.
Objective 9: Schedule and conduct several marketing / information presentations to new and existing members.

Objectives 1 and 3 were met by adding additional improvements to the website and streamlining our Board election process utilizing an electronic voting platform. NEBS also purchased and installed a new server and several desktop computers and laptops. Objectives 2 and 8 were met with an improved newsletter format and more regular editions being sent out quarterly. Objective 4 was produced in a draft format and is currently being reviewed. Objective 5 is more than 90% completed with final launch expected by the end of the year. Objective 6 is being carried out with succession

planning for key staff positions. Objective 7 is complete.. Objective 9 was met with 5 marketing and information sessions conducted in 2025.

Marketing Goal (Restated): Expand Plan Membership by attracting Nunavut and NWT Employers that
qualify to be on the plan.

Objective 1: Continue to market the plan.
Objective 2: Continue to research and monitor qualified organizations that are currently not on the plan and direct marketing activities towards them.
Objective 3: Support NAMA, NAM, LGANT and NWTAC with sponsorship.
Objective 4: Advertising of the plan in media.

Objective 1 was met as NEBS held several marketing sessions in 2025 with new potential members. Objective 2 was met with ongoing qualified organizations in Nunavut, NWT, and Manitoba. Objective 3 was met with sponsorship and attendance at the Kivalliq Mayors Meeting, NAM, LGANT, and NWTAC. Objective 4 was met with regular announcements about NEBS in NWT and Nunavut media.

2025 Goals and Objectives

Governance Goal (Restated): The Pension Committee and the Board of Directors will lead the organization by continuing to adopt a collaborative, results-oriented governance model that encourages active participation from all stakeholders.

Objective 1: Continue to update and monitor NEBS Governance objectives and policies to ensure they reflect current best practices that align with the organization's values.
Objective 2: Continue to enhance the skills and knowledge of the Pension Committee through ongoing training programs that equip the committee members with the tools necessary for effective governance.

Funding Goal (Restated): Achieve and maintain full funding by collecting contributions and securing optimal investment returns, ensuring resources are available to meet all expenses and fulfill all promised benefits.

Objective 1: Collaborate closely with the Pension Committee, Investment Managers, and Investment Consultants to maximize investment returns, while revising the Statement of Investment Policy to reflect evolving market conditions.

Plan Administrative Goal (Restated): Provide exceptional, cost-effective administration that enhances the overall member experience and operational efficiency.

Objective 1: Continue to implement the use of electronic technology in our operations.
Objective 2: Expand electronic communication with members to foster engagement and provide timely information.
Objective 3: Continue to expand the information available on the NEBS Website.
Objective 4: Finalize and distribute a new employer manual.
Objective 5: Finalize the new PENAD Software program.
Objective 6: Organize comprehensive cross-training for staff.

Objective 7: Produce an Annual Report for Members that outlines plan details, outlines achievements, and highlights the future direction of the organization.
Objective 8: Publish quarterly newsletters to keep members informed.
Objective 9: Schedule and conduct engaging marketing and informative presentations for both prospective and current members, highlighting the benefits of participation in the plan.

Marketing Goal (Restated): Expand membership by attracting eligible employers from the NWT and Nunavut to join the plan.

Objective 1: Continue to market the plan.
Objective 2: Continue to research and monitor qualified organizations that are currently not on the plan and direct marketing activities towards them.
Objective 3: Support NAMA, NAM, LGANT and NWTAC with sponsorship, reinforcing collaborative relationships and increasing visibility.
Objective 4: Implement advertising campaigns across media platforms to raise awareness and interest in the Plan, encouraging broader participation.



Al McDonald
Pension Committee Chairman
June 30, 2026

Employer Name	Active Members
ARCTIC BAY HOUSING ASSOCIATION	7
ARCTIC BAY, HAMLET OF	15
ARVIAT HOUSING ASSOCIATION	14
ARVIAT, HAMLET OF	49
BAKER LAKE HOUSING ASSOCIATION	16
BAKER LAKE, HAMLET OF	38
BEHCHO KO, TLICHO COMMUNITY GOVERNMENT OF	25
BEHCHOKO KO GHA K'AODEE	7
CAMBRIDGE BAY HOUSING ASSOCIATION	12
CAMBRIDGE BAY, HAMLET OF	36
CAPE DORSET HOUSING AUTHORITY	10
CHESTERFIELD INLET HOUSING ASSOCIATION	2
CHESTERFIELD INLET, HAMLET OF	14
CLYDE RIVER HOUSING ASSOCIATION	12
CLYDE RIVER, MUNICIPALITY OF	20
COALITION OF NUNAVUT DEAS	4
CORAL HARBOUR HOUSING AUTHORITY	7
CORAL HARBOUR, HAMLET OF	18
DELINE GOTINE GOVERNMENT	52
DELINE HOUSING ASSOCIATION	5
FORT LIARD, HAMLET OF	9
FORT MCPHERSON HOUSING ASSOCIATION	2
FORT MCPHERSON, HAMLET OF	11
FORT RESOLUTION HOUSING ASSOCIATION	3
FORT RESOLUTION, HAMLET OF	8
FORT SIMPSON HOUSING AUTHORITY	5
FORT SMITH HOUSING AUTHORITY	6
FORT SMITH, TOWN OF	47
GAMETI HOUSING AUTHORITY	2
GAMETI, COMMUNITY GOVERNMENT OF	9
GIANT MINE OVERSIGHT BODY SOCIETY	1
GJOA HAVEN, HAMLET OF	48
GRISE FIORD HOUSING ASSOCIATION	1
GRISE FIORD, HAMLET OF	2
GWICH IN LAND AND WATER BOARD	5
IGLOOLIK HOUSING ASSOCIATION	10
IGLOOLIK, MUNICIPALITY OF	16
ILITAQSINIQ	21
INUIT HERITAGE TRUST INCORPORATED	6
INUVIK HOUSING AUTHORITY	8
INUVIK, TOWN OF	38
IQALUIT HOUSING AUTHORITY	10
JEAN MARIE RIVER DENE BAND	2

Employer Name	Active Members
KAKIVAK ASSOCIATION	22
KATLODEECHE FIRST NATIONS	7
KIKITAK HOUSING ASSOCIATION	6
KIMMIRUT HOUSING ASSOCIATION	3
KIMMIRUT, HAMLET OF	10
KINNGAIT, HAMLET OF	27
KITIKMEOT HERITAGE SOCIETY	5
KITIKMEOT INUIT ASSOCIATION	32
KIVALLIQ INUIT ASSOCIATION	53
KUGAARUK HOUSING AUTHORITY	3
KUGAARUK, HAMLET OF	19
KUGLUKTUK HOUSING ASSOCIATION	17
KUGLUKTUK, HAMLET OF	30
LOCAL GOVERNMENT ADMINISTRATORS OF THE NWT	1
LUTSELKE HOUSING ASSOCIATION	1
MACKENZIE VALLEY EIRB	15
MACKENZIE VALLEY LAND AND WATER BOARD	17
NAHANNI BUTTE DENE BAND	2
NAUJAAT, HAMLET OF	18
NORMAN WELLS, TOWN OF	17
NORTH SLAVE METIS ALLIANCE	5
NORTHERN EMPLOYEE BENEFITS SERVICES	7
NORTHWEST TERRITORIES / NUNAVUT COUNCIL OF FRIENDSHIP CENTRES	6
NORTHWEST TERRITORIES TEACHERS' ASSOCIATION	6
NUNAVUT ASSOCIATION OF MUNICIPALITIES	2
NUNAVUT IMPACT REVIEW BOARD	22
NUNAVUT MUNICIPAL TRAINING ORGANIZATION	4
NUNAVUT PLANNING COMMISSION	15
NUNAVUT TEACHERS' ASSOCIATION	6
NUNAVUT TUNNGAVIK INC.	119
NUNAVUT WATER BOARD	11
NWT ASSOCIATION OF COMMUNITIES	6
NWT LITERACY COUNCIL	13
NWT/NU ASSOCIATION OF PROFESSIONAL ENGINEERS & GEOSCIENTISTS	5
PANGNIRTUNG HOUSING ASSOCIATION	8
PANGNIRTUNG, HAMLET OF	22
PANGNIRTUNG, HAMLET OF - MANAGEMENT GROUP	1
POND INLET HOUSING ASSOCIATION	11
POND INLET, HAMLET OF	14
QAMMAQ HOUSING ASSOCIATION	7
QIKIQTANI INUIT ASSOCIATION	108
QIKIQTARJUAQ HOUSING ASSOCIATION	6
QIKIQTARJUAQ, MUNICIPALITY OF	2

Employer Name	Active Members
RADILIH KOE HOUSING ASSOCIATION	1
RANKIN INLET HOUSING ASSOCIATION	5
RANKIN INLET, HAMLET OF	29
REPULSE BAY HOUSING ASSOCIATION	6
RESOLUTE BAY HOUSING ASSOCIATION	1
RESOLUTE BAY, HAMLET OF	14
SAHTU LAND AND WATER BOARD	7
SAHTU LAND USE PLANNING BOARD	3
SANIKILUAQ, MUNICIPALITY OF	13
SANIRAJAK HOUSING ASSOCIATION	5
SANIRAJAK, HAMLET OF	15
TALOYOAK HOUSING AUTHORITY	13
TALOYOAK, HAMLET OF	30
TASIURQTIT HOUSING ASSOCIATION	2
TLICHO GOVERNMENT	155
TLICHO MANAGEMENT SERVICES LTD - MANAGEMENT GROUP	8
TLICHO MANAGEMENT SERVICES LTD.	10
TUKTOYAKTUK, HAMLET OF	9
TULITA HOUSING ASSOCIATION	3
UQUUTAQ SOCIETY	29
WEK EEZHII LAND AND WATER BOARD	11
WEKEEZHII RENEWABLE RESOURCES BOARD	4
WEKWEETI, TLICHO COMMUNITY GOVERNMENT OF	9
WHALE COVE, HAMLET OF	6
WHATI HOUSING AUTHORITY	3
WHATI, THE COMMUNITY GOVERNMENT OF	9
YELLOWKNIFE CATHOLIC SCHOOLS	176
YELLOWKNIFE HOUSING AUTHORITY	11
YELLOWKNIFE, FIRE FIGHTING	31
YELLOWKNIFE, MANAGEMENT	53
YELLOWKNIFE, MUNICIPAL ENFORCEMENT	8
YELLOWKNIFE, UNION	144
YK EDUCATION DISTRICT #1	302
Total	**2469**