ONTARIO CLEAN WATER AGENCY
AGENCE ONTARIENNE DES EAUX

2025

Annual Report

Your
TRUSTED
WATER PARTNER
For Life

Together we deliver water and wastewater services for the health and sustainability of communities.

Table of Contents

Message from the CEO and Board Chair

2025 was another productive year for OCWA, guided by our mandate and deep sense of purpose, with many significant successes for the Agency to celebrate.

We successfully renewed contracts with all of our existing clients whose contracts were up for renewal and welcomed several new clients to the OCWA family. We also increased total revenue by 3.75 percent in 2025 compared to 2024 and achieved a net income of $8.8 million. These positive results enable us to not only meet the needs of our clients but also continue to be financially sustainable as an organization. They also reflect the value that our municipal, First Nation, industrial, and other clients place on the top-quality water, wastewater, stormwater, technical, and business support services that our employees deliver to their communities every day. We are thankful for and committed to continually working to earn the trust our client communities place in us, in alignment with our TRUSTED organizational values.

The water sector is a critically important part of every community in Ontario. The OCWA team is focused on bringing together two of our greatest resources – our water and our people – and continuously working to meet the needs of our clients. We accomplish this by proactively adapting to change and delivering industry-leading services and solutions to best manage their critical infrastructure.

We made further investments in our energy management and monitoring program, with a goal to create further financial benefits for our clients, while supporting the goals of reducing the environmental footprint of the systems we operate on the overall Ontario electricity grid infrastructure and creating project opportunities for the Agency.

OCWA's asset management program has also come a long way, and will continue to go a long way, with the strong partnership that exists between the Agency's operational support and operations teams, anchoring its position as a key pillar in the organization.

In line with our Provincial mandate, we continued to strengthen and invest in our support for Indigenous communities by making progress on our Reconciliation Action Plan, which is an important step in OCWA's long-term commitment to working alongside First Nations, Inuit, and Métis Peoples in Ontario. The roll-out of this plan is ongoing and reflects OCWA's role as both a service provider and a learning organization.

We held our first Women in Leadership Conference earlier in the year, which kicked off a series of workshops focused on women's health and leadership. We're building on this momentum in 2026, with a mentorship program and more opportunities for learning and connection across the organization. We also launched several initiatives with the goal of building efficiency and strengthening client relationships, including the rollout of Workday, the Agency's new Human Resources Information System, which will streamline processes and enhance how we work together.

Furthermore, we advanced our cybersecurity planning and posture through tabletop exercises, technical program delivery, and written playbooks to ensure we're prepared for a wide range of potential risk scenarios. OCWA's financial sustainability enables us to make strategic investments in these and other Agency programs, advancing our data stewardship to better support our clients and the Province.

This year also posed some challenges that we needed to address, with ongoing global trade pressures, including tariffs imposed on some goods and services, testing our resilience. We are proud of how OCWA responded, demonstrating strength and determination, professionalism, and an unwavering commitment to the communities that we serve.

None of this could happen without our Board of Directors, our Senior Leadership Team, and all of our employees, who are what make OCWA great. Our sincerest thanks to everyone who works at OCWA for everything they do each and every day to support the people of Ontario with purpose and pride by providing clean, safe drinking water and protecting the natural environment.

Iman Hashemi
President and Chief Executive Officer

Debbie Korolnek
Chair, OCWA Board of Directors

Agency Overview

The Ontario Clean Water Agency (OCWA) was established in 1993 as an agency of the Province of Ontario, with a mandate to provide water, wastewater, and other related services to clients in a manner that protects human health and the environment, and encourages the conservation of water resources. The Agency's core business is the operation and maintenance (O&M) of water and wastewater treatment facilities and their associated distribution and collection systems on behalf of municipalities, First Nations, institutions, and private sector companies.

In addition to O&M, OCWA offers clients a broad array of related functions, including engineering, training, and other technical and advisory services, such as process optimization, energy management, and asset management. OCWA's goal is to assist its municipal, First Nations, and other clients in managing their water and wastewater facilities, and associated distribution and collection systems, at every stage of the asset life cycle, while helping them ensure the sustainability of their water and wastewater systems. In everything that the Agency does, OCWA is steadfastly committed to implementing innovative technologies, processes, and solutions aimed at improving operational efficiency and reliability.

OCWA utilizes a shared service structure whereby staff and resources are shared among large municipal plants and smaller satellite facilities to ensure geographic optimization. OCWA's typical hub structure provides economies of scale that reduce operation and maintenance costs for individual municipalities. Clients also benefit from the sharing of management, administration, and specialized support services.

OCWA has an unmatched ability to deliver excellent compliance and safety performance across diverse regions, technologies, and facility sizes. Most Agency employees are directly involved in developing, selling, and delivering customer solutions, and are among the most knowledgeable and experienced in the water and wastewater industry.

Given OCWA's role as a public Agency, the protection of public health and safety is the Agency's top priority. OCWA's specially equipped and highly trained emergency response teams are available to respond within 24 hours to water or wastewater emergencies throughout Ontario, providing an essential resource to the Province. With locations across Ontario, OCWA staff are always nearby, ready, and able to provide emergency resources should the need arise.

OCWA supports the Province of Ontario by safeguarding drinking water for the people of Ontario; protecting the province's lakes and rivers by providing training services for water operators on behalf of the Walkerton Clean Water Centre; and delivering training directly to wastewater operators across the province. Education is another way in which OCWA brings value beyond the services that it delivers directly to clients. OCWA's school and community outreach programs educate the public about the value of water and the importance of protecting the environment.

Across Canada and around the world municipalities are looking for ways to do more with less. OCWA helps ensure that the Agency's clients make well-informed decisions regarding infrastructure investments by working with them to develop comprehensive water and wastewater asset plans that prioritize their infrastructure needs for the next decade and beyond. OCWA also supports clients in accessing federal and provincial funding opportunities that will allow them to put those plans into action.

Municipalities, and the water industry as a whole, are looking for better, more sustainable ways to manage water and wastewater systems. OCWA works with clients to enhance the resilience of their infrastructure, reduce energy use, and reduce the production of harmful greenhouse gases through best management practices and technology. This includes turning biosolids from wastewater treatment plants, along with food and other organics, from waste products into potential energy sources.

OCWA is also innovating in the area of information management by working to develop and implement integrated information technology systems to automate the collection, analysis, and communication of water and wastewater facility information from internet-connected sites. The Agency's goal is to ensure that operational staff and clients can readily access up-to-date information for all of the facilities that the Agency operates.

OCWA's ongoing success with these initiatives ensures that the Agency continues to provide the highest level of service to clients while helping the Province to protect the health of Ontario residents, and conserve and sustain Ontario's water resources for present and future generations.

Vision, Mission and Values

Vision and MIssion

OCWA's Vision is to be "**Your Trusted Water Partner for Life**", with a Mission that has been reshaped by the priorities that the Agency has heard from its employees and partners and the collaboration that is needed to meet those priorities: "**Together we deliver water and wastewater services for the health and sustainability of communities.**"

Values

OCWA's Values are focused on building trust with clients and other stakeholders. The Agency's Values describe what is most important to employees, and reflect the accountability that the Agency owes to them.

Teamwork
We bring together our local knowledge, skills and talents and collaborate with our partners to meet the needs of the communities we serve

Reliability
We provide essential services that meet or go beyond compliance standards and follow through on our commitments to each other and our partners

Understanding
We listen to and collaborate with our partners to deliver solutions that meet their needs

Safety
We make health, safety and wellness in our workplace and in the communities where we live and work, our number one priority

Transparency
We communicate openly, honestly and authentically with each other and our partners

Environment
We protect the environment through innovative solutions to strengthen the health and sustainability of the communities we serve

Diversity
We embrace diverse perspectives and strive to create an equitable and inclusive environment where each of us feels respected and empowered to achieve our personal and professional goals

Governance and Accountability

Governance

OCWA is committed to implementing governance best practices at all levels of the organization to enhance transparency and accountability to clients, the government, and the citizens of Ontario.

The Agency is governed by a Board of Directors (the "Board"). Members of OCWA's Board are appointed by the Lieutenant-Governor-in-Council on the recommendation of the Premier. The Board follows best practices in corporate governance, including director orientation, and ongoing education, holding regular meetings and strategic planning sessions, as well as adhering to the Agency's Board Code of Conduct.

A Board competency matrix has been established to ensure that the skills of Board members are in alignment with the long-term business strategy of the Agency. OCWA's Board is comprised of individuals with a range of competencies and backgrounds, enabling the Board as a whole to effectively fulfill its stewardship responsibilities. Collectively, the Board has expertise in both the private and public sectors, including the management of public utilities.

The Board is responsible for overall Agency affairs, including setting strategic direction, monitoring performance, and ensuring appropriate systems and controls are in place for the proper administration of the Agency in accordance with OCWA's governing documents. The Board is accountable to the Minister of the Environment, Conservation and Parks, who is accountable to the Provincial Legislature.

OCWA's Board has established a number of standing committees to assist it in fulfilling its corporate governance and oversight responsibilities. Current committees include the Audit and Finance Committee, Business Transformation and Technology Committee, Compliance and Operational Risk Management Committee, First Nations Committee, and Human Resources, Governance and Nominating Committee. Temporary task forces are also established, as necessary, by the Board to provide guidance to management and oversee specific Agency initiatives.

In addition, OCWA has established an Internal Audit function to provide independent and objective assurance and advisory services to the Board and management, and to add value and improve the operations of the Agency. To ensure that the Internal Audit function remains independent and objective, the Director of Internal Audit reports functionally to the Audit and Finance Committee and the Board, and administratively (i.e., day-to-day operations) to the President and CEO to ensure that the Internal Audit function has sufficient authority to fulfill its duties and receive feedback.

The Board and/or the President and CEO have the authority to direct Internal Audit to undertake audits over any aspect of OCWA's operations. For assurance engagements, Internal Audit reports directly to the Audit and Finance Committee and the Board. For advisory services, Internal Audit reports to the President and CEO. Assurance services include compliance reviews and effectiveness testing. Advisory services include system implementation and process design reviews, along with follow-up reviews of past audit recommendations.

Accountability

OCWA demonstrates accountability to the government and citizens of Ontario in many ways, including:

- Meeting the priorities outlined in the annual Letter of Direction from the Minister of the Environment, Conservation and Parks;
- Meeting the requirements of appropriate regulatory authorities (Ministry of the Environment, Conservation and Parks; Ministry of Labour, Immigration, Training and Skills Development; Medical Officers of Health; etc.) for OCWA-operated facilities;
- Providing facility reports to clients for OCWA-operated municipal water and wastewater treatment facilities;
- Generating an Annual Report, submitted for approval to the Minister of the Environment, Conservation and Parks, for tabling in the Provincial Legislature, and made available to all Ontarians online at www.ocwa.com;
- Producing an annual three-year Business Plan, including performance measures, submitted for approval to the Minister of the Environment, Conservation and Parks annually, and made available to all Ontarians online at www.ocwa.com;
- Supporting annual audits of OCWA's financial statements, periodic performance audits conducted by the Office of the Auditor General of Ontario, and regular audits conducted by the Agency's Internal Audit group;
- Providing accessibility to Agency records under the Freedom of Information and Protection of Privacy Act;
- Complying with the requirements of applicable legislation, and Ontario Public Service policies and directives, including the Agencies and Appointments Directive; and
- Utilizing an Enterprise Risk Management program to identify and assess business and operational risks.

Board Directors, Terms and Compensation

Including the Chair, OCWA had eight Board Directors at the end of 2025.

Total Director compensation for 2025 was $72,492.75. Director compensation includes per diem payments for preparation for and attendance at Board, Committee and Task Force meetings, along with any time spent working on behalf of the Agency.

Changes to the composition of OCWA's Board in 2025 included the departure of two members, Nike Dattani and Melanie Debassige.

2025 Per Diems – Current and Former Board Members

Board members and total per diems paid to each Director in 2025 were as follows:

Director	Date First Appointed	Term Expiry/End	2025 Per Diems
Debbie Korolnek (Chair)	March 8, 2017	April 3, 2027	$18,229.50
Joe Farag (Vice-Chair)	June 10, 2021	October 23, 2027	$10,757.00
Scott Carter	June 13, 2024	June 12, 2027	$7,107.75
Nike Dattani*	February 10, 2022	February 9, 2025	$3,540.00
Melanie Debassige	October 23, 2013	April 10, 2025	$1,500.00
Michelle Grenier	November 21, 2024	November 20, 2027	$5,022.75
Laila Hulbert	January 21, 2021	May 29, 2027	$6,770.00
Joseph LeClair	November 21, 2024	November 20, 2027	$6,481.00
Hao "Artie" Li	July 29, 2021	October 9, 2027	$7,076.75
Quirien Muylwyk	February 14, 2020	February 15, 2026	$6,008.00
TOTAL BOARD COMPENSATION			**$72,492.75**

* Former Board member / ** Term expiry updated to reflect resignation/end date.

Director Attendance At Board Meetings

Director attendance at Board meetings in 2025 was as follows:

(Y=in attendance; N=not in attendance)

Regular Board Meetings

	Q1 Meeting (April 10, 2025)	Q2 Meeting (June 20, 2025)	Q3 Meeting (October 24, 2025)	Q4 Meeting (December 11, 2025)
Debbie Korolnek (Chair)	Y	Y	Y	Y
Joe Farag (Vice-Chair)	Y	Y	Y	Y
Scott Carter	Y	Y	Y	Y
Melanie Debassige	Y	N/A	N/A	N/A
Michelle Grenier	N	Y	Y	Y
Laila Hulbert	Y	Y	Y	Y
Joseph LeClair	Y	Y	Y	Y
Hao “Artie” Li	Y	Y	Y	Y
Quirien Muylwyk	Y	N	Y	Y

Special Board Meetings

	April 24, 2025 Special Meeting	September 24, 2025 Special Meeting	November 27, 2025 Special Meeting
Debbie Korolnek (Chair)	Y	Y	Y
Joe Farag (Vice-Chair)	N	N	N
Scott Carter	Y	Y	Y
Melanie Debassige	N/A	N/A	N/A
Michelle Grenier	Y	Y	Y
Laila Hulbert	Y	Y	Y
Joseph LeClair	Y	Y	N
Hao “Artie” Li	Y	Y	Y
Quirien Muylwyk	Y	Y	Y

Core Business Activities

Every day, OCWA treats over a billion litres of source water to produce safe drinking water, and treats a similar quantity of wastewater before returning it safely to the environment. On behalf of system owners, OCWA operates, maintains, and manages facilities ranging from small, rural well systems and lagoons to large-scale urban water, wastewater, and stormwater systems serving millions of people. OCWA's core business is the operation and maintenance of water, wastewater, and associated systems. The Agency's Operations staff handle the O&M, and site-specific business and capital planning requirements of hundreds of municipal and other sector water and wastewater systems throughout Ontario. They are assisted by corporate resource specialists, who provide specialized support in a number of areas, including asset management, process optimization, energy management, innovation, operational technologies, capital delivery, and project management.

Working together, OCWA's water and wastewater experts:

- Maintain services in client facilities with a focus on environmental responsibility and public health;
- Comply with all licensing, certification, and permit requirements, and with any relevant legislation, while meeting all applicable government standards and reporting, and staying conversant with new regulations;
- Provide appropriate insurance coverage, and establish and maintain proper contingency and emergency plans;
- Provide a workplace health and safety program, and a Quality and Environmental Management System (QEMS), through OCWA's compliance program;
- Deliver detailed reports that demonstrate environmental compliance, capital investment requirements, and sustainability planning; and
- Manage all applicable staffing requirements for the Agency's clients, including providing appropriate training to meet regulatory requirements, and ensuring certified and knowledgeable operations and maintenance staff.

OCWA provides all labour, vehicles, and services required to operate, maintain, and manage client water and wastewater treatment facilities. These facilities are tended to by operational staff during the week, and many can be continuously monitored remotely. OCWA staff are available 24 hours per day, seven days per week and are able to respond to emergencies at client facilities as required.

OCWA operates and maintains client facilities in accordance with current federal and provincial guidelines and legislation, local statutes, regulations, and by-laws, and within the design capacity and capabilities of the individual systems. All contractual and regulatory reports are prepared and submitted to clients and government bodies as required.

OCWA's QEMS ensures that client facilities are operated in an efficient, safe, and environmentally responsible manner, and includes processes for identifying and mitigating risks that may affect the facilities OCWA operates. The QEMS empowers OCWA to take a responsible, pro-active, and effective management approach, to better protect public health and the integrity of the environment. OCWA utilizes a number of electronic tracking systems to ensure regulatory compliance, analyze performance, and better utilize operational and other resources.

Work orders for each client are stored electronically in OCWA's computerized Work Management System (WMS). Summary reports are provided quarterly, or as agreed upon between OCWA and the client. Water and wastewater system performance data, including flow data and sampling results, are recorded using OCWA's Process Data Management (PDM) software, which allows OCWA to provide clients with a standard, systematic, and reliable way of collecting, storing, and retrieving their operational data. This information is also provided to clients quarterly for review and analysis. Electronic logbooks are used to record information concerning the operation of client systems, replacing the paper logbooks traditionally used by water and wastewater operators with a more reliable and accountable system.

Maintenance services are based on leading industry best practices and OCWA's decades of experience delivering O&M services. Maintenance plans are developed based on best practices and servicing guidelines provided by manufacturers. Various maintenance and operational tactics ensure operation is maintained according to the design intent of the facilities. OCWA's asset protection strategy involves the assignment of preventive maintenance based on standard tasks in support of required asset service levels. The frequency and content of these tasks are reviewed and adjusted in collaboration with local operators, to align with the asset's local operating context. This assists with developing a specific maintenance plan, which meets the goals of the program.

Client maintenance plans include associated asset portfolios, which are updated as changes occur. Maintenance activities are recorded in OCWA's WMS, including work orders, which identify actual labour and comments required to complete work. Records of completed work, in the form of completed work orders stored in the WMS, reflect completed activities and include deviations or additions to planned procedures. Asset performance measures are also documented on completed work orders where applicable.

Routine maintenance consists of maintenance and care of client facilities, including equipment adjustments, lubrication, repairs, calibrations, cleaning, and painting, to preserve the current condition, good working order, and appearance of all facilities. Checklists for assets are compiled in WMS, or newly developed using field collection if necessary. Equipment is grouped by route, building, location, or some other logical means that ensures full coverage during operator round checks with minimum travel.

To proactively identify and mitigate operational risks, OCWA's preventive maintenance program consists of regularly scheduled and follow-up maintenance activities, as recommended by equipment manufacturers, or using industry best practices. This includes routine inspections, warranty maintenance activities, and calibration. Defined maintenance plans help reduce the risk of asset failure, and ensure due diligence and sustainability of assets.

Emergency or unplanned work is more expensive than planned work. For this reason, and to ensure service reliability at each facility, OCWA strives to mitigate emergency work through its routine and preventive maintenance program. However, breakdown maintenance may be required where an asset is near the end of its useful life, or if there is an unexpected repair, replacement, or renewal required.

Upon request from the client, OCWA will develop detailed and comprehensive asset management plans as an additional fee-for-service offering. These plans are developed utilizing the in-depth knowledge of local O&M teams, maintenance and operational data from the WMS system, and industry-leading philosophies. Data from all of these sources is compiled into reports that support clients in making informed decisions regarding capital expenditures and planning, ensuring the sustainability of their water and wastewater infrastructure.

Overview of Key Achievements for 2025

OCWA worked hard throughout 2025 to meet the objectives outlined in the Agency's annual Letter of Direction from the Minister. An overview of the Agency's performance against these objectives and other key achievements is included below.

BEING THE EMPLOYER OF CHOICE IN THE WATER INDUSTRY

Attract, Retain and Develop Great People

The ability to attract and retain talent improves engagement and morale, benefiting the workplace culture and leading to a stronger workforce.

Without talent joining and staying with the organization, OCWA would not be able to deliver on its mission to work together to deliver water and wastewater services for the health and sustainability of communities. A stronger workforce is also more likely to demonstrate OCWA's values, reducing overall risk in many areas, including regulatory compliance, health and safety, and facility operation.

Throughout 2025, Agency staff worked with an outside consultant to enhance OCWA's Talent Acquisition Strategy, aiming to move away from vacancy-driven, ad-hoc hiring toward a proactive, data-driven, and future-focused approach. Actions undertaken included:

- Setting a clear vision and aspirations for the future of talent acquisition at OCWA;
- Reviewing key documents and conducting interviews and focus groups with staff to assess OCWA's current talent acquisition maturity;
- Developing a Workforce Planning framework to proactively assess the Agency's current talent landscape and anticipate future workforce needs, enabling strategic, data-driven decisions to support business growth; and
- Developing a plan for implementing the Strategy, starting in 2026.

The Agency also worked on several initiatives to enhance the work experience for current employees. This included creating new learning pathways (industrial wastewater; professional effectiveness; and infrastructure and technical solutions) and micro-learning videos to support a culture of continuous learning and development. It also included launching the Agency's first flash mentorship program to provide opportunities for employees to learn from experienced OCWA leaders and subject matter experts to gain new skills, develop knowledge, and build networks by providing quick, targeted guidance on a specific topic or skill.

OCWA's succession management and leadership development programs help to ensure continuity across management roles. The Agency's succession management process includes analyzing the potential vacancy risk for each management position in the Agency, assessing the broad impact of each position in the organization, developing and reviewing action plans for business-critical and at-risk Agency positions, and implementing succession plans for critical positions, including learning plans.

OCWA's leadership development program supports the Agency in maintaining a pipeline of potential successors for critical positions and includes two streams:

- An Aspiring Manager stream for high potential employees that aspire to move into managerial roles; and

- An Aspiring Leader stream to prepare high potential managers for future senior leadership roles.

Another round of the Aspiring Leader stream was launched in 2025, with 19 participants. The program provides participants with exposure, support, and tools to enhance their readiness and pave the way for potential advancement into senior management roles. It also supports future internal management succession by building internal talent pools, and creating a pipeline of potential senior managers that the Agency can call upon to fill vacancies when facing upcoming retirements.

To better understand employee needs and areas of concern, OCWA has worked hard to ensure that as many employees as possible participate in the biennial Ontario Public Service (OPS) Employee Engagement Survey. The results of the survey help the Agency's leadership to understand what is important to staff, and how to build a strong and healthy organization, while also identifying emerging issues and the impact of the Agency's efforts to improving the employee experience.

The most recent OPS Employee Engagement Survey was held in early 2024. Key Agency strengths identified in the survey were: employee commitment to their jobs; satisfaction regarding independence and decision making; positive working relationships with managers; willingness of management to address discrimination, where required; and commitment to employee learning and development. Areas of concern included: workplace stress; compensation and benefits; fair hiring and promotion practices; and confidence that survey results would be addressed.

Agency-wide and regional action plans were developed to address the survey results, implementation of which began in 2024 and continued throughout 2025. A smaller, OCWA-specific pulse survey was conducted in 2025 to assess progress in a few key areas.

The next OPS Employee Engagement Survey is scheduled for early 2026. Results from this survey will be compared with those of the 2024 survey, and the 2025 pulse survey, to determine where the Agency is making progress, identify additional opportunities for improvement, and develop action plans to address ongoing areas of concern.

Enhance a Proactive Health, Safety and Wellness Mindset and Culture

Ensuring the health, safety, and well-being of Agency employees will always be a top priority for OCWA. Over the past few years, the Agency has been committed to continuously improving the Agency's health and safety management system, with a focus on reducing the number of workplace injuries and other health, safety, and wellness incidents.

Recognizing their importance to the Agency's overall success, efforts were made throughout 2025 to enhance the Agency's health and safety prevention programs, policies, and resources. This included expanding the Agency's Mental Health and Wellness (MHW) program by:

- Developing a micro-learning video on the Agency's MHW roadmap as part of the onboarding program for new employees;
- Developing a MHW resource repository for managers and staff; providing managers and staff with introductory training and resources on psychological safety; and
- Launching a wellness learning series with sessions on a number of topics, including cancer prevention, diabetes, and metabolic disorders, and menopause.

OCWA was successful in meeting its health, safety, and wellness performance targets for 2025, achieving a Lost-Time Injury Rate (LTIR) of 0 (as compared to the target of 0.36). This is a significant achievement, as it means that the Agency, which oversees more than 1,000 facilities, had no lost-time injuries at all in 2025.

The Agency also met its Recordable Incident Rate (RIR) target of 1.38, achieving a year-end RIR of 1.06[1]. The decline in LTIR and RIR results from 2024 (where the LTIR was 0.36 and the RIR was 1.64) can be attributed to the Agency's enhanced focus on health, safety, and wellness throughout 2025.

The Agency also benchmarked its health, safety, and wellness performance, specifically with regard to the number of lost-time injuries and recordable incidents, against those of similar organizations. The results revealed that OCWA's performance was, in many cases, better than that of comparator organizations.

Demonstrate Equity, Diversity, and Inclusion Commitment and Accountability

OCWA's success is built on having an equitable, diverse, and inclusive workforce that brings different experiences, backgrounds, and perspectives together, to create more innovative solutions. By strengthening the Agency's focus on equity, diversity, and inclusion (EDI), OCWA is working to create a healthier, more respectful, and representative workforce at all levels of the organization.

In recognition of the importance of organizational equity, diversity, and inclusion, OCWA developed and implemented a multi-year EDI Strategy and Anti-Racism Plan. Following implementation of the EDI Strategy and Anti-Racism Plan, OCWA gathered internal employee feedback through a pulse survey and focus groups, and worked with a third-party consultant to evaluate success and provide recommendations for future improvements. This led to the development of an EDI Blueprint, to address outstanding gaps and other recommendations included in the evaluation report and guide the Agency's EDI activities for the next few years.

The EDI Blueprint has four main objectives:

- Create Awareness, Knowledge, and Advocacy by developing tailored EDI communication and training for different audiences, such as new staff and managers;
- Create an Inclusive Workplace and Accountability by refreshing the mandates of the Agency's Diversity and Inclusion Advisory Council, and Young Professionals Networks, applying an EDI Lens throughout the employee life cycle, and developing opportunities for recognition through an EDI lens;
- Build a Diverse Workforce by utilizing external partnerships to develop a diverse talent pipeline, and leveraging the Agency's new Human Resources Information System to support fair and equitable recruitment and advancement processes; and
- Lead the Industry by sharing EDI initiatives with clients, industry partners, and the Agency's First Nations Advisory Circle.

Key actions undertaken as part of the EDI Blueprint in 2025 included working to foster a neuro-inclusive workplace, as well as an inclusive workplace culture which empowers women to succeed, and developing an OCWA Career Mentorship program.

Some of the Agency's efforts towards building a neuro-inclusive workplace included recognizing Neurodiversity Awareness Week, with resources and learning opportunities for staff, and hosting a webinar providing an overview of neurodiversity and highlighting the advantages of neurodiverse workplaces. Dr. Jennifer Fane, Lead neurodiversity Research Associate at the Conference Board of Canada was invited as a guest speaker at the webinar, where attendees were provided with practical strategies to help employers, managers, and employees build accessible, neuroinclusive environments where all workers can succeed.

[1] The Lost Time Injury Rate (LTIR) tracks lost time injuries for every 100 employees, while the Recordable Incident Rate (RIR) tracks the rate of recordable incidents for every 100 employees

Participants gained a broad understanding of neurodiversity and actionable approaches to promoting inclusion in the workplace and beyond.

In early 2025, OCWA hosted its first Women in Leadership event, with a goal to empower connection, inspire leadership, overcome gender barriers, and build resiliency among the Agency's female leaders. Later in the year, the Agency hosted a Women in Water session, which was made available to all staff.

During the Women in Water session, Dr. Catherine Hansen delivered a talk exploring the often-overlooked realities of women's health in the workplace – from menstruation and menopause to stress and burnout – and how these biological transitions impact energy, confidence, and identity. Dr. Hansen also discussed actions that can be taken to create healthier, more inclusive work cultures. Another speaker, Elaine Gilliland, Director of Water and Wastewater Operations at the Region of Peel, shared her lived experience as a female leader in the water industry, speaking about inclusive hiring practices, women's empowerment, and how the working life of women in the water industry can be improved through collective action.

The OCWA Career Mentorship program enables staff to learn from experienced OCWA professionals to gain new skills, develop knowledge, and build networks applying an EDI lens. Aligning with the objective to advance advocacy for women at OCWA, the Agency has created mentorship circles for women in water as part of the program. These circles provide a supportive community for women professionals seeking personal growth through peer-to-peer learning, skill development, and networking. They also offer a safe space to discuss shared challenges, exchange strategies, and build confidence and leadership skills, while fostering a sense of belonging and mutual accountability. Three circles, with a total of 38 participants, have been established to date, each of which is led by volunteer facilitators and supported by resource kits.

ACHIEVING BEST-IN-CLASS WATER AND WASTEWATER OPERATIONS AND MAINTENANCE SERVICES

Operate for Compliance

Operating for compliance is a critical component of delivering "best-in-class" services to Agency clients. To support this, OCWA is committed to implementing consistent and proactive operational practices; developing and employing programs to better identify and mitigate compliance risk; building, improving, and sustaining process and compliance skills to ensure consistent knowledge transfer to new staff; and enhancing internal compliance reporting.

OCWA is also working to ensure consistent knowledge transfer to new staff, and improve and sustain process and compliance skills for new and existing staff through training, mentoring, and other skills improvement programs.

Work to identify operational best practices from across the Agency that help minimize non-compliances and exceedances, and implement them Agency-wide, began with the roll-out of the OCWA's updated Strategic Plan in 2024 and was ongoing throughout 2025.

Key areas of focus included:

- Improving internal compliance reporting by identifying gaps in current reporting, developing standard reports for stakeholders, and optimizing processes for populating standard reports, including utilizing information technology tools;
- Developing and implementing operational dashboards for the Agency's most common types of water and wastewater systems (e.g., lagoon systems, extended aeration plants, and water filtration systems); and

- Reviewing and updating the Agency's Standard Operating Procedures for water and wastewater facilities, along with the roles and responsibilities of key Operations positions, as required, to ensure that they are up-to-date and meet the needs of the Agency and its clients.

A key element of OCWA's commitment to operating for compliance is regularly tracking and reporting on several operational performance benchmarking targets to identify where the Agency is performing well, while flagging any areas of concern for future corrective action.

2025 Operational Performance Results

While the Agency was successful in meeting some targets for 2025, including those for wastewater inspection reports and Adverse Water Quality Incidents (AWQIs) related to filter (turbidity) effectiveness, a number of other results were not on target, requiring investigation to assess the root causes, and determine what corrective actions could be taken to improve the Agency's future results.

This assessment revealed that disinfection-related AWQI events increased from 23 events in 2024 to 36 events in 2025, representing a significant year-over-year increase. The data indicates a shift towards more frequent treatment process and operational reliability challenges, rather than isolated or one-time disinfection incidents. Targeted attention to treatment system controls, chemical feed reliability, and instrumentation performance at repeat-incident facilities may help reduce future disinfection-related AWQIs.

OCWA's overall average drinking water inspection rating has consistently remained above 98% for many years, with 68.2% of Agency-operated drinking water systems achieving an inspection rating of 100% in 2025. Although this result is below OCWA's target of 75% of inspections to achieve a 100% rating, it is within the range of results achieved over the last decade. Ongoing analysis of inspection findings, along with internal and external audit results, does not indicate Agency-wide systemic issues, but a variety of contributing factors, often site-specific in nature. OCWA continues to work in partnership with Agency clients to ensure that they are aware of any operational performance issues, and assist them in allocating funding needed to implement effective solutions to prevent the reoccurrence of any non-compliance issues.

While falling short of the target of four or fewer incidents, Boil Water Advisories (BWAs) due to improper disinfection and/or microbiological AWQIs decreased from 16 events in 2024 to 11 events in 2025, reflecting improved operational stability and response. Microbiological advisories continue to represent a small portion of the total advisories and are often precautionary and short in duration. Improper disinfection advisories in 2025 (10 events) remained relatively stable compared to 2024 (13 events).

With regard to bypass events due to reasons other than hydraulic overloading (e.g., equipment issues or power outages), while OCWA did not meet its target of less than or equal to 30 events, with 36 events reported in 2025, this increase does not necessarily indicate concerns with the Agency's overall operations and maintenance performance. During the Agency's broader analysis of its operational and compliance performance measures, it was determined that this measure is not a reliable measure of operational performance, as the root causes for the bypass events are not always within the Agency's control.

OCWA will continue to improve its processes for data collection and analysis moving forward to determine if more meaningful measures can be established for wastewater discharge events (bypasses, overflows, and sewage spills) that better reflect the operational parameters within the Agency's control.

Maximize Life of Client Assets

Over the past few years, OCWA has developed a comprehensive Asset Stewardship Quality Management System (ASQMS), working hard to improve asset management knowledge and practices, while building expertise across the Agency. This includes directing additional resources towards refining and improving the Agency's maintenance management practices, and hiring seven Asset Maintenance Specialists, who are located across Ontario.

Throughout 2025 these Asset Maintenance Specialists were focused on working to refine and advance OCWA's asset data stewardship, a key element of which is utilizing the Agency's WMS to ensure that all necessary preventive maintenance activities are recorded, tracked, and completed on time. Other priorities included supporting asset management knowledge transfer and skills development through a series of "boot camps" for the Asset Management Specialists and other staff regularly using OCWA's electronic WMS. These and other activities in support of the ASQMS were ongoing at the end of 2025 and will continue in 2026 and beyond.

SUPPORTING CLIMATE ACTION AND ENVIRONMENTAL STEWARDSHIP

Reduce OCWA's Environmental Footprint

OCWA has been working to build a culture of climate awareness within the Agency in recent years, with an initial focus on the energy used and emissions produced by OCWA's fleet vehicles. This includes establishing a greenhouse gas (GHG) footprint baseline for OCWA's fleet, and establishing fleet metrics and statistics to track performance over time.

The Agency is also working to assess if there are opportunities to introduce a sustainability lens into its procurement practices, while continuing to abide by Ontario Public Service procurement policies and ensuring cost and value is met for our clients. This includes reviewing the policies, practices, and environmental sustainability of new vendors responding to publicly posted requests for proposal, along with those of existing vendors when current agreements expire and need to be re-tendered.

Improve Client Infrastructure Resilience and Environmental Footprint

Helping clients maintain the long-term sustainability and resiliency of their water and wastewater infrastructure is one of the most important ways in which OCWA delivers added value. In addition to operating and maintaining client water and wastewater facilities, OCWA delivers a number of value-added services that help interested clients reduce their individual environmental footprints, improve decision-making, and enhance their capacity to prevent, withstand, respond or adapt to, and recover from disruptions due to climate change.

Over the past few years, OCWA has worked with clients, government organizations, and other industry stakeholders to achieve the combined goals of energy optimization and GHG reduction. The Agency has prepared multiple Conservation and Demand Management (CDM) plans that provide a custom strategic framework for each client municipality to manage energy consumption, reduce GHG emissions, and improve overall operational efficiency in the facilities within the municipality's energy portfolio. More specifically, the CDMs provide a five-year roadmap for implementing sustainable, cost-effective energy savings measures such as facility retrofits, operational improvements, and staff training.

Other areas of focus included working with clients to participate in various demand response programs offered by the Independent Electricity System Operator (IESO), which aim to manage overall energy usage across the province during periods of peak demand. OCWA has achieved significant cost avoidance for clients participating in these programs. Since water treatment processes are energy intensive, developing energy curtailment strategies and deploying them during peak demand has the combined benefit of relieving stress on the energy grid during times of peak demand, reducing the Province's need to purchase energy from other jurisdictions to meet overall demand.

Additional energy management initiatives underway in 2025 included exploring opportunities to pilot a green battery energy storage system (BESS) – solar panels, energy battery storage, hydrogen fuel cells, etc. – that would reduce dependence on energy supply from Ontario's power grid, and shift load demand to the BESS during peak demands.

Throughout 2025, OCWA continued to work with clients to mitigate future climate change impacts by increasing organics diversion where possible, and developing and implementing resource recovery facilities, also where possible, that use wastewater biosolids and concentrated organic waste, such as source-separated organics (SSO), to enhance and generate biogas for productive use. This process is referred to in the industry as "co-digestion."

These initiatives are leading the way in the province and will serve as a model for other municipalities across Ontario and Canada, many of which have untapped potential to produce biogas, reduce energy costs, and significantly reduce harmful greenhouse gas emissions. In addition to supporting waste diversion and resource recovery projects that are currently underway, OCWA is working with interested clients to identify and implement new project opportunities in their communities.

Provide Stewardship of Ontario Water Resources

Ontario has more than 250,000 lakes, including the Great Lakes. Together, they contain almost a fifth of the world's fresh surface water. OCWA is committed to protecting those resources by working with clients, academic partners, and other stakeholders, including local Conservation Authorities, to:

- Study, quantify, and reduce impacts of water and wastewater treatment facilities on watersheds;
- Identify and address the environmental and health impacts of contaminants such as phosphorus on water bodies; and
- Support research initiatives that promote water resources stewardship and innovation.

OCWA continues to work with academics and technology providers to find solutions to issues related to environmental contaminants ranging from manganese in drinking water, to treatment approaches for per- and polyfluoroalkyl substances (PFAS) in source water, effluent, and biosolids.

In 2023, the Provincial government announced a funding allocation of $24 million to design, build and operate a phosphorus reduction project in the Holland Marsh Basin, located in the Lake Simcoe watershed, with a goal to protect and restore Lake Simcoe and its watershed by reducing phosphorus from the Holland Marsh drainage water. In support of this provincial project, and at the direction of the Minister of the Environment, Conservation and Parks, OCWA prepared a research study in 2024, the scope of which included:

- Options for conceptual designs (e.g, engineered wetland, lagoon treatment, mechanical treatment) capable of treating drainage discharged from the Holland Marsh;

- An assessment of the feasibility of phosphorus recovery and reuse from the project;
- Preparing and comparing order of magnitude cost estimates (e.g, capital, operations and maintenance) for the conceptual design options;
- Project site selection criteria for each of the design options, excluding the identification of actual property sites;
- Identifying design and site considerations based on Holland Marsh drainage operations and agricultural activity; and
- Cost recovery mechanisms for the project's capital and operating costs, including analysis of benefiting parties.

In early 2025, the Province signed a $24-million funding agreement with the Town of Bradford West Gwillimbury, the proponent and system owner for this work. Construction of the facility is targeted for completion by 2029. OCWA recognizes the importance of the Lake Simcoe Phosphorus Reduction Project for the Lake Simcoe watershed, and the community's significant future growth, and will provide continued support to the Province, as directed, in moving forward with this work.

PARTNERING WITH FIRST NATIONS ON SUSTAINABLE WATER SOLUTIONS

OCWA is committed to working in collaboration with Ontario First Nations communities and other government organizations to support sustainable water and wastewater solutions that ensure the effective operation and maintenance of First Nations water systems. Key elements of OCWA's First Nations Strategy include building trust through advancing reconciliation, providing services that meet the needs of First Nations, and helping to build water and wastewater capacity in First Nations communities.

As part of the Agency's commitment to working with Ontario First Nations, OCWA has established a First Nations Advisory Circle, comprised of a diverse group of individuals who identify as Indigenous, representing a variety of backgrounds, experiences, and communities, to gain a greater understanding of the broader water issues facing First Nations communities from an Indigenous perspective. The Advisory Circle reports to OCWA's Board of Directors through the Board's First Nations Committee.

The goal of the Advisory Circle, which meets on a regular basis throughout the year, is to advise the Agency on the integration of First Nation perspectives into the Agency's strategies, and to provide OCWA with a better understanding of the challenges that First Nations face, not only with respect to addressing water and wastewater treatment in their communities, but also in the context of their unique experiences, culture, and history in Canada.

Build Trust with First Nations

Reconciliation is a significant commitment, which must be approached in a thoughtful, respectful, and meaningful way, through collaboration with Indigenous people. Working closely with a third-party reconciliation expert, in consultation with the First Nations Advisory Circle and other Indigenous organizations, OCWA has developed a Reconciliation Action Plan for the Agency, implementation of which began in 2025.

The Reconciliation Action Plan assesses OCWA's current state with regard to its work with Indigenous people, identifies issues and gaps, and includes a plan to enhance the Agency's reconciliation actions, which includes nineteen reconciliation commitments within five strategic pillars: governance; education; employment; community and economic engagement; and environmental and social impact.

The Reconciliation Action Plan also aims to build Indigenous knowledge across the Agency. This includes developing and delivering Indigenous knowledge training (e.g., history, culture, spiritual beliefs, and Truth and Reconciliation) to Agency management, staff, and other stakeholders, including the Agency's Board of Directors. Training delivered in 2025 focused on cultural awareness, effective working relationships, and reconciliation training.

Implementation of the Reconciliation Action Plan is ongoing, with a focus on communication with internal and external stakeholders, expanding Indigenous learning opportunities for Agency staff and leaders, and community and economic engagement.

Provide Services that Meet First Nations' Needs

In order to ensure that the Agency is effectively supporting Ontario First Nations, OCWA regularly gathers direct feedback from its First Nations clients on the individual challenges that they face in managing and maintaining their water and wastewater systems, and what could be done to better support them in resolving these issues. In addition to gathering feedback from clients, OCWA regularly seeks feedback from the First Nations Advisory Circle regarding current water issues facing First Nations communities, and what should be done to address them.

OCWA's engagement strategy with First Nations clients includes conducting in-person surveys specific to each client community, identifying organizations that have relationships with First Nations communities (e.g., the Ontario First Nations Technical Services Corporation (OFNTSC)), and connecting with them to discuss First Nations' needs.

OCWA also participates in a number of Indigenous water and wastewater conferences each year, including the Aboriginal Water and Wastewater Association of Ontario's (AWWAO's) annual conference and trade show, and OFNTSC's annual TechNations conference and trade show. Attendance at these conferences enables Agency staff to establish peer connections and promote collaborative projects that benefit both First Nations communities and the water and wastewater industry.

OCWA is also working to build and promote water and wastewater services that respond to First Nations' needs. This includes refining and expanding existing service offerings that have been proven to be effective and valuable to First Nations, and developing or adapting services that address issues faced by First Nations communities. Areas of focus in 2025 included the provision of asset management and Supervisory Control and Data Acquisition (SCADA) services, the utilization of remote monitoring and electronic logs, and the provision of capital project management and emergency response services.

Support the Development of First Nations Operators

Helping First Nations move towards self-sufficiency with regard to managing their water and wastewater systems by providing training and capacity building services is another priority for the Agency. To achieve this goal, OCWA has developed programs and is providing opportunities for First Nations operators to develop their skills and knowledge through in-plant training, experience, and mentoring.

In 2025, OCWA trained First Nations operators in eight different communities on the use of the Agency's Work Management System. This enabled them to help maintain their water and wastewater assets, ensuring that maintenance activities are documented, maintain a consistent maintenance schedule, and reduce the risk of equipment failures. OCWA is also working to promote water industry careers to First Nations youth and other individuals, including offering two internships targeted towards Indigenous recipients.

ENSURING LONG-TERM ORGANIZATIONAL SUSTAINABILITY

Be a Total Solution Provider

OCWA's long-term growth strategy continues to focus on maintaining the Agency's existing client base in Ontario, expanding the scope of services provided to these clients and attracting new clients. A core component of this strategy is the delivery of value-added services to clients that go beyond the delivery of O&M services, and focus on providing "total water solutions" at every stage of the infrastructure life cycle.

This includes assisting clients in planning for and managing their assets, and ensuring the long-term sustainability of their systems, including providing technical support to clients when they are preparing funding applications for eligible programs. It also includes investing in Information Technology tools and systems that enable Agency staff to make informed decisions, drive performance, and deliver total solutions to clients. OCWA is confident that by focusing on and meeting client needs, the Agency can not only maintain its existing business and expand its client base over time, but significantly increase its value to the public as well.

Maintaining and expanding the Agency's base of core O&M service clients is an essential component of OCWA's long-term strategy for growth and sustainability. Over the past few years, OCWA has successfully retained more than 97 percent of clients whose contracts have come up for renewal. This includes the Agency's four largest clients: the Region of Peel; the Region of Waterloo; the Lake Huron and Elgin Water Supply Systems; and the City of Kawartha Lakes, all of which renegotiated contracts ranging in duration from 10 to 20 years.

OCWA maintains its existing client base, and supports business growth, by delivering quality services and developing strong community relationships, while proactively adapting the Agency's services to meet the needs of Ontario communities. OCWA is committed to continually strengthening its core operations and maintenance, and operational support services to provide best-in-class service to existing and new clients, as well as focusing on "sustainable" growth – which means sustaining the business while continuing to support current and future clients and others in need.

OCWA achieved a 100 percent renewal rate in 2025, successfully renewing contracts with 65 O&M clients, worth a collective $25.17 million annually, and exceeding the Agency's renewal target of $22.37 million. The Agency also successfully negotiated contracts with a number of new O&M clients, worth a collective $5.37 million annually (slightly below the Agency's new business target of $6.0 million).

Core Business - 2025 Performance

2025 OPERATIONAL PERFORMANCE BENCHMARKING TARGETS AND RESULTS

Performance Category	2025 Agency Performance Target	Year end Result	Target Achieved
Water System Inspections*	▪ 2 or fewer OCWA-operated water systems receive inspection ratings below 90%	▪ 4 inspections with ratings below 90% in 2025	No
	▪ More than 75% of OCWA-operated water systems receive 100% inspection ratings	▪ 68.2 % of inspections received a 100% rating in 2025 ▪ OCWA achieved an overall drinking water system inspection rating average of 98.3% for 2025	No
Wastewater System Inspections*	▪ 5 or fewer OCWA-operated wastewater systems receive inspection reports with more than 5 non-compliance items	▪ No wastewater system inspection resulted a report with 5 or more non-compliance items	Yes
Adverse Water Quality Incidents (AWQIs)	▪ 20 or fewer disinfection AWQIs	▪ 36 AWQIs for disinfection were reported in 2025	No
	▪ 10 or fewer filter effectiveness (turbidity) AWQIs	▪ 10 AWQIs for filter (turbidity) effectiveness were reported in 2025	Yes
Boil Water Advisories (BWAs)	▪ 4 or fewer BWAs resulting from disinfection or microbiological AWQIs	▪ 11 BWAs resulting from disinfection or microbiological AWQIs in 2025	No
Effluent Limits	▪ 3 or fewer wastewater facilities with less than 90% compliance for effluent limits	▪ 8 wastewater facilities reported exceedances that resulted a performance rating of less than 90% in 2025	No
Bypassing Events	▪ 30 or fewer bypassing events due to reasons other than hydraulic load (equipment issues, power outages, etc.)	▪ 36 bypass events for reasons other than hydraulic loading in 2025	No

**Results are based on the calendar year, as opposed to the Ministry of the Environment, Conservation and Parks' inspection year (April 1 to March 31); ratings for 198 water inspections and 13 wastewater inspections had been received at the time this report was prepared.*

Strategic Initiatives – 2025 Results

STRATEGY 1

BEING THE EMPLOYER OF CHOICE IN THE WATER INDUSTRY

GOAL

- Attract, Retain and Develop Great People

PERFORMANCE MEASURES

- Year-over-year reduction in the Agency's turnover rate, with a target of 10% or below for 2025
- Employee Engagement Index increased from 69.9 in 2024 to 72 in 2026 (based on the results of the Ontario Public Service Employee Engagement Survey)

YEAR-END RESULTS

- 11% turnover rate for 2025, lower than the 2024 rate of 11.5% but higher than the target of 10%
- The next Ontario Public Service Employee Engagement Survey is scheduled for the first quarter of 2026

GOAL

- Enhance a Proactive Health, Safety and Wellness Culture and Mindset

PERFORMANCE MEASURES

- Maintain or reduce the Agency's Recordable Incident Rate, with a target for 2025 of 1.38 or lower
- Maintain or reduce the Agency's Lost Time Injury Rate, with a target for 2025 of 0.36 or lower

YEAR-END RESULTS

- Recordable Incident Rate, which tracks the rate of recordable incidents for every 100 employees, was 1.06 (lower than the 2025 year-end target of 1.38 and the 2024 year-end RIR of 1.64, which was adjusted from 1.55 in early 2025 following the approval of an additional medical aid incident from 2024 by the WSIB)
- Lost Time Injury Rate, which tracks lost time injuries for every 100 employees, was 0 (lower than the 2025 year-end target of 0.36 and the 2024 year-end LTIR of 0.18)

GOAL

- Demonstrate Equity, Diversity, and Inclusion Commitment and Accountability

PERFORMANCE MEASURES

- Inclusion Index increased from 74.5 in 2024 to 77 in 2026 (based on the results of the Ontario Public Service Employee Engagement Survey)

YEAR-END RESULTS

- The next Ontario Public Service Employee Engagement Survey is scheduled for the first quarter of 2026

STRATEGY 2

ACHIEVING BEST-IN-CLASS WATER AND WASTEWATER OPERATIONS AND MAINTENANCE SERVICES

GOAL

- Operate for Compliance

PERFORMANCE MEASURE

- See operational key performance indicators included on page 24

YEAR-END RESULTS

- See operational key performance results for 2025 included on page 24

GOAL

- Maximize Life of Client Assets

PERFORMANCE MEASURE

- Year-over-year increase in the percentage of O&M work orders that include work logs and labour, with targets for 2025 of 90% including work logs and 85% including labour
- Year-over-year increase in the total percentage of O&M work orders that are marked as completed, with a target for 2025 of 85%

YEAR-END RESULTS

- 92.6% of O&M work orders included work logs in 2025, higher than the target of 90% and slightly higher than the 2024 year-end result of 92.2%
- 87.8% of O&M work orders included labour, higher than the target of 85% and slightly higher than the 2024 year-end result of 86.75%
- 92% of work orders marked as complete in 2025, 7% above the target of 85% and 2% less than the 2024 year-end result of 94%
- OCWA's total asset count also increased from 90,477 in 2024 to 100,871 in 2025, an 11.5% year-over-year increase; this number does not include assets for the Regions of Peel or Waterloo, which are currently tracked separately

STRATEGY 3

SUPPORTING CLIMATE ACTION AND ENVIRONMENTAL STEWARDSHIP

GOAL

- Reduce OCWA's Environmental Footprint

PERFORMANCE MEASURES

- Establish a baseline for the greenhouse gas emissions footprint of the Agency's fleet in 2025
- Establish a Sustainability Committee in 2025 to review next steps on reporting metrics and set targets for improved environmental footprint

YEAR-END RESULTS

- Greenhouse Gas Emissions Baseline
  - Average Fuel Economy (L/100km) baseline of 14.47 L/100km, against which future reduction targets will be measured
  - GHG Emissions per kilometre (kg $CO2e$/km) baseline of 0.304 kg $CO2e$/km established, against which future reduction targets will be measured
- Sustainability Committee
  - Upon review, a separate Sustainability Committee was deemed unnecessary, as this work is embedded in the execution of Strategy 3; leads and participants across all areas of Strategy 3 collectively fulfill the function of a dedicated committee

GOAL

- Improve Client Infrastructure Resilience and Environmental Footprint

PERFORMANCE MEASURE

- Petawawa Net Zero project diverting 7,000 tonnes of organics once implementation is complete and the renewable energy system is operational
- Support 30% design completion for the Timmins Net Zero Project by the end of 2025
- 5 or more feasibility/pilot studies or project support for organics diversion and resource recovery initiatives conducted that result in 2 or more renewable energy generation project implementations by the end of 2026
- Work collaboratively with municipalities in the province to source and secure $1.5 million or more in resilient infrastructure funding per year to advance infrastructure and state of good repair projects

YEAR-END RESULTS

- Petawawa Net Zero Project
  - Project is on track, with commissioning underway, and startup of the upgraded facility anticipated in 2026
- Timmins Net Zero Project
  - Project is on track, with the implementation timeline under review by the municipality
  - Federation of Canadian Municipalities Waste to Energy funding secured for the City to complete 30% design
  - 30% design completed
- Organics Diversion and Resource Recovery Initiatives
  - Three organics diversion/resource recovery/net zero projects underway in 2025, all of which are continuing in 2026
  - **Petawawa** – Petawawa is upgrading its wastewater treatment facility to become a co-digestion facility where source separated organics will be processed onsite in addition to the wastewater biosolids
  - **Timmins** – Timmins is implementing a co-digestion upgrade to the Town's existing wastewater treatment facility
  - **Woodstock** – Woodstock is installing a Combined Heat and Power unit at its existing wastewater treatment facility that will generate up to the equivalent of 250 kilowatts of energy from biogas, all of which will be utilized onsite, and which will reduce demand from the energy grid for daily facility operations

- Four additional pilot studies underway or being explored at the end of 2025:

  - Algae-forest nutrient removal pilot in progress at a wastewater treatment plant to reduce energy and chemical costs and evaluate algae harvesting as a potential biofuel; pilot to continue in 2026
  - Aerobic digester optimization study in progress at a wastewater treatment plant to reduce the frequency of biosolids haulage; study to continue in 2026
  - Biogas turbine application to recover generated biogas from a wastewater treatment plant's anaerobic digesters proposed; project approval pending at the end of 2025
  - Exploring battery energy storage systems within water/wastewater treatment plants to allow treatment plants to become more resilient and provide an alternative energy source to utilize during peak demand, alleviating strain on Ontario's energy grid; exploration will continue in 2026

- Resilient Infrastructure Funding

  - Supported a client in applying for $1 million in innovative technology funding from the Federation of Canadian Municipalities; approval was still pending at the end of 2025

GOAL

- Provide Stewardship of Ontario Water Resources

PERFORMANCE MEASURE

- Support the Province in implementing the Lake Simcoe Phosphorus Reduction Project, as directed by the Minister

YEAR-END RESULTS

- OCWA staff maintained communication with staff at the Ministry of the Environment, Conservation and Parks throughout 2025 regarding the Lake Simcoe Phosphorus Reduction Project
- As the project proponent and system owner, the Town of Bradford West Gwillimbury secured funding from both the provincial and federal governments, and hired a project manager to implement the first phase of the project, which includes:
  - A feasibility study of site characteristics, plans and diagrams;
  - Investigating the need for land acquisition;
  - The full design of the facility; and
  - Applications for necessary approvals

Strategy 4

PARTNERING WITH FIRST NATIONS ON SUSTAINABLE WATER SOLUTIONS

GOAL

- Build Trust with First Nations

PERFORMANCE MEASURE

- Year-over-year increase in the percentage of Agency staff that have completed Indigenous awareness training, with a target of 10% of staff completing the training each year
- Year-over-year increase in the percentage of Agency leaders (Executive Management Team and Senior Leadership Team) and Board members who have completed Indigenous awareness training, with a target of 20% of leaders completing the training each year

YEAR-END RESULTS

- 60 Agency staff (6.7%) completed Indigenous awareness training in 2025, below the target of 90 (10%), but higher than the 50 Agency staff (5.5%) that completed the training in 2024
- 34 Agency leaders (24.3%) completed Indigenous awareness training in 2025, above the target of 28 (20%), and higher than the 28 Agency leaders (20%) that completed the training in 2024

GOAL

- Provide Services that Meet First Nations' Needs

PERFORMANCE MEASURE

- Increase the number of First Nations clients requesting OCWA's services per year, with a target of 3 or more new clients for 2025
- Increase the number of new projects or services provided to existing First Nations clients in 2025

YEAR-END RESULTS

- Acquired 3 new First Nations clients in 2025; services include operations and maintenance and Overall Responsible Operator advisory services
- New hosted Work Management System (WMS) service implemented for some existing First Nations clients in 2025

GOAL

- Support the Development of First Nations Operators

PERFORMANCE MEASURE

- Provide hands-on practical experience and support to 5 or more First Nation operators per year

YEAR-END RESULTS

- Hands-on practical experience and support provided to 14 First Nations operators in 2025

Strategy 5

ENSURING LONG-TERM ORGANIZATIONAL SUSTAINABILITY

GOAL

- Be a Total Solution Provider

PERFORMANCE MEASURE

- Achieve $20.0 million revenue target for 56 O&M contracts up for renewal in 2025
- Retain 97 percent of O&M client contracts up for renewal in 2025 (by revenue and by total number of clients)
- Achieve $6.0 million target for new O&M sales in 2025 (based on annual contract revenue)

YEAR-END RESULTS

- 2025 revenue target adjusted to $22.37 million to include contracts up for renewal in 2024 that rolled-over into 2025; achieved $25.17 million in annual revenue from 65 contract renewals (112.5% of target)
- Retained 100 percent of client contracts up for renewal in 2025 based on total number of clients
- Achieved $5.37 million in annual revenue from new O&M sales in 2025

Management Analysis of Financial Results

Overview

OCWA achieved positive financial results in 2025, realizing a net income of $8.8 million. While positive, the Agency's net income was $3 million lower than what was achieved in 2024. This reduction was largely due to lower interest income and a change to the Agency's capitalization policy for software as a service (SaaS) and other cloud-based services, which resulted in an expense of $3.4 million for costs that were previously capitalized under the Business Transformation Program (BTP). Some of these expenses were offset by funding from the Province of Ontario related to Bill 124 that the Agency received for all twelve months of 2025, boosting the Agency's overall financial performance.

OCWA's continued focus on retaining and providing added value for current clients, along with attracting new clients, also helped to drive solid core performance with regard to revenue generation, with Total Revenue increasing by 3.75 percent in 2025 compared to 2024. This growth was driven by higher Operations and Major Maintenance revenue, along with Bill 124 funding, all of which helped to offset ongoing cost pressures experienced throughout 2025. Cost pressures included rising salaries and benefits, as well as chemical costs, all of which impacted Revenue over Expenses for the Agency's Utility Operations.

Investment income, including term deposits, bonds, treasury bills and the Agency's loan receivable with the Ontario Infrastructure and Lands Corporation, while decreasing in 2025 compared to 2024 due to lower interest rates, also contributed positively to OCWA's net income performance in 2025.

Balance Sheet

The Agency's Net Assets were $285 million in 2025, an increase of 3.2 percent compared to 2024, due to the Agency's strong Net Income of $8.8 million. Cash, short-term, and long-term investments increased by $10 million, primarily due to reinvestment of interest from investments.

Outstanding accounts receivable decreased in 2025 as compared to 2024. Current accounts receivable represented 96.3 percent of the Agency's total accounts receivable outstanding at December 31, 2025, as compared to 91.3 percent at December 31, 2024.

The Agency's net capital assets decreased by $1.6 million compared to 2024, primarily due to a change in the capitalization policy for SaaS and other cloud based services. This change resulted in an expense of $3.4 million for costs that were previously capitalized, which was partially offset by a $2.3 million increase in computer hardware assets.

The Agency continues to meet its obligations without the use of debt, and as in prior years, had no outstanding financial obligations in 2025.

Revenue

OOCWA's long-term growth strategy continues to be focused on retaining current clients, expanding the scope of services provided to those clients, and attracting new clients. Client retention remained strong in 2025, with the Agency renewing contracts worth a collective $25.17 million annually, exceeding its renewal target of $22.37 million. The Agency also focused on generating new business through new client acquisition and delivering new value-added services to existing clients, achieving $5.37 million in annual revenue from new sales.

Total Operating Revenue (excluding Bill 124 funding) increased by 2.95 percent as compared to 2024, due to increased delivery of short-term major maintenance and capital services contracts for clients upgrading aging water and wastewater systems, contractual and inflationary increases included in long-term client operations and maintenance contracts, and new client contracts beginning in 2025.

The Agency's Other Business Revenue is comprised of revenue from the Project Planning and Delivery, Training, Asset Management, and SCADA groups. In 2025, revenues from these services decreased by 9.1 percent when compared to the prior year.

Expenses

Total Operating Expenses increased by 3.9 percent, driven by increases in salaries, benefits, and Other Operating Expenses such as materials, chemicals, and operational services.

Salaries and Benefits increased 6.9 percent, primarily driven by business growth and salary increases due to Bill 124 adjustments.

In 2020, the Agency's Board of Directors approved total capital and re-engineering expenditures of up to $33.8 million for the Agency's Business Transformation Program. While this program and its associated expenditures continued in 2025, with new assets related to Information Technology and BTP added within the year, these expenditures were partially offset by other assets reaching the end of their useful life, causing a decrease in total amortization expense in 2025. Implementation of the Agency's Strategic Plan was ongoing throughout 2025, and will continue through to the end of 2028.

Spending on chemicals increased by 7.1 percent compared to 2024 to support client operations. Construction costs decreased by 10.9% compared to 2024, as the elevated level of capital work driven by prior year backlog did not recur in 2025.

As noted previously, due to the change to the capitalization policy for SaaS and other cloud-based services, $3.4 million of costs that were previously capitalized under BTP were expensed in 2025.

Insurance costs are mainly driven by insurable values, revenues and claims history. In 2025, insurance costs increased by 9 percent, mostly due to additional commercial general liability and cyber security coverage.

Management's Responsibility for Financial Information

Management of OCWA is responsible for the integrity, consistency, objectivity and reliability of the financial statements. These financial statements were prepared in accordance with Canadian public sector accounting standards, and management has exercised its judgement and made best estimates where appropriate, particularly when the transactions affecting the current accounting period cannot be finalized with certainty until future periods. Estimates and assumptions are based on historical experience, current conditions and various other assumptions believed to be reasonable in the circumstances.

Management is responsible for establishing and maintaining a system of internal controls designed to provide reasonable assurance that the financial records are relevant, reliable and accurate, and that assets are properly accounted for and safeguarded. The system includes formal policies and procedures and an organizational structure that provides for appropriate delegation of authority and segregation of responsibilities. Management maintains a system of internal controls designed to provide reasonable assurance that the assets are safeguarded and that financial information is reliable. The system includes procedures, formal policies and an organizational structure that provides for appropriate delegation of authority and segregation of responsibilities.

The Board of Directors oversees management's responsibilities for financial reporting through an Audit and Finance Committee, which is composed entirely of independent directors. This Committee reviews our financial statements and recommends them to the Board for approval. The Audit and Finance Committee is also responsible for reviewing our internal controls, and advising the directors on auditing matters and financial reporting issues.

The Office of the Auditor General, appointed by our legislation has audited the financial statements in accordance with Canadian generally accepted auditing standards, as stated in their Independent Auditor's Report. The Office of the Auditor General has full and unrestricted access to the Audit Committee to discuss their audit and related findings.

Iman Hashemi
President and Chief Executive Officer

Natalie Peers
Vice-President, Finance

Toronto, Ontario
April 23, 2026

Audit Opinion Letter

Office of the Auditor General of Ontario
Bureau du vérificateur général de l'Ontario

20 Dundas Street West, Suite 1530,
Toronto, Ontario, M5G 2C2

20, rue Dundas Ouest, bureau 1530,
Toronto (Ontario) M5G 2C2

416-327-2381
www.auditor.on.ca

Independent Auditor's Report

To the Ontario Clean Water Agency

Opinion

I have audited the financial statements of the Ontario Clean Water Agency (OCWA), which comprise the statement of financial position as at December 31, 2025 and the statements of operations and changes in net assets, remeasurement gains and losses and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of OCWA as at December 31, 2025, and the results of its operations, its remeasurement gains and losses and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of OCWA in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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 public sector accounting standards, 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 OCWA'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 OCWA either intends to cease operations, or has no realistic alternative but to do so.

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

1 of 2

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 OCWA's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on OCWA's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause OCWA 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.

I 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 I identify during my audit.

Jeremy Blair

Toronto, Ontario
April 23, 2026

Jeremy Blair, CPA, CA, LPA
Assistant Auditor General

2 of 2

2025 Financial Statements

Statement of Financial Position as at December 31, 2025 *(in thousands of dollars)*

	December 31, 2025	December 31, 2024
Assets		
Current assets:		
Cash and cash equivalents	**18,583**	**60,487**
Short-term investments (note 3)	**57,197**	**50,792**
Accounts receivable (note 4)	**71,374**	**75,247**
Prepaid expenses	**10,586**	**10,771**
Total current assets	**157,740**	**197,297**
Non-current assets:		
Long-term investments (note 3)	**45,528**	**-**
Loan receivable – Ontario Infrastructure and Land Corporation (note 15)	**120,000**	**120,000**
Capital assets (note 5)	**17,932**	**19,525**
Total non-current assets	**183,460**	**139,525**
Total assets	**341,200**	**336,822**
Liabilities and net assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 6)	**30,048**	**34,294**
Current portion of employee future benefits (note 7)	**6,542**	**6,788**
Current portion of obligations under capital leases (note 8)	**3,855**	**3,407**
Deferred contributions (note 9)	**2,629**	**2,568**
Total current liabilities	**43,074**	**47,057**
Long-term liabilities:		
Deferred lease inducement liability (note 10)	**656**	**802**
Obligations under capital leases (note 8)	**7,831**	**7,880**
Employee future benefits (note 7)	**4,791**	**4,999**
Asset retirement obligation	**100**	**100**
Total non-current liabilities	**13,378**	**13,781**
Total liabilities	**56,452**	**60,838**
Net assets		
Unrestricted	**284,810**	**275,984**
Accumulative remeasurement losses	**(62)**	**-**
Total net assets	**284,748**	**275,984**
Total liabilities and net assets	**341,200**	**336,822**

The accompanying notes are an integral part of these financial statements.

On behalf of the Board:

Director

Director

Statement of Operations and Changes in Net Assets for the Period Ending December 31, 2025

(in thousands of dollars)

	December 31, 2025	December 31, 2024
Revenue:		
Asset operations and maintenance services		
Operations and maintenance service	**235,119**	**221,482**
Major maintenance service	**93,622**	**96,686**
Other client utility management services	**8,817**	**9,703**
Funding from the Province of Ontario (note 9)	**10,606**	**7,703**
Total revenue	**348,164**	**335,574**
Operating expenses:		
Salaries and benefits	**127,765**	**119,506**
Services	**72,947**	**72,277**
Maintenance	**56,241**	**56,458**
Chemicals and water treatment	**42,372**	**39,374**
Materials	**34,467**	**33,682**
Electricity	**7,965**	**7,234**
Amortization of capital assets	**5,444**	**5,911**
Transportation	**1,087**	**917**
Total operating expenses	**348,288**	**335,359**
(Deficiency) excess of revenue over expenses – utility operations	**(124)**	**215**
Interest income	**8,907**	**11,631**
Realized gains on investments	**43**	**-**
Excess of revenue over expenses	**8,826**	**11,846**
Net assets, opening balance	**275,984**	**264,138**
Net assets, ending balance	**284,810**	**275,984**

The accompanying notes are an integral part of these financial statements

Statement of Remeasurement Gains and Losses for the Period Ending December 31, 2025

(in thousands of dollars)

	December 31, 2025	December 31, 2024
Accumulated remeasurement gains (losses)-beginning of year	**-**	**-**
Unrealized (losses) on investments	**(62)**	**-**
Accumulated remeasurement (losses), end of year	**(62)**	**-**

The accompanying notes are an integral part of these financial statements

Statement of Cash Flows for the Period Ending December 31, 2025

(in thousands of dollars)

	December 31, 2025	December 31, 2024
Cash flows from operating activities		
Excess of revenue over expenses	8,826	11,846
Adjustments for non-cash items:		
Amortization of capital assets	5,444	5,911
Deferred lease inducement	(146)	(146)
Employee future benefits	(454)	457
Net gain/loss on sale of investments	(43)	-
Net gain/loss on disposals of capital assets	4,109	-
	17,736	18,068
Changes in non-cash operating working capital		
(Increase) decrease in accounts receivable	3,873	(15,753)
(Increase) decrease in prepaid expenses	185	(6,969)
Increase (decrease) in accounts payable and accrued liabilities	(4,246)	5,345
Increase (decrease) in deferred contributions	61	2,568
	(127)	(14,809)
Net cash flows from (used in) operating activities	17,609	3,259
Cash from investing activities		
Proceeds from sale and maturities of investments	221,471	87,493
Purchases of investments	(273,423)	(45,239)
Net cash flows from (used in) investing activities	(51,952)	42,254
Cash flows from capital activities		
Proceeds on sale of capital assets	62	-
Acquisition of capital assets	(3,862)	(1,768)
Net cash flows from (used in) capital activities	(3,800)	(1,768)
Cash flows from financing activities		
Repayment of obligation of capital leases	(3,761)	(3,303)
Net cash flows from (used in) financing activities	(3,761)	(3,303)
Net change in cash and cash equivalents	(41,904)	40,442

	December 31, 2025	December 31, 2024
Cash and cash equivalents, opening balance	**60,487**	**20,045**
Cash and cash equivalents, closing balance	**18,583**	**60,487**
Comprised of:		
Cash	**16,405**	**58,364**
Cash equivalents	**2,178**	**2,123**
Total cash and cash equivalents	**18,583**	**60,487**

The accompanying notes are an integral part of these financial statements

General

1. NATURE OF OPERATIONS

The Ontario Clean Water Agency (The "Agency") was established on November 15, 1993, under the authority of the Capital Investment Plan Act, 1993 (the "Act"). The Ontario Clean Water Agency (the "Agency") is a Crown agency whose primary activities include the operation and maintenance of water and wastewater facilities, as well as the provision of related technical, advisory and infrastructure services to municipalities and other clients.

The Agency's objects include:

[A] assisting municipalities, the Government of Ontario and other persons or bodies to provide water and sewage works and other related services by financing, planning, developing, building and operating those works and providing those services;

[B] financing and promoting the development, testing, demonstration and commercialization of technologies and services for the treatment and management of water, wastewater and storm water;

[C] carrying out the activities described in clauses (a) and (b) in Ontario and elsewhere in a manner that protects human health and the environment and encourages the conservation of water resources; and

[D] with respect to activities described in clauses (a) and (b) that are carried out in Ontario, carrying them out in a manner that supports provincial policies for land use and settlement.

The Agency is exempt from Federal and Provincial income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

[A] BASIS OF ACCOUNTING

These financial statements are prepared in accordance with the CPA Canada Public Sector Accounting Handbook which sets out generally accepted accounting principles for government not-for-profit organizations in Canada. The Agency has chosen to use the standards for not-for-profit organizations that include Sections PS 4200 to PS 4270.

[B] MEASUREMENT UNCERTAINTY

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent liabilities as of the date of the financial statements as well as the reported amounts of revenue and expenses during the reporting period.

i. Amortization of tangible capital assets

The amortization of tangible capital assets is subject to measurement uncertainty as it is based on management's estimates of the assets' useful lives. The estimation of useful lives requires judgment and is influenced by factors such as expected usage, maintenance practices, technological change, and historical experience.

The useful lives and amortization methods of tangible capital assets are reviewed annually, and any changes in estimates are accounted for prospectively as changes in accounting estimates. As at December 31, 2025, the net book value of capital asset was $17.9 million.

ii. Employee future benefit

The employee future benefits obligation is subject to measurement uncertainty, as it is determined using actuarial assumptions related to discount rates, salary escalation, inflation, employee demographics, and other factors. These assumptions reflect management's best judgment and estimates of future events.

Due to the long term nature of the obligation, actual results may differ from the estimates used, and such differences will be recognized in future periods. As at December 31, 2025, the employee future benefits liability was $11.3 million.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. By their nature, estimates are subject to measurement uncertainty. Therefore, actual results may differ materially from the estimates.

[C] REVENUE RECOGNITION

<u>Transactions with performance obligations</u>

i. Asset operations and maintenance services

Operations and maintenance services

Revenue from contracts to provide operation, maintenance and other routine services for water and wastewater treatment facilities, which is based on a fixed annual price, is recognized in equal monthly amounts in the period as services are rendered over time.

For contracts based on the recovery of costs plus a percentage markup or those that include a fixed management fee, revenue is recognized at the time when goods are provided or services are rendered.

Major maintenance services

Revenue generated from capital improvements, major repairs, or new construction projects is recognized when goods are provided or services are rendered. This occurs as specific milestones in the construction or capital improvement process are completed. Revenue can be recognized either over time or at a point in time (for one-time deliverables upon completion), depending on the percentage of completion or milestone payments outlined in contractual agreements.

ii. Other client utility management services

Revenue from other client utility management services includes fees for additional work performed for clients beyond the scope of their operations and maintenance and major capital maintenance contracts. This category encompasses project management, engineering, technology, and training services. Revenue is recognized when services are rendered, either over time or at a point in time (for one-time deliverables upon completion), based on the fee structure outlined in the contracts.

iii. Contributions

The Agency follows the deferral method of accounting for contributions, which includes government grants.

Unrestricted contributions are recorded as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions are initially recorded as deferred revenue and subsequently recognized as revenue in the year the related expenses are recognized.

[D] CASH AND CASH EQUIVALENTS

Cash equivalents include highly liquid, short-term investments that can be readily converted into cash with minimal risk of value fluctuation. These typically consist of treasury bills, commercial paper, money market funds, and Guaranteed Investment Certificates (GICs) with maturities of 90 days or less from the date of acquisition.

[E] CAPITAL ASSETS INCLUDING CAPITAL LEASES

Capital assets are recorded at cost, less accumulated amortization and write-downs, if any. The historical cost of capital assets includes the cost directly related to the acquisition, design, construction, development, improvement or betterment, as well as the estimated cost to settle liabilities for asset retirement obligations.

Amortization begins when capital assets are available for use (i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management).

Tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer software	2-7 years
Computer hardware	3-7 years
Information systems	7 years
Furniture and fixtures	5 years
Machinery and equipment	5 years
Automotive equipment	4-20 years
Leasehold improvements	Life of the lease
Leased vehicles	5 years

Leases of capital assets which transfer substantially all the benefits and risks of ownership are accounted for as leased capital assets. Obligations under capital leases are recorded at the present value of the minimum lease payments, excluding executory costs (maintenance, fuel, administration fees). The discount rate used to determine the present value of the lease payments is the lower of the following two rates:

1. The Agency's incremental borrowing rate
2. The interest rate implicit in the lease

The Agency distinguishes between internally developed software, perpetual software licenses, and cloud based Software as a Service (SaaS) arrangements when determining whether costs are capitalized under Public Sector Accounting Standards.

Software projects expected to result in an identifiable software asset controlled by the Agency are recorded as software under development. Capitalizable costs include development stage labour, materials, and directly attributable overhead. Once available for use, these costs are transferred to intangible assets and amortized over their useful life. Costs related to planning, feasibility, training, maintenance, and other non-development activities are expensed as incurred.

SaaS and other cloud based service arrangements do not provide the Agency with ownership or control of a software asset. Accordingly, subscription fees, support, hosting, maintenance, and implementation related activities are expensed as incurred.

Multi year SaaS subscriptions paid in advance are recorded as prepaid expenses and recognized over the subscription term. These costs are not capitalized as software. Only perpetual licenses or internally developed software that meet capitalization criteria are recognized as intangible assets.

[F] FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognized on the statement of financial position when the Agency becomes a party to the contractual provisions of the instrument. All financial instruments are assigned to one of two measurement categories at initial recognition – either fair value or cost/amortized cost. Financial assets and liabilities measured at cost/amortized cost are initially recognized at acquisition cost, including transaction costs that are directly attributable to the acquisition or issuance. Cash, accounts receivable and accounts payable and accrued liabilities are all measured at amortized cost and short and long term investments are all measured at fair value.

Financial assets at amortized cost are subject to impairment. At each financial statement date, OCWA assesses financial assets to determine whether there is any objective evidence of impairment. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations and changes in net assets.

Financial assets and liabilities at fair value are remeasured at their fair value at the end of each reporting period. Any unrealized gain or loss on investments is adjusted through the statement of remeasurement gains and losses. When an asset is sold, unrealized gains and losses previously recognized in the statement of remeasurement gains and losses are reversed and recognized in the statement of operations and changes in net assets. Investments include cash equivalents, Guaranteed Investment Certificates ("GICs") and bonds. Cash equivalents and GICs are recorded at amortized cost.

Fair value measurements are categorized into the following levels within a fair value hierarchy, based on the market observability of the valuation inputs used in measuring the fair value:

Level 1 – unadjusted quoted market prices in active markets for identical assets or liabilities;

Level 2 – observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and

Level 3 – unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

i. Loan receivable

Loans receivable are recorded at cost, less any provision for loan allowance. Provisions for loan allowances are used to reflect collectability and risk of loss, therefore, loans are recognized at the lower of cost and the net recoverable value.

Changes in the provision for loan allowance and loan amounts written off are recognized in the statement of operations and changes in net assets. Monies received during the year from loans provided for in a prior year are recorded as loan recoveries on the statement of operations and changes in net assets. Interest on the loan receivable is accrued when earned.

[G] EMPLOYEE FUTURE BENEFITS

Under these requirements, the cost of post-employment benefits is charged to operations annually as incurred.

Pension plans

The Agency is a participating employer in the Public Service Pension Plan, which is a multi-employer defined benefit plan that is solely sponsored by the Province of Ontario. When benefits are provided to employees through a multi-employer defined benefit plan, each entity participating in the plan, other than the sponsoring entity, is required to follow the standards for defined contribution plans. As a result, the Agency recognizes an expense equal to the amount of required contributions provided for employees' services rendered during the period. Any outstanding contributions are recognized as a liability in the statement of financial position.

Post-employment benefits other than pension plans

The Agency is responsible for certain non pension employee future benefits, including legislated severance, unpaid vacation, and workers' compensation obligations. These obligations are recognized as liabilities as employees render service and earn entitlement to the benefits.

The costs of these employee future benefits are determined based on management estimates and, for workers' compensation obligations, actuarial valuations. Benefit expense consists of current service cost, interest, and adjustments arising from changes in assumptions and actuarial gains or losses, and is recognized in salaries and benefits expense in the period in which employees render service.

3. INVESTMENTS

(in thousands of dollars)

Investment type	Level	Measurement basis	2025	2024
Short-term				
Guaranteed investment certificates	2	Amortized cost	**52,134**	50,792
Treasury bills	2	Fair value	**5,063**	-
Total short-term			**57,197**	50,792
Long-term				
Bonds	2	Fair value	**45,528**	-
Total long-term			**45,528**	-
Total investements			**102,725**	50,792

Short term investments mature within one year include GICs and treasury bills. All long-term investments have maturities greater than one year.

Treasury bills and bonds investments managed by Investment Management Corporation of Ontario ("IMCO") have a cost of $5.1 million (2024 – Nil) and $45.5 million (2024 – Nil) respectively.

4. ACCOUNTS RECEIVABLE

	(in thousands of dollars)	
	2025	2024
Trade receivables	**56,079**	60,446
Due from Province of Ontario	**10,518**	10,271
Harmonized sales tax (HST) receivable	**4,614**	4,575
Interest receivable	**499**	348
Subtotal	**71,710**	75,640
Less: Allowance for doubtful accounts	**(336)**	(393)
Total	**71,374**	75,247

Trade receivables include unbilled receivables amounting to $3,238 (2024 – $8,536).

5. CAPITAL ASSETS

(in thousands of dollars)	Cost	Accumulated Amortization	**Net Book Value 2025**	Net Book Value 2024
Computer software	9,768	8,895	**873**	3,276
Information systems	1,584	1,584	**-**	-
Furniture and fixtures	373	329	**44**	46
Automotive equipment	2,556	2,429	**127**	67
Automotive under capital lease	17,829	6,500	**11,329**	11,074
Computer hardware	10,016	7,053	**2,963**	662
Machinery and equipment	1,579	1,259	**320**	327
Leasehold improvements	3,679	2,227	**1,452**	1,787
Software under development	824	-	**824**	2,286
Total	48,208	30,276	**17,932**	19,525

In 2017 the Board approved the Agency's Business Transformation Program (BTP) capital and re-engineering expenditures of up to $27.8 million which was implemented starting in 2018. This budget was revised to $33.8 million an.d approved by the Board in December 2020 due to the addition of several new projects. The BTP is focused on strategic investments in infrastructure, IT systems and business practices. As at December 31, 2025, $23.6 million was spent, of which $9.9 million has been capitalized. Annual amortization for 2025 was $5.4 million (2024 – $5.9 million).

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		(in thousands of dollars)
	2025	2024
Trade payable	17,406	20,366
Accrued liabilities	7,031	4,759
Payroll and benefits payable	5,611	9,169
Total	**30,048**	34,294

Trade payable represent amounts owed to third party vendors for normal operating activities. Accrued liabilities represent accruals other than payroll and benefit-related items. Payroll and benefits accruals represent employee related cost including payroll accruals and regular pay adjustments.

7. EMPLOYEE FUTURE BENEFITS

[A] NON-PENSION EMPLOYEE FUTURE BENEFITS

The Agency is responsible for its accrued legislated severance, unpaid vacation, and workers' compensation obligations.

The costs of these employee future benefits obligations have been estimated at $11.3 million (2024 – $11.8 million), of which $6.5 million (2024 – $6.8 million) has been classified as current liability. The amount charged to the income statement in 2025 was $1.6 million (2024 – $2.5 million) and is included in salaries and benefits expenses in the statement of operations and changes in net assets.

Legislated Severance

The legislative severance portion of the employee's future benefits obligation totaled $3.1 million, of which $1.9 million is long-term. The long-term portion was calculated based on the following assumptions: discount rate of 3.90 % (2024 – 3.85%) and estimated average remaining service life of 10.8 years (2024 – 11.3 years). These assumptions are management's best estimate.

Workers' Compensation Obligation

Included in the employee's future benefits obligation is an estimated workers' compensation obligation in the amount of $2.4 million (2024– $2.4 million). In 2022, there was a change in estimation methodology, whereby the amount was determined through an actuarial valuation. An actuarial valuation was used in 2025, and the measurement date was December 31, 2025, consistent with the Agency's fiscal year-end date. The Agency, a Schedule 2 employer, self-insures its Workplace Safety and Insurance Board claims and pays all compensation and administration costs.

Benefit expense consists of current benefit-cost interest and adjustments arising from plan amendments, changes in assumptions and net actuarial gains or losses. The Agency has elected to immediately recognize actuarial gains and losses in the year they arise. Plan amendments are recognized immediately in the year of the effective change.

The actuarial valuation is based on several assumptions about future events, such as inflation rates, medical inflation rates, wage inflation, and mortality. The assumptions used reflect management's best estimates. The discount rate used to determine the accrued benefit obligation is 3.90% (2024 – 3.85%).

The components of the benefit expense and the accrued benefit liability are as follows:

	2025	2024
Components of benefit expense		
Current benefit cost	**167,508**	156,821
Interest cost	**88,153**	75,843
Immediate recognition of actuarial (gain) loss	**55,069**	394,007
Benefit expense	**310,730**	626,671
Accrued benefit liability		
Accrued benefit liability, beginning of year	**2,372,138**	2,089,472
Benefit expense	**310,730**	626,671
Company contributions	**(332,383)**	(344,005)
Accrued benefit liability, end of year	**2,350,485**	2,372,138

The benefit expense has been included in salaries and benefits in the statement of operations and changes in net assets. The Province pays the cost of other post-retirement, non-pension employee benefits and, therefore, is not included in the financial statements.

[B] PENSION PLAN

The Agency’s full-time employees participate in the Public Service Pension Fund (PSPF) and the Ontario Public Service Employees Union Pension Fund (OPSEU-PF), which are defined benefit pension plans for employees of the Province and many provincial agencies. The Province of Ontario, the sole sponsor of the PSPF and a joint sponsor of the OPSEU-PF, determines the Agency’s annual funds payments. As the sponsors are responsible for ensuring that the pension funds are financially viable, any surpluses or unfunded liabilities arising from statutory actuarial funding valuations are not assets or obligations of the Agency. The Agency’s payments for 2025 was $8.2 million (2024 – $7.7 million) are included in salaries and benefits in the statement of operations and change in net assets.

8. OBLIGATION UNDER CAPITAL LEASES

The Agency has capital leases, with interest rates ranging from 2.1% to 6.6%, for automotive equipment for 60-month lease terms. The vehicles are amortized on a straight-line basis over their lease term. The following is a schedule of future minimum lease payments and the balance of the obligations:

	(in thousands of dollars)	
	2025	2024
2025	**-**	3,941
2026	**4,389**	3,442
2027	**3,768**	2,797
2028	**2,684**	1,694
2029	**1,586**	602
2030	**477**	-
Total minimum lease payments	**12,874**	12,476
Interest and fee payable	**(1,188)**	1,189
Balance of the obligation	**11,686**	11,287
Less: current portion	**(3,855)**	(3,407)
Non-current obligation	**7,831**	7,880

The fee payable in the amount of $118,045 (2024 – $103,920) is included in the interest and fee payable. Total interest expense on capital leases for the period was $533,955 (2024 – $520,228).

9. FUNDING FROM THE PROVINCE OF ONTARIO

The Agency has been allocated $10.7 million in funding by the Treasury Board Secretariat through the Province as part of ministry-specific funding. This funding is intended to address compensation requirements under Bill 124, the Protecting a Sustainable Public Sector for Future Generations Act, 2019, for the 2025-26 fiscal year (April 1, 2025 – March 31, 2026).

	(in thousands of dollars)	
	2025	2024
Balance, beginning of the year	**2,568**	-
Add: contributions	**10,667**	10,271
Less: recognized	**(10.606)**	(7,703)
Balance, end of year	**2,629**	2,568

10. DEFERRED LEASE INDUCEMENT LIABILITY

The Agency received a lease inducement allowance of $1.5 million from the landlord for its head office location to offset leasehold improvement costs. This amount has been recorded as a Deferred lease inducement liability on the statement of financial position, which is amortized over the life of the lease, 10 years. A total amortized lease inducement of $146,000 (2024 – $146,000) has been recorded as a reduction of rent expense during the year.

	(in thousands of dollars)	
	2025	2024
Deferred lease inducement balance, beginning of year	**802**	948
Less: amortization of deferred lease inducement	**(146)**	(146)
Deferred lease inducement balance, at end of year	**656**	802

11. LEASE COMMITMENTS

[A] LEASE COMMITMENTS

	(in thousands of dollars)
2026	1,828
2027	1,474
2028	1,406
2029	1,235
Thereafter	602
Total	**6,545**

The lease for the Agency's head office located at 2085 Hurontario Street, Mississauga is 10 years with minimum lease payments totaling approximately $5.4 million over this period. The lease began on July 1, 2020 and ends on June 30, 2030 and included in the above-mentioned total lease commitments.

[B] LETTERS OF CREDIT

The Agency has a preapproved limit with the Royal Bank of Canada of $50.0 million for the letter of credits. As of December 31, 2025, $20.6 million (2024 – $20.6 million) of the limit has been used to provide letters of credit to municipalities in accordance with the terms of their operations and maintenance agreements.

12. CONTINGENCIES

Contingent liabilities

The Agency is involved in various legal claims arising in the normal course of business, the outcome of which cannot be determined at this time. Most of the legal claims are covered by insurance after the application of a deductible, ranging from $5,000 to $100,000, depending on when the event giving rise to the claim occurred and the nature of the claim. In December 2021, the Agency made deposits in an interest-bearing account with the Superior Court of Justice for claims to be held until a resolution is reached. As of December 2025, no resolution has been reached and the amount is still being held by the Superior Court of Justice.

13. FINANCIAL INSTRUMENTS

[A] CREDIT RISK

Credit risk is the risk that one party to a financial instrument will cause a loss for the other party by failing to discharge an obligation. The Agency's maximum exposure to credit risk consists of the total of cash and investments, accounts receivable, investments in term deposits, investments receivable and loans receivable.

All bank balances and investments are held by large Canadian chartered banks.

The Agency is exposed to low credit risk because receivables are due from municipalities, and payment is usually collected in full. Credit rating reviews are performed for non-municipal clients.

Total receivables from municipalities, and provinces as of December 31, 2025 is $49.6 million

A breakdown of the accounts receivable is as follows:

		(in thousands of dollars)
	2025	2024
0-60 days	**68,755**	68,676
61-90 days	**462**	1,807
91-120 days	**499**	1,848
121-150 days	**36**	126
More than 151 days	**1,622**	2,790
Total Net Accounts Receivable	**71,374**	75,247

Accounts receivable aged over one year, excluding specific accounts identified as collectible, were deemed doubtful. A $335,705 provision was made in 2025 (2024 – $393,000).

The Agency believes that this approach mitigates the risk of incorrect provision.

[B] LIQUIDITY RISK

Liquidity risk is the risk that the Agency will encounter difficulty in meeting its financial obligations as they become due. The Agency's financial obligations include accounts payable and accrued liabilities, employee future benefit obligations, capital lease obligations, and other contractual commitments.

The Agency manages liquidity risk by maintaining adequate cash and short term investments and by monitoring forecasted and actual cash flows on an ongoing basis. The Agency's cash requirements are monitored regularly to ensure that sufficient funds are available to meet obligations as they fall due.

The Agency's principal sources of liquidity are cash generated from operations and investment income. The Agency is exposed to liquidity risk due to the timing of cash inflows and outflows; however, this risk is mitigated by the largely predictable nature of its operating cash flows and the Agency's adequate cash balances.

[C] CURRENCY RISK

Currency risk is the risk that the fair value of a financial instrument will fluctuate because of changes in foreign exchange rates, resulting in either a gain or loss. Changes in the foreign exchange rate between the transaction date and subsequent reporting dates give rise to an exchange gain or loss. Exposure from currency risk is low given the minimal transaction volume in US Dollars.

[D] INTEREST RATE RISK

Interest rate risk is the risk that the fair value of an investment or investment liability will fluctuate as a result of changes in market interest rates.

The Agency has extended a $120.0 million loan to Ontario Infrastructure and Lands Corporation, which matured on March 1, 2023, at the prevailing three-month treasury bill rate established by the Ontario Financing Authority ("OFA"). This loan was renewed for ten years, as outlined in Note 15.

The Agency also has term deposits and bank balances sensitive to the prevailing interest rates. As a result, the Agency is exposed to a low cash flow risk related to the fluctuations in interest rates.

The Agency does not hold investment liabilities and maintains an investment portfolio across Money Market, Government Short Term Bonds and Guaranteed investment certificates, focused on capital preservation and risk mitigation. The Agency's investment portfolio includes both short-term and long-term (maximum 5 years) investment terms. The average return on investments is 2.82% (2024 – Nil). Fluctuations in interest rates could have impact on the fair value of the fixed income securities profile. The potential impact to investment values had the prevailing interest rates changed by 50 basis points is estimated at $1.05 million (2024 – Nil).

14. RELATED PARTY TRANSACTIONS

The Province of Ontario is a related party as it is the controlling entity of the Agency. Organizations that are commonly controlled by the Province of Ontario are also related parties of the Agency. All related party transactions were measured at the exchange amount, which is the amount of consideration established and agreed upon by the related parties. Transactions with related parties are outlined below.

The Agency earned revenue of $2.3 million (2024 – $3.3 million) from the Ministry of the Environment, Conservation and Parks (MECP) for water and wastewater treatment services provided. The services were provided at competitive rates similar to those of other clients

The Agency earned revenue of $2.8 million (2024 – $3.8 million) from the Ministry of Energy, Northern Development and Mines (MENDM) for water and wastewater treatment services provided.

The Agency earned revenue of $3.4 million (2024 – $3.3 million) from the Ontario Infrastructure and Lands Corporation (OILC) for water and wastewater treatment services provided. The services were provided at competitive rates similar to those of other clients.

The Agency has a $120.0 million loan receivable with Ontario Infrastructure and Lands Corporation (OILC), as described in Note 15, to be fully repaid by March 1, 2033. This loan will operate at the prevailing three-month treasury bill rate established by the Ontario Financing Authority ("OFA"), paid quarterly.

The Agency relies on the Province of Ontario to process its payroll and administer its benefits, and to obtain internal audit and legal services. The Province absorbs some of these administrative costs. The Agency also receives funding from the Province as described in Note 9.

Investment Management Corporation of Ontario ("IMCO") is a related party in its capacity as the Agency's investment manager. Investment Management fees of $0.03 million were paid to IMCO in fiscal year 2025 (2024 – Nil).

15. LOAN RECEIVABLE – ONTARIO INFRASTRUCTURE AND LANDS CORPORATION

The Agency has a $120.0 million loan receivable with no valuation allowance with Ontario Infrastructure and Lands Corporation ("OILC"), , with a term from March 1, 2023 to March 1, 2033. The OILC shall pay interest to the Agency at the prevailing three-month treasury bill rate established by the Ontario Financing Authority ("OFA"), paid quarterly

16. COMPARATIVE FIGURES

Certain comparative figures have been restated to conform to the current year's presentation**.**