



2023-2024

ANNUAL REPORT

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UNLOCKING  
OPPORTUNITIES IN  
VOLATILE MARKETS



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This document is prepared in accordance with Section 20(2)(e) (v) of the British Columbia's *Public Sector Pension Plans Act* for the Honourable Minister of Finance. The purpose of this report is to communicate the investment performance, strategy, operational activities, and governance of BCI for the fiscal year ended March 31, 2024. The report includes Management's Discussion & Analysis, Compensation Discussion & Analysis, Annual Climate-related Disclosures, and Corporate Financial Statements.

Unless otherwise stated, all figures are as at March 31, 2024, and in Canadian dollars.

The pooled fund financial statements for December 31, 2023, are available [here](#).



# Delivering for our Clients

## OUR CLIENTS

As one of Canada's largest institutional investors, British Columbia Investment Management Corporation (BCI) invests on behalf of 29 clients in British Columbia's public sector. These clients include 10 public sector pension funds, three insurance funds, and 16 special purpose funds comprised of public trusts, endowments, and government bodies.

Our clients are diverse, with varying investment objectives, risk appetites, and investment beliefs. To meet their required return objectives, we take a strategic, global approach to find investment opportunities across various strategies and asset classes, viewed through a risk framework that delivers long-term value.

We make investment decisions that help secure the financial futures of more than 740,000 pension plan beneficiaries, 2.7 million British Columbia workers, and four million Autoplan holders. Our returns contribute to paying retiree pension benefits, assisting insurance clients in offering more affordable premiums and fulfilling insurance claims, and financing government programs focusing on arts and culture, sports development, training and skills development, and sustainable economic development in British Columbia. During fiscal 2024, BCI disbursed **\$13.5 billion to our clients.**



## OUR PURPOSE

BCI is driven by a singular purpose: generating investment returns that help to secure long-term financial sustainability for our British Columbia public sector clients. BCI's role goes beyond that of a typical asset manager, and we provide full-service, customized investment support to our clients.

# \$13.5B

BCI disbursed to our clients in F2024

### 7.5%

One-Year Return

### 7.5%

Five-Year Return

### 7.8%

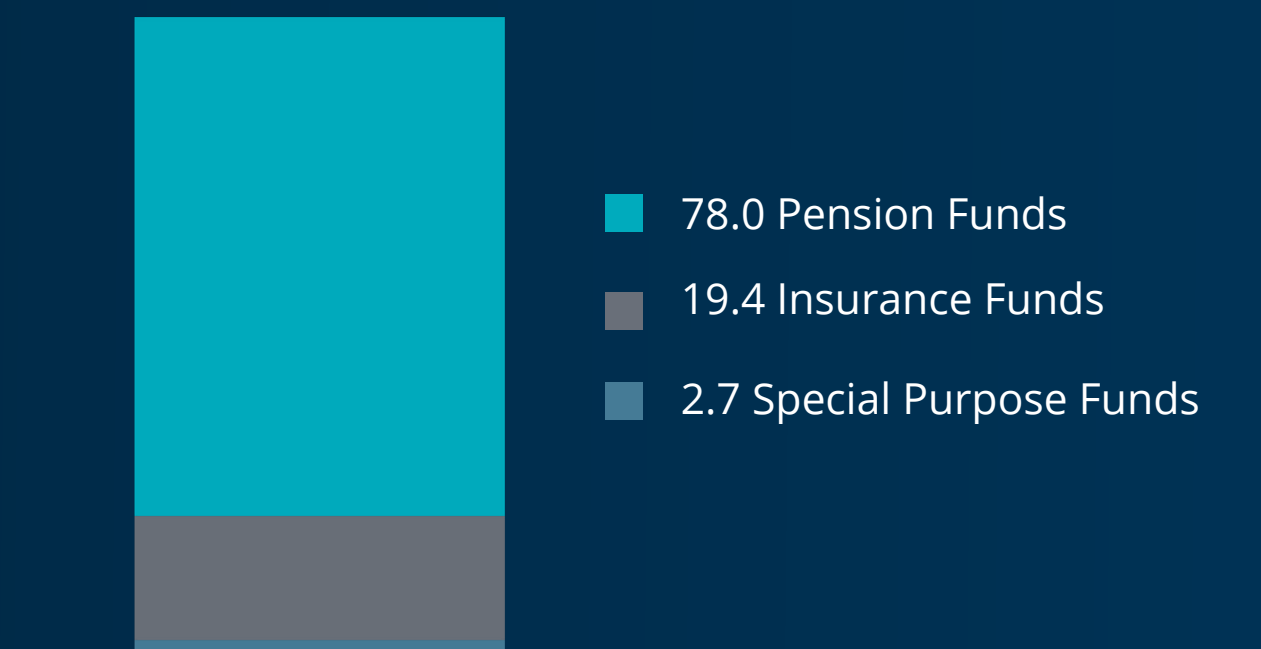
Ten-Year Return

### 7.7%

Twenty-Year Return

Annualized returns for BCI's combined pension plan clients

## CLIENT PROFILE BASED ON ASSETS UNDER MANAGEMENT (%)





# Global Markets Dominated by Lower Deal Activity and Liquidity Constraints

During our fiscal year, global markets grappled with multiple challenges, as tightening monetary policies led to higher costs of capital and created significant liquidity constraints. The lingering effects of high interest rates, inflation, and general macroeconomic and geopolitical uncertainty continued to impact the economic landscape, resulting in historic lows for private equity deal activities.

In this environment, BCI's emphasis on liquidity management stood out as a defining and distinguishing aspect of our capital management approach. While other investors grappled with illiquidity, BCI operated from a position of strength that allowed us to seize opportunities for long-term growth and performance.

## REMAINING NIMBLE AND CREATING ROOM TO MANOEUVRE

With ample liquidity, despite the challenging economic backdrop, BCI was able to reallocate capital into new opportunities, bolstering the growth and development of our existing portfolio companies and investment funds.

The private equity team generated approximately \$1.5 billion in secondary sale proceeds, improving our liquidity position, locking in strong realized returns for our clients, and reducing our exposure to higher cost fund of funds' strategies. Moreover, our increased focus on direct investments, including more than 50 directly held businesses, resulted in significant cost savings, redirecting fees that would have otherwise gone to external managers.

The public equities team made several strategic asset reallocations to optimize our portfolio. This included the deployment of an additional \$1 billion within our Active Emerging Markets Equity Fund, the reallocation of \$1 billion from the Global Quantitative ESG Equity Fund to the Global Quantitative Active Equity Fund, and

the reallocation of \$1 billion from the Thematic Active Equity Fund to the Active Global Equity Fund. These moves provide greater balance within our global equity funds while retaining the potential to generate excess returns.

Our infrastructure & renewable resources (I&RR) program continued to provide stable, consistent returns – delivering \$2.1 billion in distributions back to clients, creating capacity across BCI's portfolio for re-investment.

Our strategic approach uniquely positioned BCI with a portfolio of very well-diversified, high-quality, and high-conviction assets. Together with a right-sized liquidity position and effective asset allocation, we had ample capital to deploy and capacity in our funds to add assets.



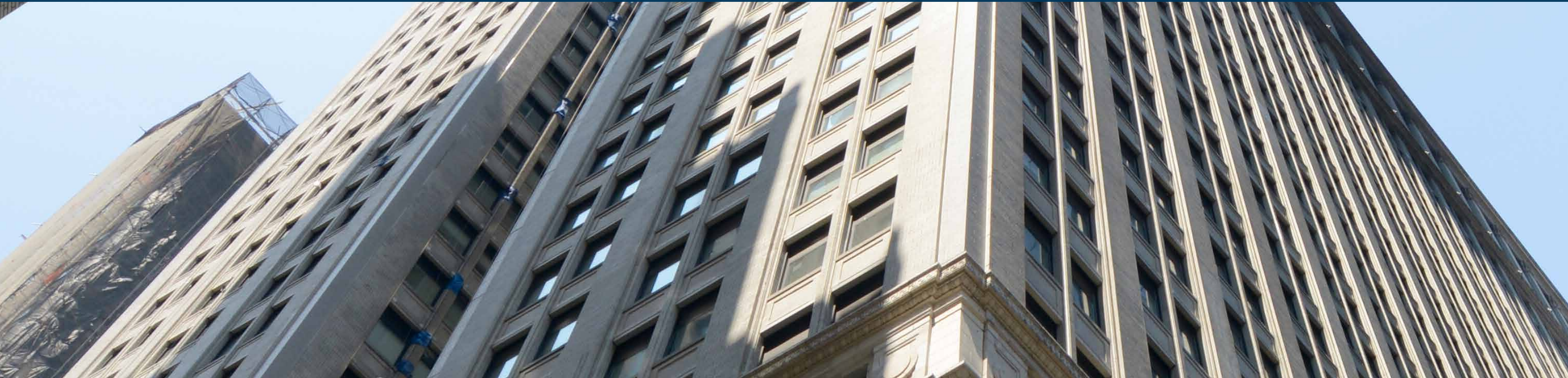
# Funding Program

In October 2023, we unveiled a pivotal advancement in the funding program with public markets' successful launch of BCI's first-ever unsecured debt offering. The introduction of unsecured borrowing brought substantial advantages, such as access to a wider and more varied pool of lenders and an extended duration range, enhancing client liquidity.

BCI issued \$1.25 billion senior unsecured notes, with a coupon rate of 4.90% and a maturity date of June 2, 2033. The notes settled on October 26, 2023. Our issuance was oversubscribed with more than \$1.9 billion in orders from more than 50 global investors. In January 2024 we re-opened the issuance and raised an additional \$1 billion for an amount of \$2.25 billion. This significant milestone provides our clients with important asset mix flexibility without increasing financial leverage and is consistent with the Funding Program's goal of achieving a balance between short-term secured loans and long-term unsecured debt.

## BCI'S TOTAL ASSETS UNDER MANAGEMENT (AUM) TABLE

	(\$ BILLIONS)	%
<b>PUBLIC MARKETS</b>		
Fixed Income	71.1	31.0
Public Equities	60.4	26.3
Other Strategies <sup>1</sup>	0.1	0.0
<b>PRIVATE MARKETS</b>		
Real Estate Equity	35.1	15.3
Private Equity	30.7	13.4
Infrastructure & Renewable Resources	28.1	12.3
Private Debt	16.1	7.0
Real Estate Debt	8.9	3.9
<b>TOTAL GROSS AUM</b>	<b>250.4</b>	<b>109.1</b>
Funding Program	(21.0)	(9.1)
<b>TOTAL NET AUM</b>	<b>229.5</b>	<b>100.0</b>





# Global Active Investor

Based in British Columbia's capital city, Victoria, BCI has grown exponentially in size and scale since our transformation to an active, in-house, global asset manager began nearly ten years ago. In fiscal 2014, gross assets under management (AUM) were \$114.0 billion, with 59.4 per cent of assets managed in-house. Today, those figures have grown to \$250.4 billion and 83.3 per cent managed in-house, and BCI executes sophisticated investment strategies worldwide to increase the probability of meeting our clients' actuarial rate of return.

Global Distribution of Net Assets Under Management<sup>1</sup>



**CANADA**  
**30.8%**

BCI OFFICE LOCATIONS  
Victoria & Vancouver



**UNITED STATES**  
**43.4%**

BCI OFFICE LOCATION  
New York



**EUROPE**  
**14.4%**

BCI OFFICE LOCATION  
London



**ASIA PACIFIC**  
**3.4%**

BCI PRESENCE  
Mumbai



**EMERGING MARKETS**  
**10.4%**



# Investment Highlights

Even in challenging market conditions, BCI's investment teams continued to opportunistically deploy capital into assets that aligned with our long-term strategies.

## PHOTONIC

**Invested in Photonic, a Canadian quantum computing company.** This investment is part of our venture and growth strategy and supports our aim to be competitive through exposure to disruptive and innovative business models and technologies.

## OVERLAND

**Anchor investor in Overland Advantage, a direct lending platform** established by Centerbridge Partners in partnership with Wells Fargo, which will also yield co-investment opportunities. This investment aligns with the Global Partnership Portfolio, and supports our objectives of delivering superior risk-adjusted returns to our clients and broadening our investment diversification.

## COSTA

**Completed the take-private of Costa Group, Australia's leading grower, packer, and marketer of fresh fruits and vegetables.** In collaboration with Paine Swartz Partners and Driscoll's, this investment offers an attractive opportunity for the I&RR program to gain exposure to a high-quality company with strong international growth, as well as the increasing important theme of food security.



# Focus on Canada

Canada is an integral part of our global portfolio, 30.8 per cent of our total net assets are domestic, translating to almost \$70.2 billion in AUM. Our Canadian investments span across all asset classes. In addition to Photonic, notable examples include:

**Mosaic Forest Management**, a leading timberlands management and sustainable forestry company on Vancouver Island.

**GCT Global Container Terminals**, operates two of the largest shipping terminals on the West Coast and played an instrumental role in developing Canada's Pacific Gateway.

**Corix District Energy**, wholly owned by BCI, delivers low-carbon, sustainable heating and cooling systems to communities across Canada.

**Active Canadian Equity Fund**, one of our oldest strategies with a 30+ year track record, invests in many of the largest public companies in Canada.

**First Nations Finance Authority** bonds and commercial paper which provide First Nations governments with access to long-term loans.

**Government of Canada and Canadian provincial bonds** are BCI's largest fixed income investments. These governments invest in programs and economies across the country, contributing to development for all Canadians.

**30.8%**

Invested in Canada

**\$70.2**

Billion of net assets



# Ever Evolving

## A FOCUS ON ENHANCING ESG DISCLOSURE

Recognizing the importance of ESG to our business, we have consolidated ESG reporting into our corporate annual report this year and plan to introduce an annual supplementary report focusing on ESG engagement and active ownership in the fall of 2024.

BCI supported and contributed to the creation of the IFRS Sustainability Disclosure Standards, which were developed by the International Sustainability Standards Board (ISSB) in response to ongoing calls for a global baseline for climate and ESG-related reporting. BCI actively engaged with regulators and global capital markets participants in support of the standards, and we continue to encourage their widespread adoption through our participation in the ISSB Investor Advisory Group and ongoing engagement activities.

We have strengthened our climate-related and sustainability disclosures, in line with the guidance from ISSB, including new disclosures related to Equity, Diversity, and Inclusion (EDI) metrics, specifically around gender and racial/ethnic group representation.

# Creating a Culture of Innovation

**BCI aspires to push boundaries, embrace new ideas, and rely on outside-the-box thinking to ensure sustained success.** Innovation is, therefore, vital for our present and future achievements. This year, BCI was one of only 10 companies in Canada chosen by Microsoft to participate in its Early Access Program of Copilot, a groundbreaking GenAI-integrated tool within Microsoft 365 suite of products. Additionally, we developed a chatbot that allows secure and convenient access to Azure Open AI (GPT4), hosted within BCI's private cloud.

By adopting these cutting-edge technologies, BCI has already seen positive impacts, including enhanced creativity and innovation, and improved efficiency and productivity by automating tasks, allowing employees to focus on the strategic aspects of their work.

This new chapter is just the beginning of BCI's exciting journey into groundbreaking territory, further supporting our focus on innovation.

## BUSINESS PLAN TRANSITION

We continue to focus our business plan on the following goals in order to generate long-term financial stability for our clients:

Over a rolling 10-year period, generate absolute returns that meet or exceed our clients' actuarial discount rate targets.

Deliver value-added performance (returns that exceed appropriate benchmarks) over a five-year period.

Provide cost-efficient investment management services.

This past year, we completed our prior business plan and developed our F2025-F2027 Business Plan, focusing on BCI's next chapter on three strategic ambitions.

## F2025 - 2027 STRATEGIC AMBITIONS

DRIVING SUSTAINABLE GROWTH

ACCELERATING INNOVATION

OPERATING ON A GLOBAL SCALE



PETER MILBURN

# Chair Letter

“ Our approach is constantly evolving, mirroring the dynamic nature of the markets. The BCI Board’s commitment to understanding and adjusting BCI’s governance structure to stay abreast of these changes is truly commendable.

## Good governance is essential for delivering long-term sustainable value to our clients.

During yet another fiscal year of significant global market volatility, the BCI Board of Directors (BCI Board) consistently emphasized in discussions with management the importance of developing an innovative and collaborative culture at BCI to retain and attract the essential talent that is the corporation’s greatest resource. As I have previously remarked, BCI’s team has demonstrated particular resilience, dedication, and skill over the last few years, and it is with great pride that I reflect on the corporation’s achievements as BCI entered the third and final year of the current three-year business plan.

With this focus on talent top of mind, the BCI Board has been engaged in ensuring BCI stays competitive in recruiting and retaining a world-class workforce. As such, we continue to monitor the Equity, Diversity, and Inclusion (EDI) strategy implementation to ensure management is delivering on its commitment to cultivating a workplace that attracts diverse talent and empowers all team members to excel. This year, a key strategic deliverable was the employee engagement survey, and the BCI Board received a summary of the results, which offer valuable quantitative and qualitative insights into employee satisfaction. In addition to last year’s self-identification census data, these results will further drive management to identify initiatives that enhance all aspects of the employee experience and attract and retain the specialized talent BCI requires to deliver on its strategies and client obligations. In alignment with the strategy’s

commitment to create intentionality and accountability, we are pleased to disclose Director diversity metrics in this report for the first time.

Acknowledging the significance of ESG factors, together with evolving market and client expectations, ESG governance remains a top priority for the BCI Board as well. We directed management to advance BCI’s ESG governance policy and reporting structures to facilitate board oversight of ESG activities. This included monitoring key performance indicators to consistently evaluate BCI’s progress and performance in integrating ESG into its investment strategy. Directors also received continuous education on emerging ESG-related factors that could have a significant impact on the organization. We encouraged management to deepen ESG integration through the creation of an ESG data platform and are pleased to see the progress made to date. We look forward to observing the ongoing evolution of this resource.

As part of the triennial review cycle, the BCI Board approved revisions to the Valuation Policy, Cost Recovery Policy, and External Auditors’ Independence Policy. Our policy work establishes the governance which guides BCI’s operations and this year, as a result of the prudent investment risk management frameworks established in our Investment Risk Management Policy, we witnessed BCI’s teams not only maintain but grow the liquidity position. Impressive in light of the cash flow constraints experienced worldwide. This enabled the investment teams to continue to execute multi-year strategies and source opportunities for capital deployment. The methodical construction of well-diversified



portfolios consisting of high-quality and high-conviction assets is the foundation of the long-term results that have placed BCI amongst the top-performing Canadian and international pension peers over the 10-year period<sup>1</sup>.

With an eye to the future, the BCI Board engaged with management on BCI's new three-year business plan for F2025-F2027 and set its strategic objectives. We look forward to guiding BCI's management as the corporation embarks on this new strategic plan. BCI will focus on driving sustainable growth, accelerating innovation and operating on a global scale to facilitate more effective asset management and value creation. This global growth supports and complements our ongoing presence and investments in Canada, which remain integral to our portfolio and to our British Columbia public sector clients.

The BCI Board encouraged management to continue to challenge norms, welcome fresh concepts, and harness innovative thinking to ensure enduring success, especially by leveraging transformative technologies such as artificial intelligence (AI). AI governance is very important for the BCI Board to ensure the technology is thoughtfully and appropriately incorporated into BCI's workflows, and next year we will plan for the BCI Board's role in governance of AI.

Our approach is constantly evolving, mirroring the dynamic nature of the markets. The BCI Board's commitment to understanding and adjusting BCI's governance structure to stay abreast of these changes is truly commendable. I express my gratitude to my fellow board members for their unwavering dedication. I am delighted to welcome our newest

member, Reg Bawa, the new Teachers' Pension Board of Trustees representative on the BCI Board and wish to extend a special thank you to his predecessor, Rob Taylor, for his important contributions and commitment over the past two years. I am honoured to have been reappointed to the BCI Board for another term by the Honourable Minister of Finance, Katrine Conroy. It fills me with immense pride to lead such an outstanding group of Directors.

Lastly, I want to acknowledge and congratulate Gordon J. Fyfe on his appointment to the Order of British Columbia, and the efforts of everyone at BCI who helped make this recognition possible. I am grateful to BCI's leadership team and employees for their staunch commitment to our clients. Our purpose is rooted in delivering value to our clients, and we are thankful for their continued trust in BCI.

**Peter Milburn**  
Chair





**GORDON J. FYFE**

# CEO/CIO Letter

“ A combination of prudent asset allocation and stringent liquidity management with regard to client portfolios enabled BCI to perform well amidst ongoing market volatility.

## Prudent asset allocation and stringent liquidity management enabled BCI to perform well amidst ongoing market volatility.

As undercurrents roiled the global economy and capital markets in fiscal 2024, our BCI investment professionals again demonstrated their know-how and resolve by delivering positive returns across most asset classes. The strong showing was due in large part to our teams having already modeled this sort of macroeconomic scenario, buttressing our ability to manage downside risks and capitalize on strategic opportunities stemming from market dislocations. The adverse environment experienced over the past several years has further underscored the benefits of building a well-diversified portfolio focused on high-quality assets, while expanding sources of returns with regard to geographies, asset types and strategies – including private debt, a space BCI entered just five years ago.

A combination of prudent asset allocation and stringent liquidity management with regard to client portfolios enabled BCI to perform well amidst ongoing market volatility. Over the course of fiscal 2024, we added around six months to the liquidity coverage ratio, ending the year with approximately 19 months and still growing. Those robust reserves and sizeable stores of ‘dry powder’ further attest to our effective strategy and risk management frameworks.

Several noteworthy strategic initiatives, including the evolution of our Funding Program and the addition of unsecured debt, continue to be fundamental to

strengthening BCI’s liquidity position. This past year saw the issuance of our inaugural debt offering – which was oversubscribed and, accordingly, re-opened just three months later – achieving a total raise of \$2.25 billion. The program also received the highest possible long-term credit ratings from leading global agencies: Moody’s (Aaa), S&P (AAA), and DBRS Morningstar (AAA). Those stellar ratings speak to our exceptional investment and operational capabilities.

As regards debt, we have increased our private debt holdings from zero in 2019 to more than \$15 billion. The strategy is performing well, and we have experienced no defaults in our internal portfolios. All credit to the team. The rapid growth of this program reflects an economic milieu that has created a challenging environment for borrowers – and interesting opportunities to address the alternative credit needs of non-sponsor, middle-market companies. So, in another first for BCI, we announced an anchor investment in a new venture between Centerbridge Partners and Wells Fargo that focuses on direct lending to North American mid-market companies. It stands to reason that infrastructure debt was also an important focus area for BCI this year as we sought to offer compelling risk-adjusted returns with lower volatility and high-yielding cash flow. This strategy has been in development since 2020, and we expanded our capital deployment in this space over the past year.

### PERFORMANCE HIGHLIGHTS

Performance-wise, BCI found itself with a tough act to follow in the wake of the back-to-back, record-breaking value-add results we achieved in fiscal years 2022 and 2023. This year,



we returned 7.5 per cent for our combined pension plan clients, compared to the benchmark result of 11.6 per cent. Nevertheless, we outperformed our benchmarks for the five-, 10-, 15- and 20-year periods. Crucially, we also exceeded the actuarial required rate of return our pension clients need to meet their future obligations over these long-term periods, enabling them to remain in surplus positions.

Closer scrutiny of our relative one-year performance confirms that we outperformed benchmarks for all asset classes except real estate equity and private equity, both of which faced difficult market environments. I wish to note as well that, current challenges notwithstanding, we remain confident in our rebalanced real estate portfolio, which mainly comprises warehouses, data centres, and multi-family housing. Over the past eight years, we have reduced our office weighting by nearly half to 19.1 per cent, holding mostly 'Class A' buildings with high occupancy rates. With respect to private equity, we should bear in mind that this asset class has been a star performer and was a major contributor to those record value-add results posted for the 2022 and 2023 fiscal years. However, macroeconomic factors impacting private equity markets have slowed deal flow dramatically over the past year and caused valuations to decline. Additionally, private equity is paired with an internal benchmark holding a public equity index which saw explosive growth driven by the so-called 'Magnificent Seven' tech stocks that collectively make up more than 25 per cent of the S&P 500 index. Suffice to say that, given the extenuating circumstances, we anticipated this year's underperformance by BCI's private equity holdings.

## ESG LEADERSHIP

BCI remains firm in its commitment to manage risk and achieve long-term returns on behalf of our clients. We do this by using environmental, social, and governance (ESG) considerations as an integral part of our investment process. Two major ESG-related milestones were reached in fiscal 2024: surpassing the expected 30 per cent reduction in our public equities weighted average carbon intensity<sup>2</sup> (WACI); and exceeding the expected \$5-billion cumulative participation in sustainable bonds.

Those milestones were achieved ahead of schedule, and I am proud of our team's ongoing work to support the global goal of net zero and align our portfolio to a low-carbon future.

## CLIENTS FIRST

Our organization continues to evolve along with the needs of our clients and their beneficiaries. Accordingly, our focus on innovation must extend beyond technology into all facets of BCI's overarching operations, culture and values. Nevertheless, I wish to remind stakeholders that there is one constant: BCI's tried-and-true corporate values, led by 'Clients First', remain the driving force behind our strategic planning and decision-making. BCI regularly conducts comprehensive client satisfaction surveys, and I am pleased to report that we attained an overall satisfaction score of 92 per cent in the 2023 calendar year assessment, up six per cent from 2022. Of course our commitment to client satisfaction is by no means limited to investment performance. Rather it's a measure of our clients' overall

confidence and trust. So I should note that clients also expressed a high degree of approval in how we have supported them through protracted economic and market upheavals, and broader concerns stemming from ongoing geopolitical tensions.

## TALENT MANAGEMENT AND DEVELOPMENT

Employee engagement and retention remain top priorities as we return to a more office-centred workplace model, and reinforce our focus on our shared values and collective culture. Teams now spend four days a week in the office to facilitate better communication, mentoring and collaboration. At the same time, we continue to advance our equity, diversity and inclusion (EDI) strategy and roll out our EDI action plan. This year we have provided employee diversity metrics for gender, race and ethnicity in our report, to underscore our commitment to advancing diversity within BCI and the investment industry at large, in alignment with the International Financial Reporting (IFRS) standards.

We also continue to be actively engaged in our campus recruitment program, aimed at forging lasting connections with post-secondary institutions and building a strong pipeline of diverse up-and-coming talent. New this past year is an Indigenous Empowerment Award Scholarship Program, established in partnership with Vancouver Island University. This program supports the development of young Indigenous investment professionals, two of whom were awarded scholarships this year.



## ARTIFICIAL INTELLIGENCE: A POTENTIAL GAME CHANGER

I count myself among the growing legions of people who view artificial intelligence (AI) as arguably the most important technological development of our time, and a true game changer for those of us in the investment business — even as we grapple with the risks and benefits this emerging technology might pose. Across BCI, we are actively exploring the potential of various AI applications to improve the way we do things, evaluating tools that hold the promise for helping to drive innovation, streamline processes, boost productivity and unlock the potential for even greater value-add for clients. Furthermore, AI can provide opportunities to redirect precious human resources, freeing team members from monotonous tasks to take on more interesting challenges. Properly handled, I believe there is potential for everyone to emerge as a winner from AI.

## COMPLIANCE MONITORING

On a related front, BCI has also launched a new automated compliance system for employee preclearance and disclosures, an imperative for organizations such as ours. Replacing manual processes for preclearing employee trades and monitoring employee compliance is crucial to ensuring we adhere to regulatory guidelines and execute these processes efficiently.

## BUSINESS PLAN TRANSITION

This past fiscal year-end saw the completion of BCI's three-year business plan. Accordingly, in collaboration with the Board of Directors, management spent time this year developing a new business plan to take effect in fiscal

2025. This new plan focuses on three underlying strategic ambitions: Driving Sustainable Growth, Accelerating Innovation, and Operating on a Global Scale.

## OPERATING ON A GLOBAL SCALE

We are already well on the way to realizing that latter ambition: our New York and London offices have proven successful in numerous respects, facilitating the hiring and retention of world-class talent and bringing a global perspective that augments BCI's access to investment opportunities and risk management. I should also note that our presence in Mumbai, India, has proven instrumental in opening doors for BCI on the subcontinent and in neighbouring ASEAN markets. Establishing offices abroad is not without logistical and cultural challenges. However, we are confident that any obstacles we encounter can be successfully overcome by drawing on BCI's trademark ingenuity and teamwork.

## MORE TWISTS AND TURNS AHEAD FOR GLOBAL MARKETS

Looking ahead, we anticipate ongoing near-term market volatility, which means our investment strategy & risk team will be kept busy modeling various scenarios and pathways. Given that inflation and interest rates remain high in certain key economies, we continue to closely monitor recession indicators as well as several worrisome geopolitical conflicts that pose a threat to global stability through the risk of contagion.

Be that as it may, we remain focused on clients' long-term goals and regard the near-term volatility as both a challenge and an opportunity to support value creation in

our investments. It's all about continuing to find innovative solutions to deliver risk-adjusted returns for our clients' portfolios, no matter the market conditions.

As I have previously observed, relationships are at the heart of what we do. Active investing is anchored in the quality and strength of the relationships between partners. BCI's global growth brings us closer to where many of our partners and investment opportunities are to be found. At the same time, stakeholders can rest assured that we will remain grounded in our underlying purpose: providing world-class investment management services to British Columbia's public sector.

On that note, I wish to acknowledge and thank our clients for the ongoing trust they place in us as their asset manager; the BCI Board of Directors for their diligence and engagement in our governance; as well as my colleagues in senior management and the entire BCI team for their unstinting efforts and commitment to the realization of our goals.



**Gordon J. Lyfe**

Chief Executive Officer / Chief Investment Officer



# MANAGEMENT'S DISCUSSION & ANALYSIS

## Operating Context

Developing investment strategies to address demographic trends and increasing pension plan maturity.

### OUR CLIENTS' NEEDS

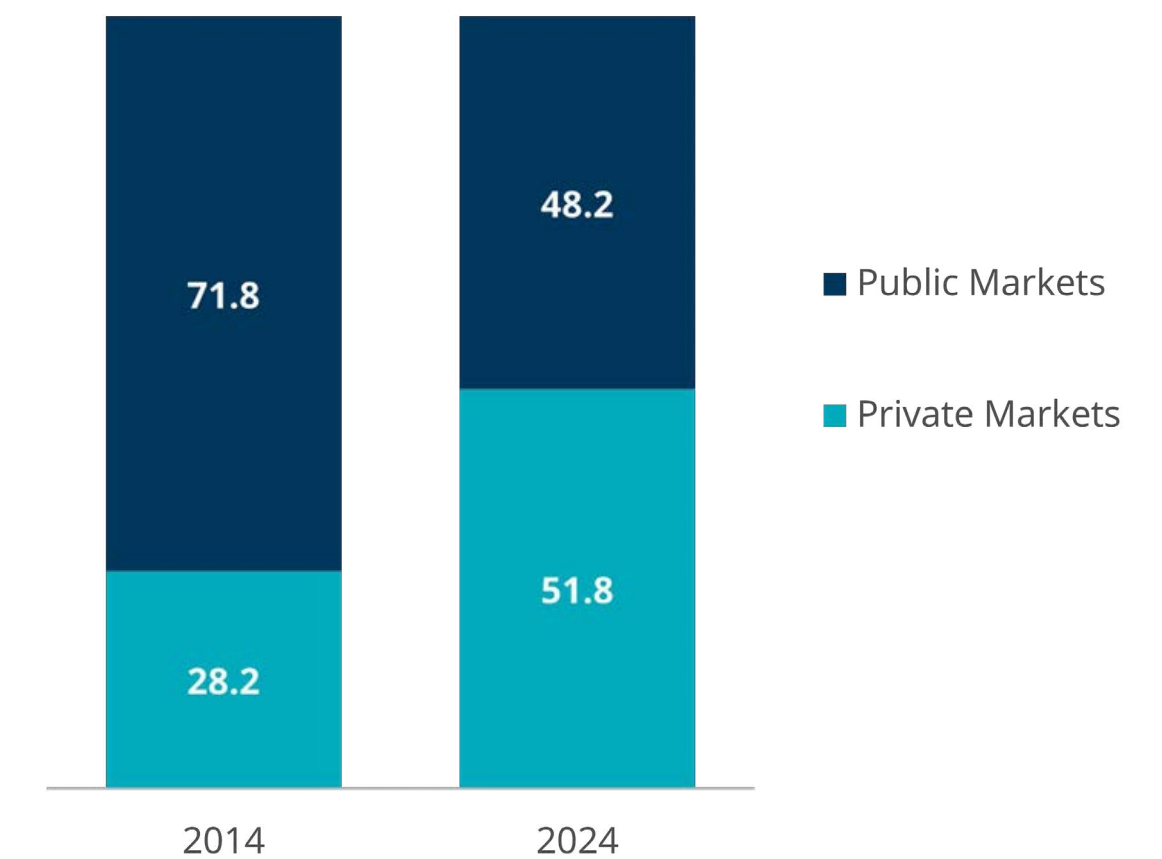
Our clients require us to deliver optimal risk-adjusted investment returns in order to meet their benefit obligations to pensioners, employees, policyholders, and other beneficiaries, without reducing benefits or increasing contributions. BCI's long-term returns have exceeded the required actuarial rates of return for all major pension plan clients, and as a result, the funding ratios vary from 103 to 133 per cent. These funding positions mean they are projected to meet their long-term liabilities, which stretch many decades ahead.

Consistent with global demographic and pension trends, our pension plan clients are experiencing an increased maturity profile as the number of contributing members declines in proportion to the number of retirees collecting pension benefits. This means most pension plans pay out more cash to beneficiaries each year than they receive in contributions. Our pension plan clients are, therefore, increasingly reliant on, and sensitive to, investment results — they depend on the income generated by our investment activities to maintain

stable member benefits and contribution levels. On average, the results of our investment activities contribute \$75 for every \$100 a pension plan member receives in retirement benefits.

To address this growing maturity and need for greater returns, over the past decade we have increased our investment offering to include more private market assets which better align with our clients' long-term liabilities and risk-adjusted return profiles. While this shift in asset mix does increase liquidity risk, we have implemented a robust liquidity management framework to address this, as our clients have predictable, long-term cash outflows. We set and manage liquidity coverage ratio targets and diversify sources and uses of liquidity by type, maturity, and counterparty to ensure obligations are met.

BCI TOTAL ASSETS UNDER MANAGEMENT  
% BREAKDOWN BY MARKETS (NET)<sup>1</sup>





**DANIEL GARANT**

EXECUTIVE VICE PRESIDENT &  
GLOBAL HEAD, PUBLIC MARKETS



**RAMY RAYES**

EXECUTIVE VICE PRESIDENT,  
INVESTMENT STRATEGY & RISK

## Questions & Answers

**Q: This year, BCI issued its first bond. Can you tell us about the role this played in BCI's liquidity position?**

**Daniel Garant:** The recent introduction of unsecured debt to BCI's Funding Program brought significant improvements to our total portfolio and liquidity management strategies. Previously, BCI relied exclusively on repurchase agreements (REPOs) to address our clients' portfolio leverage requirements. However, given our prudent risk management framework, the short-term nature of these REPOs

necessitated maintaining a minimum equivalent amount of high-quality liquid assets to fulfill our investment obligations upon maturity. By issuing bonds with longer maturities, we can now create a laddered maturity structure, which in turn will free up cash previously locked up. This diversification gives us options to reallocate client capital for higher value creation without increasing liquidity risk.

**Q: There was a lot of uncertainty the past fiscal year - tightening monetary policy and higher interest rates to address elevated inflation, as well as labour and supply chain disruptions and geopolitical and environmental crises - what approaches did the investment risk team use to manage this?**

**Ramy Rayes:** As long-term investors, short-term uncertainties are generally not a primary concern, as long as we maintain strong convictions regarding longer-term outcomes. In any case, we regularly conduct short-term scenario analyses and stress tests to ensure the resilience of our clients' portfolios through any shorter-term adverse investment outcomes. By focusing on the potential impacts on our clients' key investment objectives, we were able to assess whether different economic environments or 'event risks' pointed to the need for clients to revisit their investment strategies. This year, we enhanced our scenario analysis toolkit, moving from top-down macroeconomic scenarios to drilling down into individual investment positions. This ensured that we did not overlook any potential risks due to increased interest rates and inflation. Ensuring that we are never in a position of being a forced seller of assets due to short liquidity positions is crucial for

our long-term investment strategy. We, therefore, diligently monitored our liquidity position and ensured that all liquidity metrics remained within target ranges during the fiscal year. This allowed our clients to meet their payment obligations, and our investment teams were well-positioned to deploy capital opportunistically.

**Q: Can you share your key takeaways from BCI's performance results this year?**

**Ramy Rayes:** I'm quite pleased with our performance this year. We closed the fiscal year in the mid-seven per cent absolute return, significantly exceeding our clients' nominal actuarial discount rate. Our clients even outperformed their real actuarial discount rate, which consists of the inflation rate plus a real return objective commonly set at 3.5 per cent. This is particularly remarkable given the high inflation environment we experienced in the last few months. All else being equal, when funds outperform their actuarial return objectives, surpluses are generated.

On a relative basis, many of our programs have outperformed their benchmarks over both short and long-term periods. The total fund lagged its benchmark this year mostly due to the significant benchmark mismatch in both real estate equity and private equity. In a year when cap rates rose significantly, it is expected that real estate assets will experience negative mark-to-market adjustments, and therefore we were not surprised by the underperformance relative to the absolute return benchmark of 6.8 per cent. With regards to private equity, we benchmark our program against a global equity index plus a spread, serving as a



measure of opportunity cost between private and public investments. Public markets performed exceptionally well in the last quarter of 2023, particularly the big tech sector, whereas private market valuations typically lag in recognizing such improvements in value.

**Q: Picking up on the topic of real estate performance, BCI created QuadReal in 2016 to manage our clients' real estate assets. You both sit on its board, alongside six global real estate professionals, as BCI's executive representatives. This model is different from what a number of institutional investors have done. Can you tell us the benefits of this model?**

**Ramy Rayes:** Establishing QuadReal as an independent, wholly-owned company provides the dual benefit of autonomy and accountability. Its board and management can be nimble in making day-to-day decisions, while maintaining accountability to BCI through our approval of strategic and capital planning. QuadReal is also truly vertically integrated with teams dedicated to capital allocation, lending, development, sales, leasing, and comprehensive property management, and its structure allows for third-party capital raising and strategic partnerships.

Now the fifth-largest North American real estate investor, QuadReal has transformed what was a domestic core real estate portfolio into the globally diversified portfolio we enjoy today. Its proven track record and ability to deliver results for BCI's clients reflect its portfolio of fully integrated operating platforms, extensive asset management capabilities, and deep sector expertise.

**Q: Real estate investments have experienced a lot of macroeconomic headwinds of late linked to the increase in interest rates. What's your perspective on future evolution?**

**Daniel Garant:** While interest rates have affected recent valuations, our focus as a long-term investor is on the strength of our assets and overall portfolio, as well as our ability to withstand inevitable mark-to-market fluctuations. For example, QuadReal has significant exposure to high-performing sectors like industrial, residential, and alternatives that continue to drive performance. In sectors such as commercial real estate, which have experienced the most significant impact, its office spaces maintain an impressive occupancy rate of over 85 per cent, ensuring robust recurring cash flows for our clients. As interest rates normalize over time, we expect to see mark-to-market variances gradually reverse, reflecting the underlying value of these investments.

**Q: Considering the current market environment, what opportunities do you see for real estate investments?**

**Daniel Garant:** We see strong opportunities in alternatives such as data centres and logistics, and multi-family properties. These sectors offer attractive returns, diversification, and resilience to economic cycles. Real estate debt is also presenting interesting investment options as the market grows.

Real estate is a diverse asset class with room to capitalize on a wide range of global trends and market dynamics. Even in sectors facing challenges, specific assets can present unique opportunities. QuadReal's sector expertise, which combines operational excellence with agility in the development and allocation of the portfolio, ensures BCI has differentiated access to investment prospects.



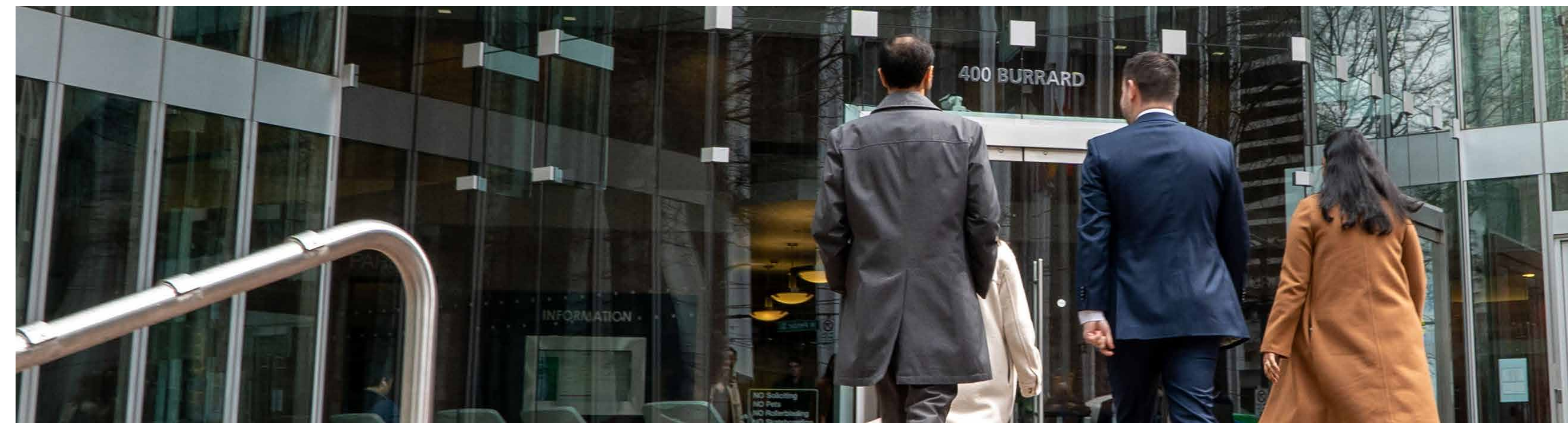
# Investment Funds

**Proactively adapting our investment offerings to keep pace with evolving markets and to meet clients' needs.**

BCI offers a diverse range of investments by asset class, strategy, and geography. Clients invest in pooled funds that match their risk and return objectives. This structure provides diversification and cost savings compared to individual investing. All assets are held in trust and clients hold units of the funds, not individual assets. We constantly review fund performance and market developments, and each year we may introduce, consolidate, expand, or suspend funds to best meet clients' investment objectives.

In fiscal 2024, the most substantial change to our product line was the transition of The Leveraged Bond Fund to The Funding Program, effective October 2023. The principal change was the ability to issue unsecured debt as a means of creating leverage. The Funding Program allows BCI to access debt markets to support our clients' investment objectives, providing broader portfolio diversification, an improved risk-adjusted investment profile, and enhanced liquidity.

Additionally, the Canadian Universe Bond Fund and the Canadian Quantitative Active Equity Fund were operationally suspended.



# Investment Discipline

**Our responsibility is to invest clients' funds with long-term sustainability in mind.** We employ multi-year strategies, leveraging the scale of assets under management and focusing on risk management and global diversification. This allows us to maintain a strategic discipline and generate sustainable value.

We invest in assets expected to provide reliable cash flows and appreciate over the long term to enable our clients to meet their commitments for years to come.

## INVESTMENT BELIEFS

**Our investment beliefs influence our views on capital markets, our investment processes, the creation of investment strategies,** and our overall approach to managing our clients' assets.

- Having a Strategic Investment Discipline is Key
- Environmental, Social, and Governance Matters Make a Difference
- Skills Matter
- Integrity Counts



### BENCHMARKS AND PERFORMANCE OBJECTIVES

BCI's Benchmark Governance Policy governs all our pooled funds, asset classes, and other investment-related benchmarks. It follows a principles-based approach to setting benchmarks and performance objectives and adopts industry best practices, supported by a dedicated governance structure and a triennial review process. The Policy aligns BCI's benchmarks and performance objectives with our investment beliefs and the specific purposes and characteristics of each asset class.

Risk controls are an essential part of benchmark and performance objective governance and are applied to all investment strategies. Risk-adjusted performance measures enable the selection of benchmarks and performance objectives, and are applied to liquid public equity investment strategies, while internal risk ratings are applied to illiquid public and private market investment strategies. Additionally, external manager investment strategies are assessed to gain insight into the position that BCI's internally managed investment strategies occupy in the broader market. This combination of risk controls allows for holistic and continuous monitoring and reporting of risk in tandem with performance.

A robust benchmarking framework is also a key factor in effective compensation governance. Our compensation structure is designed to align employee total compensation to long-term, risk-adjusted value creation for our clients and discourages the pursuit of short-term outperformance and excessive risk-taking.

Ahead of the next scheduled triennial review in fiscal 2026, the Policy received a partial update this year with the removal of several schedules which have now become supporting benchmark governance documents comprised of directives, procedures, and guidelines. These new documents allow for the retention and expansion of Policy content and further strengthen benchmark and performance objective governance at BCI.

Annually, a benchmark and performance objectives review is conducted with recommendations approved by the CEO/CIO and the BCI Board. This year, as a result of the review, the Private Equity Funds custom benchmark was updated to reflect the long-term capital market assumptions that inform clients' asset-liability studies. In addition, the Real Estate Debt program custom benchmark was changed to better capture movements in the credit cycle, in conjunction with a risk premium. See the Pooled Fund Benchmarks on [pages 83 to 84](#) for a complete listing of benchmarks.





# Analysis of the Combined Pension Plan Returns

Performance detailed in this section is based on BCI's six largest pension plan clients by AUM, referred to as the combined pension plan clients.

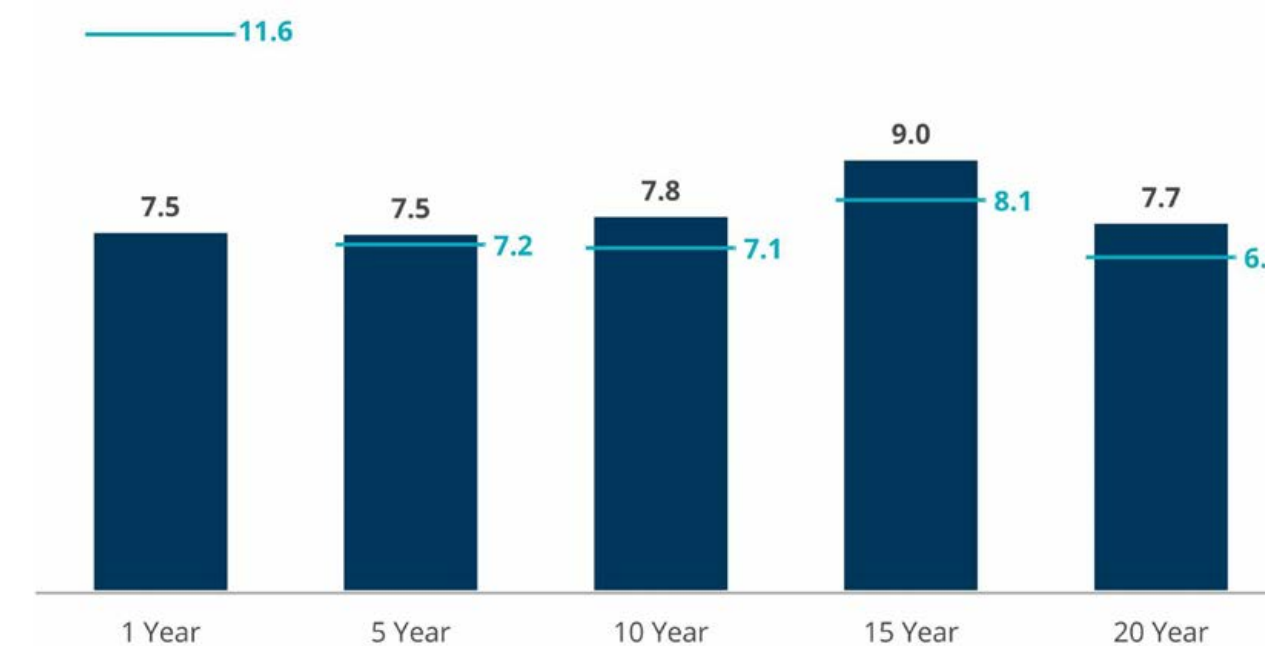
The combined pension plan clients are BC Hydro Pension Plan, College Pension Plan, Municipal Pension Plan, Public Service Pension Plan, Teachers' Pension Plan, and WorkSafeBC Pension Plan. Assets are valued as at March 31 and returns reflect the same period. Due to lags in valuation updates, private market assets are fully valued at December 31 and internal rates of return of these asset classes reflect the calendar year.

## ONE YEAR

The combined pension plan portfolio had an annual return of 7.5 per cent, net of all fees. All asset classes generated positive returns except for real estate equity. Overall, the real estate equity market has faced challenges as interest rates remain elevated, impacting valuations, cost of debt, and lower occupancies. Public equities and private debt were the largest contributors to total performance.

## COMBINED PENSION PLAN CLIENTS' PERFORMANCE (%)

Annualized returns **Portfolio** | **Benchmark**



## LONG-TERM RETURNS

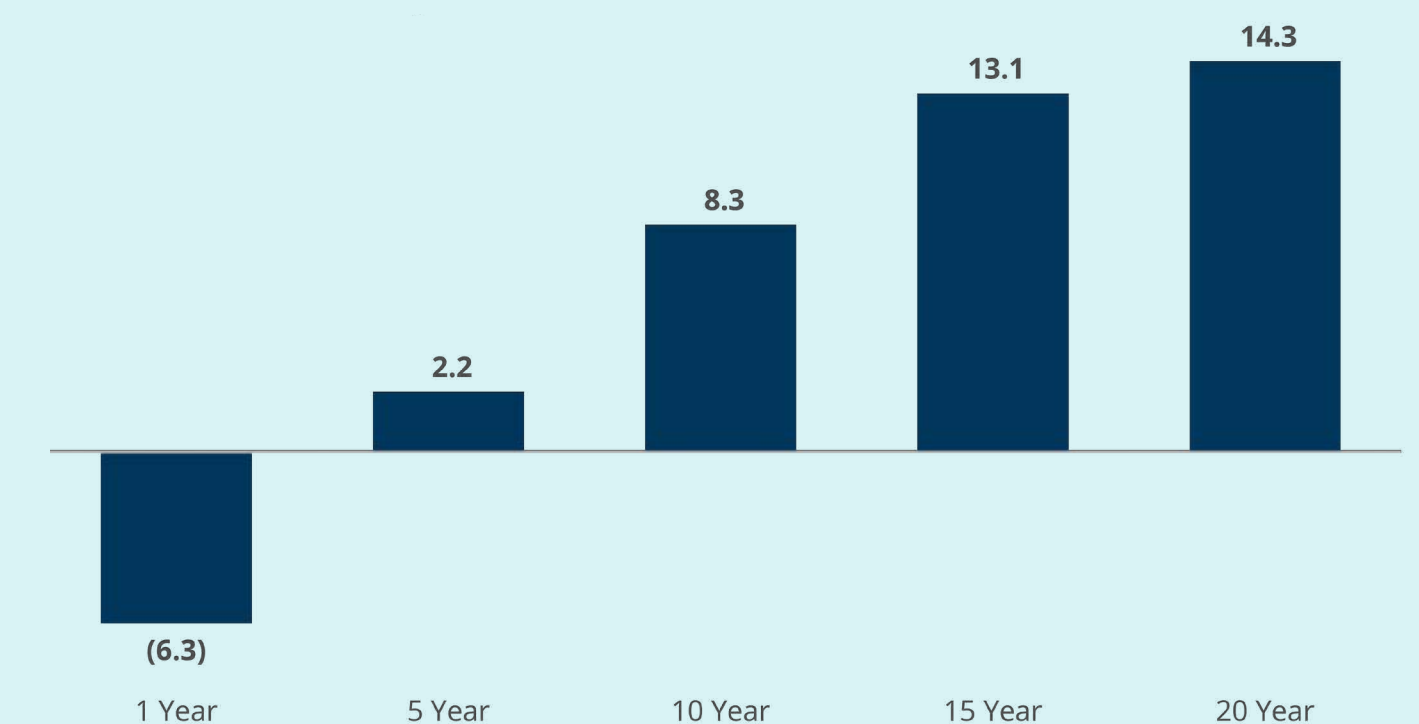
Our clients have long-term obligations, and multi-year results are the best measure of BCI's performance. Over the five-year period, BCI generated an annualized return of 7.5 per cent, with significant gains provided by private equity and I&RR. Public equities continue to be the largest contributors to performance.

Over the 10-year period, BCI generated an annualized return of 7.8 per cent and over the 20-year period, an annualized return of 7.7 per cent. All asset classes returned positive returns over the long term.

## ASSETS UNDER MANAGEMENT

	COMBINED PENSION (\$ BILLIONS)	BCI TOTAL (\$ BILLIONS)
<b>PUBLIC MARKETS</b>		
Fixed Income	51.8	71.1
Public Equities	45.9	60.4
Other Strategies <sup>1</sup>	0.1	0.1
<b>PRIVATE MARKETS</b>		
Real Estate Equity	28.6	35.1
Private Equity	27.3	30.7
Infrastructure & Renewable Resource	23.2	28.1
Private Debt	13.4	16.1
Real Estate Debt	6.8	8.9
<b>TOTAL GROSS AUM</b>	<b>197.0</b>	<b>250.4</b>
Funding Program	(18.8)	(21.0)
<b>TOTAL NET AUM</b>	<b>178.2</b>	<b>229.5</b>

## CUMULATIVE VALUE ADDED BY BCI





## FIXED INCOME

Over the one-year period, fixed income results were positive with especially strong returns from private debt. Overall, fixed-income program performance was driven by strong credit selection as well as an attractive high-yield environment, earning a higher income.

Over the five-year period and since its inception, private debt has been the largest contributor to returns for the fixed income strategies.

Over the long term, the fixed income strategies returned positive annualized returns for 10-, 15-, and 20-year periods.

## PUBLIC EQUITIES

Over the one-year period, public equities had a strong year of performance with all regions realizing double-digit returns. Global equities led the performance, followed by Canadian and emerging markets equity. Robust economic growth in the U.S. and fading concerns over a global recession were key drivers. The technology sector, particularly innovation and artificial intelligence driven stocks, led sector performance.

Over the five-year period, global equities were the biggest contributor to public equities returns.

Over the long term, each of the public equities strategies consistently generated robust annualized returns.

### FIXED INCOME

Annualized Returns (%)	1 YEAR	5 YEAR	10 YEAR	15 YEAR	20 YEAR
Short-Term	5.2	2.1	1.7	1.8	2.4
<i>Benchmark</i>	4.9	2.3	1.5	1.3	1.8
Nominal Bonds	1.9	0.7	2.5	3.5	4.0
<i>Benchmark</i>	2.1	0.3	2.0	3.0	3.7
Private Debt	13.3	6.6	-	-	-
<i>Benchmark</i>	11.4	4.6	-	-	-
Funding Program	5.2	-	-	-	-

### PUBLIC EQUITIES

Annualized Returns (%)	1 YEAR	5 YEAR	10 YEAR	15 YEAR	20 YEAR
Canadian Public Equity	14.6	10.5	7.9	9.9	8.2
<i>Benchmark</i>	14.0	10.0	7.7	9.5	7.8
Global Public Equity	26.5	12.8	12.2	13.4	8.9
<i>Benchmark</i>	25.4	12.4	11.8	13.2	8.8
Emerging Markets Public Equity	10.1	4.5	6.2	8.0	-
<i>Benchmark</i>	8.1	2.5	5.1	7.1	-





## INFRASTRUCTURE & RENEWABLE RESOURCES

Over the one-year period, I&RR yielded solid results on the basis of strong cash yields and capital gains in the portfolio. Cash yield, the interest income and dividends from the portfolio, is an important element of portfolio returns and is driven by our investment bias to core infrastructure assets and companies.

On a five-year basis, strong annualized program returns reflect capital appreciation of our high-quality assets, with stable cashflows and distributions.

Over the long term, our diversified strategy of forty direct investments and select managed funds has consistently generated positive annualized returns reflecting our commitment to delivering steady, long-term value to our investors.

## PRIVATE EQUITY

Over the one-year period, private equity performance delivered positive results amidst challenging market conditions. The private equity benchmark, consisting of a public equity index, had its one-year performance driven by large technology stocks.

Over the five-year period the portfolio has seen strong returns driven by both our fund and direct investments. The well-timed exits of direct investments in 2021 and early 2022 remain some of the top contributors to our five-year performance.

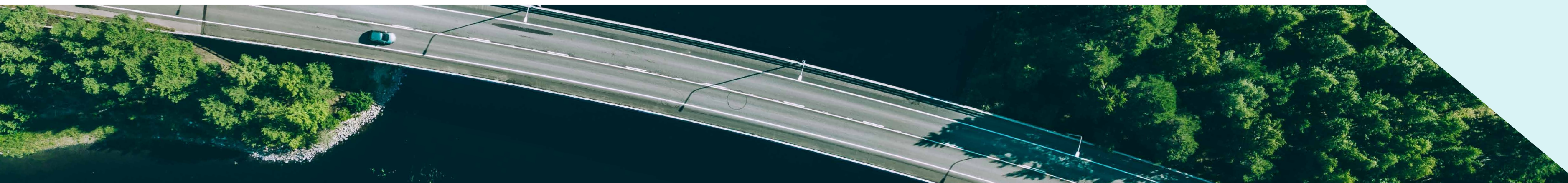
Over the long term, the program has consistently achieved strong relative returns, which speaks to the team’s focus on active management and long-term value creation in our diversified global portfolio.

### INFRASTRUCTURE & RENEWABLE RESOURCES<sup>1</sup>

Annualized Returns (%)	1 YEAR	5 YEAR	10 YEAR	15 YEAR	20 YEAR
Infrastructure and Renewable Resources	7.0	8.5	9.2	9.7	-
Benchmark	6.3	6.7	7.0	7.4	-

### PRIVATE EQUITY<sup>1</sup>

Annualized Returns (%)	1 YEAR	5 YEAR	10 YEAR	15 YEAR	20 YEAR
Private Equity	6.0	16.0	16.7	15.7	13.7
Benchmark	20.9	13.0	12.3	12.7	12.8





## REAL ESTATE EQUITY

Over the one-year period, performance was negative as the portfolio saw valuation declines alongside the global real estate market, which experienced price adjustments across all sectors and regions. Negative performance was partially offset by income returns from the operating portfolio, which saw moderate growth year-over-year as operating fundamentals, including leasing, remained robust and in some cases improved. The portfolio exposure to U.S. data centres and U.K. residential contributed positively to performance with sectoral tailwinds from e-commerce and demographic growth.

Over the five-year period, the performance delivered positive annualized returns. New investments will be focused on resilient sectors with secular growth and sustainable net operating income to enhance the quality of the overall portfolio income and future returns.

## REAL ESTATE DEBT

Over the one-year period, real estate debt performed well, despite the investing environment, with asset selection as the main driver of returns. Overall, real estate debt markets were weaker as there was decreasing borrower demand for elective refinancing due to elevated interest rates and moderating property values.

Over the five-year period, the annualized performance has been solid due to our asset and sector selection. The portfolio is comprised of high-quality assets that have been more resilient in current market conditions and in growth sectors where the team has higher conviction.

Over the long-term, real estate debt has generated consistent positive returns on 10-, 15-, and 20-year periods.

### REAL ESTATE EQUITY<sup>1</sup>

Annualized Returns (%)	1 YEAR	5 YEAR	10 YEAR	15 YEAR	20 YEAR
Real Estate Equity	(5.0)	4.8	-	-	-
Benchmark	6.8	6.8	-	-	-

### REAL ESTATE DEBT

Annualized Returns (%)	1 YEAR	5 YEAR	10 YEAR	15 YEAR	20 YEAR
Real Estate Debt	6.9	4.9	4.6	5.1	5.3
Benchmark	6.1	3.4	3.0	3.3	3.8





# Cost Management

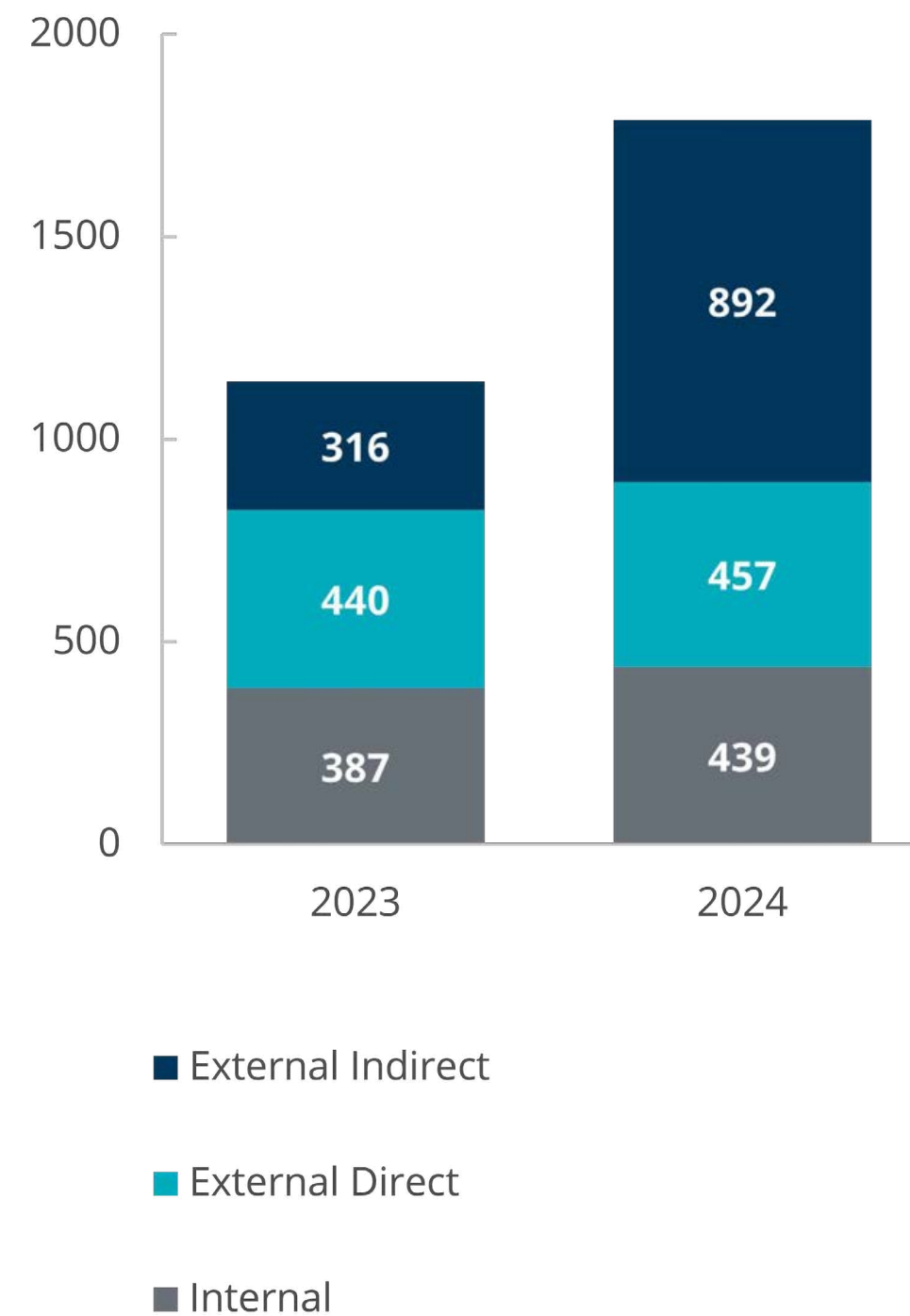
## COST TYPES & ANALYSIS

We are accountable to our clients for our returns, the costs involved in managing their funds, and the net long-term value-add from our services. As outlined in the *Public Sector Pension Plans Act*, BCI operates under a cost recovery model. The investment management fees we charge our clients cover the costs incurred in managing their investments and running BCI's operating costs with no embedded profit margin.

Our costs are primarily driven by the size and type of assets under management, with private market assets incurring greater costs for management. Over the last 10 years, many of our clients have shifted the asset allocations within their portfolios to a greater portion of private assets to achieve their required long-term investment return objectives.

This fiscal year, our total costs were \$1.8 billion or 80.4 cents per \$100 of assets under management (2022-2023: \$1.1 billion or 53.7 cents per \$100), consisting of internal, external direct, and external indirect costs, all of which are netted against investment returns.

BCI TOTAL COSTS (\$MILLIONS)



## COST BENCHMARKING

CEM Benchmarking Inc., a global benchmarking company with over 300 participants, compared BCI to our Canadian pension peers. The results show for the five-year period ending December 31, 2022 — the CEM cost benchmarking survey is produced on a one-year lag — BCI delivered higher returns and value-add for all pension clients at a lower cost than the peer median<sup>1</sup> benchmark.



**BCI'S COST TYPES**

TYPE	DEFINITION	PROVIDES	PURPOSE	COSTS ON TOTAL BCI NET AUM	ANALYSIS
<b>Internal</b>	Operating costs over which BCI has direct control.	Salaries, rent, technology, and consulting fees.	To staff BCI with high-performing professionals in key global locations to deliver results for our clients.  To provide and scale the facilities, tools, and services necessary for BCI's operations.	24.6 per cent of total costs or 19.8 cents per \$100 of assets managed.	Internal Costs were \$439 million in 2023-2024 compared to \$387 million in 2022-2023. The 13.6 per cent year-over-year increase was primarily due to the growth of teams, systems, and increased costs from strategic corporate projects, including global offices, designed to support our clients' increased target asset allocations to private markets. Managing these assets internally creates significant cost efficiencies for our clients compared to external management.
<b>External Direct</b>	Investment management costs, including performance fees, where BCI retains discretion over the decision to buy or sell assets.	Asset management fees and performance fees to third-party managers, custodial fees, audit fees, legal costs, pursuit costs, and other transaction costs.	To engage and incent external managers and partners with skills and resources BCI does not have.  To facilitate investment transactions and fund administration activities.	25.5 per cent of total costs or 20.5 cents per \$100 of assets managed.	External Direct Costs were \$457 million in 2023-2024 compared to \$440 million in 2022-2023. The 3.6 per cent year-over-year increase was primarily driven by performance from value creation for private market ventures over the last number of years.
<b>External Indirect</b>	Investment management costs, including performance fees where BCI has delegated to a third-party manager the discretion to buy or sell assets.	Asset management fees and performance fees to third-party managers.	To engage and incent external managers with skills and resources BCI does not have.  To ensure alignment between BCI and external managers through incentive pay options.	49.9 per cent of total costs or 40.1 cents per \$100 of assets managed.	External Indirect Costs were \$892 million in 2023-2024 compared to \$316 million in 2022-2023. The 181.9 per cent year-over-year increase is largely due to an increase in performance fees accrued to external managers driven by stronger year-over-year returns for private equity.



# Fixed Income

## Delivering significant program milestones and ESG initiatives.

Fiscal 2024 was eventful in fixed income as markets adjusted to additional tightening measures by central banks, followed by the pricing in of expectations for a potential reduction in policy rates. Attractive absolute yields supported credit markets despite lean yield spreads over government bonds.

It was a landmark year for BCI's fixed income Funding Program, with the successful launch of the unsecured debt issuance program which supports broader portfolio diversification and enhances portfolio liquidity. This year also marked the fifth anniversary for the Corporate Bond

Fund (CBF), an investment pool that offers exposure across investment grade and high-yield debt and has successfully delivered value-add to our clients.

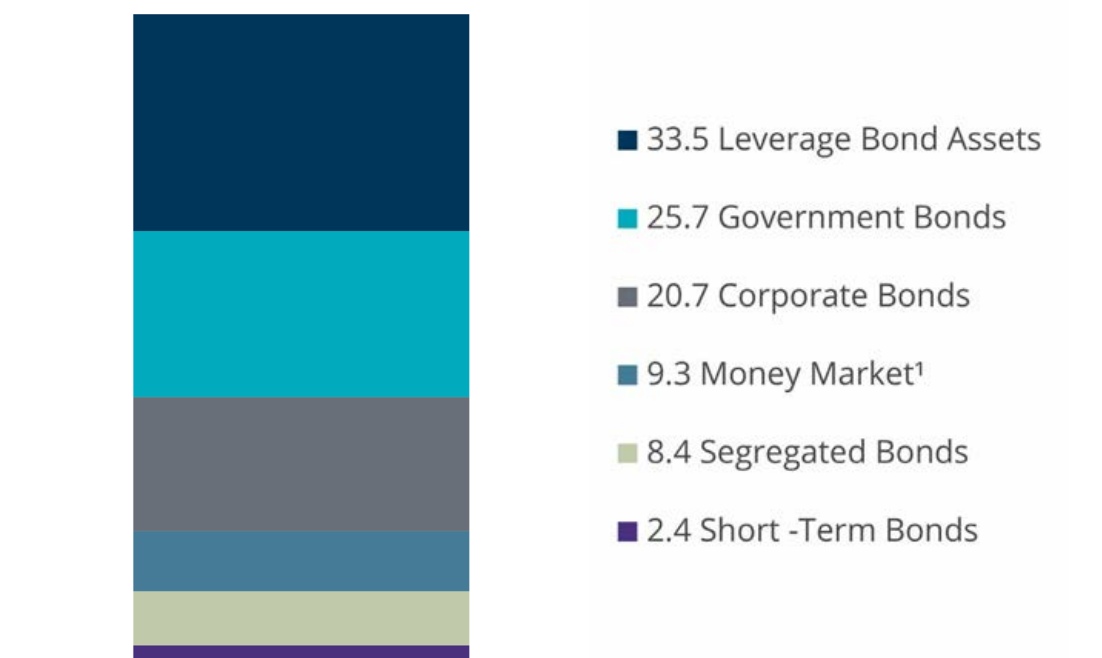
Moreover, our team spent time advocating for ESG and responsible investing to further drive value to the industry and share our expertise. Our ESG Director participated in speaking engagements and represented us on the Canadian Bond Investor Association (CBIA) board and is chair of the CBIA ESG Committee, speaking at the annual conference addressing ESG integration and the state of the labelled bond market. They also moderated panels on ESG-labelled bonds as well as the role of new nuclear power in achieving a net-zero economy.

# 0.8%

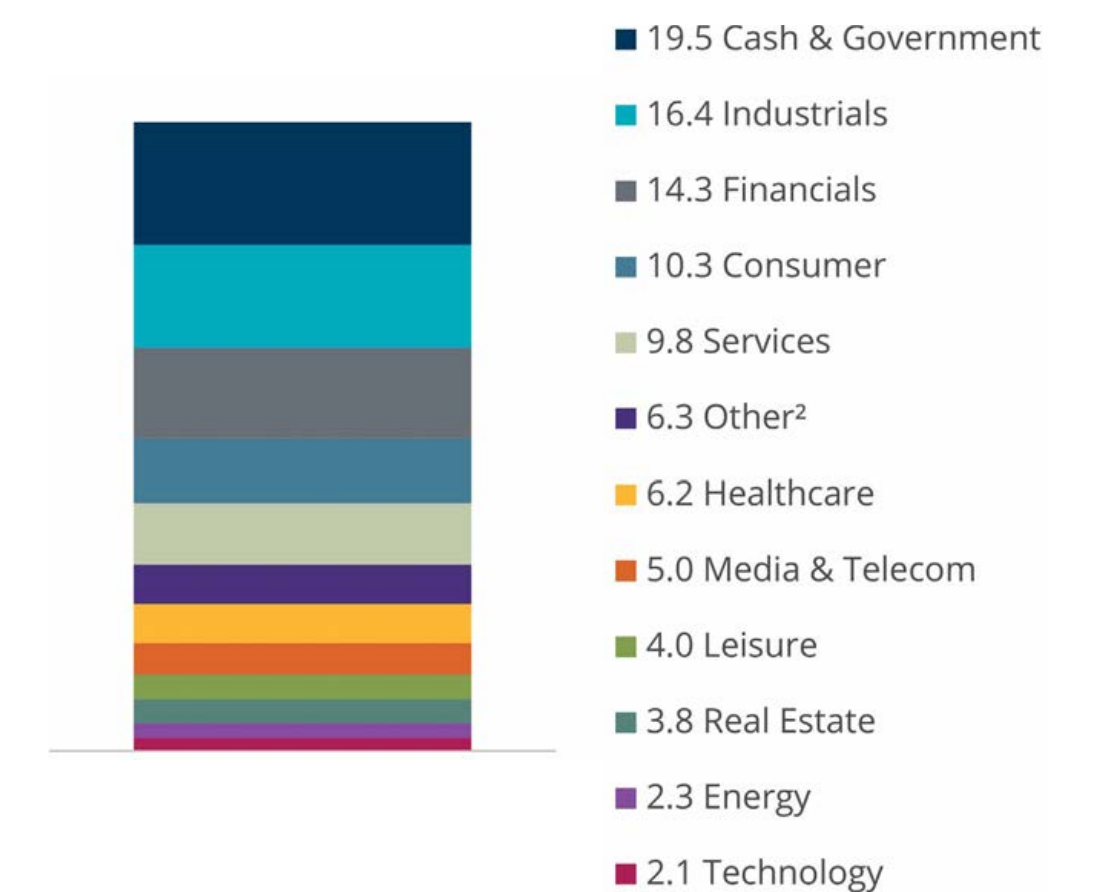
5-year annualized return



FIXED INCOME PORTFOLIO ASSETS (%)



CORPORATE BOND PORTFOLIO ASSETS (%)





## FIXED INCOME HIGHLIGHTS

- **Marked the five-year anniversary of the CBF.** The CBF has grown to \$13.2 billion and offers clients scale, diversification, and an attractive risk-adjusted return profile.
- **The Funding Program launched unsecured debt issuance** with an overall \$2.25 billion offering that received subscription from over 50 global investors.
- **Secured the highest possible long-term credit ratings** from major global rating agencies (Moody's (Aaa, stable), S&P (AAA, stable), and DBRS Morningstar (AAA, stable)).
- **Announced the appointment of Chris Weitzel as Senior Managing Director, Fixed Income & Foreign Exchange** after the retirement of Chris Beauchemin.

## INVESTMENT FOCUS

# Empowering a Greener Future: Our Journey in Sustainable Bond Investments

**We seek opportunities to invest in the developing market of sustainable bonds.** These bonds, labelled green, social, or sustainability, offer our clients compelling investment returns and exposure to positive sustainability outcomes, including climate mitigation strategies. Through primary market participation, our investments support leading issuers in directing funds toward tangible environmental and social solutions. In 2021, we formalized an expectation of participating in \$5 billion in sustainable bonds by 2025. This year, we have exceeded our expected participation

levels to a total of \$5.23 billion. We have subscribed to 113 sustainable bond offerings cumulatively, in support of 63 issuers including sovereign, supranational, agency (SSA) and corporate issuers. In the year, we invested in 21 bonds worth just over \$1 billion. Notable subscriptions include:

- Government of Canada's second \$4.0 billion green bond new issuance. Programs such as the Incentives for the Zero Emissions Vehicles Program, the Smart Renewables and Electrification Pathways Program, and the Low Carbon Economy Fund will be financed.
- Alcoa Corporation issued a green bond with proceeds supporting the circular economy, pollution prevention and control, renewable energy, and water and wastewater management.

We actively engaged with market participants to uphold the labelled bond market's integrity and are currently the only Canadian investor member of the International Capital Market Association Green and Social Bond Principles. Our engagement with bank dealers and issuing companies demonstrates how the Invest and Influence pillars of BCI's ESG strategy intersect. By influencing market participants' behaviours, we can access higher quality opportunities and strengthen our voice at the table.

Learn more at [BCI.ca/ESG](https://www.bci.ca/ESG).





# Private Debt

## Executing on strategic deployments and operational advancements.

Over fiscal 2024, our net deployments in the Principal Credit Fund (PCF) were US\$2.0 billion, demonstrating our team’s ability to source opportunistic deals in difficult market conditions. Ninety-three per cent of capital was issued in senior loans, and we continued to yield premium spreads, with the average spread over 650 basis points, on new investments. Loan repayments remained robust, with a cumulative total of \$1.8 billion received, providing our portfolio important liquidity. We also entered a new partnership in the Asia Pacific region, which will serve as a foundation for new investments in coming years.

Elevated interest rates impacted deal activity, leading to a decline in mergers and acquisitions, which in turn resulted in fewer financing opportunities. Higher rates also lowered

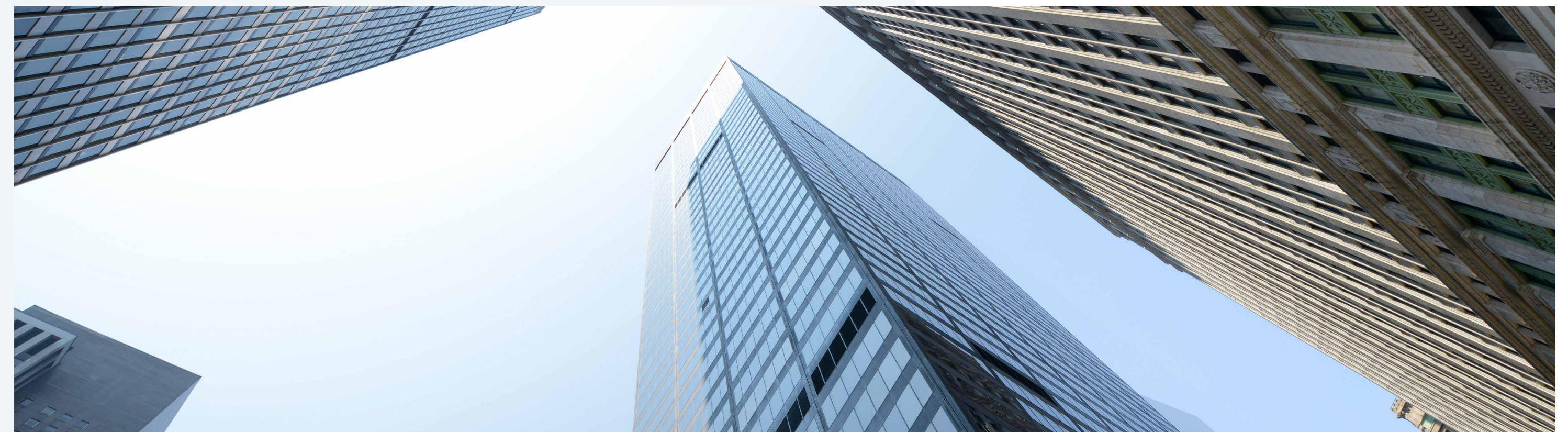
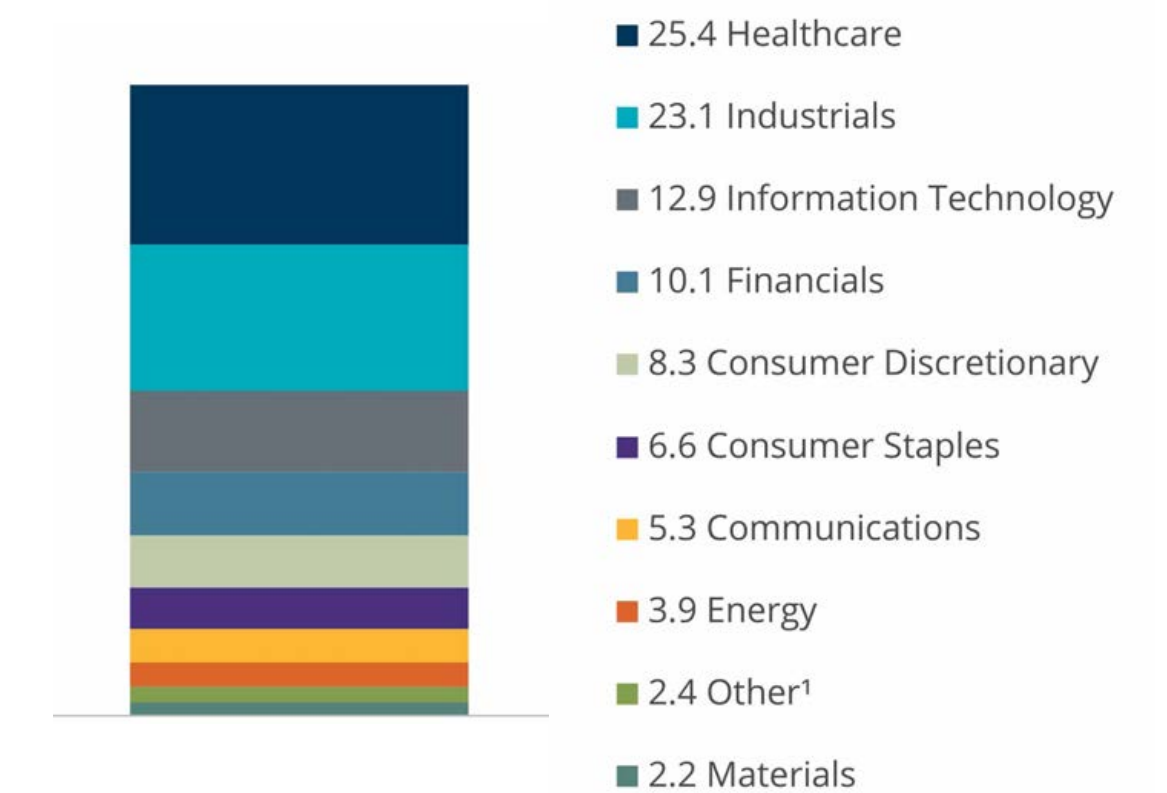
**6.6%**

5-year annualized return

debt service ratios, reflecting a borrower’s capacity to pay their debt obligations, and contributed to an overall deterioration in industry average credit quality.

Additionally, we implemented a new operating model to enhance scalability and efficiency at BCI. Developed with public markets operations team in collaboration with our partnership portfolio program, it streamlines our operating processes, encompassing portfolio monitoring, transaction and document management, as well as lifecycle workflow. The updated system offers team members a single source of truth and provides consolidated investment positions, financial performance, exposures, and external relationships.

PRIVATE DEBT PORTFOLIO ASSETS (%)





## PRIVATE DEBT HIGHLIGHTS

- **Invested US\$2.0 billion in new net deployments** and received \$1.8 billion in loan repayments in the PCF.
- **Ranked within the top 10 of Private Debt Investor’s Global Investor 50 list**, jumping up eight spots from last year. We ranked seventh on the annual ranking of global investors for 2023 by dollar allocation to private debt, compared to 15th in 2022.
- Awarded second place for **Global Limited Partner/Investor of the Year** by Global Private Debt Investors.
- **Completed Project ATOM**, a strategic project aimed at aligning our private debt and partnership portfolio operations functions with industry best practices, strengthening our processes.

## INVESTMENT FOCUS

# Unlocking Opportunities in Private Debt: Financing for the Future

**As interest rates remain elevated, there is an increased opportunity for us to invest directly in private debt.**

Traditional banks are facing higher capital constraints which reduce their lending capacity. Our private credit offerings provide our clients with diversification benefits as these investments have a lower correlation to public market assets and offer attractive yields.

In July 2023, the PCF participated in private debt financing of BDO USA, a leading accounting and advisory firm, supporting the establishment of an Employee Stock

Ownership Plan (ESOP). An ESOP is an employee benefit plan that allows employees to acquire ownership interests in their company through the allocation of company stock. The financing proceeds were used to purchase a minority stake from BDO USA’s principals.

BDO USA is the first large organization in its industry to adopt an ESOP, reflecting its innovative and forward-thinking approach. Their ESOP represents a significant change in creating a stronger, more adaptable, and lasting future for BDO. It is a concrete way for its people to support each other and make sure that everyone who contributes to the firm’s performance can benefit financially from its success. The investment offers a compelling opportunity for our private debt program, as BDO USA exhibits solid business fundamentals backed by recurring revenue, brand recognition, and varied service offerings in stable end markets.

BDO USA represents a unique deal for our portfolio and showcases our commitment to pursuing differentiated strategies with risk-adjusted returns. We plan to further expand our reach across various sectors and regions, including Canada, the U.S., Europe, and Asia-Pacific. Customizable deals like this offer exposure to niche or underserved markets, allowing us to benefit from unique opportunities and market inefficiencies.





# Public Equities

## Navigating market dynamics with ESG integration and strategic reallocation.

Most public equity performance was driven by changing interest rate expectations and AI trends impacting a narrow group of mega-cap technology stocks, namely the “Magnificent Seven.” Through volatility, our teams are focused on actively seeking opportunities in companies that can prosper in various economic conditions while remaining vigilant should economic conditions deteriorate.

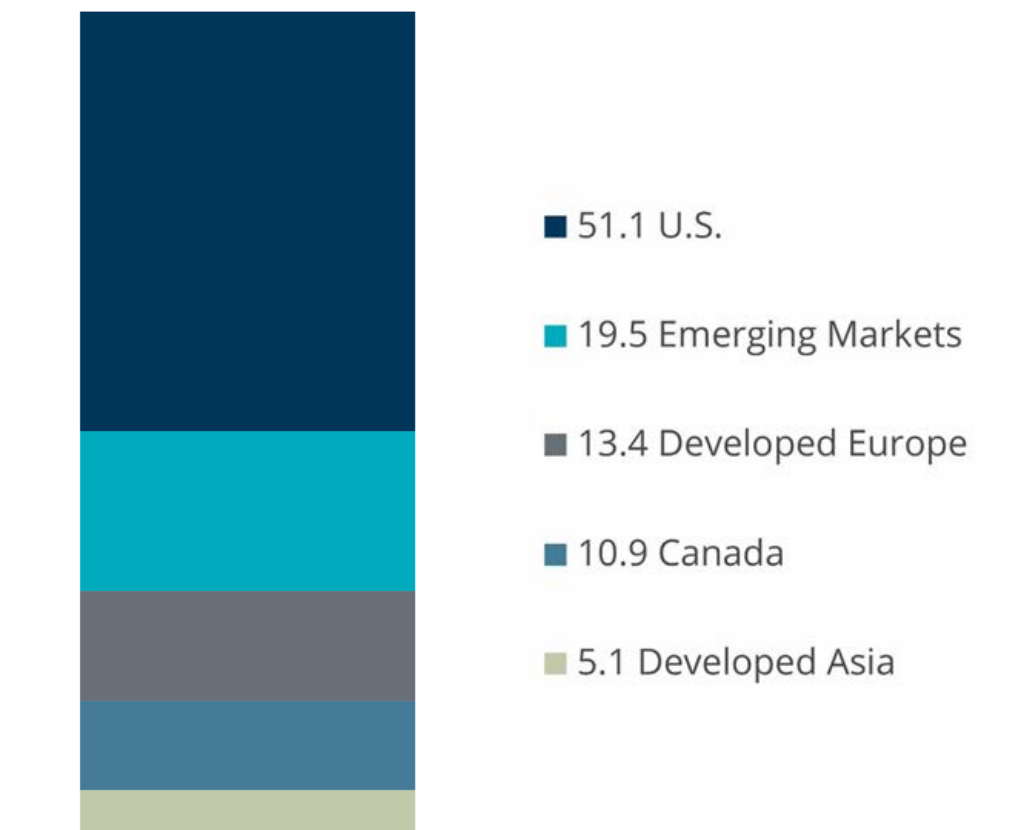
We focused on strengthening our internal strategies to maximize returns and offer optimal asset allocation for clients. Over the year, we terminated four external manager mandates. We also conducted a comprehensive review of the Active Canadian Quantitative strategy and elected to discontinue the fund. Capital from these terminations has been strategically redeployed in-house.

# 10.4%

5-year annualized return

Implementing our investment strategies in public markets has resulted in a 30 per cent reduction in the WACI of our public equities portfolio compared to the 2019 baseline. BCI announced our expectations to achieve this reduction in February 2019, and have reached it one year ahead of schedule. Lastly, we conducted 233 ESG assessments in the fiscal year including for investment opportunities and external managers in public markets.

GLOBAL DISTRIBUTION OF PUBLIC EQUITIES PROGRAM (%)





## PUBLIC EQUITIES HIGHLIGHTS

- **Deployed a total of \$1.0 billion** in the Active Emerging Markets Fund.
- **Added an additional \$700 million to our Global Quantitative Active Equity Fund** and \$1.0 billion to our Active Global Fundamental Fund.
- The Partnership Portfolio team licensed **Hebbia, a Generative AI application**, designed to enhance research capability and data extraction. The software was widely viewed as beneficial and provided tangible efficiency gains.
- **Sourced opportunistic investments in Absolute Return Strategies (ARS)** deploying \$2.7 billion and making \$3.8 billion in new commitments to ARS with total AUM reaching \$7.3 billion and total commitments amounting to \$9.6 billion.

## INVESTMENT FOCUS

# Revolutionizing Global Partnerships: Strategic Alliance in Overland Advisors

**The Global Partnership Fund (GPF) is a dynamic, actively managed strategy that aims to surpass the MSCI World ex-Canada Index by utilizing absolute return strategies.**

Absolute return strategy investments are not tied to a specific asset class; instead, they encompass a subset of opportunities expected to perform well across market environments, with lower correlation to equity and fixed income markets. Since the first absolute return investment was made in November 2019, the GPF has delivered

an annualized return of 16.1 per cent, which is 3.5 per cent above the benchmark return, while broadening the investment universe for participating clients.

In a notable development this year, the GPF became an anchor investor in a new strategic partnership alongside Centerbridge Partners and Wells Fargo in Overland Advantage, a newly formed direct lending platform. Focusing on family and founder-owned middle market companies in the U.S., this newly formed direct lending platform offers financing to an underserved market that typically has limited access to private credit solutions.

Overland Advisors aligns well with the GPF mandate, aiming to provide participating clients with improved risk-adjusted returns and increased diversification. We anticipate this partnership will also generate increased co-investment deal flow. Our investment expertise and economies of scale, coupled with our ability to invest opportunistically, enable us to source and participate in opportunities of this calibre, allowing BCI to strategically deploy capital for the benefit of our clients.





# Infrastructure & Renewable Resources

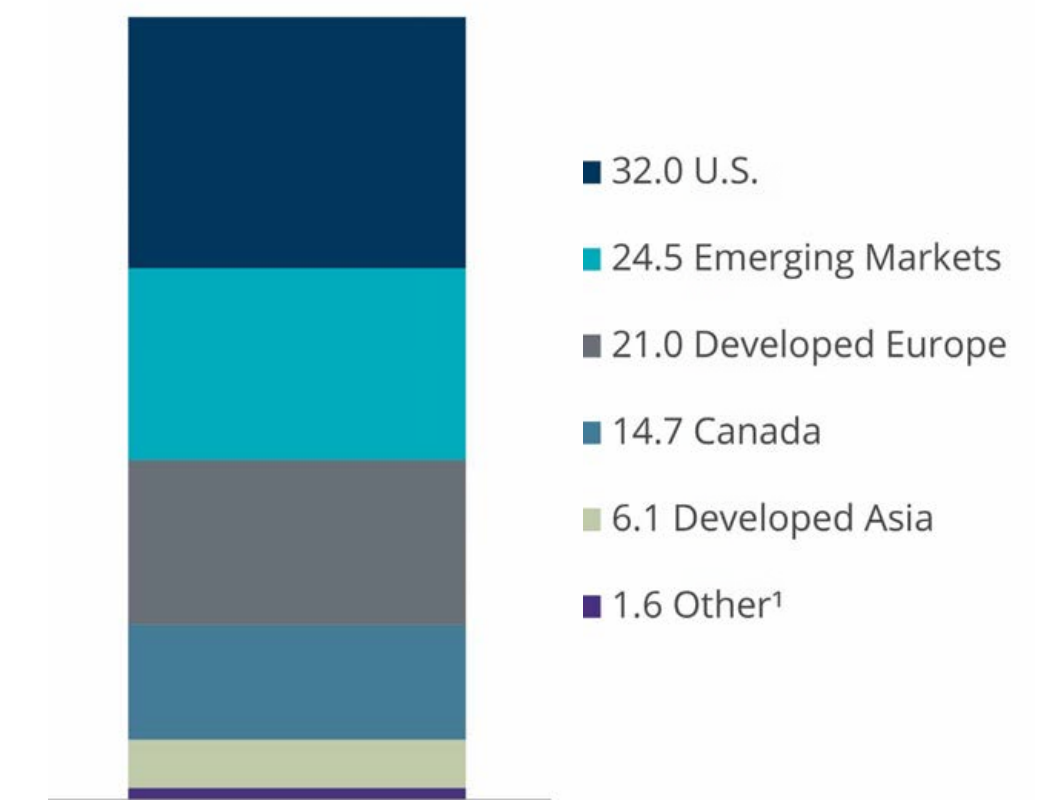
## Finding opportunities in new geographies and strategies.

Amidst an uncertain macroeconomic environment, our program maintained positive momentum in 2023 with strong portfolio and investment activity. A robust liquidity position and overall portfolio growth allow us to be active across markets and sectors. Our strategies continue to evolve with a growing focus on listed infrastructure and debt to complement our large diversified portfolio of equity investments in private companies.

Program investment returns across one year and multi year horizons remains strong for the asset class. In 2023, we received \$2.1 billion in distributions, a 10 per cent increase from the previous year, primarily underpinned by our regulated utilities investments. The largest contributor being the sale of Global Container Terminals' U.S.-based assets as well as solid program interest and dividend income at \$867 million.

We committed a total \$3.7 billion in 2023, bringing the total portfolio to \$28.1 billion as at March 31, 2024. Program diversification was enhanced this year by adding new sector and geographic exposures. Our investment team continues to scale, reflecting the challenges and opportunities of investing and managing a global portfolio. Based in Canada, the United Kingdom, and India, our team of 54 professionals reflects the diversity and global nature of our portfolio – characterized by multiple languages, cultures, and professional experiences. In the coming year, we anticipate continued team growth, with a focus on overall team capacity as well as our Europe, the Middle East and Africa (EMEA) and Southeast Asia investment strategies.

**GLOBAL DISTRIBUTION OF INFRASTRUCTURE & RENEWABLE RESOURCES PROGRAM (%)**





## INFRASTRUCTURE & RENEWABLE RESOURCES HIGHLIGHTS

- **Opened our London office in June 2023, adding two new hires and several secondees from Victoria,** focusing on sourcing, asset management, and developing partnerships in the U.K. and Europe. With our investment team on the ground, we anticipate building new relationships and broadening investment opportunities in the region.
- **Committed €300 million to A2 Motorway,** a leading European public-private partnership motorway. This is the first direct investment by our London team, and our first investment in Poland. The A2 Motorway is a critical transport corridor for the region and complements our existing U.K. and European investment portfolio.
- **Committed US\$300 million to Cube Highways Trust,** the largest road platform in India consisting of 18 toll and annuity assets and made a separate commitment to the Cube Highways growth platform, CH5, which targets further investments in India's transportation sector.
- **Closed the take-private of Costa Group,** Australia's largest fresh produce supplier. Costa has a 120-year history of providing premium quality produce.

## INVESTMENT FOCUS

# Revolutionizing Infrastructure Investments: Capitalizing on Digital Innovations

**Infrastructure debt is a focal point as we look to offer compelling risk-adjusted returns with lower volatility and attractive cash yields, while providing exposure to traditionally highly competitive sectors from an equity perspective.** Initiated in 2020, our strategy has progressed in the last 24 months as higher interest rates and strong borrower demand in specific infrastructure sectors fostered a more attractive investment environment. In addition to growing a dedicated debt team, we continue to leverage the group's deep infrastructure expertise to source and evaluate opportunities.



In addition to other portfolio investments, in 2023 we closed on three infrastructure debt transactions:

1. **Vantage Towers,** a leading European mobile telecommunications tower operator with a portfolio of over 80,000 telecommunication towers across Europe.
2. **EdgeConneX,** a high quality data center provider focused on hyperscale and edge facilities across more than 50 data centers in the United States and globally.
3. **GlobalConnect,** a premier fibre platform that offers fibre-based data communications infrastructure, operating 150,000 kilometres of fibre and metro edge data centers across Northern Europe.

Our team actively integrates ESG considerations into our process. For example, the GlobalConnect investment contains a sustainability ratchet, allowing for interest rate adjustments up or down, when sustainability performance targets in the borrower's business are being met or missed. Targets include reducing greenhouse gas emissions, meeting gender diversity goals in leadership positions, and positive employee engagement scores.

Looking forward, we expect to remain active in the infrastructure debt market with a focus on sectors that benefit from long term decarbonization and digitization trends.



# Private Equity

## Strengthening value creation and meaningful influence.

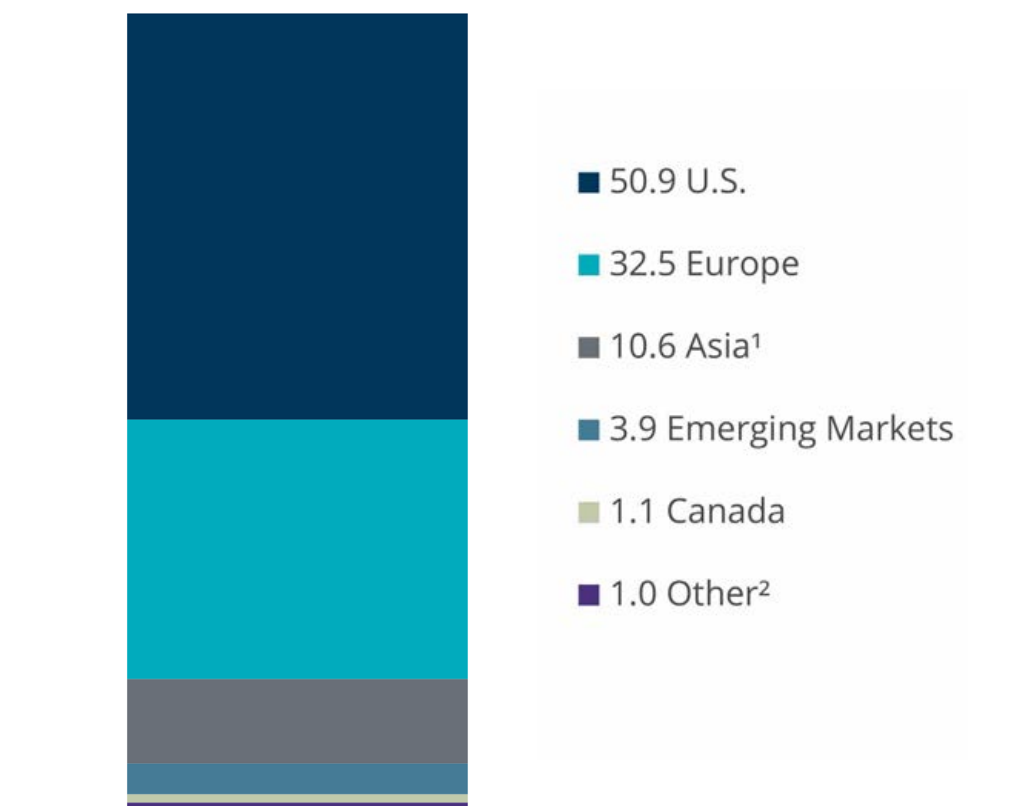
Private equity markets experienced another year of slow exit activity, exerting liquidity pressure on limited partners. Our private equity program remained resilient, with stable valuations and less volatility compared to the public markets. The program continued to grow assets under management through net contributions and investment gains. Consistent with our strategic goals, we increased direct investment allocation to 43 per cent of the total program, focusing on maintaining program weights at client allocations and retaining ample liquidity.

The exit slowdown reduced distributions for investors, limiting available capital for new deployments. We remained selective and patient with commitments, but proactive portfolio management and secondary sales enabled the program to transact on the most accretive opportunities. Secondary sales generated approximately \$1.5 billion in proceeds, improving our liquidity position, locking in strong realized returns for our clients, and reducing our exposure to higher cost fund of funds' strategies. Since 2016, we have sold over \$5 billion in funds that were no longer core to our strategy and redeployed the proceeds towards higher returning direct investments and strategic funds.

We focused on actively managing our global portfolio, working closely with partners and portfolio companies to ensure they were supported to weather the challenges and well-positioned for growth. In the higher interest rate environment, we see value creation as a fundamental component of our strategy. We added resources to strengthen value-creation activities and expand our foothold in New York.

ESG remains one of the pillars of our value-creation strategy. We focus on ESG risk assessment and management, as well as on developing tangible financial linkages to these factors. We collaborate with portfolio companies to develop and execute operational improvements that result in positive financial and ESG outcomes. Last year, we worked with five portfolio companies, representing \$1.6 billion in net asset value, to establish and quantify ESG initiatives.

GLOBAL DISTRIBUTION OF PRIVATE EQUITY (%)



**16.0%**  
5-year annualized return



## PRIVATE EQUITY HIGHLIGHTS

- **Created \$15.4 billion in value over five years,** while returning \$23 billion in cash distributions to clients.
- **Committed a total of \$2.9 billion,** including \$2.2 billion to fund investments, reinforcing strategic relationships with existing managers. The remaining \$700 million was allocated to direct investments, including additional investment to support the growth of our existing companies.
- **Continued to prudently increase our focus on venture and growth investments.** By remaining patient, observing the market, and building relationships, we are now well-positioned to grow our allocation and expect to see attractive opportunities arise.
- **Strengthened our New York presence, with the completed expansion of the office.** Jim Pittman, the Executive Vice President, Global Head of Private Equity, relocated to New York to lead our global investment efforts in this important financial centre.

## INVESTMENT FOCUS

# Driving Value and Sustainability: PS Logistics' Path to Success

**This year, we identified clear and tangible financial linkages attributed to ESG in several portfolio companies.** One such example was PS Logistics, a leading flatbed truck transportation and logistics provider in the United States. In partnership with the management team, we supported the establishment of the company's ESG credentials, communicated them to their constituents, and tied ESG practices to financial outcomes with clear valuation enhancement.

PS Logistics further enhanced its sustainability profile, unlocking financial value associated with its ESG characteristics. Central to the company's strategy is a

'driver-first' culture, where drivers are an integral part of the operations, and there is full alignment among the company, drivers, and clients. This is achieved through a differentiated compensation model, which fosters better alignment and higher income for drivers. Additionally, PS Logistics' lease purchase program enables drivers to become tractor owners over time, further strengthening their commitment to the business and reducing the asset base.

Collaborating with management, our PE ESG lead quantified the financial impact attributable to the 'driver-first' culture. Management's focus on prioritizing drivers has led to a materially lower turnover rate than the industry average with significantly lower accident rates than the industry average. These initiatives generate distinct financial benefits such as reduced insurance premium costs, avoidance of costs in recruiting new drivers, lower energy costs through route optimization, and associated greenhouse gas (GHG) emission savings. Through a strategic and innovative approach, PS Logistics improved its overall ESG profile, and ultimately enhanced the long-term value of the company.

Learn more at [BCI.ca/ESG](https://www.bci.ca/ESG).





# Real Estate Equity

## Managing liquidity for high-conviction deployments.

Following unprecedented rate hikes and the increased cost of capital, real estate markets corrected. Asset values saw negative impacts as valuation metrics widened in response to the rising rates with the global office sector the most directly impacted. The program reduced exposure to global offices to 19 per cent at the end of 2023 from 40 per cent in 2016, with U.S. office exposure only 0.9 per cent of the portfolio.

Office buildings in the portfolio have a strong focus on sustainability, as well as health and wellness – important aspects driving tenant demand. One office example is The Post, a new mixed-use building completed this year in Vancouver. This heritage redevelopment project provides a sustainability-forward working environment while driving resiliency in operating income. The project reduced embodied carbon by reusing part of the existing building and incorporating sustainability features targeting LEED Gold Certification such as waste heat recovery and passive solar shading.

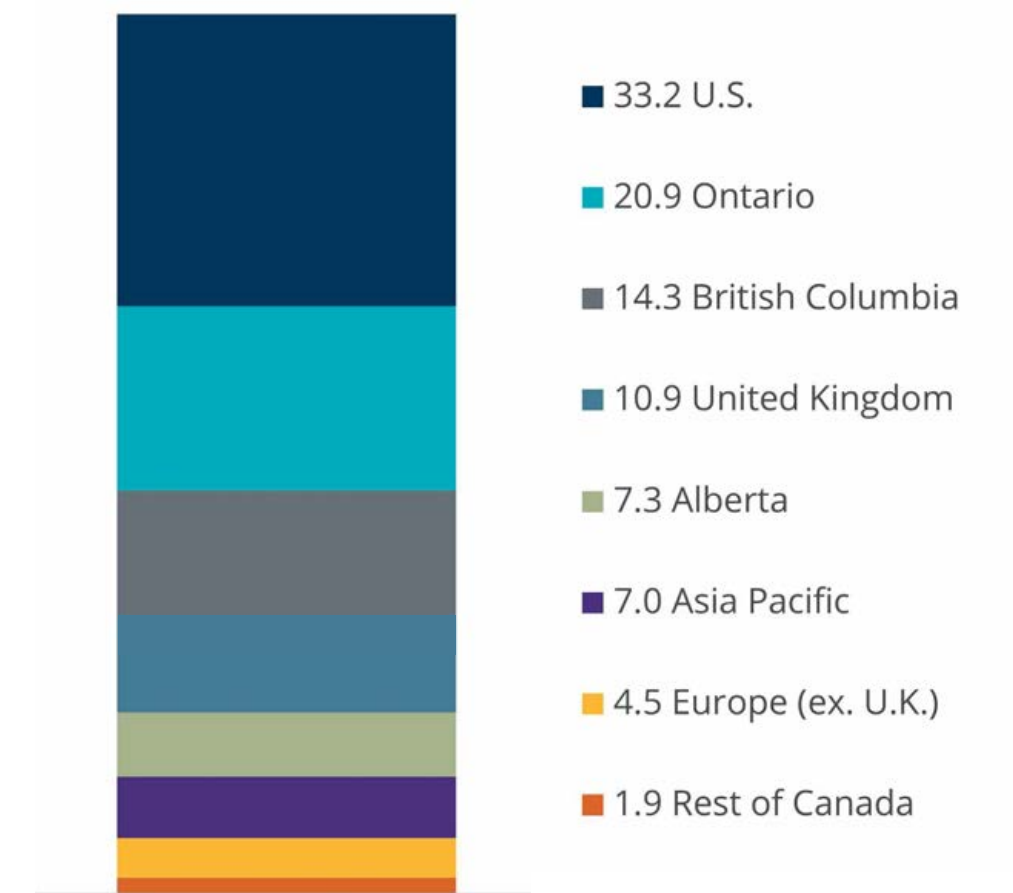
Liquidity management was a top priority during the year. The program established a rigorous process to manage capital needs. QuadReal undertook a more selective

approach to new investments and deployed \$3.3 billion in new investments, benefiting from market volatility. Allocations were made to high conviction and growth sectors such as data centres, student housing, residential, and industrial in Canada, the U.S., Australia, the U.K., and Europe. Examples include, the acquisition of an urban infill industrial asset in London U.K., and the expansion of a data centre partnership in the U.S.

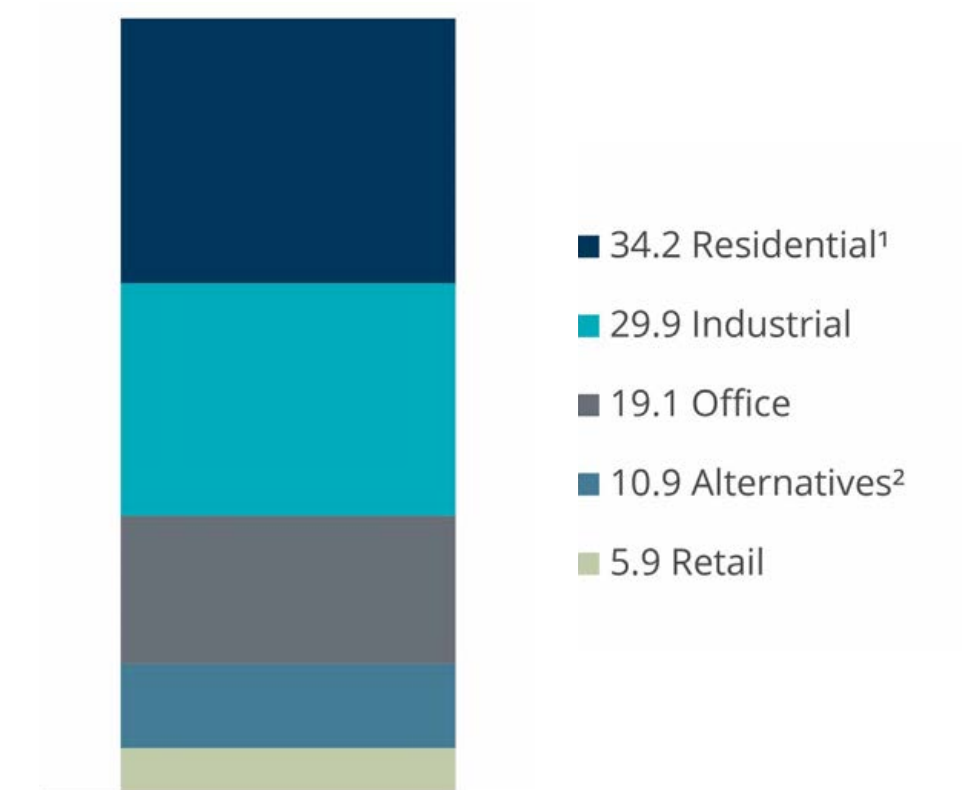
Active management of the portfolio enabled QuadReal to dispose of \$1.2 billion of investments with 60 per cent of that in Canada, a market that proved to be more liquid and resilient. Lastly, QuadReal commenced several new development projects focused in our core conviction sectors of industrial, residential, and alternatives in Canada, the U.S. and Europe.



GLOBAL DISTRIBUTION OF REAL ESTATE EQUITY PROGRAM (%)



REAL ESTATE EQUITY HOLDINGS BY PROPERTY TYPE (%)





## REAL ESTATE EQUITY HIGHLIGHTS

- **Sold \$1.2 billion of properties with identified physical climate change risks since 2021**, 83 per cent of assets that could be impacted have been divested while generating positive returns ranging between 8 to 30 per cent.
- Awarded by GRESB, the leading global sustainability benchmarking organization, **QuadReal’s Canadian portfolio was awarded third place in Canada and sixth place in the Americas for ESG transparency.**
- **Saw progression on QuadReal’s net-zero target** by conducting decarbonization studies at Canadian office and residential properties to understand like-for-like, high-efficiency, and low carbon equipment replacement options.
- **Formalized a solar rooftop strategy and oversaw several solar installations on warehouse projects** in the U.S., Europe, and Australia with joint venture partners.

## INVESTMENT FOCUS

# Navigating the Future: Real Estate in Challenged Markets

**Although real estate markets have dampened, the overall program remains well-diversified across regions and sectors with a primary focus on liquid and transparent developed countries with strong demographic growth.** The portfolio is comprised of high-quality assets that are rooted by robust fundamentals and opportunities for growth.

The residential sector remains a core conviction for the strategy. The Parkbridge platform is an integral part of the Canadian alternatives strategy representing approximately \$2 billion in AUM. Parkbridge is a developer and owner-operator of residential land lease communities and RV

camping and cottage resorts. This platform provides affordable homeownership through land lease, allowing owners to purchase a home outright without buying the land on which it sits, filling a gap in the real estate market between rental and freehold homes. Homeowners maintain and build equity in their homes while having access to professionally managed shared infrastructure, services, and amenities. It is ideal for people who want to enter the housing market or those looking to downsize.

Data centres are another high conviction growth sector and have been a key part of QuadReal’s alternatives sector portfolio strategy since 2019 – the alternatives sector is 10.9 per cent of the portfolio as at year end 2023. QuadReal has invested alongside its portfolio company, T5, in six U.S. data centres with a build-out capacity of 345 megawatts. The sector is supported by long-term positive market supply demand fundamentals and high barriers-to-entry. This investment is fuelled by strong tenant demand for new development driven by growth in cloud services, artificial intelligence, and machine learning.

These examples demonstrate QuadReal’s investment professionals’ commitment to seek high-quality assets in a volatile market supported by a strong research driven strategy. Overall, the program is well-positioned for growth opportunities and will continue to look for premium assets and focus on developing next-generation real estate that add value to the program.





# Real Estate Debt

## Robust investment discipline supporting portfolio resilience.

Real estate debt markets remain subdued across North America driven by a significant slowdown in commercial real estate transactions. Despite muted lending activity, 2023 investment commitments were \$3.2 billion. Sixteen new debt borrowers were added to the portfolio, 12 in the U.S. and four in Canada. These borrowers were added for financings collateralized by industrial and residential properties. QuadReal continued to rebalance the portfolio and allocated to investments that have been more resilient during the recent volatility. All our new commitments in 2023 were in residential, industrial, and alternative property sectors.

QuadReal has maintained an investment discipline over the past three years. As a result, the portfolio has relative low exposure to office, a sector facing headwinds, and therefore has seen limited distressed assets.

# 4.9%

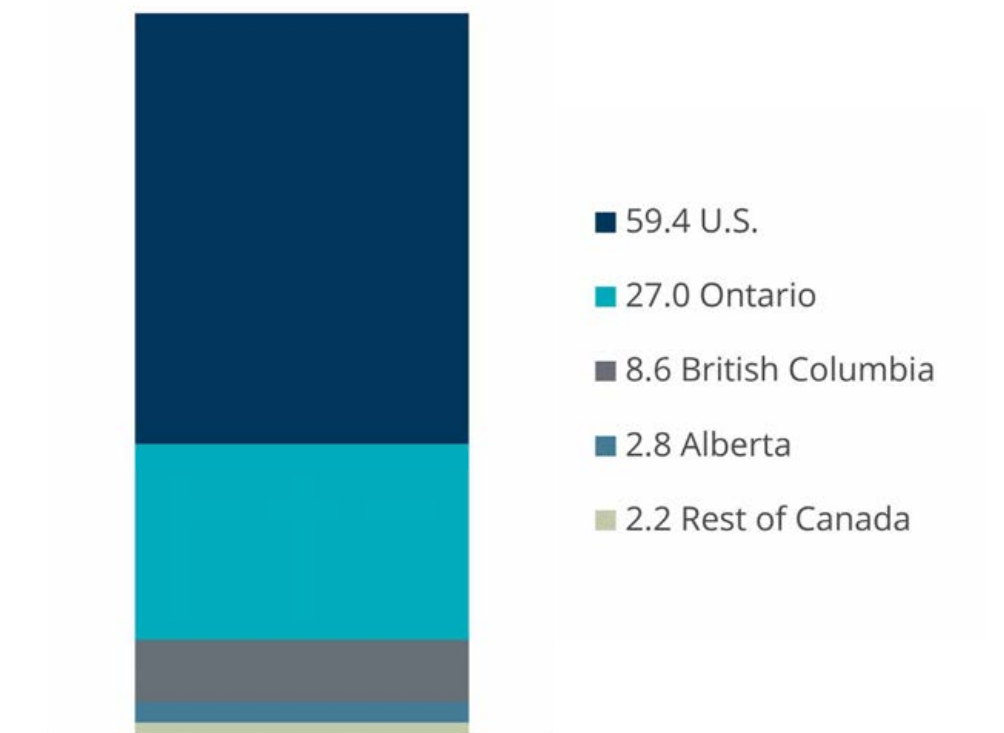
5-year annualized return

The program had a strong year in terms of loan repayments, which is a validation of QuadReal’s underwriting strength and an important source of liquidity for the program. There was active management of upcoming loan maturities and close monitoring of the portfolio to ensure borrowers’ business plans stayed on track.

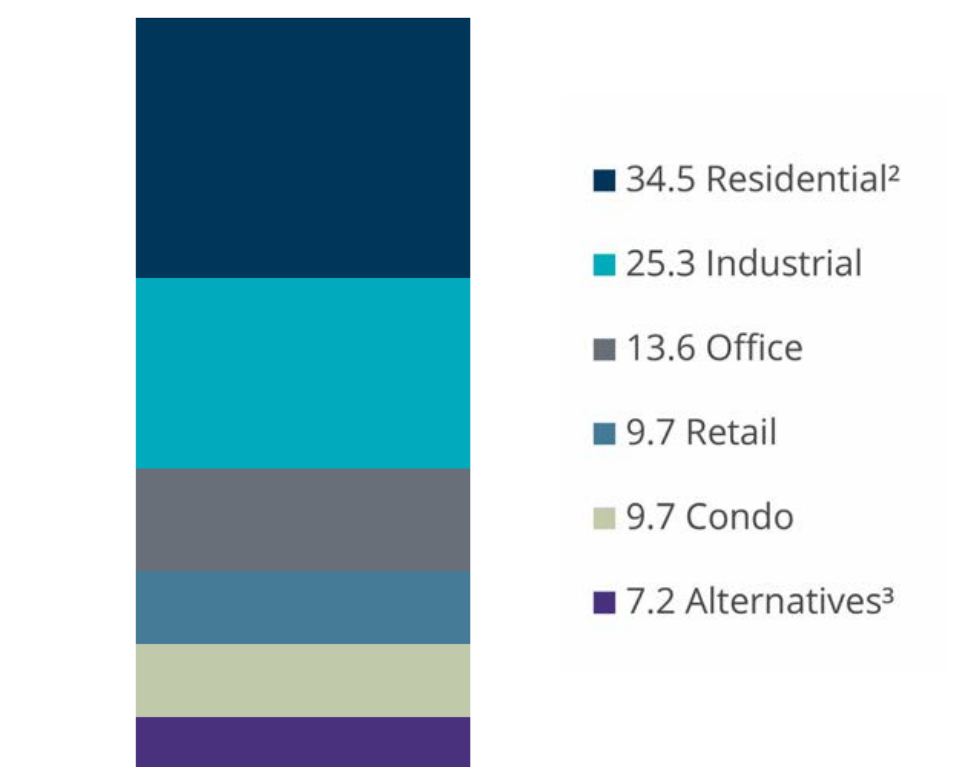
QuadReal has continued to grow its ESG capabilities and has integrated climate risks analysis into its due diligence. All debt opportunities are pre-screened and each potential investment undergoes a risk assessment for the underlying property screening for flooding, sea level rise, hurricane, and wildfire exposure.



GLOBAL DISTRIBUTION OF REAL ESTATE DEBT PROGRAM (%)



REAL ESTATE DEBT HOLDINGS BY PROPERTY TYPE (%)<sup>1</sup>





## REAL ESTATE DEBT HIGHLIGHTS

- **Deployed 100 per cent of new investments** in residential, industrial, and alternative properties – affirming high conviction in these sectors.
- **Invested strategically to adjust** to the changing investing environment. Sixty-one per cent of new commitments were in fixed-rate loans, a shift from 2022's focus on floating-rate, locking in elevated interest rates.
- **Diversified the geographic mix of the portfolio, which** is now comprised of 59.4 per cent of investments in the U.S. and the remainder in Canada.
- **Awarded the Debt Strategy Silver Award** from IPE Real Estate Global Conference & Awards in recognition of QuadReal's partnership with Precede Capital Partners and commitment of £1 billion to deploy into residential development loans in the U.K.

## INVESTMENT FOCUS

# Dynamic Lending Strategies: Committing to High-Quality Assets

**QuadReal upholds a robust investment approach and seeks investments that can withstand near-term market fluctuations.** The current portfolio is well-diversified across regions, loan types, and sectors.

An example of QuadReal's strong loan origination is Verve, an off-campus student housing and apartment in New Brunswick, New Jersey. QuadReal provided a US\$83.35 million loan to a partnership between a best-in-class student housing operator and a global investment manager. The loan is collateralized by a nine-story, 181-unit and 696-bed student housing property, located two blocks from the

main campus of Rutgers University. The property is within one block of the Rutgers bus system, providing convenient access to all four campuses. Community amenities include a 24-hour fitness centre, study rooms, garage, bike storage and café.

Another example is cold storage – QuadReal provided a construction loan to finance the development of a 172,034 square-foot best-in-class cold storage distribution facility in Whitby, Ontario. Upon completion, the building will be fully leased to Martin Brower, the sole distributor for 100 per cent of McDonald's restaurants across Canada, and will feature a mix of freezer, refrigerator, and ambient warehouse space. The asset will be built in-line with the sustainable design principles to achieve LEED certification including criteria for utilizing recycled building products, sourcing regional construction materials, water use reduction and energy efficiency. These assets demonstrate the conviction in the industrial and residential sectors as well as the type of high-quality loans QuadReal seeks for the portfolio. Given the uncertain market environment, QuadReal will remain prudent in the loan origination process, managing risks to remain well-positioned for opportunities to invest through various financing structures.





# Environmental, Social, Governance

An essential part of how we deliver long-term, sustainable value for clients.

Guided by our investment beliefs and **ESG Governance Policy**, BCI's corporate-wide **ESG Strategy** ensures a consistent approach across all asset classes and addresses the factors most material to our clients' investments. The strategy is comprised of four key components — Integrate, Influence, Invest, and Insight — that represent all ESG activities at BCI.

At the beginning of fiscal 2024, the ESG team expanded and formalized a model that embeds dedicated ESG experts alongside BCI's investment teams, ensuring consistency and collaboration in our approach, while recognizing differences in each asset class. We continued to build capacity to manage ESG in private markets in alignment with increasing allocations to these asset classes. This structure will enable deeper evaluation and management of ESG alongside financial performance over the long term, and supports our ability to add value across the portfolio.

We also worked with partners and portfolio companies to accelerate key ESG initiatives, and expand industry-



leading tools and processes. Notably, BCI achieved two key milestones more than a year ahead of expectations:

- **Exceeded \$5 billion in total cumulative participation** in sustainable bonds, including 70 per cent green bonds.
- **Realized a 40 per cent carbon footprint reduction** using the WACI methodology in BCI's public equities portfolio, with 2019 as a baseline.

BCI's ESG leadership continues to be recognized. In our 2023 Principles for Responsible Investment (PRI) assessment results, available on our [website](#) with our transparency report, BCI outperformed median scores in most categories and received top marks for Policy, Governance & Strategy, capturing our overall approach and commitment to responsible investing.

## Advancing a Global Baseline

**We are pleased with the release of the IFRS Sustainability Disclosure Standards** and encouraged by progress toward mandatory ESG and climate-related reporting in several jurisdictions. BCI played an active role in shaping the framework and will continue advocating for global adoption through our involvement with the ISSB Investor Advisory Group to ensure investors have access to financially relevant, consistent, and decision-useful data.

BCI is voluntarily strengthening our disclosures in line with the IFRS Sustainability Disclosure Standards based on the material topics and metrics outlined in the Sustainability Accounting Standards Board (SASB) Standards for Asset Management and Custody Activities. This is reflected throughout this report.

More details on our alignment are included on [pages 85 to 88](#).



**JENNIFER COULSON**  
 SENIOR MANAGING DIRECTOR  
 & GLOBAL HEAD, ESG

## Questions & Answers

**Q: You have been working in ESG for more than 20 years and with BCI for more than a decade. How has ESG evolved and what have you been most proud of?**

BCI's ESG approach has grown substantially with our shift to an active, in-house asset manager. While our commitment to responsible investing was always there, we have become much more intentional in recent years while bringing consistency across the asset classes. The team spends more

time on impacts to the total portfolio and informing client decisions around strategic asset allocation.

Throughout this evolution, I am most proud of our intention to keep ESG close to the investment decisions. Sometimes ESG can be an afterthought or a public relations exercise, but BCI has always considered ESG and financial factors side-by-side, recognizing that these issues can be material to decisions and investment professionals have to own it all.

**Q: This past year has seen increasingly divergent views on ESG. Has BCI changed its perspective or approach considering these challenges?**

The anti-ESG narrative can largely be seen as noise, with most investors, including BCI, continuing to recognize the vital role that material ESG factors play in the investment process. For example, utility companies cannot ignore a regulatory environment that supports renewable power, consumer goods companies must consider changing consumer preferences, and mining companies need to maintain social license to operate. ESG considerations are simply part of making good business decisions.

We continue to increase our capacity and tackle challenges like lack of transparency and resistance to change with persistent optimism. While it takes time for large-scale changes to permeate the markets, we are confident in the long-term value this brings for our clients and encouraged by recent progress including the move towards mandatory ESG disclosure in many jurisdictions.

**Q: From AI to biodiversity, we saw many emerging ESG themes last year. How does BCI prioritize ESG issues and stay focused given the complexity of the landscape?**

Despite the headline of the day, our focus is always on the ESG issues most material to our portfolio that support our mandate to deliver long-term, risk-adjusted returns for our clients.

We look for key ESG risks and opportunities by using both bottom-up and top-down approaches. This includes incorporating insights from a total portfolio perspective and industry-level sustainability standards to determine the most financially material factors at the company level. This work also helps to inform where we direct our engagement efforts.

For example, climate change is a global challenge and considered at all levels of the portfolio. For more company or industry-specific factors like Indigenous reconciliation and workers' rights, we can leverage proxy voting, shareholder proposals, and direct engagement to reinforce our expectations.

ESG matters are complex, fast-evolving, and interconnected by nature. Staying ahead means we must closely monitor emerging areas like the recent acceleration around AI and biodiversity, while maintaining our focus on materiality. There is never a dull moment in the world of ESG.



# Making progress on **climate** action

Our commitment to support the global goal of net zero by 2050.

Our total portfolio carbon footprint has decreased by 31 per cent since 2020. We surpassed our expectation of reducing our public equity portfolio's WACI by 30 percent by 2025, and achieved a 40 per cent reduction in this metric using a 2019 baseline. For the first time, we have received limited assurance from our auditor on our public markets portfolio carbon footprint, validating our approach and methodology.

We continued to raise and reinforce our climate-related expectations for companies in our portfolio and engage with the highest emitters to ensure mature transition plans, transparency, and oversight of climate risks and opportunities. Eleven per cent of BCI's most carbon-intensive investments have net-zero commitments, and we are making progress towards our 2030 engagement goal<sup>1</sup>.

In parallel, our teams actively identified investments in sectors and companies poised to benefit from the transition, ending the year with total exposure of \$10.7 billion to climate-related opportunities.



We remain focused on understanding the potential effects of climate change on our investments by leveraging climate data, conducting stress testing, and conducting physical risk assessments for real assets. Our proprietary, in-house ESG Risk and Opportunity Framework allows us to evaluate different climate scenarios to estimate financial sensitivity to climate risks and understand resulting risks and opportunities to BCI's portfolio. Between 2018 and 2023, the climate change risk level for BCI's portfolio in a long-term 2°C scenario decreased from (3.0) per cent to (2.6) per cent.

Our complete climate-related disclosures can be found on [pages 66 to 82](#).

## Engaging with Climate Action 100+

Since its inception in 2017, BCI has actively participated in Climate Action 100+ (CA100+), the largest investor-led engagement on any ESG topic. It brings together global signatories to ensure that the world's largest corporate emitters act on climate change. While significant work lies ahead, the initiative's target companies have made **progress**.

- 77 per cent committed to achieve net zero by 2050 for at least Scope 1 and 2 emissions
- 93 per cent of company boards have oversight of climate change risks and opportunities
- 90 per cent explicitly commit to the aligning with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations

We remain committed to leveraging our global influence to support the increased expectations of the initiative as it enters its second phase.

Learn more at [BCI.ca/ESG](https://www.bci.ca/ESG).

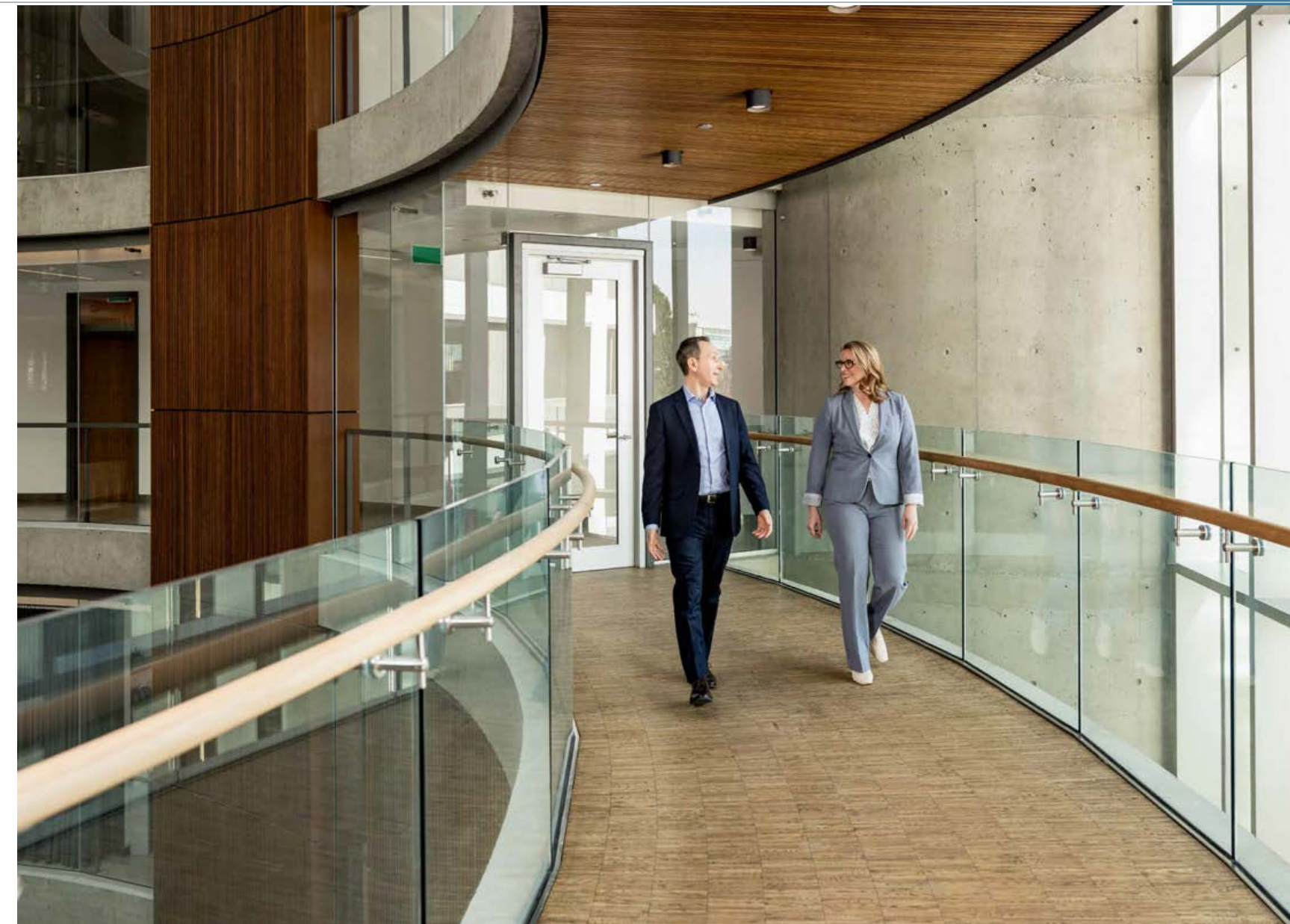


# Integrating ESG factors at every step

From supporting clients' asset allocation to individual investment decisions.

As we operationalized a new team structure, we continued to strengthen our ESG models, tools, and frameworks, while growing our in-house expertise to support deeper integration. ESG analysis was included in all active investment decisions across asset classes, and we sourced and analyzed more information from companies, external managers and partners, and third-party data providers. When incorporated by our investment teams, our evaluation of ESG performance can lead to rejection of an investment opportunity, re-pricing, or tailored recommendations for asset management.

We completed ESG assessments for 216 investment opportunities in public markets, and due diligence on approximately 38 private markets investment opportunities that progressed to an investment committee decision. We leverage resources including SASB's industry-level materiality framework and the SDI Asset Owner Platform – a tool established by BCI and global partners to measure alignment to the United Nations Sustainable Development Goals.



We also conducted 23 reviews using our proprietary **ESG Framework for External Managers**, reflecting all new external managers and partners in fiscal 2024, to ensure our standards extend beyond our in-house activities. The framework, which evaluates ESG integration, accountability, resourcing, and alignment, was updated to include climate change and EDI.

Our I&RR team completed cyber security maturity assessments for two portfolio companies as part of a broader initiative to manage this rapidly evolving risk. We plan to evaluate the majority of companies within the I&RR portfolio, prioritizing those with more susceptible operations.

## BCI's ESG Platform: Empowering Investment Decisions

Our ESG and data & analytics teams collaborated on the development of an internal platform that automates and provides on-demand access to key ESG and climate-related information. The platform will empower investment decision-makers and support initiatives to leverage ESG in value creation.

Our initial focus is climate change data, providing metrics for the total portfolio and individual investments, and we plan to build out additional datasets for other ESG topics in the near term. Portfolio managers can use the tool to evaluate future implications of portfolio construction decisions on BCI's total carbon footprint ahead of an investment decision.



# Using our influence to drive performance

Part of our role as responsible stewards of our clients' assets.

BCI directly engaged 157 companies across public and private markets and participated in six collaborative engagement initiatives targeting 3,464 publicly traded companies on climate change, gender diversity, and corporate governance in Asia. We leveraged our shareholder rights at 3,228 public company meetings in 54 countries where we voted against 28 per cent of management proposals and supported 60 per cent of all shareholder proposals.

Ahead of the 2024 proxy voting season, BCI filed shareholder proposals at **Charter Communications Inc.** on board diversity and **TC Energy Corporation** on reasonable assurance for climate reporting and alignment with the Oil and Gas Methane Partnership 2.0. We withdrew our proposals following direct engagement with both companies based on their actions and commitments.



We engaged 27 external partners and managers on ESG-related topics to improve practices and performance, including encouraging our private equity general partners to participate in the ESG Data Convergence Initiative (EDCI) – a global initiative that has assessed ESG data from over 4,000 private companies. Approximately 57 per cent of BCI's private equity general partners are reporting to the EDCI, compared to 28 per cent last year.

To affect broader market behaviour, we contributed to 26 ESG-related policy consultations, roundtables, and joint statements on topics like climate change, biodiversity, and corporate governance. More details on our active ownership approach will be included in a new report in fall 2024.

## Engaging Our General Partners

Our Private Equity ESG lead engaged with more than 50 per cent of our fund portfolio general partners, based on assets under management, on ESG and climate-related opportunities to align expectations, exchange expertise, and enhance performance.

Key highlights include organizing educational sessions and assisting our general partners in adopting our industry leading ESG frameworks and engagement practices, with an emphasis on financial linkages. Furthermore, we collaborated with our general partners' portfolio companies to display how ESG can be leveraged for economic returns, allowing for greater scalability in our program.

Learn more at [BCI.ca/ESG](https://www.bci.ca/ESG).



# Capturing investment opportunities

## Enhancing returns and reducing ESG risks.

Evolving global policy and regulatory decisions, changing consumer preferences, and emerging technologies are presenting a range of potential investments, and we continue to keep pace with this dynamic space.

Our fixed income program achieved a significant milestone as we exceeded our expectation to reach \$5 billion in cumulative sustainable bond participation by 2025, ahead of schedule. In the fiscal year alone, we invested \$1 billion in 21 new issuances from 17 issuers, bringing our total sustainable bond investments to \$5.2 billion.

We continued to invest in the **First Nations Finance Authority (FNFA)**, which was created to establish borrowing capacity for member First Nations and provide loans for Indigenous social and economic projects, including infrastructure, rental housing, business ownership, and power generation. We are one of the largest supporters of the FNFA's commercial paper program and, have now exceeded \$100 million total participation in its bond program.



To support our Climate Action Plan and increase our exposure to climate-related opportunities, a cross-functional team of investment and ESG professionals from all asset classes has produced a series of climate solution playbooks. The outputs from this work have informed our perspective across all market segments and asset classes. They have also served to support an intentional approach to sourcing and gaining access to climate-related investment opportunities for our clients.

# Pursuing Climate Trends

We completed two co-investments alongside AB CarVal through our Global Partnership Fund. These included a financing facility backed by operating photovoltaic solar assets in Italy, as well as a joint venture that sources solar, wind, biofuel, and storage projects for tax equity investment and transfers the tax credit to investment-grade corporates at a predetermined price.

BCI first invested with AB CarVal in fiscal 2022 and subsequently made a commitment to its clean energy strategy in fiscal 2023, which provides exposure to secured private debt for commercial and industrial clean energy generation and storage. The partnership led to these unique direct investment opportunities driven by the firm's clean energy strategy and aligned to BCI's return objectives and climate ambitions.

Learn more at [BCI.ca/ESG](https://www.bci.ca/ESG).



# Generating insights across asset classes

## Ongoing education, research, and information sharing.

We are proactive in building our ESG capacity and continue to deepen ESG knowledge at every level of the organization, with our clients, and across the industry.

Under the leadership of BCI's Senior Managing Director, Global Head of ESG, our team model supports consistency and coordination while enabling tailored approaches to each asset class and ensuring ESG expertise is effectively integrated into the investment teams. We now have 17 dedicated ESG professionals supporting all business lines, each with varied education, specialties, and experience.

All new employees are introduced to our corporate ESG Strategy, Climate Action Plan, and overall expectations during our quarterly new employee orientation sessions. This year, we focused on increasing ESG knowledge within the asset classes and hosted additional educational sessions with our investment teams.



The ESG team continued to share our ESG expertise and build broader capacity through involvement with collaborative initiatives, industry associations, and events and conferences. We contributed to ESG-related boards and committees throughout the year. This included continued engagement as a member of the ISSB Investor Advisory Group, the British Columbia ESG Advisory Council, and serving on the board of directors for Pension Investment Association of Canada, among others. Lastly, we participated in 23 ESG-related speaking engagements and conferences, sharing our expertise to advance knowledge and collaboration across the industry.

# Sharing Perspectives With Our Clients

BCI actively engages and consults with clients on our ESG activities. We hosted roundtables with more than 20 representatives from 10 clients to share our views on current and future trends, challenges, and opportunities. The sessions complemented BCI's regular client communication and outreach, provided a unique forum for open discussion, and generated new insights for all participants. Topics included priorities for the upcoming year, balancing long-term financial sustainability with climate ambitions, and the implications of new disclosure and reporting frameworks.

We also received ESG-related feedback and insights through a survey, in which clients recognized the effectiveness of BCI's communications in helping them understand our strategy and approach, as well as ESG issues more broadly.



# Risk Management

## Managing and capitalizing on risks and opportunities through guiding principles and market trends.

BCI's approach is based on guiding principles, communication, and judgement. Effective risk management at BCI requires knowledge of capital markets and legislation, investment products, business practices, and internal controls. We anticipate risks, take appropriate steps to limit exposures or capitalize on opportunities, and manage outcomes.

Risk management is embedded in our culture and operations, including strategic planning, investment decision-making and monitoring, and other key operational and investment controls and activities.

### INTEGRATED RISK GOVERNANCE

BCI has two risk committees: the Enterprise Risk Management Committee (ERMC) and the Investment Risk Committee (IRC). These committees support the CEO/CIO in managing all risks, assist the BCI Board in its risk oversight, recommend risk policies for board approval, and approve risk directives.

The Chief Operating Officer (COO), who chairs the ERMC, has delegated authority to manage non-investment risks. The ERMC advises and assists the COO in managing all enterprise risks.

The CEO/CIO, who chairs the IRC, retains authority for managing investment risks. The IRC advises and assists the CEO/CIO in managing investment risks.

To ensure integration between the two committees, the COO and Executive Vice President, Investment Strategy & Risk, or their delegates, are members of both committees, as needed.

This framework strengthens the BCI Board's ability to oversee risk management and fulfill its responsibilities under the *Public Sector Pension Plans Act*.

Our governing documents for managing risk include our clients' statement of investment policies and practices, as well as BCI's corporate policies, directives, and procedures. The Integrated Risk Governance Framework ensures that risk-taking decisions align with our clients', and BCI's related, governance documentation.





# Enterprise Risk Management

## Effectively assessing and managing risk through BCI’s enterprise risk management (ERM) program.

The ERM team guides BCI in embedding ERM into the culture and practices of the organization. Our corporate-wide view helps ensure BCI takes the appropriate amount of non-investment risk and distributes resources to the areas of highest risk, opportunity, or corporate priority.

The BCI Board provides oversight through the ERM Policy and reviews enterprise risks quarterly. Additionally, the ERM Committee meets quarterly to examine emerging risks, review risk assessment results, monitor mitigation activities and confirm acceptable risk tolerances. Our business units and team members are responsible for managing risks based on tolerances set by the ERM Committee.

The ERM team proactively collaborates with management to administer and adapt the ERM program over time, and to report pertinent information to management and the BCI Board.

In fiscal 2024, the ERM team expanded BCI’s corporate risk management program through the following initiatives:

- Established an updated Enterprise Risk Taxonomy and facilitated risk assessments for each operational risk area.
- Worked with business unit leaders and subject matter experts to develop a right-sized ERM monitoring framework that uses data to inform the ERM Committee and BCI Board’s oversight of priority risks.
- Re-established and administered the operations-level Risk Leads Committee to share information, review and escalate risk matters, and enhance risk management collaboration across the corporation.

BCI also maintains preparedness for business disruptions using a multi-disciplinary approach. In fiscal 2024, two ERM exercises were conducted with the BCI Board on emergency communications and crisis response. Additionally, as part of our business continuity planning, the ERM team partnered with leaders in our technology department to further develop BCI’s disaster recovery expertise.





# Investment Risk Management

Heightened inflation uncertainty and the associated increase in central bank policy rates experienced over the past two years underscored the need to continue strengthening BCI's scenario analysis and stress testing capabilities. By focusing on the potential impacts on our clients' key investment objectives, we were able to assess whether different economic environments or 'event risks' pointed to the need for clients to revisit their investment strategies. We also enhanced our associated tools to better capture the specific characteristics of the BCI portfolio, strengthening our ability to advise our stakeholders regarding the potential impact of market conditions today and into the future.

We continued to focus on monitoring for sudden geopolitical and market events, such as the U.S. regional bank failures seen in the spring of 2023, the ongoing conflicts in Eastern Europe and the Middle East, and advising clients on the risks associated with their plans.

In this macroeconomic environment liquidity risk was top of mind, and we tracked our liquidity position daily with weekly reports provided to the Management Investment Committee for assessment. As a result of our robust liquidity management framework, during the fiscal year, all liquidity metrics were within target ranges, ensuring our clients were able to meet their payment obligations and our investment teams were well positioned to deploy capital opportunistically.

Our risk management procedures continue to develop alongside our investment strategies and aim to maximize long-term returns while protecting our clients' capital. Reflecting the growing market and increases in client allocations to credit, the investment risk (IR) team focused this year on ensuring our credit risk measurement tools are current and tailored to BCI's needs.

## INVESTMENT RISK MANAGEMENT FRAMEWORK

BCI's Investment Risk Management Framework plays a dual role: it offers support and advice and provides independent oversight of investment risk. This framework strengthens the Board's ability to oversee risk management. Our investment risk framework focuses on the management of the following key risks:



For details on our framework, visit [BCI.ca/managing-risk](https://www.bci.ca/managing-risk)



## The Funding Program

Unsecured debt diversifies clients' sources of liquidity, improves BCI's overall liquidity position, and helps facilitate the implementation of client investment strategies.

The IR team, along with legal affairs, finance and corporate & investor relations, supported public markets in securing the best possible credit rating for BCI and BCI's unsecured debt offering, including demonstrating our strong risk profile and risk governance framework to rating agencies.

Additionally, IR developed new reporting that provides clients with details on the unsecured debt program and the key risk metrics.



# Three-year Business Plan F2024

## Long-Term Vision

Partnering with clients to **secure financial futures in a changing world.**

PARTNERSHIP	VALUE CREATION	ADAPTABILITY
BCI and its clients will collaborate with aligned goals and objectives.	BCI will work to ensure clients achieve their long-term financial objectives.	BCI will embrace a culture of agility so we can respond to the world's increasing pace of change.

Over the last three years, we significantly scaled our operating and investment capabilities as we advanced our F2024 business plan's four strategic ambitions.

In fiscal 2025 we will enter into a new phase and over the next three years, will embark on a new business plan centred on the sustainable growth of our clients' assets, a culture of innovation, and operating on a global scale.

## F2024 STRATEGIC AMBITIONS

In order to achieve our goals and strengthen our position as a world-class asset manager, BCI's executive management team and employees focused on four strategic ambitions:

- ▶ Strengthening the Client Value Proposition
- ▶ Optimizing Risk-Adjusted Returns
- ▶ Leveraging Digital Technology
- ▶ Focusing on our Talent

## BUSINESS PLAN GOALS

Our business plan supports the long-term financial sustainability of our clients.

- Generate absolute returns that meet or exceed the actuarial discount rate targets of all of our clients, ranging from **4.7 to 7.0 per cent**, over a rolling 10-year period.
- Deliver value-added performance (returns that exceed appropriate benchmarks) over a five-year period.
- Provide cost-efficient investment management services.



# F2024 Business Plan Completed Actions

## STRATEGIC AMBITION 1

### Strengthening the Client Value Proposition

To deepen our partnerships with clients and show our value beyond investment results, we strengthened the ways in which we communicate and engage with our clients.

#### F2024 ACCOMPLISHMENTS

- **Partnered** with clients on a Statement of Investment Policies and Procedures (SIPP) best practices review, systematically evaluating clients' existing SIPPs and recommending amendments.
- **Refined** our client segmentation model to strengthen BCI's position as a trusted advisor and increase efficiency and collaboration across the corporation.
- **Conducted** our biennial client engagement survey, receiving our highest client engagement scores with 86 per cent of clients indicating they are highly satisfied with BCI's services.

## STRATEGIC AMBITION 2

### Optimizing Risk-Adjusted Returns

To grow our clients' assets and ensure they are resilient, BCI constructed well-diversified portfolios — aiming to meet or exceed their return objectives without taking unnecessary risks.

#### F2024 ACCOMPLISHMENTS

- **Began** a medium-term debt program, receiving the highest long-term credit ratings from global credit agencies.
- **Expanded** our New York office, continued building our London team, and provided operational support to our Mumbai operations, positioning us closer to deal activity in priority markets and to the assets we manage.
- **Helped drive** climate change reporting requirements in Canada through the International Sustainable Standards Board (ISSB).

## STRATEGIC AMBITION 3

### Leveraging Digital Technology

As we continue to grow, leveraging data and technology seamlessly across all business functions is paramount. We integrated new technology that improved collaboration, analysis, reporting, and decision-making.

#### F2024 ACCOMPLISHMENTS

- **Introduced** an AI Governance framework to validate applications and models aligned with our AI Ethical principles.
- **Implemented** a data science platform to enable machine learning models and extended our use of automation to stream-line core operational workflows.
- **Implemented** a data environment to modernize ESG analytics, dashboarding, and scenario modelling.
- **Launched** our new compliance system to increase efficiency by replacing manual processes for pre-clearing employee trades and monitoring employee compliance and attestations with an automated solution.

## STRATEGIC AMBITION 4

### Focusing on Talent

To continue to strengthen our people practices and attract, develop, and retain employees, we created and delivered programs to meet the needs of a highly specialized workforce.

#### F2024 ACCOMPLISHMENTS

- **Developed** an employee value proposition to support BCI's brand and reputation in global talent markets.
- **Achieved** a 94 per cent participation rate for the 2023 employee engagement survey. Employee feedback serves as a roadmap for our ongoing efforts to enhance employee experience and satisfaction.
- **Increased** our retention rate of top performers and reduced voluntary turnover through recruitment efforts to ensure role and organization fit, as well as multiple training and development programs emphasizing developing internal talent.



# Executive Management Team

BCI is led by a world-class executive management team that sets the corporation's strategy in alignment with clients' investment needs and expectations.



**GORDON J. FYFE**

Chief Executive Office /  
Chief Investment Officer



**SHAUNA LUKAITIS**

Chief Operating Officer



**DANIEL GARANT**

Executive Vice  
President & Global  
Head, Public Markets



**NORINE HALE**

Executive Vice  
President, Human  
Resources



**DAVID MORHART**

Executive Vice  
President, Corporate  
& Investor Relations



**LINCOLN WEBB**

Executive Vice  
President & Global  
Head, Infrastructure &  
Renewable Resources



**JIM PITTMAN**

Executive Vice  
President & Global  
Head, Private Equity



**RAMY RAYES**

Executive Vice  
President, Investment  
Strategy & Risk



# Senior Management Team

Reporting to the Chief Operating Officer and leading the operations functions, the senior management team oversees the essential operational components that underpin BCI.



**MONIQUE BROSSEAU**

Senior Vice President,  
Investment Operations



**MICHEL DROLET**

Senior Vice President,  
Corporate Risk & Audit  
and Chief Audit Executive



**RECHELLE EFFENDY**

Acting Senior Vice  
President, Finance &  
Chief Financial Officer



**JENNIFER HARTFIELD**

Senior Vice President,  
Corporate Data &  
Operations



**TONY PAYNE**

Senior Vice President,  
Technology &  
Innovation and Chief  
Technology Officer



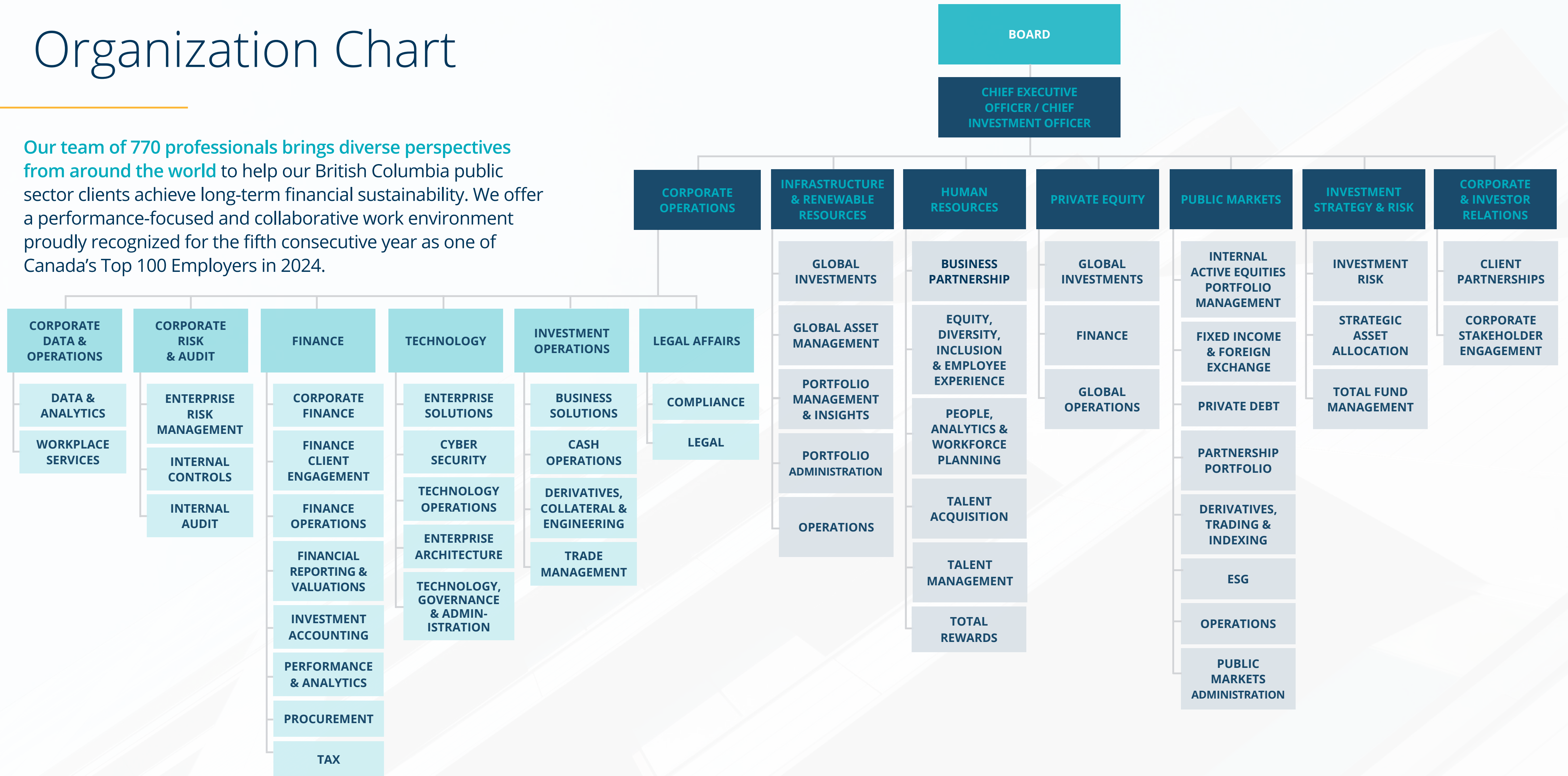
**JEREMY TRICKETT**

Senior Vice President,  
Legal Affairs & Chief  
Legal Officer



# Organization Chart

Our team of 770 professionals brings diverse perspectives from around the world to help our British Columbia public sector clients achieve long-term financial sustainability. We offer a performance-focused and collaborative work environment proudly recognized for the fifth consecutive year as one of Canada's Top 100 Employers in 2024.





# People & Culture

Fostering individual and collaborative excellence through employee engagement.

This year, we conducted an employee engagement survey to gather insight into our employees' experiences and identify opportunities for ongoing improvement. The survey looked at job satisfaction, company culture, meaningful work, communication, professional growth, and management support. We achieved a 94 per cent participation rate, and the survey insights reflect employees' perspectives from all departments and locations. This robust data quality was a critical input for measuring and further developing our People Strategy, informing meaningful action planning to cultivate long-term employee engagement.

Employees shared their values are strongly aligned with BCI's corporate values and mission, and they feel a deep sense of purpose in the work that they do each day: securing long-term financial sustainability for our British Columbia public sector clients. Health and well-being benefits were also highly rated in our survey, and we remain committed to providing the benefits and resources our people need to excel. To that aim, we reviewed our health spending account allocation and following a thorough analysis, improved coverage levels to better reflect our employees and their household structures.



We continue to experience strong headcount growth, a year-over-year net increase of 59 employees, and a reduced number of resignations. These results are largely due to our effective recruitment efforts to ensure talent fits the role and the organization and our commitment to internal talent development. BCI offers comprehensive training and development for employees and implemented career maps to empower employees with the tools and training required to move their careers to the next level.

Developing a talent pipeline is an integral part of future proofing BCI's workforce, and our co-op and internship program is one of the ways we spot and nurture emerging talent. We set a new high watermark for our program by providing placements to 167 students and recent graduates across 199 work terms, enabling them to gain hands-on experience in the industry. Now in its ninth year, we continue to find new and innovative ways to partner with Canadian post-secondary institutions. Together with Vancouver Island University, we launched an Indigenous Empowerment Award, and in its inaugural year, two students were selected for the scholarship program and work placement.

**In support of BCI's ongoing commitment to an inclusive culture,** we continued to share and amplify employees' stories by hosting learning events in recognition of the Lunar New Year, Black History Month, International Women's Day, Asian Heritage Month, Mental Health Awareness Month, Pride, International Day of Persons with Disabilities, and National Day for Truth and Reconciliation.

Ahead of British Columbia's first provincial statutory holiday recognizing National Day for Truth and Reconciliation on September 30, 2023, BCI hosted representatives from Mosaic Forest Management, a portfolio company held by BCI's I&RR program, to learn about their approach to Indigenous engagement on Vancouver Island. This session allowed employees to reflect on the history underpinning this day and recognize the importance of community engagement with Indigenous Peoples.



# Equity, Diversity & Inclusion

Building an inclusive culture that empowers our people to excel.

This year our Equity, Diversity & Inclusion (EDI) team and Council advanced our strategy through the implementation of the Corporate Self-Identification Census Action Plan. The plan is informed by our inaugural demographic and sentiment data collection, and outlines concrete steps BCI will take to create an inclusive and consistent experience for employees. It includes:

- **Deployed an all-employee learning program, “Becoming Consciously Inclusive”.** The program was attended by 90 per cent of people leaders and 75 per cent of employees.
- **Developed an Accessibility Committee** to implement the requirements of the Accessible British Columbia Act and to identify accessibility barriers for employees or those interacting with BCI.
- **Updated the Respectful Workplace Directive** along with a new Raise a Concern Procedure to improve transparency in assessment of employee concerns and the subsequent procedures for addressing them internally.

## Creating Intentionality & Accountability

BCI’s voluntary self-identification census, a confidential collection of employee demographic information and inclusion sentiment, was deployed in 2022 with a participation rate of 71 per cent. We are using a data-driven approach to understand and improve our talent acquisition, engagement, and retention strategies - a crucial factor in enterprise risk management. Additionally, this data collection is ongoing and contributes to how we will evolve the employee experience to ensure we meet the needs of our employees today and into the future.

**20%**

Investment roles held by Women & Non-Binary persons

**8%**

Employees self-identify as 2SLGBTQIA+



### DIVERSITY AT BCI

Measurement and analysis of our employee demographics and sentiments are essential to ensuring our commitments to diversify our workforce, provide equitable access to opportunities, and foster a more inclusive team and organizational culture are realized.

GENDER	WOMEN & NON-BINARY	MEN
<b>Total BCI</b>	<b>40%</b>	<b>60%</b>
<b>Executive Management</b>	31%	69%
<b>Non-Executive Management</b>	35%	65%
<b>Professionals</b>	37%	63%
<b>Support</b>	78%	22%

Gender disclosure reflects data from all permanent employees.

### RACE & ETHNICITY

<b>Total BCI</b>	<b>44%</b>
<b>Executive Management</b>	20%
<b>Non-Executive Management</b>	38%
<b>Professionals</b>	49%
<b>Support</b>	36%

Race & Ethnicity disclosure reflects the percentage of permanent employees who participated in the voluntary self-identification census and selected one or more of the following Races/Ethnicities: Asian, Black, Indigenous, Latin Hispanic, and/or Middle Eastern.

# Board of Directors

**Committed to upholding world class governance standards.**

## GOVERNANCE FRAMEWORK

BCI was established by the *Public Sector Pension Plans Act* (the Act) in 1999. The BCI Board appoints the Chief Investment Officer (CIO) and Chief Executive Officer (CEO), sets their remuneration, and reviews and monitors their performance. The BCI Board also oversees BCI's operations, establishes an employee classification system and compensation scale, and approves policies (including our pooled fund investment policies), conflict of interest guidelines, auditors, the business plan, and the annual budget. The Board Mandate provides details on how the BCI Board discharges the duties and responsibilities outlined in the Act, and the Board Code of Conduct establishes minimum standards of conduct expected of each director. Investment professionals, under the supervision of the CEO/CIO, make all investment decisions within the framework of the policies approved by the BCI Board and the policies established by BCI's clients.

To access the complete Board Mandate and Board Code of Conduct, visit [BCI.ca/board-of-directors](https://www.bci.ca/board-of-directors).

CORPORATE GOVERNANCE



## BCI BOARD COMPOSITION

The *Public Sector Pension Plans Act* requires the BCI Board to have seven Directors, as follows:

- One Director appointed by each of the following from among its members: College Pension Board, Municipal Pension Board, Public Service Pension Plan Board, and Teachers' Pension Plan Board.
- Two Directors appointed by the Minister of Finance for British Columbia who are representative of other clients.
- One Director appointed by the Minister of Finance for British Columbia who is designated to be the Chair of the BCI Board.

All Directors and the BCI Board Chair are non-executive Directors and independent of management.

## ROLE AND ACCOUNTABILITY OF THE CHIEF INVESTMENT OFFICER

The Act identifies BCI's Chief Investment Officer (CIO) as the Chief Executive Officer (CEO) with responsibility for supervising day-to-day operations and for performing duties relating to the management of the invested funds, including a determination of which assets to buy and sell. The CEO/CIO is accountable to the BCI Board for the efficiency and effectiveness of the corporation in conducting BCI's mandate. The CEO/CIO is also responsible for reporting to each client regarding the management and investment performance of their funds. Among other responsibilities, the CEO/CIO (or delegate) hires staff and external managers, prepares the annual business plan and budget, establishes

policies and procedures to meet operational objectives, and ensures that funds are managed prudently and appropriately.

## BCI BOARD COMMITTEES

The BCI Board has two standing committees:

- The Audit Committee, consisting of a minimum of two Directors, meets at least three times a year and oversees the audit programs, financial management controls, financial reporting, and compliance matters.
- The Human Resources and Governance Committee (HRGC), consisting of at least two Directors, meets at least three times a year and reviews human resource strategies, Compensation Philosophy, succession management, performance incentive plans, employee classification systems, and board governance.

The CEO/CIO attends all BCI Board and HRGC meetings, and the Chief Operating Officer (COO) attends all Audit Committee meetings on behalf of the CEO/CIO, although neither is a Director. The Executive Vice President, Human Resources, attends all HRGC meetings, and is not a Director.

## DIRECTOR ATTENDANCE

The BCI Board meets every quarter, with additional meetings arranged as required. In fiscal 2024, the BCI Board met as a whole six times, the Audit Committee met six times, and the HRGC met three times, and one strategic retreat was held to discuss BCI's F2025-F2027 Business Plan. Directors who are not members of a committee may observe those meetings.

Individual Directors' attendance details are included in their profiles on [pages 56 to 58](#).

## DIRECTOR COMPETENCIES, SKILLS, AND EXPERIENCE

This year, the BCI Board completed the Director competencies, skills, and experience matrix assessment. The matrix identifies the competencies expected of all Directors and asks Directors to rate their level for a set list of skills and experience. The results are used to determine the current Director's key skills and experience, which informs decisions about development opportunities and desired skills and experience for incoming directors. Collectively, the current Directors' key skills and experience include strategic planning, enterprise risk management, governance, senior/ executive leadership, and talent management.

BCI maintains an Institute of Corporate Directors membership for all Directors and budgets an amount for continuing education courses and conferences.

In addition, Directors indicate which areas of the business they require further information on, and management or external consultants present on these topics to enrich the Directors' knowledge of the business and support their oversight role.

## DIRECTOR ORIENTATION PROGRAM

Senior management leads the Director orientation program. New Directors are briefed on the BCI Board's role and responsibilities, BCI's business plan, budget, investment and risk management activities, human resource policies, and key operational functions.



**BCI BOARD & COMMITTEE APPOINTMENTS**



**PETER MILBURN**

- Director since December 31, 2016
- Current term to December 31, 2025
- Appointed by BC's Minister of Finance
- Independent



**WELDON COWAN**

- Director since September 1, 2021
- Current term to August 31, 2024
- Appointed by the College Pension Board of Trustees
- Independent



**GAYLE GORRILL**

- Director since June 18, 2018
- Current term to June 18, 2025
- Appointed by BC's Minister of Finance
- Independent

BCI BOARD & COMMITTEE APPOINTMENTS	ATTENDANCE	OTHER BOARD DIRECTORSHIPS / TRUSTEESHIPS / POSITIONS OF FIDUCIARY RESPONSIBILITY DURING THE LAST FIVE YEARS	TERM	BOARD CHAIR	BOARD CHAIR TERM	COMMITTEE APPOINTMENTS F2024
Chair, BCI Board (2016 – Present)	6/6 100%	Lucas Solutions Ltd.	2016 – pres.	Y	2016 – pres.	-
Director, BCI Board	5.5/6 92%	College Pension Board of Trustees	2005 – pres.	Y	2021 – 2022	-
Member, Human Resources and Governance Committee (2021 – Present)	2/3 67%	Interplan Trustee Education Committee	2005 – pres.	Y	2007 – pres.	-
Guest, Audit Committee	2/2 100%					
Director, BCI Board	6/6 100%	BCNet	2015 – pres.	Y	2019 – 2022	Governance and Human Resources, Finance
Chair, Audit Committee (Sept 2021 – Present)	6/6 100%	Canadian Association of University Business Officers	2011 – 2019	Y	2016 – 2017	-
		Heritage Realty Properties	2006 – 2021	N	-	-
Guest, Human Resources and Governance Committee	2/2 100%	Ocean Networks Canada	2008 – 2021	N	-	Finance and Audit, Governance and Human Resources
		University of Victoria Foundation	2006 – 2021	N	-	-
		University of Victoria Properties Investments Inc.	2006 – 2021	N	-	-



**BCI BOARD & COMMITTEE APPOINTMENTS**



**PAUL FINCH**

- Director since April 1, 2019
- Current term to March 31, 2025
- Appointed by the Public Service Pension Board of Trustees
- Independent

**BCI BOARD & COMMITTEE APPOINTMENTS**

**ATTENDANCE**

**OTHER BOARD DIRECTORSHIPS / TRUSTEESHIPS / POSITIONS OF FIDUCIARY RESPONSIBILITY DURING THE LAST FIVE YEARS**

**TERM**

**BOARD CHAIR**

**BOARD CHAIR TERM**

**COMMITTEE APPOINTMENTS F2024**

Director, BCI Board	6/6	100%	Affordable BC Housing Society	2020 – pres.	N	-	-
Member, Human Resources and Governance Committee (2019 – Present)	3/3	100%	Autism Canada	2020 – pres.	Y	2022 – pres.	Human Resources and Governance, Finance and Audit
			BC Public Service Pension Plans Plan Partner Representative BCGEU	2014 – pres.	N	-	-
			BC Federation of Labour	2014 – pres.	N	-	-
			BC Target Benefit Pension Plan	2014 – 2021	Y	2017 – 2021	-
			BCGEU	2011 – pres.	N	-	Finance, Human Resources and Governance, Administrative, Executive
			Canadian Capital Stewardship Network	2020 – 2024	Y	2022 – 2024	-
			Constellation Media Society	2020 – 2021	N	-	-
			National Union of Public and General Employees	2014 – pres.	N	-	Finance
			Public Service Pension Plan	2014 – pres.	N	-	Communications, Benefits
			Solidarity Holdings Ltd.	2011 – pres.	N	-	-
			Workers Capital Holding Society	2020 – pres.	N	-	-
Director, BCI Board	1/1	100%	Teachers Pension Board	2010 – pres.	N	-	-
Member, Audit Committee (2024 – Present)	1/1	100%					



**REG BAWA**

- Director since January 1, 2024
- Current term to December 31, 2026
- Appointed by the Teachers' Pension Board of Trustees
- Independent



**BCI BOARD & COMMITTEE APPOINTMENTS**



**DONNA LOMMER**

- Director since January 1, 2019
- Current term to December 31, 2024
- Appointed by the Municipal Pension Board of Trustees
- Independent



**SHEILA TAYLOR**

- Director since April 9, 2018
- Current term to December 31, 2024
- Appointed by BC's Minister of Finance
- Independent

BCI BOARD & COMMITTEE APPOINTMENTS	ATTENDANCE	OTHER BOARD DIRECTORSHIPS / TRUSTEESHIPS / POSITIONS OF FIDUCIARY RESPONSIBILITY DURING THE LAST FIVE YEARS	TERM	BOARD CHAIR	BOARD CHAIR TERM	COMMITTEE APPOINTMENTS F2024
Director, BCI Board	5/6 83%	Healthcare Benefits Trust	2014 – 2019	N	-	Audit, Finance
Member, Audit Committee (2019 – Present)	6/6 100%	Municipal Pension Plan	2017 – pres.	Y	2024 – pres.	Governance, Valuation
Guest, Human Resources and Governance Committee	1/1 100%					
Director, BCI Board	6/6 100%	BC Housing Management Commission	2022 – pres.	N		Governance and Human Resources, Capital Review, Business Transformation
Chair, Human Resources and Governance Committee (2019 – Present)	3/3 100%					

**DIRECTOR DIVERSITY**

The following charts outlines the diversity of members of the BCI Board during fiscal 2025 based on Directors' self-assessment:

**Race & Ethnicity**

BCI Board	14%
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**Gender**

	Women & Non-Binary	Men
BCI Board	43%	57%

Race & Ethnicity disclosure reflects the voluntary self-identification of all Directors who selected one or more of the following Races/Ethnicities: Asian, Black, Indigenous, Latin Hispanic, and/or Middle Eastern.



### DIRECTOR REMUNERATION

The Act provides that BCI may pay Directors’ remuneration, which has been set by the BCI Board and is consistent with the Province of British Columbia’s Treasury Board guidelines. Directors are paid an annual retainer and meeting fee for their service on the BCI Board and its committees. A Director is also compensated for attending meetings or conferences as a representative of BCI. If a Director receives remuneration from their employer for BCI Board or committee service, a component of their remuneration is paid to their employer.

Directors receive only one meeting fee for each 24-hour period. Members of committees will be paid a fee equal to a meeting fee for any committee meetings held on the same day as BCI Board or other committee meetings.

For fiscal 2024, the total remuneration for the BCI Board was \$281,199.78<sup>1</sup> (2022–2023: \$266,346.54).

#### 2023-2024 DIRECTOR RENUMERATION

	ANNUAL RETAINER	COMMITTEE CHAIR FEE	BCI BOARD MEETING FEE	COMMITTEE MEETING FEE	TOTAL
<b>Peter Milburn</b>	\$37,076	-	\$12,537	-	\$55,137 <sup>3</sup>
<b>Weldon Cowan</b>	\$18,538	-	\$11,619	\$2,752	\$32,910 <sup>4</sup>
<b>Gayle Gorrill</b>	\$18,538	\$6,181	\$12,537	\$6,479	\$44,670 <sup>3</sup>
<b>Paul Finch</b>	\$18,538	-	\$11,582	\$2,790	\$32,910 <sup>5</sup>
<b>Reg Bawa</b>	\$4,776	-	\$3,820	\$1,433	\$10,029 <sup>6</sup>
<b>Donna Lommer</b>	\$18,538	-	\$10,702	\$6,479	\$35,719 <sup>7</sup>
<b>Sheila Taylor</b>	\$18,538	\$6,181	\$11,582	\$2,790	\$41,384 <sup>3</sup>

#### DIRECTOR RENUMERATION

POSITION	YEAR	ANNUAL RETAINER <sup>2</sup>	PER DIEM <sup>2</sup>
<b>Board Chair</b>	2024	\$38,205.64	\$955.11
	2023	\$36,700.91	\$917.50
	2022	\$34,396.35	\$859.88
<b>Director</b>	2024	\$19,102.24	\$955.11
	2023	\$18,349.90	\$917.50
	2022	\$17,197.66	\$859.88
<b>Audit Committee Chair</b>	2024	\$6,367.79	\$955.11
	2023	\$6,117.00	\$917.50
	2022	\$5,732.90	\$859.88
<b>HRGC Chair</b>	2024	\$6,367.79	\$955.11
	2023	\$6,117.00	\$917.50
	2022	\$5,732.90	\$859.88
<b>Committee Member</b>	2024	-	\$955.11
	2023	-	\$917.50
	2022	-	\$859.88



COMPENSATION  
DISCUSSION &  
ANALYSIS

# Compensation Discussion & Analysis

## Top-tier talent driving long-term financial sustainability.

As a global, active investment manager, BCI offers rewarding career opportunities, supports professional development, and provides competitive base salaries and incentive pay to attract talent.

We are accountable to our clients for investment returns and the costs involved in managing their funds, as such, our incentive programs are designed to align the interests of management and clients.

### HUMAN RESOURCES AND GOVERNANCE COMMITTEE MANDATE

The Human Resources and Governance Committee (HRGC) assists the BCI Board in ensuring BCI retains a highly effective and engaged team, and that human resource practices align employee performance with client expectations.

### The HRGC monitors and makes recommendations to the BCI Board on the following:

- Trends and external market practices for compensation, benefits, and terms and conditions of employment
- Job classification system and compensation scale
- Comparators and competitive positioning of compensation
- Performance incentive plans
- Oversight of risks associated with human resources activities
- Employee code of conduct provisions
- Succession planning
- Professional development and training strategies
- New human resources strategies and supporting policies
- Self-evaluation plans of the BCI Board and its committees
- Best practices and trends in board governance

The HRGC consists of three Directors, appointed by the BCI Board, with diverse backgrounds and experience in business and human resources. Members are independent of management. Sheila Taylor is the Chair; Paul Finch and Weldon Cowan are Committee members. Other Directors may also attend Committee meetings as guests. The CEO/ CIO and Executive Vice President, Human Resources attend the meetings.

The HRGC meets at least three times a year. The Committee met on three occasions in fiscal 2024 and in-camera sessions were held at each meeting.



**COMPENSATION CONSULTANTS & EXTERNAL SOURCES**

The BCI Board conducts a comprehensive review of BCI's Compensation Philosophy and structure every three years with the support of an external advisor. The next triennial review of the Compensation Philosophy, pay levels, and pay mix – the proportions of base salary and other incentive pay – is set for fiscal 2026 as recent changes were implemented in fiscal 2023.

For all roles, the BCI Board looks at similar and/or equivalent positions within BCI's peer group, which consists of the Alberta Investment Management Corporation, Caisse de dépôt et placement du Québec, the Canada Pension Plan Investment Board, the Healthcare of Ontario Pension Plan, the Investment Management Corporation of Ontario, the Ontario Municipal Employees Retirement System, the Ontario Teachers' Pension Plan, and the Public Sector Pension Investment Board.

For non-investment roles, the BC Crown/public sector organizations are included in the salary reference sample. Additionally, sample data may be drawn from the broader financial services, general industry, and/or custom data sources.

The BCI Board uses the Willis Towers Watson Investment Management Compensation Survey as the primary source of data. Secondary data sources include broader Canadian investment management organizations and other external data. Surveys include positions ranging in seniority and responsibilities. Willis Towers Watson conducts formal market surveys in which BCI participates annually.

Throughout the year, BCI also participated in ad hoc or custom surveys sponsored by different market providers and/or peer organizations.

Market data is regularly reviewed to ensure that BCI pay levels are appropriately targeted and that our actual pay levels reflect the performance we achieve and closely align with our clients' returns.

**COMPENSATION PHILOSOPHY**

**BCI's Compensation Philosophy is:**

- We pay our people competitively in the markets in which we compete for talent and with consideration to internal equity and job structure.
- We aim for actual pay to be around the median of the market for target or expected levels of performance, and around the upper quartile of the market for excellent performance.

The philosophy is principles-based and emphasizes pay-for-performance, long-term results, and meeting clients' expectations. It provides the framework for all compensation-related decisions and practices.

BCI is committed to providing employees with total compensation opportunities that are competitive and equitable. Total compensation includes base salary and incentive pay, as well as benefits, pension contributions, and perquisites. Employees based outside of Canada are eligible to participate in defined contribution pension plans that were established based on local regulations and align with local market practices.

**BCI's compensation practices are guided by the following principles:**

- Aligned to and support BCI's short- and long-term strategies and objectives to ensure value for money
- Responsive to the different markets in which we compete for talent
- Managed on a total compensation basis
- Value cost-effectiveness and ease of administration
- Recognize differences in individual performance and reinforce desired behaviours
- Communicated clearly and consistently
- Provide a level of base salary, incentives, and benefits that is sufficiently competitive to the relevant markets
- Maintain consistency and equity, and establish internal job hierarchy

**COMPENSATION GOVERNANCE**

BCI's governance framework outlines the roles and responsibilities related to compensation and aligns with industry best practices.

**The framework includes the following governance authorities:**

- The BCI Board makes all structural and strategic decisions including: BCI's Compensation Philosophy; annual incentive plan (AIP) and long-term incentive plan (LTIP) policies; measures of return within the AIP and LTIP policies; and the inclusion of multi-year returns for asset



classes. They have approved the overall investment long-term absolute return benchmark, and annually approve the individual pooled funds benchmarks and overall investment return performance objectives (target and maximums).

- The Executive Talent and Compensation Committee (ETCC) makes administrative and performance measurement decisions related to AIP calculation criteria, including value driver weightings for AIP and multi-year timeframe for department and portfolio returns. The ETCC reviews all benchmark and performance objective recommendations, including the overall investment return and absolute return benchmark, for further approval by the CEO/CIO, as appropriate. The Committee comprises the Executive Management Team and is chaired by the Executive Vice President, Human Resources. The Chair may invite participants outside of the Executive Management Team, as appropriate.
- The Investment Risk Committee reviews all benchmark and performance objective recommendations for further consideration by the ETCC. This includes required performance objectives (target and maximums) for each pooled fund, asset class, and overall investment return, and all pooled fund benchmarks and related governance and implementation requirements. The Committee comprises key members of the Executive Management Team as well as BCI’s investment risk professionals.

The framework allows the BCI Board to focus on aligning strategic decisions with the Compensation Philosophy. It also formalizes the decisions under board discretion and those which are delegated to BCI management.

### JOB EVALUATION AND CLASSIFICATION PLAN

BCI’s job evaluation and classification plan is based on external benchmarking and a “job family” system comprising four categories. The plan provides internal consistency and measures knowledge, complexity, responsibility, and working relationships required of all positions.

#### The plan’s four job categories are:

- Investment: actively involved in the financial management and/or support of an asset portfolio or investment activities requiring an investment professional.
- Management/Leadership: works at a high operational and/or strategic level where decisions generally influence corporate policy and performance, and leadership of employees represents a significant portion of overall responsibilities.
- Professional/Technical: provides advanced knowledge in an area of expertise to give technical direction and leadership for a process, system, and/or functional area to protect the company and minimize risk.
- Enterprise Support: provides information and/or support for various operations and processes.





## COMPENSATION STRUCTURE

Our compensation structure includes a base salary, benefits, and pay-for-performance remuneration (variable pay) through the AIP and LTIP for senior roles. As a statutory corporation with one share with a par value of \$10, BCI does not issue share options to our employees.

**Base Salary:** Salary ranges are aligned with the results of custom and published surveys. Salaries are evaluated annually, and increases are based on the employee's performance.

**AIP:** To achieve the objectives set out in our business plan, we must attract, retain, and motivate skilled professionals. As BCI's compensation structure emphasizes pay-for-performance, all employees are evaluated on an annual basis. Assessments are based on the individual's accountabilities and their specific contribution to BCI's business plan.

All permanent and fixed-term employees are eligible to participate in the AIP. The plan provides employees with the opportunity to receive additional compensation based on the achievements of corporate objectives, investment performance, and individual efforts.

The AIP includes three value drivers for the asset classes and two value drivers for the non-asset-class departments. Determination of an AIP payment is based on investment return performance and on the results of an employee performance evaluation. The portion paid based on investment performance is conditional upon employees producing value-added investment performance relative to market and/or client benchmarks. The weighting assigned to

each of the value drivers may differ by position depending on the role and its impact on corporate performance.

### Driver 1: Overall Investment Return Performance:

Overall investment return performance is measured 70 per cent against relative industry benchmarks and 30 per cent against clients' absolute return objectives. The value-added component for relative returns is assessed net of investment management fees and expenses. This driver is intended to align overall investment performance with client expectations and requirements.

To reinforce that long-term investment returns matter and to ensure alignment with BCI's long-term investment horizon, the relative return is measured over a five-year timeframe and the absolute return is measured on a 10-year basis.

### Driver 2: Individual Contribution:

The employee's performance is measured against the accountabilities assigned to their role as outlined in their individual scorecards. This is intended to encourage and reward high performance.

### Driver 3: Investment Department Performance:

Performance is measured against the five-year market benchmarks for the asset class. Depending on the role, a greater weighting of total incentive pay is placed on the results of department and portfolio returns.

The maximum value-added objectives are consistent with client mandates and BCI's investment approach. These are designed to discourage excessive risk-taking consistent with BCI's investment philosophy of focusing on long-term results.

Prior to fiscal 2023, this driver included a one-year return performance measure. By removing the one-year measure as part of the last triennial compensation review, a greater emphasis is placed on long-term results.

**LTIP:** This plan is designed to attract and retain senior-level employees and align their commitment with our longer-term investment results.

- The plan provides a significant portion of compensation tied to the achievement of long-term investment performance and aligns employee total compensation to the long-term interests of our clients.
- Supports retention by deferring the receipt of a meaningful portion of compensation.

The long-term value-add measure in AIP has been used in LTIP since fiscal 2018, ensuring that a single measure is used for both plans. This further emphasizes long-term returns. The LTIP total award is disbursed over a three-year period with a maximum award of 100.0 per cent for each year. New employees participating in LTIP are eligible to receive the first payment after completing the first fiscal year of employment.

## BENCHMARKS AND COMPENSATION

BCI pursues a principles-based approach to asset class and portfolio benchmark selection. All benchmarks for fiscal 2024 and the value-add performance objectives (excess return targets and maximum) associated with each benchmark for incentive compensation calculations were reviewed in accordance with BCI's Benchmarking Policy.



The provisions apply to all pooled funds, asset classes, and other investment-related benchmarks and address the overall investment return performance, which is used as Driver 1 for AIP and LTIP programs.

**PERFORMANCE ASSESSMENT**

BCI's net assets under management grew by \$14.5 billion during the year to \$229.5 billion, reflecting investment gains of \$16.5 billion and client net withdrawals of \$2.1 billion.

As our clients have long-term financial obligations, we focus on meeting and exceeding their return expectations. Returns are important – for every \$100 a pension plan member receives in retirement benefits, on average \$75 is provided by BCI's investment activity.

Multi-year results are the best measure of BCI's performance. Over a five-year period, the combined pension plan portfolio (representing BCI's six largest pension plan clients) has generated an annualized return of 7.5 per cent against a benchmark of 7.2 per cent. This outperformance represents \$2.2 billion of value-added activity.

Over a 10-year period, BCI has generated an annualized return of 7.8 per cent against a benchmark of 7.1 per cent. This outperformance represents \$8.3 billion of value-added activity.

Over the 20-year period, BCI has generated an annualized return of 7.7 per cent against a benchmark of 6.9 per cent. In an ever-changing investment landscape, BCI outperformed the benchmark by 0.7 per cent, representing \$14.3 billion of value-added activity.

BCI's long-term returns exceed the required actuarial rates of return for all major pension plan clients. As a result, our pension plan clients' most recent funding ratios vary from 103 per cent to 133 per cent. The value-added performance is calculated as the clients' total portfolio return (net of all costs and fees) minus the benchmark return multiplied by the opening market value.

**LONG-TERM INCENTIVE PLAN CREDITS AND PAYMENTS**

BCI's strong multi-year performance generated a total award for fiscal 2024 of 84.2 per cent, with 100 per cent being the maximum towards a current and future long-term incentive plan grant.

LTIP total awards and instalments are derived from the past five and 10 years of returns related to relative industry benchmarks and absolute client return objectives, respectively. Total awards are deferred and disbursed in three equal instalments over three years.

**TOTAL COMPENSATION**

The total cost of salaries and benefits for our entire employee complement was \$315.1 million in 2023–2024 (13.7 cents per \$100 of net assets under management) compared to \$270.5 million in 2022–2023 (12.7 cents per \$100 of net assets under management).

The year-over-year change in total compensation was driven by the growth in our headcount.

As of March 31, 2024, BCI had 770 permanent employees compared to 711 at the end of fiscal 2023. This represents an eight per cent year-over-year increase in the size of our

workforce. We continue to expand our global footprint with the growth of our international office in New York, the opening of our London, U.K. office, and our presence in Mumbai, India.

**EXECUTIVE COMPENSATION**

Total compensation for BCI's named executive officers was \$24.9<sup>1</sup> million in 2023–2024 (\$20.6 million in 2022–2023). The AIP and LTIP payments for the CEO/CIO and the other named executive officers reflect the industry-aligned pay-for-performance compensation levels. Payments reflect the investment performance for the fiscal year and recognize their individual contributions and those of their respective departments.

The compensation of the five named executive officers in place at fiscal year-end, with comparable amounts for 2022–2023 and 2021–2022, is disclosed in the Summary Compensation Table on [page 65](#).





## SUMMARY COMPENSATION TABLE

NAME AND PRINCIPAL POSITION	YEAR	CURRENCY	BASE SALARY	ANNUAL INCENTIVE <sup>1,2</sup>	LONG-TERM INCENTIVE PLAN <sup>1,2</sup>	PENSION CONTRIBUTIONS <sup>3</sup>	OTHER BENEFITS <sup>4</sup>	TOTAL COMPENSATION <sup>5</sup>
<b>Gordon J. Fyfe</b> Chief Executive Officer / Chief Investment Officer	<b>2023 – 2024</b>	<b>CAD</b>	<b>\$673,723</b>	<b>\$1,861,497</b>	<b>\$2,508,054</b>	<b>\$70,417</b>	<b>\$278,109</b>	<b>\$5,391,800</b>
	2022 – 2023		\$641,641	\$1,924,923	\$2,143,097	\$66,956	\$267,871	\$5,044,488
	2021 – 2022		\$622,576	\$1,767,938	\$1,427,126	\$64,824	\$214,879	\$4,097,342
<b>Daniel Garant</b> Executive Vice President & Global Head, Public Markets	<b>2023 – 2024</b>	<b>CAD</b>	<b>\$562,000</b>	<b>\$1,447,824</b>	<b>\$1,424,360</b>	<b>\$59,413</b>	<b>\$192,467</b>	<b>\$3,686,064</b>
	2022 – 2023		\$515,000	\$1,416,250	\$1,181,952	\$54,482	\$173,835	\$3,341,518
	2021 – 2022		\$484,692	\$859,796	\$772,452	\$51,242	\$82,965	\$2,251,148
<b>Lincoln Webb</b> Executive Vice President & Global Head, Infrastructure & Renewable Resources	<b>2023 – 2024</b>	<b>CAD</b>	<b>\$525,000</b>	<b>\$1,352,505</b>	<b>\$1,246,974</b>	<b>\$55,768</b>	<b>\$177,140</b>	<b>\$3,357,387</b>
	2022 – 2023		\$475,000	\$1,306,250	\$999,594	\$50,542	\$159,029	\$2,990,415
	2021 – 2022		\$407,754	\$787,277	\$618,396	\$43,664	\$104,701	\$1,961,792
<b>Ramy Rayes</b> Executive Vice President, Investment Strategy & Risk <sup>6</sup>	<b>2023 – 2024</b>	<b>CAD</b>	<b>\$450,000</b>	<b>\$1,036,125</b>	<b>\$933,479</b>	<b>\$48,381</b>	<b>\$139,654</b>	<b>\$2,607,639</b>
	2022 – 2023		\$390,000	\$975,000	\$634,212	\$42,169	\$119,648	\$2,161,029
	2021 – 2022		\$285,922	\$553,122	\$281,552	\$32,081	\$64,317	\$1,216,993
<b>Jim Pittman</b> Executive Vice President & Global Head, Private Equity <sup>7</sup>	<b>2023 – 2024</b>	<b>USD</b>	<b>\$600,000</b>	<b>\$1,967,280</b>	<b>\$1,090,517</b>	<b>\$35,646</b>	<b>\$208,888</b>	<b>\$3,902,330</b>
	2022 – 2023	CAD	\$475,000	\$1,306,250	\$999,594	\$50,542	\$158,175	\$2,989,561
	2021 – 2022	CAD	\$407,754	\$787,277	\$618,396	\$43,664	\$102,937	\$1,960,028



ANNUAL  
CLIMATE-RELATED  
DISCLOSURES

# Annual Climate-related Disclosures

## Aligning with the IFRS S2 Recommendations

The IFRS Foundation launched the International Sustainability Standards Board (ISSB) at COP26 in November 2021, in response to market demand. The ISSB aims to create a global baseline of sustainability disclosures for investors and financial markets. As sustainability factors become integral to investment decisions, there is a growing need for consistent, high-quality information on sustainability risks and opportunities. The ISSB seeks to streamline the current fragmented landscape of voluntary standards and reduce costs, complexity, and risk for companies and investors. The board's work is supported by organizations such as the G7, G20, International Organization of Securities Commissions (IOSCO), and Financial Stability Board, as well as finance ministers and central bank governors from over 40 jurisdictions. In June

2023, the ISSB released the IFRS Sustainability Disclosure Standards, including IFRS S2 which is the standard for climate-related disclosures.

BCI strongly supports the goals of the ISSB and is committed to encouraging adoption of its standards across all global jurisdictions. To the extent possible, BCI has aligned our annual climate-related disclosures with IFRS S2. This standard builds upon existing reporting frameworks and recommendations, and uses the same structure as the Task Force on Climate-Related Financial Disclosures (TCFD), which BCI has followed since 2018. As BCI evolves our disclosures to align with IFRS S2, elements of our past disclosure will be retained to ensure consistency for readers.



# Governance

## BCI'S GOVERNANCE AROUND CLIMATE-RELATED OPPORTUNITIES AND RISKS

**IFRS S2 Standard:** Understand the governance processes, controls and procedures used to monitor, manage, and oversee climate-related risks.

BCI operates under a dual accountability model as set out in the *Public Sector Pension Plans Act*, which provides the legislated accountability we have to our clients and the BCI Board of Directors. Our clients set out their investment policies and management frameworks, and BCI's Chief Investment Officer (CIO) is accountable to each client for their investment returns and the management of their funds.

BCI's Board of Directors are appointed by our clients and British Columbia's Minister of Finance. The BCI Board is accountable for overseeing BCI's operations and ensuring proper reporting and accountability to our clients.

## OUR BOARD'S ROLE

BCI's Board is not involved in making investment decisions but is actively involved in ensuring that all key operational risks and investment risks are analyzed by BCI and reported to clients. The BCI Board approves the **ESG Governance Policy** and reviews it on an annual basis. The ESG Governance Policy establishes the governance framework and articulates the general approach and related roles and responsibilities at BCI regarding ESG. The policy applies to all ESG issues, including climate change which is specifically addressed by the BCI Board and BCI executive committees.

In fiscal 2024, the BCI Board received progress updates on BCI's Climate Action Plan and updates on the climate signposts we monitor. The BCI Board reviewed climate-related KPIs and our results from the PRI assessment. The BCI Board received education on topics such as climate change scenario analysis and reporting on BCI's climate strategy and risk assessment process. The BCI Board also evaluates revisions to our overall approach and specific actions we are taking to address climate change.

## MANAGEMENT'S ROLE

BCI's CEO/CIO and senior management committees review and approve our climate strategy and climate-related risk management approach. BCI's ESG Governance Policy, Climate Action Plan, and ESG Strategy assign responsibility to the senior management committees to oversee the state of climate-related risks and BCI's progress toward achieving each component of our strategy. For individual investment decisions, the Management Investment Committee receives climate-related risk and opportunity analysis as part of every investment risk review, where material. Detailed physical and transition climate change risk analysis is reviewed by asset class investment teams where climate related opportunities, value creation ideas, mitigation measures, and valuation impacts are addressed. Climate-related investment opportunities may also be presented and approved at the CEO/CIO level where authority has not been delegated to other senior executives within the corporation. In fiscal 2024, the Management Investment Committee approved a pilot approach for capturing climate-related investment opportunities.





# Strategy

**The actual and potential impacts of climate-related opportunities and risks on BCI's operations, strategy, and financial planning.**

**IFRS S2 Standard:** Understand BCI's strategy for managing climate-related risks and opportunities.

Climate change continues to present opportunities and risks across all timeframes and is a key systemic risk expected to continue impacting all markets and investments that BCI makes on our clients' behalf.



## Transition Risks and Opportunities

**Short term – 5 years** Making progress on climate policies was challenging in fiscal 2024 and energy markets remained disrupted due to the war in Ukraine and other conflicts. A challenging negotiation at COP28 resulted in incremental policy signals, and for the first time, a statement from fossil fuel-producing countries calling for a just transition away from fossil fuels, but without an explicit commitment for a phase out. Anti-ESG sentiment in some jurisdictions has created some hesitancy among companies to promote their climate initiatives, and we have seen a roll back of climate-related targets by some major oil companies. At the same time, policies such as the Inflation Reduction Act in the U.S. are incentivizing investment in decarbonization opportunities. Policy changes globally to reduce climate change are more likely to increase over time than to be reversed. The elections globally in 2024 will be crucial for determining the future direction and pace of these changes. BCI's policy advocacy in the short term will continue to promote regulatory and policy ambition and certainty to increase the pace of action toward the global goal of net zero by 2050. This is an investment opportunity that will require many kinds of capital. BCI is actively evaluating where different forms of capital will be needed by the market and where this leads to investment opportunities across the portfolio.

**Medium term 10 – 15 years** Transition opportunities and risks are expected to increase in importance for pricing assets across all markets but will vary by region. The transition opportunities will solidify for some industries and sectors in the medium term. We see capital-intensive sectors needing the most policy support to create the right market conditions to scale clean technologies. Companies that enable low-carbon electricity grids, alternative green sources of energy, and decarbonization of the industrials sector will present transition opportunities for investors.

**Long term** Over the long term, an orderly transition to a low-carbon economy that is aligned with a net-zero (1.5 °C) scenario will ultimately benefit our client's portfolios. However, current global government commitments are not sufficient to meet that goal. BCI's engagement and advocacy efforts will continue to focus on supporting public policies and regulations that enable an orderly and predictable transition and aim to prepare companies to be resilient under any scenario. BCI will continue to use our influence as a large institutional investor to help avoid the negative long-term economic outcomes that may result from climate change, which is crucial for meeting our long-term return objectives.

## Physical Risks

In the short term, physical risks to BCI's investments are expected to materialize in isolated incidents across the portfolio. These short-term manifestations of the long-term warming we are experiencing are actively evaluated and considered across investments. Due diligence is conducted where material physical risks are identified. Data that allows BCI to fully analyze these risks is improving. Mitigation measures are included where appropriate, such as purchasing adequate insurance, creating climate change adaptation plans, or the disposition of assets.

Physical risks from climate change increase in likelihood and severity under all climate change scenarios and, in the medium term, have the potential to impact real assets and supply chains as these risks become more explicitly priced-in. To manage this risk, BCI uses specialized physical risk tools and data to evaluate such damages across all time frames.

We understand there will be long-term physical impacts due to climate change and that extreme weather events will be greater in frequency at higher degrees of warming. A high warming scenario is expected to negatively impact the portfolio performance over the long term, illuminating the need for investments in adaptation and adjusting portfolios accordingly.



### STRATEGY AND DECISION-MAKING

**BCI has created a Climate Action Plan to identify and manage the climate-related risks and opportunities across all aspects of our investment activity.**

The plan is comprised of four parts: Manage Risks; Integrate; Seek Opportunities; and Engage & Advocate. Climate-related risks and opportunities are factored into each asset class and investment strategy in a consistent manner while adapting the specific approach to the asset class context.

BCI integrates climate-related considerations into our investment decisions using various tools, such as scenario analysis, sensitivity analysis, physical risk assessment, ESG reviews, SDI Asset Owner Platform (AOP) data, and external surveys. We use our ESG Risk and Opportunity Framework to measure and evaluate the exposure of each asset class to climate change risks and opportunities under different scenarios.

### CLIMATE RESILIENCE AND CLIMATE SCENARIO ANALYSIS

We use internal scenarios based on Network for Greening the Financial System (NGFS) data to estimate the net economic impacts of climate change across all asset types. Each asset class has different climate risks and opportunities, and we use specialized tools and processes to factor them into our investment decisions.

### BCI'S CLIMATE SCENARIO ANALYSIS

<b>1.5°C scenario</b>	Rapid and extensive decarbonization across all industries, with short-term transition costs but long-term economic benefits. High demand for low-carbon energy infrastructure and critical minerals.
<b>2°C scenario</b>	Similar to 1.5°C, but less ambitious decarbonization and less transition investment in the short term. Low-carbon infrastructure still offers substantial investment opportunities.
<b>3°C scenario</b>	Slow and partial decarbonization, with less immediate impact on the energy system but more severe physical damages in the medium and long term. Supply chain disruption and food insecurity create chronic impacts.

By using climate risk management tools, we aim to enhance the resilience of our portfolio companies and create a climate-resilient investment strategy across all asset classes.



# Risk Management

**BCI'S process for identifying, assessing and managing climate-related risks.**

**IFRS S2 Standard:** Understand the process for identifying, assessing, prioritizing, and monitoring climate-related risks and opportunities.

Climate risks are assessed during due diligence, and throughout the investment lifecycle to ensure climate change is an ongoing consideration in the investment decision, asset management, and stewardship activities. Each asset class identifies, analyses, prioritizes, and monitors material climate change risks and opportunities for new and existing investments.

## ENGAGEMENT ACTIVITY

Based on our assessment of material ESG risks in our portfolio, climate change has been a top engagement priority for BCI for more than a decade. We engage with company management, boards, regulators, and standard-setting bodies through four main activities:

- **Proxy Voting:** we continue to increase our expectations of companies regarding climate-related disclosure, targets, plans, and performance. Increasingly, we are asking public companies to enhance their disclosure of climate-related risks, provide their emissions data, set science-based targets, and incorporate climate assumptions and risk assessments in their audited financial statements. We support shareholder proposals on climate change, where the proposals align with our engagement objectives, to publicly signal our expectations that companies must act quickly to address this systemic risk. We also hold directors accountable for weak responses to climate change risks. To implement this, we employ several watchlists to identify companies that fall short of our expectations.

- **Direct Engagement:** we focus on improving climate change performance and achieving better disclosure from invested companies.
- **Collaborative Engagement:** we work with our peers globally to improve disclosure related to climate change, as well as ask companies to take action to reduce GHG emissions. In fiscal 2024, we participated in 4 collaborative engagements targeting 3,446 companies. For example, BCI has been actively involved in Climate Action 100+ since 2017 and participates in efforts to encourage the world's largest GHG emitters to meet the objectives of the Paris Agreement. Between 2020 and 2022, we saw a 127 per cent increase in global **Climate Action 100+** companies with net-zero targets
- **Policy Advocacy:** we advocate for policy changes that will improve the investing environment for long-term investors, including 13 climate-related policy submissions in fiscal 2024, such as submissions supporting the adoption of the IFRS Sustainability Disclosure Standards and strengthening methane regulations in the U.S. and Canada.

This strategy promotes a stable, transparent, and ultimately, improved investment environment. We continue to expand our efforts across all investments and asset classes to ensure our climate-related engagement influences all areas of the investment universe.





**RISK MANAGEMENT**

Managing climate-related risks starts with ensuring that a detailed evaluation of the risks is incorporated into each investment decision. Dedicated teams across the organization provide analysis and insight into investment decisions to ensure climate-related risks are managed throughout the investment lifecycle. Outputs from climate change scenario analysis, carbon footprint data, and physical risk assessments are provided to our clients, portfolio managers, the executive management team, and BCI’s Board.

In our public market investments, climate change indicators are integrated into internally managed, fundamental active equity mandates largely based on the SASB framework. In our private market investments, we commission and review reports on legal, environmental, regulatory, and other climate factors in direct private asset due diligence. BCI has developed a materiality assessment that includes climate for private markets also based on SASB. We use the outcomes of this analysis to engage with portfolio companies to ensure

they are appropriately acting to mitigate and plan for these risks and where possible, taking advantage of opportunities to add value to their business.

Climate-related risk management at the total portfolio level occurs through ongoing updating and modelling of climate change scenarios and integrating decision-useful data that informs investment strategy and asset allocation decisions. Individual investments that receive investment risk reviews are assessed for material climate change risks and, where material, are factored into the ESG risk assessment that is delivered to the investment committee.





# Metrics & Targets

The metrics and targets BCI uses to assess and manage relevant climate-risks and opportunities.

**IFRS S2 Standard:** Understand BCI's performance in relation to its climate-related risks and opportunities, including progress towards any climate-related targets it has set.

BCI's Climate Action Plan includes the metrics we follow to track our progress. The primary metrics include:

- Number of portfolio companies with mature net-zero commitment or otherwise engaged by BCI
- Relative impact of climate scenarios on total expected returns
- Total portfolio carbon footprint measured in tonnes of carbon dioxide equivalent per million dollars invested
- Weighted average carbon intensity (WACI) for public equities
- Capital invested in climate-related opportunities
- BCI's operational carbon footprint
- Sustainable bond participation and tracking with an expectation of \$5 billion initial participation by 2025

## CARBON-INTENSIVE INVESTMENTS WITH NET-ZERO ALIGNED COMMITMENTS

In 2022, we made a commitment to ensure at least 80 per cent of our carbon-intensive investments<sup>1</sup> have set mature net-zero aligned commitments by 2030, or are the subject of direct or collaborative climate engagement by BCI.

We use an internal methodology that leverages several datasets and benchmarking tools to derive our assessment. We updated our methodology this year which increased the requirements we are using to assess companies as having mature commitments. This caused some investments to get re-categorized and decreased the percent of mature investments. More information on our commitment definitions can be found in our [Climate Action Plan](#).

### CARBON-INTENSIVE INVESTMENTS WITH NET-ZERO ALIGNED COMMITMENTS (%)<sup>2</sup>

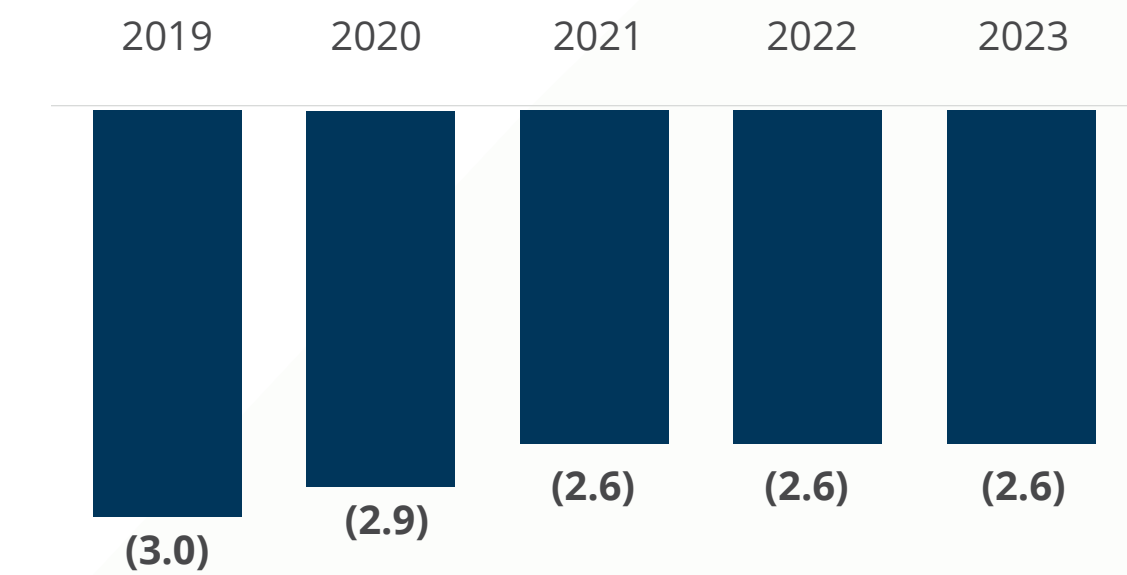
	Commitments		
	Mature	Emerging	None
2022 Baseline	25%	53%	22%
Current	11%	63%	26%

## RELATIVE IMPACT OF CLIMATE SCENARIOS ON TOTAL EXPECTED RETURNS

Between 2018 and 2020, asset allocation decisions, informed by climate change scenario analysis, decreased the climate risk level for the portfolio and increased the potential for transition opportunities. Climate risk in the portfolio has remained relatively stable since 2020, and we expect the actions in our Climate Action Plan will continue to reduce this risk level going forward.

### HISTORICAL TOTAL PORTFOLIO CLIMATE CHANGE RISK LEVEL (LONG TERM 2°C SCENARIO)<sup>3</sup>

Net expected portfolio loss (%)





### CLIMATE-RELATED OPPORTUNITY EXPOSURE

BCI calculates our climate-related opportunity exposure of the portfolio using the SDI AOP<sup>1</sup>, green building classifications, Green Bond Taxonomy, and investments in climate-themed opportunities. Details can be found in our Climate Action Plan.

Using this methodology, our climate opportunity exposure was approximately \$10.7 billion at March 31, 2023, compared to \$11.1 billion at March 31, 2022. The climate-related exposure decreased primarily due to valuations and ownership changes in the real estate portfolio.

### ENGAGEMENT ACTIVITY TARGETS AND METRICS

**BCI uses the following targets relating to our engagement activities.**

Within our public markets department, BCI is committed to increasing the following KPIs for the Canadian, U.S., and global markets:

- **CDP-related KPIs:**

- Percentage of respondents that have adopted an internal price on carbon
- Percentage of respondents that received the highest CDP score placing them on the A-list
- Percentage of respondents with any type of climate target

- **Target adoption across Climate Action 100+ companies:**

- Percentage of companies with net-zero target
- Percentage of companies with a net-zero target covering Scope 3 emissions<sup>2</sup>
- Percentage of companies with a long-term climate target
- Percentage of companies with a medium-term climate target
- Percentage of companies with a short-term climate target

- **Tracking adoption of net-zero and science-based targets across select indexes and high emitters in BCI's portfolio:**

- Percentage of index or portfolio emissions linked to net-zero targets for Scope 1 and Scope 2 emissions<sup>2</sup>
- Percentage of index or portfolio emissions linked to science-based targets
- Number and percentage of companies with net-zero targets
- Number and percentage of companies with science-based targets



### BCI'S GHG EMISSIONS

BCI measures and reports our operational emissions as well as our investment-related portfolio carbon footprint separately each year. BCI applies the operational control approach to our organizational boundary and, therefore, emissions associated with our portfolio of investments represent Scope 3 Category 15 as defined by the GHG Protocol. We continue to evolve with industry best practices to ensure we use and report the most appropriate metrics.

### BCI OPERATIONAL GHG EMISSIONS

BCI calculates our operational emissions using standard corporate carbon accounting practices informed by the GHG protocol. Data is collected across all our offices, and Scope 3 emissions includes business travel related emissions and emissions from waste and recycling at our offices. BCI's operational emissions increased over the past calendar year as we continued to expand our global presence with the opening of our London office. The increase in business travel was necessary for our team to conduct proper due diligence and effectively manage our growing portfolio of global assets and investments. To offset these emissions, we are once again procuring and retiring offsets from the Big Coast Forest Climate Initiative on Vancouver Island, a region closely connected to the origins of our business and the location of many of our clients.

### BCI OPERATIONAL GHG EMISSIONS BY SCOPE

As at December 31

BCI Operational GHG Emissions	2021	2022	2023
Scope 1: Direct emissions (building heating - natural gas)	45	51	49
Scope 2: Indirect emissions (building electricity consumption)	21	26	65
Scope 3 <sup>1</sup> : Indirect emissions (business, travel, recycling, waste)	319	3,088	3,810
Total emissions generated	385	3,165	3,924
<b>Total offsets purchased</b>	<b>385</b>	<b>3,165</b>	<b>3,924</b>

### BCI'S INVESTMENT-RELATED CARBON FOOTPRINT

BCI's portfolio carbon footprint is calculated based on our internally developed methodology that follows industry best practices for a multi-asset class fund and is informed by the **Partnership for Carbon Accounting Financials (PCAF standard)**, an industry-led partnership that provides detailed methodological guidance to measure and disclose GHG emissions for the financial industry. At the aggregate total portfolio level, we are reporting the intensity of the portfolio carbon footprint and the total financed emissions across all asset classes (with the exception of sovereign debt) using an enterprise value approach to allow the inclusion of equity and corporate debt investments. The carbon footprint of the sovereign debt portfolio is reported separately and uses a methodology that aims to measure the amount of carbon emissions financed by BCI based on the owned share of that country's debt. For public equities, we also calculate the WACI of the portfolio which provides a useful metric to understand the exposure in the portfolio to carbon intensive companies per unit of revenue.

Following the release of the global sustainability reporting standards by the ISSB, it is anticipated that the methods for measuring emissions, along with the improvement of the underlying data, methodologies, and controls, will become more uniform over time. Carbon emissions data is inherently imprecise given the nature and methods used to collect and calculate such data. The reliance on third-party and company supplied data by investors in order to conduct a carbon footprint measurement across a multi-asset class portfolio limits the precision of the results. As methodologies and



data quality continues to improve over time and becomes more standardized, BCI plans to evolve our approach in line with the industry.

**PORTFOLIO CARBON FOOTPRINT RESULTS**

Measured as of March 31, 2023, BCI’s portfolio carbon footprint intensity decreased by 31 per cent compared to fiscal 2020. The decrease is mainly due to overall emission reductions at several of the highest emitting assets in the portfolio. The private markets also continued to invest in lower carbon intensive assets over this time which also led to an overall decrease in the private market portfolio carbon footprint. In public markets, corporate fixed income contributed to the overall reduction due to an increased focus on green and sustainable bonds and reducing exposure to carbon-intensive issuers. In public equities, the internal actively managed portfolios continued to invest in securities that in aggregate kept the carbon footprint below the public equities benchmark intensity and contributed to a continued reduction in the overall portfolio emission intensity over time. Between fiscal 2022 and fiscal 2023, there was a slight increase in the total portfolio carbon footprint intensity, but this was primarily due to expanding the coverage in the higher intensity private market portfolio, which, on a weighted basis, caused an increase even though all asset classes were decreasing in intensity. Details on each asset class are provided in the methodology section. This provides a good indication that our Climate Action Plan is being executed and leading to a reduction in the portfolio exposure to higher emitting investments.

**BCI PORTFOLIO CARBON FOOTPRINT<sup>1</sup>**

As at March 31

	Carbon Footprint (tonnes of CO <sub>2</sub> e/\$million)			
	F2020	F2021	F2022	F2023
BCI Total Portfolio	91	63	60	63

Refer to [page 79](#) for detailed carbon footprint by asset class and comparisons to benchmark.

**PUBLIC EQUITIES PORTFOLIO CARBON EXPOSURE: WACI**

In 2020, BCI began disclosing the carbon exposure of the public equities program using the TCFD-recommended WACI calculation. This metric describes the portfolio exposure to carbon-intensive companies expressed in tonnes of CO<sub>2</sub>e per \$M in revenue to obtain the carbon intensity of the investment relative to the value of the investment in the portfolio. Our investment strategy and focus on integrating ESG into our active investment approach will continue to allow BCI to manage the reduction of the carbon exposure of the public equities program over time. We are pleased to report that between 2019 and 2023, we have seen a decrease of over 40 per cent in the public equities WACI, exceeding our expectation to reach this level by 2025. This is primarily due to the continued execution of BCI’s investment strategies and is an indication that we are seeing the engagement activity and active integration of climate considerations in the investment decision-making process working.

**PUBLIC EQUITIES WACI<sup>2</sup>**

As at March 31

	Carbon Footprint (tonnes of CO <sub>2</sub> e/\$million)				
ASSET CLASS	F2019	FY2020	F2021	F2022	F2023
Public Equities	173	151	164	132	104
<i>Benchmark</i>	<i>197</i>	<i>171</i>	<i>177</i>	<i>160</i>	<i>150</i>



# Portfolio Carbon Footprint Methodology

**BCI's internally developed methodology to calculate and report portfolio carbon footprint-related metrics.**

## SCOPE

In-scope investments include the asset types that BCI has developed a methodology that allows for the estimation of financed emissions informed by available standards and industry practices. Out-of-scope investments include investment strategies with data limitations and asset types with insufficient methodology guidance or standards. The scope of the calculation is reviewed annually to determine if it is possible cover additional investments.

## COVERAGE

Coverage is calculated by taking the market value of investments for which GHG emissions are available or can be estimated, divided by the market value of all investments that are in-scope for BCI's carbon footprint methodology. The percentage of BCI's investments covered by a reported carbon footprint metric is 86 per cent for fiscal 2023.

### ASSET CLASSES AND INSTRUMENT TYPES INCLUDED IN THE CARBON FOOTPRINT-RELATED METRICS

Asset Class	In-scope Investments	Out-of-scope Investments	
<b>Corporate Fixed Income</b>	<ul style="list-style-type: none"> <li>• Corporate Bonds</li> <li>• Private Placements</li> </ul>	<ul style="list-style-type: none"> <li>• Money Market</li> <li>• Derivatives</li> <li>• Alternative Products</li> </ul>	<ul style="list-style-type: none"> <li>• Private Debt</li> <li>• Cross Holdings</li> </ul>
<b>Public Equities</b>	<ul style="list-style-type: none"> <li>• Common Stock</li> <li>• Preferred Stock</li> <li>• Private Placements</li> </ul>	<ul style="list-style-type: none"> <li>• Global Partnership Funds (GPF)</li> <li>• Derivatives</li> <li>• Exchange Traded Funds</li> </ul>	<ul style="list-style-type: none"> <li>• Alternative Products</li> <li>• Cash and Cash Equivalents</li> <li>• Cross Holdings</li> </ul>
<b>Private Markets</b>	<ul style="list-style-type: none"> <li>• Principal Investments</li> <li>• Fund Investments</li> <li>• Common Stocks</li> </ul>	<ul style="list-style-type: none"> <li>• Derivatives</li> </ul>	
<b>Real Estate</b>	<ul style="list-style-type: none"> <li>• Domestic Real Estate Equity</li> </ul>	<ul style="list-style-type: none"> <li>• International Real Estate Equity</li> <li>• Real Estate Debt</li> </ul>	
<b>Sovereign Bonds<sup>1</sup></b>	<ul style="list-style-type: none"> <li>• Sovereign Debt</li> <li>• Supranational Debt</li> </ul>	<ul style="list-style-type: none"> <li>• Provincial Bonds</li> <li>• Municipal Bonds</li> <li>• Leveraged Bond Fund</li> </ul>	





## METRICS DISCLOSED

### ABSOLUTE FINANCED EMISSIONS

BCI uses a PCAF-informed internally developed enterprise value approach, which attributes our share of an asset's emissions based on BCI proportionate share of the asset's enterprise value – accounting for both debt and equity share in an asset. Scope 1 and 2<sup>1</sup> emissions are included for each asset. At this time, the Scope 3 emissions of investee companies are excluded from our methodology due to data quality, comparability, coverage and standards in place in the market.

Where company level emission data is not available, BCI calculates GICS sub-industry emission intensities using data from S&P Trucost and applies this as a proxy to estimate the GHG emissions of an investee company. The sub-industry intensity is applied to a company based on a hierarchy of company specific financial information<sup>2</sup> based on data availability.

### BCI'S FINANCED EMISSIONS<sup>3</sup>

As at March 31

#### Financed Emissions (tonnes CO<sub>2</sub>e)

ASSET CLASS	F2020	F2021	F2022	F2023
<b>Public Markets Total</b>	2,282,078	2,617,396	1,908,487	1,461,340
<i>Corp. Fixed Income</i>	352,302	204,033	170,859	159,529
<i>Public Equities</i>	1,929,776	2,413,363	1,737,628	1,301,811
<b>Real Estate</b>	126,508	114,929	88,177	73,349
<b>Private Markets</b>	4,638,020	3,739,326	3,697,381	4,641,574
<b>BCI Total Portfolio</b>	<b>7,046,607</b>	<b>6,471,651</b>	<b>5,694,045</b>	<b>6,176,263</b>





## ASSET CLASS METHODOLOGIES

### PUBLIC MARKETS

The public markets financed emissions are calculated by taking the sum of BCI equity and debt in each issuer divided by the enterprise value including cash of that issuer and multiplying the ratio by the Scope 1 and 2 carbon emissions for each issuer.

$$\text{Financed emissions (tonnes Co}_2\text{e)} = \sum \frac{\text{BCI Equity + Debt in Issuer}}{\text{Issuer Enterprise Value Including Cash}} \times \text{Issuer Scope 1 and 2 emissions}$$

BCI used data provided by Trucost, a division of S&P Global, which provides climate data, analytics, and advisory services to financial market participants. Trucost applies the following approach for estimating emissions:

1. Company-reported emissions
2. Estimate based on company-specific factors
3. Proprietary sector-based model

Trucost also estimates additional greenhouse gasses where CO<sub>2</sub> is the only gas disclosed by a company to be conservative in their approach. Any public equity or credit investment not covered by the Trucost database are estimated by proxy using the BCI's sub-industry estimation approach described above.

For our government bond holdings, the PCAF Sovereign methodology informed the approach and carbon data from Trucost is used to calculate the carbon footprint intensity of these holdings.

### PRIVATE MARKETS

$$\text{Financed emissions (tonnes CO}_2\text{e)} = \sum \frac{\text{BCI Equity + Debt in Issuer}}{\text{Issuer Enterprise Value}^1} \times \text{Issuer Scope 1 and 2 emissions}$$

BCI works with directly held private investments and our general partners to obtain emissions data for this asset class, and together are working to increase the quality and coverage of carbon data in private markets. As a result, for 2023, the coverage of financed emissions for BCI's private market portfolios increased. We are members of the ESG Data Convergence Initiative (EDCI) which aims to improve the overall transparency and availability of ESG data in private markets.

While guidance for calculating the financed emissions of private market funds is currently absent, BCI's internal methodology has been developed to include these investments in-scope. The approach for private market funds follows our approach using GICS sub-industry emission intensities to estimate the financed emissions of the investments.

### REAL ESTATE

QuadReal manages the real estate investment portfolio for BCI and conducts a property level carbon footprint for the domestic portfolio. Financed emissions for the real estate portfolio is calculated based on BCI's internally developed approach to apportion the building level emissions based on BCI's ownership of individual properties and QuadReal's emission accounting approach.

$$\text{Financed emissions (tonnes CO}_2\text{e)} = \sum \text{BCI's ownership per building} \times \text{Building Scope 1 and 2 emissions}$$

### SOVEREIGN BONDS

BCI's financed emissions from government bond investments are calculated using a methodology informed by the PCAF Sovereign approach and approach with data sourced from Trucost. The methodology uses an approach to attribute emissions for sovereign debt allowing for a link to the real economy impact. Methodologies for sovereign bond carbon footprint measurement continues to evolve across the industry with a wide variety of approaches currently in use.

#### SOVEREIGN BOND CARBON FOOTPRINT

As at March 31

ASSET CLASS	Carbon Footprint (tonnes CO <sub>2</sub> e/\$ million)			
	F2020	F2021	F2022	F2023
Sovereign Bonds	359	352	319	304



### TOTAL PORTFOLIO CARBON FOOTPRINT

The total portfolio carbon footprint intensity is calculated by taking the sum of financed emissions across public equity, corporate fixed income, private markets and real estate and dividing by the market value of covered<sup>1</sup> investments:

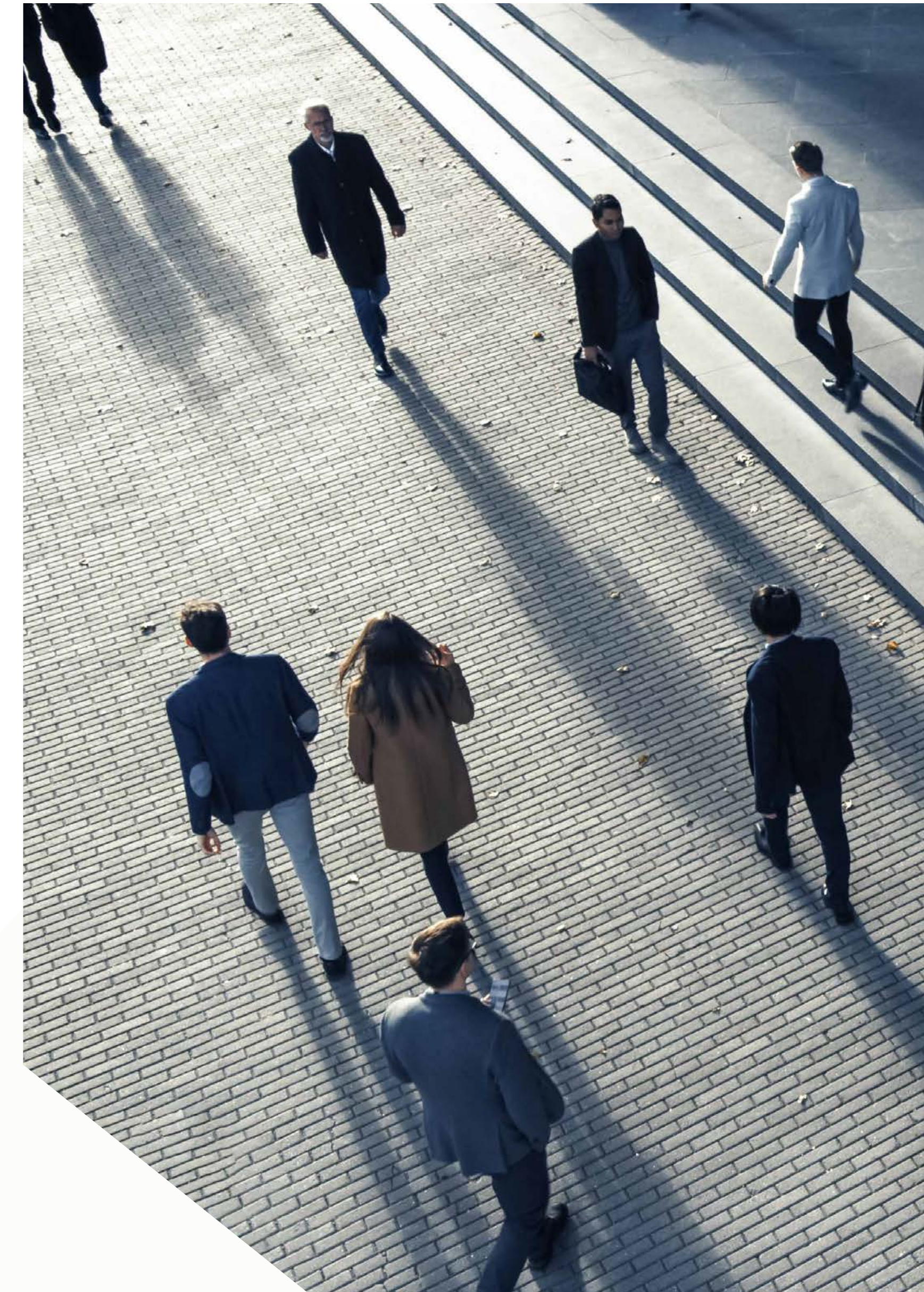
$$\text{BCI Carbon Footprint (tonnes Co}_2\text{e per \$M Invested)} = \frac{\sum \text{Financed Emissions}}{\text{Market Value of covered investments}}$$

BCI recognizes the limitations and uncertainties that are inherent in estimation methodologies in use today. This includes the impact of unrelated market conditions such as market valuations and revenue impacts, the influence of exchange rates, incomplete reporting from issuers and fund managers, the frequency at which emissions data is updated, and BCI’s point-in-time approach, which may not accurately reflect our portfolio exposure over the course of the year.

### BCI PORTFOLIO CARBON FOOTPRINT<sup>2</sup>

Enterprise Ownership Method as at March 31

ASSET CLASS	Carbon Footprint (tonnes CO <sub>2</sub> e/\$ million)			
	F2020	F2021	F2022	F2023
<b>Public Markets Aggregate Portfolio Carbon Footprint</b>	69	50	46	42*
Public Equities	67	53	51	47
<i>Benchmark</i>	80	58	58	66
Corp. Fixed Income	78	31	24	22
<i>Benchmark</i>	123	123	53	47
Real Estate	9	8	7	6
Private Markets	150	104	90	89
<b>BCI Total Portfolio</b>	<b>91</b>	<b>63</b>	<b>60</b>	<b>63</b>





### DATA QUALITY SCORE

BCI’s carbon footprint methodology continues to evolve as new standards and guidance are reviewed and used to inform our carbon footprint calculation each year where possible. As we seek continuous improvement over the calculations, BCI has taken additional steps to source carbon data directly from portfolio companies which provides a more accurate overall portfolio carbon footprint measurement. To understand the data improvements over time, BCI is calculating a data quality score that is informed by PCAF, which measures the quality of the data used. This score is measured on a scale of one to five with one representing the highest quality data possible. This year, our overall total portfolio weighted average data quality score is 2.8.

### DATA QUALITY SCORE

Score	Description
1	Verified emission (emissions reported by portfolio company and reviewed or verified by a third party)
2	Unverified emission data reported by portfolio company or consumption based estimation <sup>1</sup>
3	Production-based estimation
4	Company specific financial metrics are available Emissions estimated based on an industry emission intensity proxy adjusted using company specific financial metrics <sup>2</sup>
5	Company specific financial metrics are not available Emissions estimated based on an industry emission intensity proxy <sup>3</sup>



# Independent Practitioner's Limited Assurance Report



## To the Board of Directors of British Columbia Investment Management Corporation (the "Entity").

We have undertaken a limited assurance engagement on certain quantitative performance information of the Entity, included in the accompanying 2023-2024 Corporate Annual Report (the "Report"), for the year ended March 31, 2023.

### SUBJECT MATTER INFORMATION AND APPLICABLE CRITERIA

The scope of our limited assurance engagement, as agreed with management, comprises the following performance information (collectively, the "subject matter information") and criteria:

Subject matter information	Units	Criteria
2023 Public Markets aggregate portfolio carbon footprint, comprising: <ul style="list-style-type: none"> <li>Public Equities</li> <li>Corporate Fixed Income</li> </ul>	42 tonnes CO <sub>2</sub> e/\$ million	Internally developed reporting guidelines and definitions, which are informed by the World Business Council for Sustainable Development Greenhouse Gas ("GHG") Protocol (the "GHG Protocol") and the Global GHG Accounting and Reporting Standard for the Financial Industry issued by the Partnership for Carbon Accounting Financials ("PCAF").

The subject matter information is denoted by the symbol \* on page 79 of the Report.

Other than as described in the preceding paragraph, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

There are no mandatory requirements for the preparation or presentation of the subject matter information. As such, the Entity has applied its own internally developed criteria, which is informed by the GHG Protocol and PCAF. The criteria is further described on pages 76 to 80 of the Report (the "applicable criteria").

### MANAGEMENT'S RESPONSIBILITY

Management is responsible for the preparation and presentation of the subject matter information in accordance with the applicable criteria.

Management is also responsible for such internal control as management determines necessary to enable the preparation and presentation of the subject matter information that is free from material misstatement, whether due to fraud or error. This responsibility includes determining the Entity's objectives in respect of sustainability performance and reporting, including the identification of stakeholders and material issues, and selecting or developing appropriate criteria.

### OUR RESPONSIBILITY

Our responsibility is to express a limited assurance conclusion on the subject matter information based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with Canadian Standards on Assurance Engagements ("CSAE") 3000 *Attestation Engagements Other than Audits or Reviews of Historical Financial Information* and CSAE 3410 *Assurance Engagements on Greenhouse Gas Statements*. These standards require that we plan and perform our engagement to obtain limited assurance about whether the subject matter information is free from material misstatement.

A limited assurance engagement involves assessing the suitability of the criteria used by the Entity in preparing the subject matter information in the circumstances of the engagement, assessing the risks of material misstatement, whether due to fraud or error, and responding to the assessed risks as necessary in the circumstances.

We exercised professional judgment and maintained professional skepticism throughout the engagement. Our procedures were designed and performed to obtain evidence



that is sufficient and appropriate to provide a basis for our conclusion. In carrying out our engagement, we:

- Evaluated the suitability of the Entity’s use of the criteria, as the basis for preparing the subject matter information in the circumstances;
- Inquired with management to obtain an understanding of the Entity’s control environment and processes relevant to the preparation of the subject matter information, but did not evaluate the design of particular control activities, obtain evidence about their implementation or test their operating effectiveness;
- Inspected a limited number of items to trace to supporting records, as appropriate;
- Reperformed the calculations of the subject matter information; and,
- Evaluated the presentation and disclosure of the subject matter information.

The procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

**OUR INDEPENDENCE AND QUALITY MANAGEMENT**

We have complied with the independence and other ethical requirements of relevant rules of professional conduct/ code of ethics applicable to the practice of public accounting

and related to assurance engagements, issued by various professional accounting bodies, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour.

The firm applies Canadian Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* which requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**SIGNIFICANT INHERENT LIMITATIONS**

Historical non-financial information, such as that contained in the Report, is subject to more inherent limitations than historical financial information, given the qualitative characteristics of the underlying subject matter and methods used for determining this information. The absence of a significant body of established practice on which to draw allows for the selection of different but acceptable evaluation techniques, which can result in materially different measurements and can impact comparability. The nature and methods used to determine such information, as described in the applicable criteria, may change over time. It is important to read the Entity’s reporting methodology disclosed on [pages 76 to 80](#) of the Report.

**CONCLUSION**

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the

evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Based on the procedures performed and evidence obtained, no matters have come to our attention to cause us to believe that the Entity’s subject matter information for the year ended March 31, 2023, is not prepared, in all material respects, in accordance with the applicable criteria.

Our conclusion on the subject matter information does not extend to any other information, reports or documents that accompany, are presented with, or contain the subject matter information and our assurance report.

**RESTRICTION ON USE**

Our report is intended solely for use by British Columbia Investment Management Corporation for the purpose(s) set out in our engagement agreement. Our report may not be suitable for any other purpose and is not intended for use or reliance by any third parties. While KPMG LLP acknowledges that disclosure of our report may be made, in full, by British Columbia Investment Management Corporation in the 2023-2024 Corporate Annual Report, KPMG LLP does not assume or accept any responsibility or liability to any third party in connection with the disclosure of our report.



Chartered Professional Accountants  
Vancouver, Canada  
June 21, 2024



# Appendix I: Pooled Fund Benchmarks

Unless otherwise indicated, all benchmarks are total return, unhedged, and as of March 31, 2024. For detailed information on our benchmarks, view our Pooled Fund Performance report at [BCI.ca/pooled-funds](https://www.bci.ca/pooled-funds).

## POOLED FUND BENCHMARKS

Pooled Fund	Benchmark
<b>Short Term Funds</b>	
Canadian Money Market Fund (ST1)	Canadian Overnight Repo Rate Average (CORRA)
Canadian Money Market Fund (ST2)	FTSE Canada 91 Day T-Bill Index
U.S. Dollar Money Market Fund (ST3)	Secured Overnight Financing Rate (SOFR)
U.S. Dollar Money Market Fund (ST4)	ICE BofA U.S. 3-Month Treasury Bill Index
<b>Bond Funds</b>	
Short Term Bond Fund	FTSE Canada Short Term Government Bond Index
Canadian Universe Bond Fund <sup>1</sup>	FTSE Canada Universe Bond Index
Government Bond Fund	FTSE Canada All Government Bond Index
Corporate Bond Fund	Custom Benchmark <sup>2</sup>
Principal Credit Fund	Morningstar LSTA U.S. Leveraged Loan 100 Index <sup>3</sup>
Funding Program <sup>4</sup>	Custom Benchmark <sup>5</sup>

## APPENDICES



# Appendix I:

## Pooled Fund Benchmarks

Unless otherwise indicated, all benchmarks are total return, unhedged, and as of March 31, 2024.

For detailed information on our benchmarks, view our Pooled Fund Performance report at [BCI.ca/pooled-funds](https://www.bci.ca/pooled-funds).

### POOLED FUND BENCHMARKS

Pooled Fund	Benchmark
<b>Equity Funds — Canadian</b>	
Indexed Canadian Equity Fund	S&P/TSX Composite Index
Canadian Quantitative Active Equity Fund <sup>1</sup>	S&P/TSX Capped Composite Index
Active Canadian Equity Fund	S&P/TSX Capped Composite Index
Active Canadian Small Cap Equity Fund	S&P/TSX Small Cap Index
<b>Equity Funds — Global</b>	
Indexed EAFE Equity Fund	MSCI EAFE Index
Indexed Global Equity Fund	MSCI World ex-Canada Index
Global Quantitative ESG Equity Fund	MSCI World ex-Canada Index
Global Partnership Fund	MSCI World ex-Canada Index
Global Quantitative Active Equity Fund	MSCI World ex-Canada Index
Active Global Equity Fund	MSCI World ex-Canada Index
Thematic Public Equity Fund	MSCI World ex-Canada Index
Active U.S. Small Cap Equity Fund	Russell 2000 Index
<b>Equity Funds — Emerging Markets</b>	
Indexed Emerging Markets Equity Fund	MSCI Emerging Markets Index
Active Emerging Markets Equity Fund	MSCI Emerging Markets Index
<b>Private Market Funds<sup>2</sup></b>	
Private Equity Funds	Custom Benchmark <sup>3</sup>
Infrastructure & Renewable Resources Program	Cost of Capital
BCI QuadReal Real Estate Equity Program	Cost of Capital
BCI QuadReal Real Estate Debt Program	Custom Benchmark <sup>4</sup>



# Appendix II: IFRS S1-S2 Alignment

**BCI advocates for reliable, comparable ESG reporting and supported the development of the IFRS Sustainability Disclosure Standards S1 and S2 as a global baseline.**

Our own corporate reporting has been informed by these standards and we continue to evolve our practices towards full alignment.

The following index identifies our disclosures related to the material topics defined by the Sustainability Accounting Standards Board (SASB) Standards for Asset Management & Custody Activities. A separate index detailing our alignment to the SASB Standards metrics is included on [pages 86 to 87](#). The IFRS Sustainability Disclosure Standards can be downloaded on the [IFRS website](#).

<b>Material TOPIC</b> IFRS S1-S2 Framework	<b>Climate Change (Incl. Financed emissions)</b>	<b>Employee Diversity &amp; Inclusion</b>	<b>Incorporation of ESG Factors in Investment Management</b>	<b>Business Ethics</b>
<b>Governance</b>	S2 6 (a) (b) ESG Governance Policy Annual Climate-related Disclosures p. 67 Corporate Annual Report pp. 7, 37	S1 27 (a) (b) EDI Guiding Principles EDI Council	S1 27 (a) (b) ESG Governance Policy ESG Strategy BCI.ca/ESG	S1 27 (a) (b) Code of Ethics and Professional Conduct Public Interest Disclosure Act Forced and Child Labour Risk Assessment Report
<b>Strategy</b>	S2 9 (a) (b) (c) (d) (e) Annual Climate-related Disclosures pp. 68, 69 Climate Action Plan ESG Strategy Corporate Annual Report p. 42 BCI.ca/ESG S2 10 (a) (b) (c) (d) Annual Climate-related Disclosures pp. 68, 69 Climate Action Plan S2 13 (a) (b) (c) Climate Action Plan Annual Climate-related Disclosures p. 68 S2 22 (a) (b) Annual Climate-related Disclosures p. 69	S1 29 (a) EDI Strategy S1 33 (a) EDI Strategy Corporate Annual Report pp. 7, 53	S1 29 (a) (b) (c) ESG Strategy Proxy Voting Guidelines S1 30 (a) (b) Risk Management ESG Risk and Opportunity Framework Corporate Annual Report p. 37 S1 32 (a) (b) Forced and Child Labour Risk Assessment Report	S1 29 (a) (b) (c) Code of Ethics and Professional Conduct Public Interest Disclosure Act Forced and Child Labour Risk Assessment Report



# Appendix II: IFRS S1-S2 Alignment

<b>Material TOPIC</b> IFRS S1-S2 Framework	<b>Climate Change (Incl. Financed emissions)</b>	<b>Employee Diversity &amp; Inclusion</b>	<b>Incorporation of ESG Factors in Investment Management</b>	<b>Business Ethics</b>
<b>Risk Management</b>	S2 25 (a) (b) (c) Climate Action Plan ESG Strategy Annual Climate-related Disclosures p. 70 Risk Management ESG Risk and Opportunity Framework	S1 44 (a) Corporate Annual Report pp. 52, 53	S1 43 (a) (b) (c) Risk Management ESG Risk and Opportunity Framework ESG Strategy Corporate Annual Report p. 40	S1 43C (a) (b) (c) Code of Ethics and Professional Conduct Public Interest Disclosure Act Forced and Child Labour Risk Assessment Report
<b>Metrics &amp; Targets</b>	S2 29 (a) (e) Annual Climate-related Disclosures pp. 72, 73 S2 33 (a) to (g) Climate Action Plan Annual Climate-related Disclosures p. 72 Corporate Annual Report pp. 37, 39	S1 46 (a) (b) Corporate Annual Report p. 53	S1 46 (a) (b) Corporate Annual Report p. 40	



# Appendix III: SASB Standards Index

The SASB Standards are used to identify sustainability-related risks and opportunities that could reasonably be expected to affect an entity’s prospects, and provide a set of relevant disclosure metrics.

BCI has leveraged the industry-specific standards for Asset Management & Custody Activities to inform our alignment to the IFRS Sustainability Disclosure Standards S1 and S2. The SASB Standards can be found on the [IFRS website](#).

The following index identifies our disclosure of the SASB Standards industry-specific metrics.

Topic	Standard	Indicator	DISCLOSURES
<b>Transparent Information &amp; Fair Advice for Customers</b>	FN-AC-270a.1	1) Number and (2) percentage of covered employees with a record of investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory proceedings	Not applicable
	FN-AC-270a.2	Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of financial product-related information to new and returning customers	
	FN-AC-270a.3	Description of approach to informing customers about products and services	
<b>Employee Diversity &amp; Inclusion</b>	FN-AC-330a.1	Percentage of (1) gender and (2) diversity group representation for (a) executive management, (b) non-executive management, (c) professionals, and (d) all other employees 3	<a href="#">Corporate Annual Report p. 53</a>
<b>Incorporation of ESG Factors in Investment Management &amp; Advisory</b>	FN-AC-410a.1	Amount of assets under management, by asset class, that employ (1) integration of environmental, social, and governance (ESG) issues, (2) sustainability themed investing and (3) screening	<a href="#">ESG Governance Policy Corporate Annual Report pp. 37, 40</a>
	FN-AC-410a.2	Description of approach to incorporation of environmental, social and governance (ESG) factors in investment or wealth management processes and strategies	<a href="#">ESG Strategy Climate Action Plan Corporate Annual Report pp. 37, 40</a>
	FN-AC-410a.3	Description of proxy voting and investee engagement policies and procedures	<a href="#">ESG Strategy Proxy Voting Guidelines Climate Action Plan Annual Climate-related Disclosures p. 70 Corporate Annual Report p. 41</a>



# Appendix III: SASB Standards Index

Topic	Standard	Indicator	DISCLOSURES
<b>Financed Emissions</b>	FN-AC-410b.1	Absolute gross financed emissions, disaggregated by (1) Scope 1, (2) Scope 2 and (3) Scope 3	<a href="#">Annual Climate-related Disclosures pp. 75 to 81</a>
	FN-AC-410b.2	Total amount of assets under management (AUM) included in the financed emissions disclosure	
	FN-AC-410b.3	Percentage of total assets under management (AUM) included in the financed emissions calculation	
	FN-AC-410b.4	Description of the methodology used to calculate financed emissions	
<b>Business Ethics</b>	FN-AC-510a.1	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behaviour, market manipulation, malpractice, or other related financial industry laws or regulations	Not applicable
	FN-AC-510a.2	Description of whistleblower policies and procedures	<a href="#">BCI.ca/governance</a>
<b>Activity Metrics</b>	FN-AC-000.A	Total assets under management (AUM)	<a href="#">Corporate Annual Report p. 3</a>
	FN-AC-000.B	Total assets under custody and supervision	Not applicable



# Appendix IV: Methodologies

1. Figures presented for assets under management, as well as percentage of portfolio assets, holdings, and global distribution, may not precisely add up due to rounding.
2. Real estate equity and real estate debt are managed by QuadReal Property Group (QuadReal), a wholly-owned company of BCI.
3. The Funding Program includes clients' investment liabilities achieved through government bond repurchase agreements and unsecured bond issuance.
4. Gross assets under management are shown net of leverage issued by QuadReal Property Group and do not include The Funding Program market values.
5. Net assets under management include The Funding Program market values.
6. Unless otherwise stated, the performance and value-add detailed in this report are for the Combined Pension Plan Clients which reflect the investments of BCI's six largest pension clients, namely: BC Hydro Pension Plan; College Pension Plan; Municipal Pension Plan; Public Service Pension Plan; Teachers' Pension Plan; and WorkSafeBC Pension Plan. Performance includes the impact of client currency hedging policies, where set.
7. Except as otherwise indicated, returns are time-weighted rates of return (TWRR) as at March 31, 2024. All returns are net of all costs and fees. Investments are reported by program within the asset classes as set out in the clients' Statement of Investment Policies & Procedures (SIPP). Benchmarks represent a weighted combination of multiple indices as specified in the clients' SIPP. The indices may vary over time.
8. An internal rate of return (IRR) methodology is used to calculate returns for infrastructure & renewable resources, private equity, and real estate equity. The assets and benchmarks are as at December 31, 2023. Benchmarks are presented on a TWRR basis.

9. On April 1, 2019, the domestic and global real estate programs were consolidated into the real estate equity program. Historical returns for the domestic and global real estate program can be found in historical corporate annual reports.
10. Value-add is the additional return in dollars BCI generated for clients in excess of client benchmarks through active investments and excluding the impact of centralized currency management program, after all costs and fees.
11. Geographic exposure is generally determined based on the country of incorporation of the issuing entity. Where investments are made via derivative instruments, the geographic exposure is determined based on the domicile of the underlying reference entity.
12. Client distributions, in terms of gross cash flows, are determined by the sum of the amount in Canadian dollars and the Canadian dollars equivalent of U.S. dollars outflows, utilizing the foreign exchange rate as of March 31, 2024.
13. EDI Gender and Race & Ethnicity categories are comprised of:
  - a. Executive - Chief Executive Officer, Chief Operation Officer, Executive Vice Presidents and Senior Vice Presidents
  - b. Non-Executive Management - Senior Managing Directors, Vice Presidents, Directors, Managing Directors, Senior Managers, and Managers
  - c. Professional - Principle, Senior Advisors, Senior Associates, Engineers, Analysts, and Associates
  - d. Support - Senior Administrators, Senior Technicians, Assistants, Administrators, Technicians, Coordinators

# Appendix V: Endnotes

## Page 3 - BCI's Total Assets Under Management (AUM) Table

<sup>1</sup> Other strategies include cash and centralized currency management program.

## Page 4 - Global Distribution of Net Assets Under Management

<sup>1</sup> For the fiscal year 2024, values do not sum to 100 per cent due to exposures from categories without a specific country.

## Page 8 - Letter from our Chair

<sup>1</sup> Source: Global Sovereign Wealth Fund 2024 Annual Report, Figure 18. 10-year annualized returns of SWFs & PPFs (FY13-FY22).

## Page 10 - Letter from our CEO/CIO

<sup>1</sup> The Magnificent Seven consists of U.S. technology stocks: Alphabet (GOOGL), Amazon.com (AMZN), Apple (AAPL), Meta Platforms (META), Microsoft (MSFT), Nvidia (NVDA), and Tesla (TSLA).

<sup>2</sup> Calculated using the weighted average carbon intensity methodology.

## Page 12 - BCI's Total AUM % Breakdown by Markets (Net)

<sup>1</sup> In 2014, other strategies – all weather and currency hedging are included in public market totals. In 2024, The Funding Program is included in public markets totals.

## Page 17 - Analysis of the Combined Pension Plan Returns

<sup>1</sup> Other strategies include cash and centralized currency management program.

## Page 19 & 20 - Analysis of the Combined Pension Plan Returns

<sup>1</sup> An internal rate of return (IRR) methodology is used to calculate returns for infrastructure & renewable resources, private equity, and real estate equity. The assets and benchmarks are as at December 31, 2023. Benchmarks are presented on a TWRR basis.

## Page 21 - Cost Benchmarking

<sup>1</sup> Peer median: Representing eight Canadian pension peers.



# Appendix V: Endnotes

## Page 23 - Fixed Income

<sup>1</sup> The values presented above do not reflect certain pool funds held within other asset classes. As at March 31, 2024 this amounted to approximately \$1.8 billion in money market funds and \$19.2 billion in floating rate funds.

<sup>2</sup> Other includes ETFs and utilities.

## Page 25 - Private Debt

<sup>1</sup> Other includes not classified, utilities, and real estate.

## Page 29 - Infrastructure & Renewable Resources

<sup>1</sup> Other includes exposures not included in the MSCI Developed and Emerging Markets Indices.

## Page 31 - Private Equity

<sup>1</sup> Asia includes China and South Korea.

<sup>2</sup> Other includes exposures not included in the MSCI Developed and Emerging Markets Indices.

## Page 33 - Real Estate Equity

<sup>1</sup> Residential includes condominium, multi-family rental, student housing, and seniors housing.

<sup>2</sup> Alternatives include land, hospitality, technology, data centres, storage, health care, land lease and other.

## Page 35 - Real Estate Debt

<sup>1</sup> Undeveloped land not entitled for intended use is classified as alternatives (e.g. farmland). Pre-development land has been classified based on the intended use.

<sup>2</sup> Residential includes multi-family rental, student housing, and seniors housing.

<sup>3</sup> Alternatives include land, hospitality, technology, data centres, storage, health care, land lease and other.

## Page 39 - Making Progress on Climate Action

<sup>1</sup> BCI has set a specific engagement goal to ensure that by 2030 at least 80 per cent of its most carbon-intensive investments, which are defined as companies

that make up over 80 per cent of BCI's carbon footprint, have set mature aligned commitments or are being engaged by BCI.

## Page 59 - Director Remuneration

<sup>1</sup> Total direct remuneration includes remuneration paid to Rob Taylor for fiscal 2024.

<sup>2</sup> Adjusted annually to align with the average percentage that the British Columbia pension plan grants to retired members of the College Pension Plan, Municipal Pension Plan, Public Service Pension Plan, and Teachers' Pension Plan (our four largest pension plan clients).

<sup>3</sup> Includes remuneration for representing BCI at other meetings.

<sup>4</sup> 100 per cent of the remuneration is paid to FPSE.

<sup>5</sup> 50 per cent of the BCI Board meeting fees are paid to BCGEU.

<sup>6</sup> 100 per cent of the BCI Board meeting fees are paid to MOTI.

<sup>7</sup> 100 per cent of the remuneration is paid to the Interior Health Authority for Q1. 100 per cent of the remuneration is paid to Donna Lommer for Q2 to Q4.

## Page 64 - Executive Compensation

<sup>1</sup> Includes U.S. dollar compensation converted to Canadian dollars for an executive based in BCI's New York, U.S. office.

## Page 65 - Summary Compensation Table

<sup>1</sup> The values of incentive payments are listed beside the performance year in which they were earned; actual disbursement occurs in the following fiscal year.

<sup>2</sup> The incentive plan value reflects performance over a five and ten-year timeframe; actual disbursement occurs in the following fiscal year.

<sup>3</sup> These values represent the contributions paid by BCI on behalf of the named individuals to the Public Service Pension Plan and the Canada Pension Plan.

<sup>4</sup> These values include BCI-funded group health and wellness benefits and illness wage-loss provisions, parking, professional dues, relocation benefits, and contributions paid by BCI on behalf of the named individuals for legislated benefits such as Employment Insurance and Workers' Compensation. Vacation pay is calculated on incentive compensation in line with applicable employment standards.

<sup>5</sup> Values in this table constitute the total compensation earned by or paid on behalf of the identified individuals. All values are inclusive.

<sup>6</sup> Ramy Rayes was appointed as Executive Vice President, Investment Strategy & Risk on December 21, 2021.

<sup>7</sup> Jim Pittman relocated to BCI's New York, U.S. office, and the 2023-2024 compensation reported is in U.S. dollars.

## Page 72 - Metrics and Targets

<sup>1</sup> BCI's carbon-intensive investments are defined as the companies that make up over 80 per cent of BCI's carbon footprint.

<sup>2</sup> The number of companies considered for this metric increased from 90 to 128 as we increased the coverage of our financed emissions. This caused the percent of mature commitments to decrease relative to 2022. Eleven per cent of the 128 highest emitters in BCI's portfolio that have set mature net-zero commitments, represents 17 per cent of the financed emissions from BCI's carbon-intensive investments.

<sup>3</sup> The results represent the measurement of the portfolio climate risk that could materialize by 2050 under a 2°C scenario relative to a 3°C scenario. The 2023 results are not directly comparable to prior years due to incorporation of new datasets from the Network for Greening the Financial System (NGFS) and extending the analysis date from 2040 to 2050. Using the prior year reported data and approach, portfolio climate risk levels in 2023 were roughly unchanged relative to 2022 risk levels.

## Page 73 - Metrics and Targets

<sup>1</sup> In July 2020, BCI partnered with APG (Netherlands), Aussie Super (Australia) and PGGM (Netherlands) to establish the SDI AOP to set a global standard for the classification of sustainable development investments that enables investors to assess companies on their contributions to the SDGs. Further information can be found at SDI-AOP.org.

<sup>2</sup> Scope 1: All direct emissions from the activities of an organization or under their control; Scope 2: Indirect emissions from energy purchased and used by the organization; Scope 3: Indirect emissions that occur in a company's value chain.

## Page 74 - Metrics and Targets

<sup>1</sup> Scope 1: Excluding Scope 3, Category 15: Investments.

## Page 75 - Metrics and Targets

<sup>1</sup> BCI Carbon Footprint follows BCI internally developed carbon footprint methodology. Please see the methodology disclosure on page 78. Denominated in Canadian dollars.

<sup>2</sup> Starting in fiscal 2022 results use S&P Trucost data, while prior years utilizes ISS outputs.

## Page 76 - Portfolio Carbon Footprint Methodology

<sup>1</sup> Although sovereign bonds are included in the fixed income asset class at BCI, they are treated separately for the purpose of portfolio carbon footprint accounting and reporting due to the unique methodology. However, the market value related to the covered sovereign bonds is included in the coverage calculation.



# Appendix V: Endnotes

## Page 77 - Metrics Disclosed

<sup>1</sup> Location based emissions are used to calculate investee scope 2 emissions wherever possible. While we expect the vast majority of all calculations use location-based emissions, given the challenges with third party data providers and company disclosures that lack sufficient detail, there may be some company emissions that have applied a market-based approach. Avoided emissions and emission removals are not included at this time.

<sup>2</sup> Company specific financial information used to estimate the GHG intensity of portfolio companies where direct data does not exist is prioritized to use revenue-based intensities first. If revenue is not available, market capitalization-based intensities may be used.

<sup>3</sup> BCI Financed Emissions follows BCI internally developed carbon footprint methodology. Please see the methodology disclosure on each asset class for details.

## Page 78 - Metrics and Targets

<sup>1</sup> For private markets, enterprise value is used to calculate financed emissions, as opposed to enterprise value including cash, which is used in public markets. Enterprise Value equals total equity plus net-debt. This approach was taken to remain consistent with financial accounting practices internally.

## Page 79 - Metrics and Targets

<sup>1</sup> Covered investments: Investments that are in-scope and where GHG emissions are calculated for the associated market value

<sup>2</sup> BCI Carbon Footprint follows BCI internally developed carbon footprint methodology. Please see the methodology on each asset class for details.

## Page 80 - Data Quality Score

<sup>1</sup> There are a range of estimation techniques used by Trucost that are classified as data quality score 2.

<sup>2</sup> Financial metrics used in estimates include revenue and market capitalization. Industry emission proxy is calculated based on Trucost data.

<sup>3</sup> Industry emission proxy is calculated based on Trucost data. Score 5 is assigned mainly to fund investments where company financial metrics, i.e., EV and EVIC, are unavailable.

## Page 83 - Pooled Fund Benchmarks

<sup>1</sup> Suspended during fiscal 2024.

<sup>2</sup> The custom benchmark is an equal weighting of the ICE BofA U.S. Corporate Index plus the ICE BofA BB-B U.S. Cash Pay High Yield Constrained Index, hedged to the Canadian Dollar.

<sup>3</sup> Hedged to the Canadian Dollar. Formerly known as the S&P/LSTA U.S. Leveraged Loan 100 Index.

<sup>4</sup> Formerly the Leveraged Bond Fund.

<sup>5</sup> The Funding Program Liability Benchmark is the realized cost of financing. The Funding Program Asset Benchmark is a composite benchmark consisting of realized performance and where applicable, benchmark performance.

## Page 84 - Pooled Fund Benchmarks

<sup>1</sup> Suspended during fiscal 2024.

<sup>2</sup> Private Market Funds are revised on an annual basis. The benchmarks are derived using several inputs which produce a long-term asset class risk-adjusted cost of capital. BCI's internal risk ratings are used to ensure the benchmarks are adjusted to reflect the risk taken.

<sup>3</sup> Private Equity Funds consist of two components: Private Equity Fund investments are benchmarked to the MSCI All Country World Index (ACWI) plus a risk premium. Private Equity Direct/Co-investments are benchmarked to the private equity cost of capital.

<sup>4</sup> The custom benchmark is an equal weighting of the ICE BofA 1-3Y U.S. Corporate Index plus the ICE BofA 1-3Y BB-B U.S. Cash Pay High Yield Constrained Index, hedged to the Canadian Dollar, plus a risk premium.



# 2023-2024 Corporate Financial Statements

Our Corporate Financial Statements are available to view on the [BCI website](#).





**BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION**

**Victoria, B.C. (Head Office)**  
750 Pandora Ave, Victoria, BC  
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**New York, U.S.**  
16B-767 Fifth Ave, New York, NY  
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2023-2024

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# CORPORATE FINANCIAL STATEMENTS



British Columbia Investment  
Management Corporation

# Management's Responsibility for Financial Statements



Responsibility for the integrity and objectivity of the accompanying consolidated financial statements of the British Columbia Investment Management Corporation (the "Corporation") rests with management. The consolidated financial statements, which by necessity include some amounts that are based on management's best estimates and judgments, are prepared in accordance with IFRS Accounting Standards. In management's opinion, the consolidated financial statements have been properly prepared within the framework of the material accounting policies summarized in the consolidated financial statements and present fairly the Corporation's financial position, financial performance, and cash flows.

Systems of internal control and supporting procedures are maintained to provide reasonable assurance that transactions are authorized, assets are safeguarded and proper records maintained. The internal accounting control process includes management's communication to employees of the Corporation's policies that govern ethical business conduct.

The Board of Directors oversees management's responsibilities for financial reporting through an Audit Committee, which is comprised entirely of directors who are independent of management, and who are appointed in accordance with the statutory requirements in the Public Sector Pension Plans Act. The Audit Committee reviews the consolidated financial statements of the Corporation and recommends them to the Board for approval. The consolidated financial statements have been reviewed and approved by the Corporation's Board of Directors.

KPMG LLP, an independent auditor, has performed an audit of the consolidated financial statements, and its report follows. KPMG LLP has full and unrestricted access to the Audit Committee to discuss their audit and related findings.



**Gordon J. Fyfe**  
Chief Executive Officer/  
Chief Investment Officer



**Rechelle Effendy**  
A/Senior Vice President, Finance/  
Chief Financial Officer

June 21, 2024



**KPMG LLP**

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Canada  
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Fax (604) 691-3031

## INDEPENDENT AUDITOR'S REPORT

To the Shareholder of British Columbia Investment Management Corporation

### ***Opinion***

We have audited the consolidated financial statements of British Columbia Investment Management Corporation (the "Corporation"), which comprise:

- the consolidated statement of financial position as at March 31, 2024
- the consolidated statement of income and comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of material accounting policy information

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Corporation as at March 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

### ***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

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

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

### ***Other Information***

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

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



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

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

We obtained the information, other than the financial statements and the auditor's report thereon, included in the Corporate Annual Report as at the date of this auditor's report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

### ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS 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 the Corporation's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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



We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Professional Accountants

Vancouver, Canada  
June 21, 2024

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION

# Consolidated Statement of Financial Position

(Expressed in thousands of dollars)

As at March 31, 2024, with comparative information for 2023

<b>ASSETS</b>	<b>NOTES</b>	<b>2024</b>	<b>2023</b>
Current assets:			
Cash and cash equivalents	4	\$ 169,412	\$ 92,405
Trade and other receivables		92,727	145,272
Prepaid expenses		12,735	11,523
Lease receivables	6(B)	2,036	2,172
<b>Total current assets</b>		<b>276,910</b>	<b>251,372</b>
Premises and equipment	7	116,885	113,838
Prepaid expenses		916	—
Lease receivables	6(B)	—	2,037
<b>Total assets</b>		<b>\$ 394,711</b>	<b>\$ 367,247</b>

## LIABILITIES AND SHAREHOLDER'S EQUITY

Current Liabilities:			
Trade and other payables		\$ 54,047	\$ 57,726
Employee benefits	8	157,444	133,733
Term loan facility	9	2,109	2,058
Contract liabilities	10	9,002	8,359
Lease liabilities	6(A)	9,137	7,093
<b>Total current liabilities</b>		<b>231,739</b>	<b>208,969</b>
Trade and other payables		635	1,041
Employee benefits	8	55,392	45,871
Term loan facility	9	4,940	7,049
Lease liabilities	6(A)	102,005	104,317
<b>Total non-current liabilities</b>		<b>162,972</b>	<b>158,278</b>
<b>Total liabilities</b>		<b>394,711</b>	<b>367,247</b>
Shareholder's equity:			
Retained earnings		—	—
<b>Total equity</b>		<b>—</b>	<b>—</b>
<b>Total liabilities and shareholder's equity</b>		<b>\$ 394,711</b>	<b>\$ 367,247</b>

Commitments 11

See accompanying notes to consolidated financial statements.

Approved on behalf of the Board:

  
Peter Milburn,  
Chair, Board of Directors

  
Gayle Gorrill,  
Chair, Audit Committee

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION

# Consolidated Statement of Income and Comprehensive Income

(Expressed in thousands of dollars)

Year ended March 31, 2024, with comparative information for 2023

<b>REVENUE</b>	<b>NOTES</b>	<b>2024</b>	<b>2023</b>
Recoveries of costs	5	\$ 889,912	\$ 825,106
Investment income		5,637	2,239
		895,549	827,345
<b>EXPENSES</b>			
Internal:			
Salaries and benefits	5, 12	\$ 315,118	\$ 270,493
Information systems	5	48,835	40,129
Professional services		30,769	32,732
Office and business	5	14,841	12,735
Depreciation	7	10,622	9,986
Recruitment and training		8,502	11,378
Premises operations		6,484	5,917
Financing interest		3,851	3,249
External:			
Investment management	5	375,721	367,214
Professional services		74,141	67,813
Custodial		6,665	5,699
		895,549	827,345
Net income and comprehensive income		\$ —	\$ —

See accompanying notes to consolidated financial statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION

# Consolidated Statement of Changes in Equity

(Expressed in thousands of dollars)

Year ended March 31, 2024, with comparative information for 2023

	<b>RETAINED EARNINGS</b>		<b>TOTAL EQUITY</b>	
Balance, March 31, 2022	\$	—	\$	—
Net income and comprehensive income		—		—
Balance, March 31, 2023		—		—
Net income and comprehensive income		—		—
Balance, March 31, 2024	\$	—	\$	—

See accompanying notes to consolidated financial statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION

# Consolidated Statement of Cash Flows

(Expressed in thousands of dollars)

Year ended March 31, 2024, with comparative information for 2023

	NOTES	2024	2023
Cash flows provided by (used in):			
Operations:			
Net income and comprehensive income		\$ —	\$ —
Items not involving cash:			
Depreciation		10,622	9,986
Financing interest		3,851	3,249
		14,473	13,235
Changes in non-cash items:			
Trade and other receivables		52,545	(41,522)
Prepaid expenses		(2,127)	(1,610)
Trade and other payables		(4,085)	(5,644)
Employee benefits		33,232	70,462
Contract liabilities		643	(2,132)
Net cash provided by operating activities		94,681	32,789
Investments:			
Premises and equipment additions		(6,401)	(1,597)
Net cash used in investing activities		(6,401)	(1,597)
Financing:			
Repayment of term loan facility		(2,058)	(2,007)
Interest paid on term loan facility		(206)	(257)
Net repayment of lease liabilities		(9,009)	(6,327)
Net cash used in financing activities		(11,273)	(8,591)
Increase in cash and cash equivalents		77,007	22,601
Cash and cash equivalents, beginning of year		92,405	69,804
Cash and cash equivalents, end of year	4	\$ 169,412	\$ 92,405

See accompanying notes to consolidated financial statements.

# Notes to Consolidated Financial Statements

(Amounts expressed in thousands of dollars, unless otherwise indicated)  
Year ended March 31, 2024

## 1. REPORTING ENTITY

British Columbia Investment Management Corporation (the “Corporation” or “BCI”) is a statutory corporation incorporated under section 16 of the Public Sector Pension Plans Act, SBC 1999 c44 (the “Act”) domiciled in Canada. The address of the Corporation’s office is 750 Pandora Avenue, Victoria, BC. The consolidated financial statements of BCI include the Corporation and its subsidiaries.

In accordance with the Act, the Corporation invests the money or securities of various public sector pension funds, the Province of British Columbia (the “Province”), provincial government bodies (statutory corporations and institutions) and publicly-administered trust funds.

The estimated market value of assets managed by the Corporation as of March 31, 2024 was \$230 billion (2023 – \$215 billion). Of that, approximately \$179 billion (2023 – \$168 billion) is invested on behalf of pension funds and \$51 billion (2023 – \$47 billion) on behalf of other BCI clients. These assets are held by BCI as an agent for investment for its clients and may consist of units in one or more pooled investment portfolios whose assets are held in trust by BCI. BCI annually prepares separate audited financial statements for each pooled investment portfolio with more than one unitholder. Neither assets held in trust by BCI in the pooled investment portfolios, nor assets held by BCI as agent for investment for its clients, are consolidated in these financial statements.

## 2. BASIS OF PREPARATION

**(A) STATEMENT OF COMPLIANCE:** The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards and were authorized for issue by the Board of Directors on June 21, 2024.

**(B) BASIS OF MEASUREMENT:** The consolidated financial statements have been prepared on the historical cost basis.

**(C) FUNCTIONAL AND PRESENTATION CURRENCY:** The consolidated financial statements are presented in Canadian dollars, which is the Corporation’s functional currency. All financial information presented has been rounded to the nearest thousand dollars, unless otherwise indicated.

**(D) USE OF ESTIMATES AND JUDGMENTS:** The preparation of consolidated financial statements in accordance with IFRS Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue, and expenses. Actual results may differ from these estimates.

# Notes to Consolidated Financial Statements

(Amounts expressed in thousands of dollars, unless otherwise indicated)  
Year ended March 31, 2024

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The Corporation applies judgement to determine whether an arrangement contains a lease. The evaluation requires the Corporation to determine whether a contract conveys the right to direct the use of an identified asset, the supplier has a substantive substitution right, the Corporation has the right to obtain substantially all of the economic benefits from use of the asset throughout the period and whether renewal options are reasonably certain of being exercised. For those arrangements considered to be a lease, further judgement is required to determine the lease term and the rate implicit in the lease.

### 3. MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

**(A) BASIS OF CONSOLIDATION:** Subsidiaries are consolidated in the Corporation's financial statements from the date that control commences until the date that control ceases.

The Corporation consolidates entities when all three of the following characteristics are present:

- Where the Corporation exerts power over the relevant activities of the entity. Power exists if the Corporation has decision making authority over those activities that significantly influence the entity's returns.
- Where the Corporation has exposure or rights to variability of returns of the entity. Exposure exists if the Corporation's returns vary as a result of the performance of the entity.
- Where there exists a linkage between power and returns as described above. A linkage exists when the Corporation can use its power over the activities of the entity to generate returns for itself.

# Notes to Consolidated Financial Statements

(Amounts expressed in thousands of dollars, unless otherwise indicated)  
Year ended March 31, 2024

In the normal course of operations, the Corporation utilizes subsidiary and structured entities to facilitate the management of investment assets:

**(i) Subsidiary entities:** The Corporation establishes subsidiary entities as part of its investment strategy. In all cases, the Corporation holds 100% of the voting shares of these subsidiary entities. The Corporation has power over the relevant activities of these entities, is exposed to variability in returns from these entities, and uses its power to generate these returns. Accordingly, these entities are consolidated into the Corporation.

**(ii) Structured entities:** In the normal course of its operations, the Corporation establishes various structured entities, such as pooled investment portfolios and their subsidiary entities, through its role as investment manager. The Corporation's control over these entities is established either by regulation, or ownership of voting shares, or both. The Corporation has power over the relevant activities of the structured entities; however, in all cases, the Corporation has no exposure or rights to variability of returns in these structured entities. Accordingly, these entities do not meet the criteria for control and are not consolidated.

**(B) CASH AND CASH EQUIVALENTS:** Cash and cash equivalents include cash and units of money market funds with original maturities of three months or less. Cash and cash equivalents are held at amortized cost on the consolidated statement of financial position.

**(C) FINANCIAL INSTRUMENTS:**

**(i) Recognition and measurement:** Financial instruments are required to be classified into one of the following categories: amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). All financial instruments are measured at fair value on initial recognition. Measurement in subsequent periods depends on the classification of the financial instrument. Transaction costs are included in the initial carrying amount of financial instruments except for financial instruments classified as FVTPL in which case transaction costs are expensed as incurred.

Financial assets and financial liabilities are recognized initially on the trade date, which is the date on which the Corporation becomes a party to the contractual provisions of the instrument. The Corporation derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position only when the Corporation has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

# Notes to Consolidated Financial Statements

(Amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended March 31, 2024

A financial asset is measured at amortized cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition the Corporation may irrevocably elect to measure financial assets that otherwise meet the requirements to be measured at amortized cost or at FVOCI as at FVTPL when doing so results in more relevant information.

Financial assets are not reclassified subsequent to their initial recognition, unless the Corporation changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Corporation has not classified any of its financial assets as FVTPL or FVOCI.

A financial liability is generally measured at amortized cost, with exceptions that may allow for classification as FVTPL. These exceptions include financial liabilities that are mandatorily measured at fair value through profit or loss, such as derivatives liabilities. The Corporation may also, at initial recognition, irrevocably designate a financial liability as measured at FVTPL when doing so results in more relevant information.

The Corporation has not classified any of its financial liabilities as FVTPL.

# Notes to Consolidated Financial Statements

(Amounts expressed in thousands of dollars, unless otherwise indicated)  
 Year ended March 31, 2024

**(ii) Amortized cost:** Financial assets and liabilities classified as amortized cost are recognized initially at fair value plus any directly attributable transaction costs. Subsequent measurement is at amortized cost using the effective interest method, less any impairment losses. The Corporation classifies cash and cash equivalents, trade and other receivables, trade and other payables, employee benefits payable, contract liabilities, and term loan facility as amortized cost.

**(D) PREMISES AND EQUIPMENT INCLUDING RIGHT-OF-USE ASSETS:**

**(i) Measurement:** Items of premises and equipment, including right-of-use assets, are measured at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset.

Gains and losses on disposal of an item of premises and equipment are determined by comparing the proceeds from disposal with the carrying amount of premises and equipment, and are recognized within the consolidated statement of income and comprehensive income.

**(ii) Depreciation:** Depreciation is calculated over the depreciable amount, which is the cost of an asset less its residual value.

Depreciation is recognized in the consolidated statement of income and comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of premises and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are as follows:

Furniture and equipment	10 Years
Computers and related software	5 Years
Leasehold improvements	Lesser of the useful life of the asset and the term of the lease

Depreciation methods, useful lives, and residual values are reviewed at each financial year end and adjusted if appropriate.

**(E) LEASES:** When the Corporation is a lessee, at the inception of a contract, the Corporation assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Corporation assesses whether:

# Notes to Consolidated Financial Statements

(Amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended March 31, 2024

- the supplier has a substantive substitution right;
- the Corporation has the right to obtain substantially all of the economic benefits from use of the asset throughout the period; and
- the Corporation has the right to direct the use of the asset. The Corporation has the right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

For contracts that contain a lease the Corporation recognizes a right-of-use asset, presented under premises and equipment in the consolidated statement of financial position, and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of premises and equipment.

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Corporation's incremental borrowing rate. The lease liability is subsequently measured at amortized cost using the effective interest rate method. It is remeasured when there is a change in the Corporation's estimate of the amount expected to be payable under a residual value guarantee, when there is a change in future lease payments arising from a change in a rate used to determine those payments, or if the Corporation changes its assessment of whether it will exercise a purchase, extension or termination option.

The Corporation recognizes interest expense, using the effective interest rate method, as financing interest.

The Corporation does not recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Corporation recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

# Notes to Consolidated Financial Statements

(Amounts expressed in thousands of dollars, unless otherwise indicated)  
Year ended March 31, 2024

When the Corporation is a lessor, it determines at lease inception whether each lease is a finance lease or operating lease. The Corporation recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of investment income.

To classify each lease, the Corporation makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset, if this is the case, the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Corporation considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Corporation is an intermediate lessor, it accounts for its interest in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Corporation applies the exemption described above, then it classifies the sub-lease as an operating lease.

**(F) SHARE CAPITAL:** The capital of the Corporation is one share with a par value of ten dollars and is classified as equity. The share is issued to and registered in the name of the Minister of Finance and must be held by that Minister on behalf of the Government of British Columbia.

**(G) REVENUE:** The Corporation's revenues comprise the following:

**(i) Recoveries of costs:** The Corporation provides investment management services to pooled investment portfolios as defined and legislated under the Act and to its clients as contracted under funds investment management agreements (collectively, the "Management Contracts"). The Corporation's performance obligations in connection with investment management services are satisfied over time through the rendering of services that have the same pattern of transfer to pooled investment portfolios and clients as costs are incurred. As set forth in the Management Contracts, the transaction prices allocated to performance obligations are equal to costs incurred. Contract liabilities recorded in the consolidated statement of financial position relate to the Corporation's future period performance obligations and are recognized in the consolidated statement of income and comprehensive income in the period when the performance obligations have been satisfied.

**(ii) Investment income:** Investment income is recorded on an accrual basis and includes interest income on cash and cash equivalents.

# Notes to Consolidated Financial Statements

(Amounts expressed in thousands of dollars, unless otherwise indicated)  
Year ended March 31, 2024

## (H) EMPLOYEE BENEFITS:

**(i) Defined benefit plans:** The Corporation and its employees contribute to the Public Service Pension Plan (the “Plan”) which is a multi-employer defined benefit pension plan in accordance with the Act. The British Columbia Pension Corporation administers the Plan, including payment of pension benefits to employees to whom the Act applies. Due to insufficient information relating to the Corporation’s share of the Plan’s assets and liabilities, the Corporation accounts for the Plan as if it were a defined contribution plan.

The Corporation’s annual cost is represented by contributions required for the respective year.

The Plan operates under joint trusteeship between the employers and the Plan members, who share in the risks and rewards associated with the Plan’s unfunded liability or surplus. The most recent actuarial valuation as of March 31, 2023 indicated that the Plan was 113% funded.

**(ii) Annual incentive plan:** The Corporation provides an incentive to employees through an annual incentive plan (“AIP”). At the end of each fiscal year, eligible employees are entitled to an AIP Award. AIP is accrued for eligible employees based on the achievement of corporate objectives, investment performance and individual efforts. The estimated payments relating to the current year, which will be paid out in the next fiscal year, are recorded as a current liability.

**(iii) Long term incentive plan:** The Corporation provides a retention incentive to employees in senior staff positions through a long-term incentive plan (“LTIP”). At the end of each fiscal year, eligible employees are entitled to an LTIP Total Award. Each Total Award vests in three equal installments over a three-year period. LTIP is accrued for eligible employees at an amount equal to one third of the estimated aggregate pay-out for the current year and each of the following two years. The estimated payments relating to current and previous years, which will be paid out in years beyond the next fiscal year, are recorded as a long-term liability.

**(iv) Long service retiring allowance:** Employees hired prior to October 31, 2007 are entitled to a long service retiring allowance (“LSRA”) as provided for under their terms of employment. As employees render the services necessary to earn the benefit, the Corporation estimates and accrues the future obligation for retiring allowances.

# Notes to Consolidated Financial Statements

(Amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended March 31, 2024

**(I) FOREIGN CURRENCY TRANSACTIONS:** Transactions denominated in foreign currencies are translated by applying the exchange rate prevailing on the date of the transaction. At each reporting date, all monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the closing exchange rate. Any resulting translation adjustments are recorded in net income or loss.

**(J) TAXATION:** The Corporation is an agent of the government of British Columbia, and is, accordingly, immune from income taxes.

## 4. CASH AND CASH EQUIVALENTS

### 2024

CURRENCY	CASH	SHORT TERM MONEY MARKET INSTRUMENTS	TOTAL CASH AND CASH EQUIVALENTS
Canadian dollars	9,687	131,549	141,236
United States dollars	17,936	8,860	26,796
British pounds	1,341	—	1,341
Other currencies	39	—	39
	29,003	140,409	169,412

### 2023

CURRENCY	CASH	SHORT TERM MONEY MARKET INSTRUMENTS	TOTAL CASH AND CASH EQUIVALENTS
Canadian dollars	13,497	62,149	75,646
United States dollars	9,147	7,088	16,235
British pounds	524	—	524
Other currencies	—	—	—
	23,168	69,237	92,405

Short-term money market instruments consist of units in pooled investment portfolios managed by the Corporation, specifically the Canadian Money Market Fund and the US Money Market Fund.

# Notes to Consolidated Financial Statements

(Amounts expressed in thousands of dollars, unless otherwise indicated)  
Year ended March 31, 2024

## 5. RELATED PARTY TRANSACTIONS

**Province of British Columbia:** The Corporation is related to all Province of British Columbia ministries, agencies and British Columbia statutory corporations through common ownership. Transactions and balances with these entities are in the normal course of operations and are recorded at the exchange amounts as follows:

Transactions	2024	2023
Recoveries of costs	\$ 739	\$ 739
Salaries and benefits	3,556	3,482
Information systems	702	559
Office and business	23	220
<b>Balances</b>		
Trade and other payables	(148)	(501)

**Pension Plans:** The Corporation is related to the College, Municipal, Public Service and Teachers' pension plans and the British Columbia Pension Corporation. The pension plan boards appoint members to the BCI board and BCI provides investment management services to various public sector pension funds, the Province of British Columbia, provincial government bodies and publicly administered trust funds. Transactions with these entities are in the normal course of operations and consist of the recovery of costs that are recorded at the exchange amounts.

For the year ended March 31, 2024, the Corporation received \$1,134 (2023 - \$1,134) in recoveries of costs from sub-lease of offices to British Columbia Pension Corporation.

**QuadReal Property Group Limited Partnership ("QuadReal LP"):** QuadReal LP provides asset management, property management, and investment advisory services to real estate and real estate debt pooled investment portfolios. BCI provides administrative services to QuadReal LP on a cost recovery basis. During the year, the Corporation entered into two arm's length lease agreements with QuadReal LP to rent office space in Victoria and Vancouver, BC. which are discussed in more detail in Note 6. Transactions and balances with QuadReal LP are in the normal course of operations and are recorded at the exchange amounts as follows:

Transactions	2024	2023
Recoveries of costs	\$ 32,051	\$ 31,022
Investment management	338,436	311,882
<b>Balances</b>		
Trade and other receivables	2,869	8,674
Right of use assets - buildings	6,208	—
Lease liabilities	6,361	—

# Notes to Consolidated Financial Statements

(Amounts expressed in thousands of dollars, unless otherwise indicated)  
Year ended March 31, 2024

**BCI UK IRR Limited:** BCI UK IRR Limited was incorporated in 2022 to hold UK-based Infrastructure & Renewable Resources investments and a team of employees to both source new investments and manage existing ones. The Corporation manages the administration of this entity. Transactions with BCI UK IRR Limited are in the normal course of operations and are recorded at the exchange amounts. During the year, the Corporation incurred \$4,837 (2023 - \$513) of expenses.

## Key Management Personnel Compensation:

Included in salaries and benefits are the following amounts related to key management personnel compensation:

	2024	2023
Base salary	\$ 4,300	\$ 3,608
Annual incentive plan	9,956	8,533
Long-term incentive plan	1,309	6,978
Other short-term benefits	8,961	1,080
Post-employment benefits - pension contributions	420	385
	\$ 24,946	\$ 20,584

## 6. LEASES

### (A) LEASES AS A LESSEE:

During the year ended March 31, 2016, the Corporation entered into an arm's length lease agreement to rent office space in Victoria, BC. The lease took effect in March 2018, following completion of construction of the new building. Subsequent to the execution of the lease, bcIMC Realty Corporation invested in the Victoria office development project, becoming a 50% co-owner. bcIMC Realty Corporation is wholly owned through a pooled investment portfolio managed by the Corporation. The initial term of the lease is twenty years with three renewal options of five years each.

During the year ended March 31, 2023, the Corporation entered into lease agreements to rent office spaces in New York City and London. The New York lease has an initial ten year term with one renewal option of ten years. The London lease has an initial term of five years with no renewal option.

During the year ended March 31, 2024, the Corporation entered into two lease agreements to rent office space in Victoria and Vancouver, BC. The Victoria lease has an initial term of fourteen year term and three renewal options, each for a term of five years. The Vancouver lease has an initial term of ten years with no renewal option. Leasehold

# Notes to Consolidated Financial Statements

(Amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended March 31, 2024

improvement activities are taking place to modify the space to suit the Corporation's requirements, with expected completion dates in the subsequent year.

The Corporation discounted lease payments related to the office leases using the incremental borrowing rate determined for each lease. At March 31, 2024, the discount rates applied range from approximately 2.7% to 6.5% (2023 - 2.7% to 6.5%).

Continuity of liabilities arising from leases:

	2024	2023
Balance, beginning of year	\$ 111,410	\$ 94,446
Additions	7,269	22,421
Payments	(7,537)	(5,457)
Balance, end of year	111,142	111,410
Current portion	9,137	7,093
Non-current portion	102,005	104,317

Lease liabilities are payable as follows:

	2024	2023
Less than 1 year	\$ 12,520	\$ 10,847
Between 1 and 5 years	42,299	41,033
More than 5 years	80,534	78,730
Total undiscounted lease liabilities	135,353	130,610
Less future interest expense	(24,211)	(19,200)
Total lease liabilities	\$ 111,142	\$ 111,410

During the year ended March 31, 2024, the Corporation recognized \$3,645 (2023 - \$2,992) of interest expense related to lease liabilities.

**(B) LEASES AS A LESSOR:** The Corporation has three signed agreements to sub-lease its vacated office space in Victoria that took effect in April 2018.

The Corporation discounted lease payments receivable from sub-leases using the interest rate implicit in the lease of 2.3%.

# Notes to Consolidated Financial Statements

(Amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended March 31, 2024

Continuity of receivables arising from sub-leases:

	<b>2024</b>	<b>2023</b>
Balance, beginning of year	\$ 4,209	\$ 6,331
Payments	(2,173)	(2,122)
Balance, end of year	2,036	4,209
Current portion	2,036	2,172
Non-current portion	\$ —	\$ 2,037

Sub-lease assets are receivable as follows:

	<b>2024</b>	<b>2023</b>
Less than 1 year	\$ 2,036	\$ 2,243
Between 1 and 5 years	—	2,056
Total undiscounted lease receivables	2,036	4,299
Less unearned interest income	—	(90)
Total lease receivables	\$ 2,036	\$ 4,209

During the year ended March 31, 2024, the Corporation recognized \$71 (2023 - \$121) of interest income related to lease receivables.

## Notes to Consolidated Financial Statements

(Amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended March 31, 2024

## 7. PREMISES AND EQUIPMENT

	FURNITURE AND EQUIPMENT	COMPUTERS AND RELATED SOFTWARE	LEASEHOLD IMPROVEMENTS	RIGHT-OF USE ASSETS - BUILDINGS	TOTAL
<b>Cost:</b>					
Balance, April 1, 2022	\$ 5,753	\$ 9,388	\$ 21,138	\$ 98,295	\$ 134,574
Additions	322	648	627	22,421	24,018
Balance, March 31, 2023	6,075	10,036	21,765	120,716	158,592
Additions	1,521	473	4,407	7,269	13,670
Balance, March 31, 2024	\$ 7,596	\$ 10,509	\$ 26,172	\$ 127,985	\$ 172,262
<b>Accumulated depreciation:</b>					
Balance, April 1, 2022	\$ 2,576	\$ 8,123	\$ 8,086	\$ 15,983	\$ 34,768
Depreciation for the year	574	623	2,099	6,690	9,986
Balance, March 31, 2023	3,150	8,746	10,185	22,673	44,754
Depreciation for the year	609	387	2,209	7,417	10,622
Balance, March 31, 2024	\$ 3,760	\$ 9,133	\$ 12,394	\$ 30,090	\$ 55,377
<b>Carrying amounts:</b>					
March 31, 2023	\$ 2,925	\$ 1,290	\$ 11,580	\$ 98,043	\$ 113,838
March 31, 2024	\$ 3,837	\$ 1,376	\$ 13,778	\$ 97,895	\$ 116,885

# Notes to Consolidated Financial Statements

(Amounts expressed in thousands of dollars, unless otherwise indicated)  
Year ended March 31, 2024

## 8. EMPLOYEE BENEFITS

### CURRENT:

	2024	2023
Employee benefits	\$ 7,658	\$ 6,534
Annual incentive plan	102,495	90,660
Long term incentive plan	47,144	36,358
Long service retiring allowance	147	181
	\$ 157,444	\$ 133,733

### NON-CURRENT:

	2024	2023
Long term incentive plan	\$ 54,705	\$ 45,135
Long service retiring allowance	687	736
	\$ 55,392	\$ 45,871

## 9. TERM LOAN FACILITY

In July 2017, the Corporation secured a bank term loan facility to fund tenant leasehold improvements at the Corporation's head office in Victoria, BC.

Interest is charged at a fixed rate of 2.5% per annum, payable quarterly in arrears. The loan principal and interest are payable in equal quarterly installments of \$566 until completion of the loan repayment at June 30, 2027.

At March 31, 2024, the fair value of the term loan facility is \$6,828 (2023 - \$8,876). There have been no defaults or breaches of the loan terms during the year. Movements in the carrying amount of the term loan facility are presented below:

	2024	2023
Carrying amount, beginning of year	\$ 9,107	\$ 11,114
Repayment	(2,058)	(2,007)
Carrying amount, end of year	7,049	9,107
Current portion	2,109	2,058
Non-current portion	4,940	7,049

## Notes to Consolidated Financial Statements

(Amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended March 31, 2024

## 10. CONTRACT LIABILITIES

	2024	2023
Balance, beginning of year	\$ 8,359	\$ 10,491
Net change in performance obligations during the period	643	(2,132)
Balance, end of year	\$ 9,002	\$ 8,359

## 11. COMMITMENTS

**PREMISES:** Future minimum payments for operating costs which are variable in nature, based on total rentable area of the lease agreements for office space, are as follows:

	2024	2023
Less than 1 year	\$ 7,568	\$ 6,877
Between 1 and 5 years	26,294	24,351
More than 5 years	62,971	64,542
	\$ 96,833	\$ 95,770

The Corporation subleases office space which results in the following net future payments for operating costs:

2024	GROSS	ASSIGNED	NET
Less than 1 year	\$ 7,568	\$ 1,600	\$ 5,968
Between 1 and 5 years	26,294	—	26,294
More than 5 years	62,971	—	62,971
	\$ 96,833	\$ 1,600	\$ 95,233
2023	GROSS	ASSIGNED	NET
Less than 1 year	\$ 6,877	\$ 1,698	\$ 5,179
Between 1 and 5 years	24,351	1,600	22,751
More than 5 years	64,542	—	64,542
	\$ 95,770	\$ 3,298	\$ 92,472

# Notes to Consolidated Financial Statements

(Amounts expressed in thousands of dollars, unless otherwise indicated)  
Year ended March 31, 2024

**SOFTWARE AGREEMENTS:** The Corporation has various software subscription agreements. Future minimum subscription payments are based on current estimates and are as follows:

	2024	2023
Less than 1 year	\$ 12,503	\$ 10,738
Between 1 and 5 years	13,474	18,671
	\$ 25,977	\$ 29,409

## 12. SALARIES AND BENEFITS

	2024	2023
Salaries	\$ 127,753	\$ 97,344
Annual incentive plan	101,073	92,917
Long term incentive plan	54,224	57,537
Benefits:		
Health	12,571	\$ 6,163
Pension	11,455	\$ 9,287
Insurance and other	8,042	\$ 7,245
	\$ 315,118	\$ 270,493

## 13. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value measurements are classified into a three level hierarchy based on the significance of the inputs used in making the fair value measurements. Level 1 measurements are determined by reference to quoted prices in active markets for identical assets and liabilities. Level 2 measurements include those measured using inputs that are based on observable market data, either directly or indirectly. Level 3 measurements are based on unobservable inputs. The Corporation's financial assets and liabilities are measured at amortized cost and are considered Level 2 because while observable prices are available, they are not quoted in an active market.

The fair value of the Corporation's financial instruments which includes cash and cash equivalents, trade and other receivables, and trade and other payables, approximates their carrying value due to the short-term to maturity of these instruments. The fair value of the Corporation's outstanding term loan facility is disclosed in Note 9.

# Notes to Consolidated Financial Statements

(Amounts expressed in thousands of dollars, unless otherwise indicated)  
Year ended March 31, 2024

## 14. FINANCIAL RISK MANAGEMENT

In the ordinary course of operations, the Corporation may be exposed to risk arising from its financial instruments as follows:

**(A) CREDIT RISK:** Credit risk is the risk of financial loss to the Corporation if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Corporation's cash equivalents and trade and other receivables.

The Corporation's cash, and cash equivalents which consist of units in money market investment portfolios managed by the Corporation, are held with high quality financial institutions. Trade and other receivables relate primarily to fees and receivables from pooled investment portfolios managed by the Corporation and are generally short-term in nature.

The Corporation's role as fund manager for the pooled investment portfolios and the highly liquid nature of the Corporation's cash and cash equivalents mitigates credit risk.

**(B) LIQUIDITY RISK:** Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation operates on a cost recovery basis and recovers all of its expenses through the pooled investment portfolios and segregated client accounts it manages on a timely basis, limiting liquidity risk.

## Notes to Consolidated Financial Statements

(Amounts expressed in thousands of dollars, unless otherwise indicated)  
Year ended March 31, 2024

The following table shows contractual maturities of the Corporation's liabilities as at March 31:

<b>MARCH 31, 2024</b>	<b>WITHIN 1 YEAR</b>	<b>1 TO 5 YEARS</b>	<b>5 TO 10 YEARS</b>	<b>OVER 10 YEARS</b>	<b>TOTAL</b>
Trade and other payables	\$ 54,047	\$ 635	\$ —	\$ —	\$ 54,682
Employee benefits	7,658	—	—	—	7,658
AIP / LTIP	149,639	54,705	—	—	204,344
LSRA	147	337	142	208	834
Term loan facility	2,109	4,940	—	—	7,049
Contract liabilities	9,002	—	—	—	9,002
Lease liabilities	9,137	30,682	43,188	28,135	111,142
	\$ 231,739	\$ 91,299	\$ 43,330	\$ 28,343	\$ 394,711

<b>MARCH 31, 2023</b>	<b>WITHIN 1 YEAR</b>	<b>1 TO 5 YEARS</b>	<b>5 TO 10 YEARS</b>	<b>OVER 10 YEARS</b>	<b>TOTAL</b>
Trade and other payables	\$ 57,726	\$ 1,041	\$ —	\$ —	\$ 58,767
Employee benefits	6,534	—	—	—	6,534
AIP / LTIP	127,018	45,135	—	—	172,153
LSRA	181	260	317	159	917
Term loan facility	2,058	7,049	—	—	9,107
Contract liabilities	8,359	—	—	—	8,359
Lease liabilities	7,093	29,680	40,988	33,649	111,410
	\$ 208,969	\$ 83,165	\$ 41,305	\$ 33,808	\$ 367,247

**(C) CURRENCY RISK:** Currency risk is the risk that the Corporation's financial instruments will fluctuate in value from changes in value of foreign currencies in relation to the Canadian dollar. Other than cash and cash equivalents, the Corporation does not hold significant net financial assets nor have significant net financial obligations denominated in currencies other than Canadian dollars. Cash and cash equivalents denominated in currencies other than Canadian dollars are disclosed in Note 4 and do not expose the Corporation to significant currency risk.

**(D) INTEREST RATE RISK:** Interest rate risk refers to the effect on the fair value or future cash flows of financial instruments of fluctuations in both long-term and short-term nominal and real interest rates. The Corporation's cash equivalents are in units of money market investment portfolios that are interest rate sensitive; however, the underlying financial instruments re-price on a frequent basis. Other financial assets and liabilities have a short term to maturity or have fixed rates of interest, limiting exposure to interest rate risk.

# Notes to Consolidated Financial Statements

(Amounts expressed in thousands of dollars, unless otherwise indicated)  
Year ended March 31, 2024

## 15. CAPITAL MANAGEMENT

The Corporation's objectives in managing capital are to ensure compliance with the Act, whereby the Corporation must recover its operating costs and capital expenditures from amounts charged to the funds, persons, organizations and other clients or from investment income. The Corporation is not subject to any internal or external restrictions on its capital.

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