

Local Purpose, Global Approach
2021-2022

Corporate Annual Report





OUR VISION

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

OUR VALUES

We live and embrace the values of being client focused, performance driven, world class, accountable, and transparent, while conducting ourselves with the utmost integrity.

Clients First

We put clients at the forefront of all decisions and ahead of individual interests — understanding that when our clients are successful, we're successful.

Performance Focused

We collaboratively deliver on our clients' goals, drive and support high performance, and rise to the occasion — we never settle.

World Class

We benchmark ourselves against the best — we constantly seek to improve.

Accountability

We are responsible for our actions and decisions — we own our outcomes.

Transparency

We share relevant and timely information — it builds common understanding and leads to better results.

Integrity

We do what we say we will and mean what we say — we act ethically, support diversity, and consistently live BCI's values.

British Columbia Investment Management Corporation (BCI) is amongst the largest institutional investors in Canada with \$211.1 billion under management, as of March 31, 2022. Based in Victoria, British Columbia, with offices in Vancouver and New York City, BCI is invested in: fixed income and private debt; public and private equity; infrastructure and renewable resources; as well as real estate equity and real estate debt through our independently operated platform company QuadReal Property Group. With our global outlook, we seek investment opportunities that convert savings into productive capital that will meet our clients' risk and return requirements over time. This compels us to integrate long-term ESG matters into all investment decisions and activities. BCI's clients include pension plans representing over 715,000 plan members, insurance funds providing more than three million Autoplan insurance policies annually, benefits coverage to more than two million workers and 225,000 companies, and special purpose funds within B.C.'s public sector. Founded in 1999, BCI is a statutory corporation created by the *Public Sector Pension Plans Act*. For more information, visit our website bci.ca or follow us on LinkedIn.

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This document is prepared in accordance with Section 20(2)(e)(v) of the *Public Sector Pension Plans Act* for the Honourable Minister of Finance and the BCI Board of Directors. 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, 2022. Unless otherwise stated, all figures are as at March 31, 2022, and in Canadian dollars. The report includes Management's Discussion & Analysis, Compensation Discussion & Analysis, and Corporate Financial Statements. The pooled fund financial statements for December 31, 2021, are available [here](#). Our ESG Annual Report, which includes BCI's climate-related financial disclosures (in accordance with the Task Force for Climate-related Financial Disclosures), is available on [BCI.ca/esg](#)

Highlights 2021–2022

GENERATED

7.4% annual return¹ on behalf of British Columbia's public sector pension plans²

ADDED VALUE

\$13.2 billion over a 10-year period to British Columbia's public sector pension plans² (annualized return of 9.1% against a combined benchmark of 8.0%)

ADDED

\$11.5 billion in net assets under management (AUM), increasing total AUM to \$211.1 billion

REACHED

\$3.1 billion in cumulative historical participation in sustainable bonds, compared to \$1.4 billion in fiscal 2021

COMMITTED

\$6.8 billion in total client capital for private equity investments, the most of any year for the program

RANKED

10th in Infrastructure Investor's 2021 Global Investor 50 — a list of the largest institutional investors in global infrastructure

COMMITTED

\$2.0 billion in new Infrastructure & Renewable Resources opportunities for our clients

NAMED ONE OF

BC's Top Employers, one of Canada's Top 100 Employers and one of Canada's Family Friendly Employers for the third consecutive year

¹ Includes the impact of client currency hedging policies, where set.

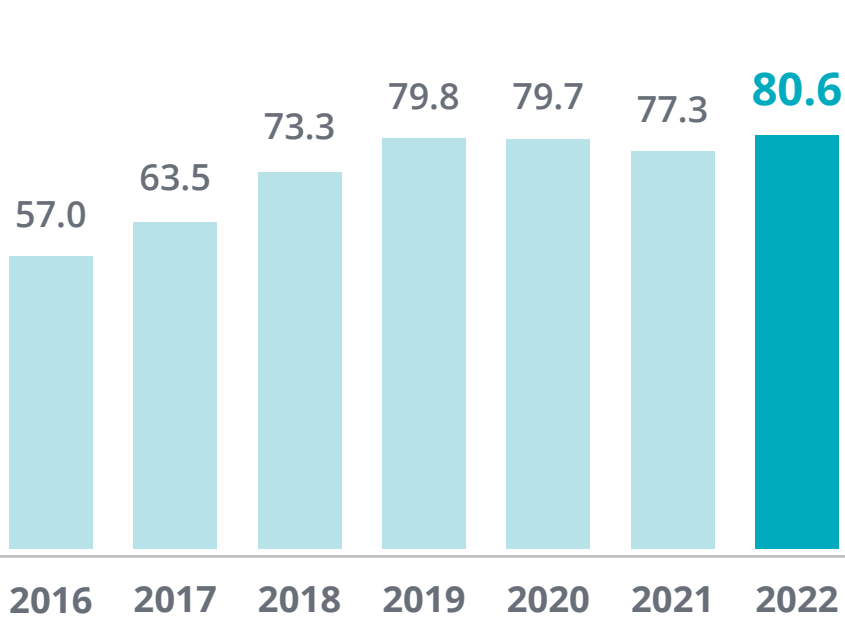
² The Combined Pension Plans reflect the investments of BCI's six largest pension clients, namely: BC Hydro Pension Plan; College Pension Plan; Municipal Pension Plan; Public Service Pension Plan; Teachers' Pension Plan; and WorkSafeBC Pension Plan.

BCI at a Glance

BCI is an **active, in-house asset manager** and provides investment management services to British Columbia's public sector

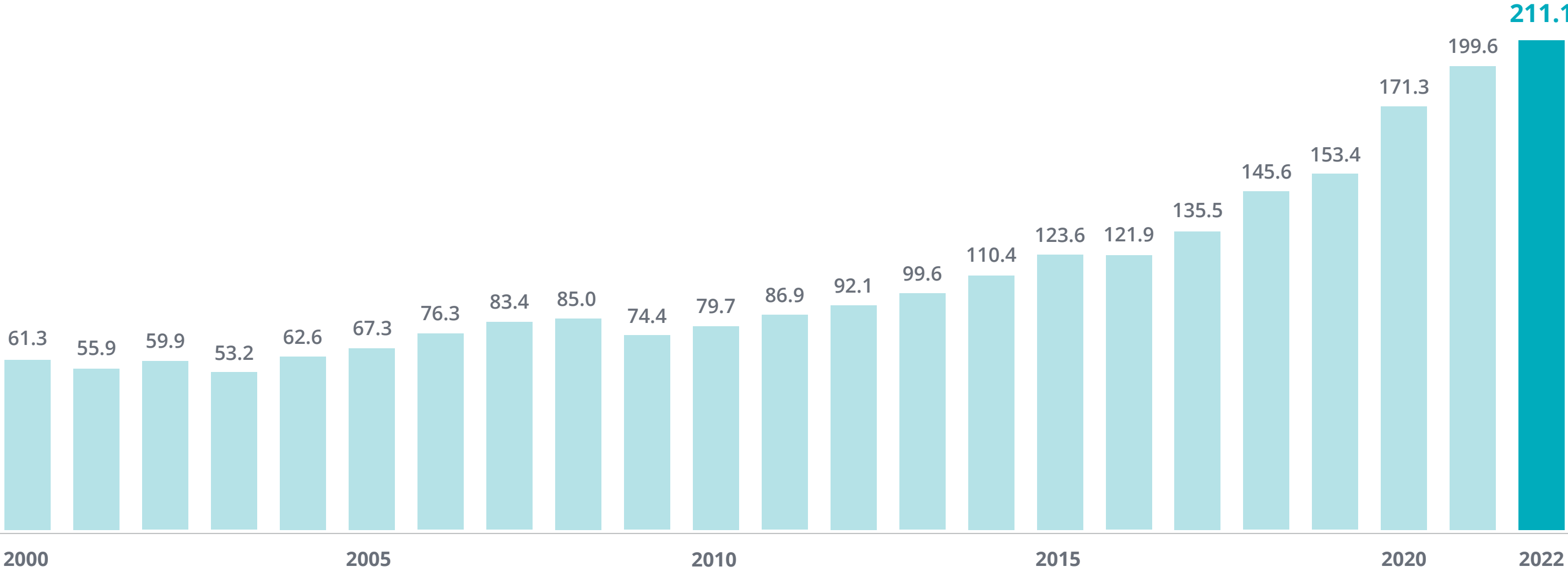
ASSETS MANAGED IN-HOUSE (%)

For the periods ended March 31



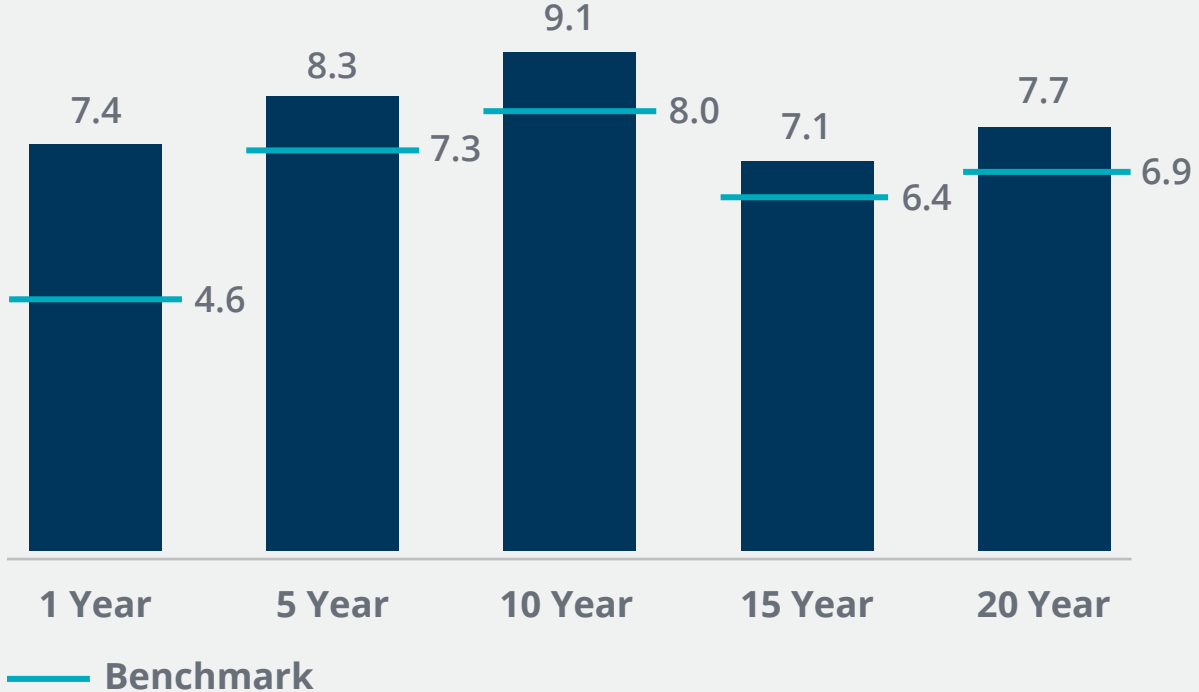
TOTAL NET ASSETS UNDER MANAGEMENT (\$ BILLION)

For the year ended March 31



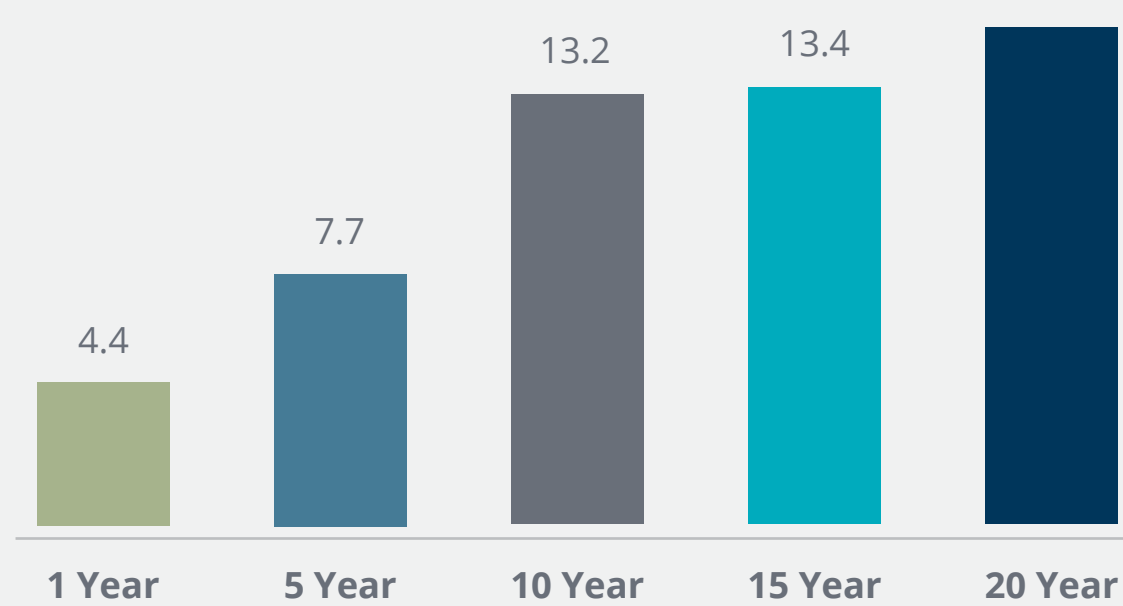
ANNUALIZED PENSION RETURNS^{1,2} (%)

For the periods ended March 31, 2022



CUMULATIVE VALUE ADDED¹ BY BCI (\$ BILLION)

For the periods ended March 31, 2022



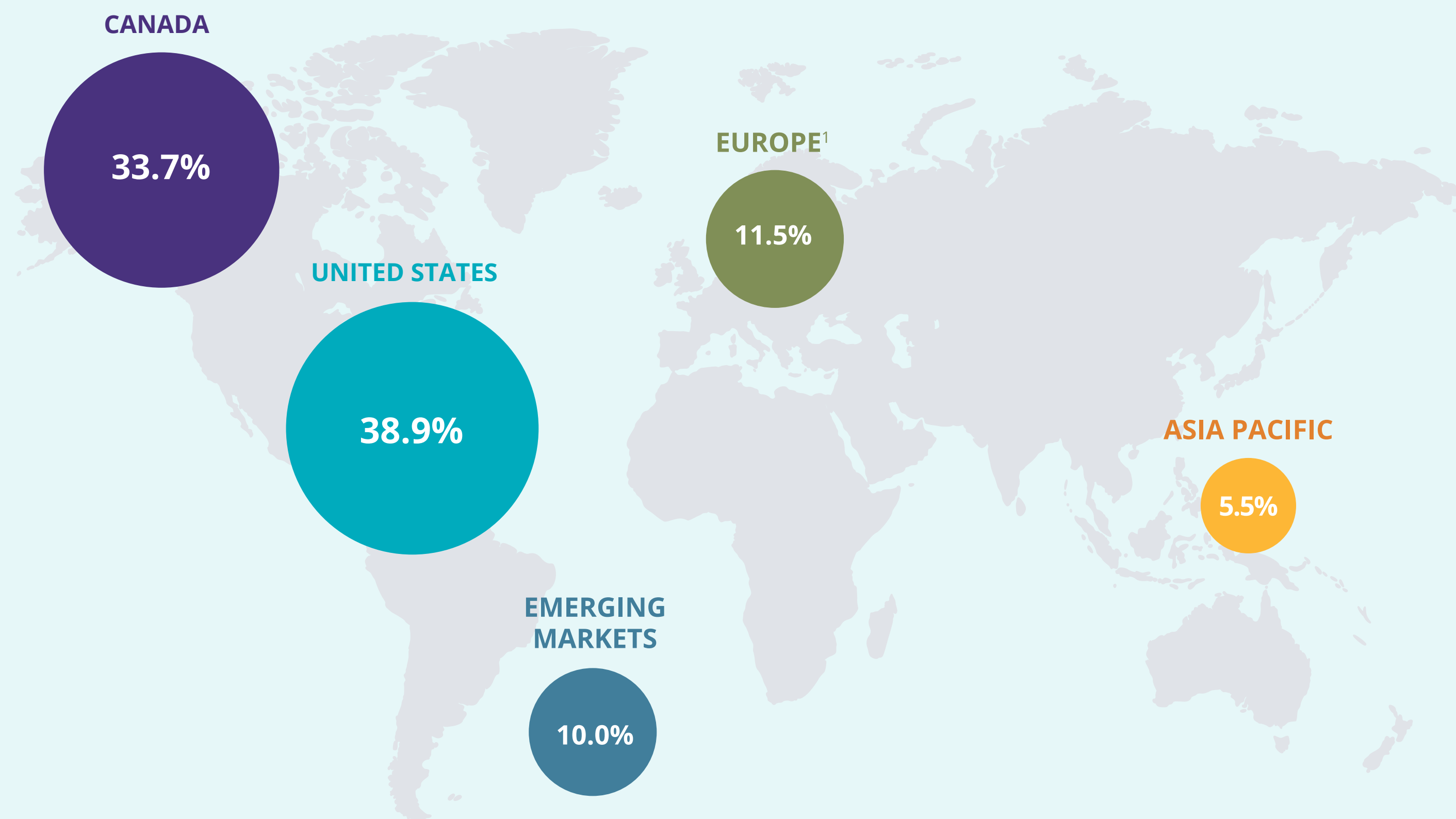
Value-add is the additional return in dollars BCI generated for clients in excess of client benchmarks through active investments and excluding the impact of clients currency hedging policies, after all costs and fees.

¹ Reflects the investments of BCI's six largest pension plan clients, namely: BC Hydro Pension Plan; College Pension Plan; Municipal Pension Plan; Public Service Pension Plan; Teachers' Pension Plan; and WorkSafeBC Pension Plan.

² Includes the impact of client currency hedging policies, where set.

GLOBAL DISTRIBUTION OF ASSETS UNDER MANAGEMENT

As at March 31, 2022

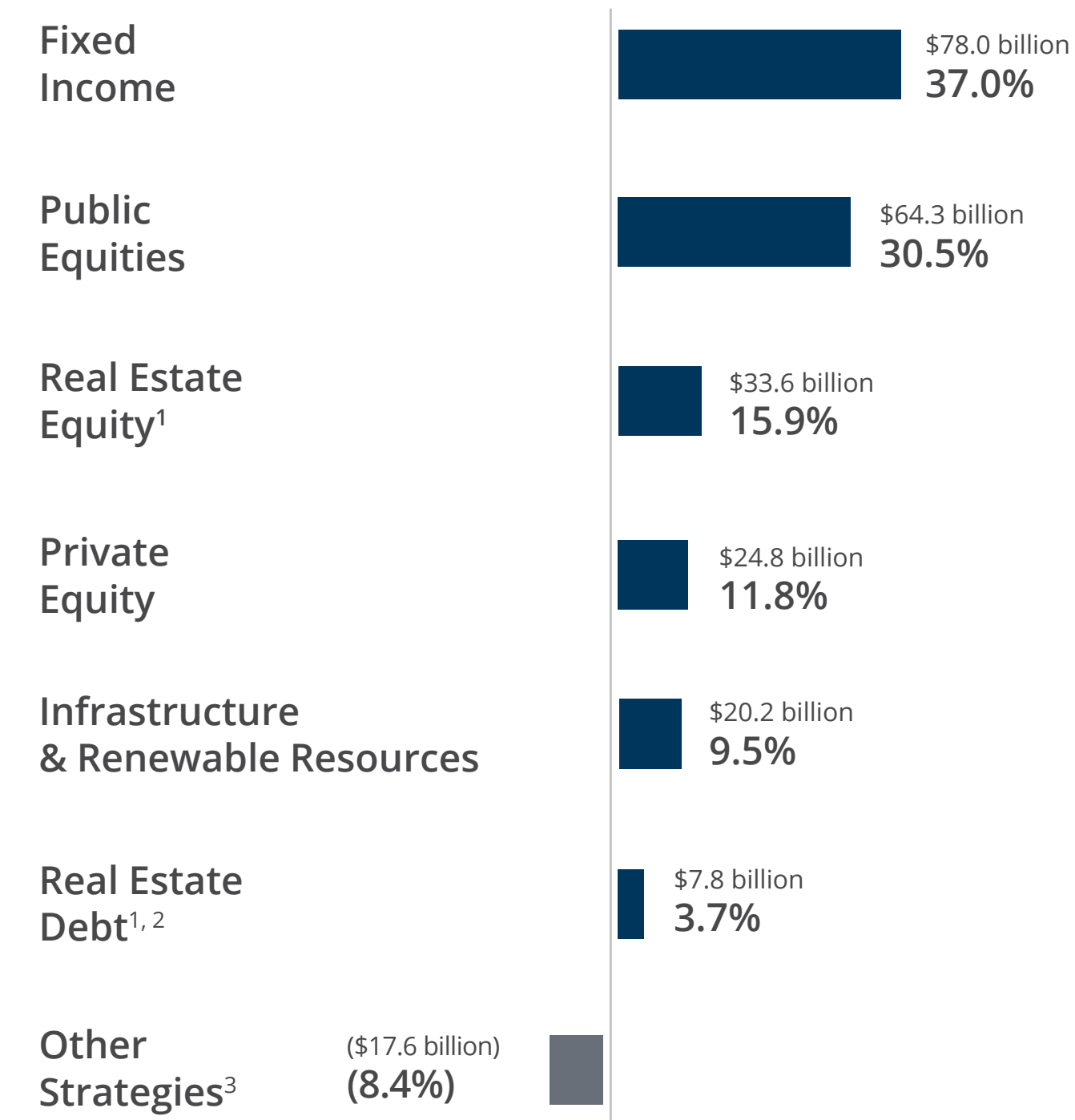


For the year 2022, values do not sum to 100 due to global allocation including countries not listed in the MSCI Developed and Emerging Markets indices.

¹ Europe includes the United Kingdom.

ASSETS UNDER MANAGEMENT

For the year ended March 31, 2022



¹ BCI established QuadReal Property Group in 2016 to manage our clients' real estate equity portfolios. Management of our real estate debt portfolio was transferred to QuadReal in 2019. These two programs represent 19.6 per cent of BCI's total assets under management as at March 31, 2022.

² The Mortgage program was renamed Real Estate Debt during F2022.

³ Other Strategies includes leverage liabilities and client currency hedging policies.

Letter from our Chair

PETER MILBURN

In these dynamic times, our board is called upon to have deep understanding of complex topics to provide effective oversight.

From the ongoing impact of the COVID-19 pandemic, to geopolitical and environmental threats, to greater calls for equity, diversity, and inclusion, it is essential that we have the tools and knowledge necessary for prudent and informed governance. As a result, this year the board participated in several education sessions and held special meetings on many important issues — strengthening our ability to oversee and guide BCI on the concerns of today, and tomorrow.

As our fiscal year was ending, the board held a special meeting to address issues related to the Russian government's invasion of Ukraine. As a board our work included oversight of BCI's selling down of Russian securities. It also included discussions with management on how BCI was complying with federal sanctions and Russia's position in the global investment indices and what actions BCI could support, along with the global investment community, to exclude Russia from these important benchmark tools. Further, we supported management's decision to break from the usual practice and issue a public statement about these sale activities. At time of

writing, this conflict continues, and we continue to broaden our understanding of the global threats, and market impacts — such as additional inflationary pressure through new supply chain challenges and energy prices — the Russian government's actions pose to provide the necessary guidance for BCI's direction forward.

We looked forward to spring more than usual in our final fiscal quarter, as not only did it mean an emergence from winter weather, but also from another wave of the COVID-19 pandemic and the last of our provincial public health orders. Fortunately, we have begun to see a return to normalcy and these changes allowed our board a very welcome return to in-person meetings. Much of our work remained centred around issues related to the COVID-19 pandemic which was ever present. It was imperative that we continuously built and refined our understanding of the forces impacting BCI to provide informed advice through each new wave. As I said last year, BCI's staff and leadership demonstrated exceptional agility and resilience throughout this unprecedented challenge and have done so again this year. Despite the myriad of challenges going into a second year of a global pandemic, staff and leadership continued to work diligently and effectively to deliver on our commitment to clients.



“ It is our belief that the work done this year has strengthened our preparedness for dealing with further global complexities.

We continue to witness challenges created or magnified by the pandemic. This includes the rising threat of inflation, upon which we have our gaze firmly placed. It also includes a focus on employee satisfaction as a record number of employees worldwide have voluntarily resigned from their positions. We have a strong focus on retention and are addressing it proactively, staying informed on the issues underlying this significant shift in the job market and unique challenges faced by BCI. This included an off schedule review this year of the compensation structure and a peer market comparison, as well as review of employee retention metrics and related reporting. To continue supporting our clients' objectives, BCI needs to be able to recruit and retain world-class professionals, so we will continue our oversight on this critical issue.

One thing we know for certain: fostering a workplace that leverages equity, diversity, and inclusion (EDI) is critical to BCI's ability to access great talent and retain our highly skilled people. BCI's EDI Strategy — endorsed by the board in December 2020 — affirms our commitment to an inclusive culture, and to diversity that reflects the markets in which BCI, and our clients, operate. Implementation of the three-year strategy is already well-underway, and the board will continue to monitor its progress.

Much of the board's EDI agenda this year was devoted to growing our knowledge around Indigenous engagement and inclusion. Indigenous Works provided us with education on the generational impacts of colonization, Indigenous People's contributions to Canada, and strategies to attract and engage Indigenous talent. We recognize the importance of reconciliation to our work in British Columbia and look forward to continuing this focus.

BCI's clients have long-term investment horizons, so it is critical that the board have deep understanding of the forces affecting their portfolios not just today, but for decades to come. This year, we expanded the list of environmental, social and governance (ESG)-related reporting the board receives, deepening our knowledge of the ESG topics regularly brought before us. We added education on climate-specific issues to our annual strategic retreat, ensuring we have both the breadth and depth of understanding needed to provide the review and governance of this complex and urgent issue. We also reviewed the ways in which BCI engages with clients on the possible impact climate change may have on their portfolios.

We undertook our annual review of BCI's investment benchmarks. The board looks forward to engaging with management and staff on this activity each year, and the oversight and approval of benchmarks is a core and continuous role of the board. Benchmarks are the standards against which BCI's performance is measured, and they have meaningful implications for costs, reporting, and compensation. Our focus remains on ensuring BCI's pooled fund benchmarks are aligned with our clients' needs and expectations.

This year also brought the retirement of two valued board members. I want to express my deepest thanks and appreciation to Karen Maynes and Ken Tannar for their many contributions to the board. Karen was a valued member of our audit committee and held the role of chair from 2018 to her retirement. Ken sat on several committees and provided tremendous leadership to the risk committee in his capacity as chair.

With departures, come arrivals and we welcomed two new directors to our board. Weldon Cowan joined us in September 2021 and brings considerable labour relations experience to the table. Rob Taylor joined the board in January 2022 contributing his experience in pensions and benefits administration. Weldon and Rob were appointed by College Pension Board of Trustees and the Teachers' Pension Board of Trustees, respectively. We look forward to their involvement in the years ahead.

As we are hopefully beginning to emerge from the worst of the COVID-19 pandemic, we continue to see the positive results of BCI's many years of preparation for just such an event. It is our belief that the work done this year has likewise strengthened our preparedness for dealing with other global complexities. I want to thank my fellow board members for their contribution to BCI's governance. I also want to thank our clients for their continued partnership through these uncertain times. Finally, I want to once again applaud BCI's staff and leadership — your dedication to our clients is clear and appreciated.



Peter Milburn

Chair of the BCI Board of Directors

Letter from our CEO/CIO

GORDON J. FYFE



“While the past two years tested our strategy in more ways than we could have imagined, it also highlighted the resilience of our portfolio, the corporation, and our people.”

There is no question that this was another extraordinary year. As the pandemic wore on, our team remained focused in an incredibly dynamic market — putting clients first, staying true to our strategy, and delivering solid results.

Delivering Performance Through Adversity

To do justice to the results, we must look beyond one year and consider the past two years. The onset of COVID-19 brought course altering changes to the financial markets and to how we work. Following the brief but dramatic drop in markets in the early days of the pandemic, the economy entered a period of recovery. While accommodative monetary policy and robust growth provided tailwinds for investors, the resulting increased demand put pressure on supply chains and spurred levels of global inflation not seen in decades, only to be compounded by commodity price shocks and added uncertainty resulting from the horrific war in Ukraine.

Against this backdrop, BCI achieved our strongest year of relative performance, adding value of \$4.4 billion, representing a combined pension return of 7.4 per cent against a 4.6 per cent benchmark. Looking at performance over the past two years, since the start of the pandemic, BCI

delivered an annualized return of 11.9 per cent against a benchmark of 10.7 per cent, with a value added of \$4.2 billion. The team's ability to deliver value for clients, despite rapidly changing circumstances, working remotely, and the inability to travel to assess or oversee assets is truly exceptional. As a long-term investor with clients whose liabilities extend multiple decades, we are always focused on long-term performance, and over the past ten years BCI delivered a 9.1 per cent return — representing \$13.2 billion of added value.

While the past two years tested our strategy in more ways than we could have imagined, it also highlighted the resilience of our portfolio, the corporation, and our people. The work we had done since 2014 to transform BCI into an active in-house asset manager and diversify our clients assets, paid off in spades, giving us a strong foundation. As markets fell, our clients strong funding position and BCI's careful liquidity and capacity management allowed us to take advantage of opportunities and enter new long-term investments. Similarly, as markets rebounded, we acted on the strength to strategically sell assets — crystalizing value for clients. Throughout it all the team stayed grounded in the long term, not overreacting to short-term trends or events.

Banner Year in Private Markets

All parts of our business contributed to the strong results, however the performance of our private market assets is notable. We had a banner year in private equity delivering a total return of 29.7 per cent — well ahead of the benchmark. This success demonstrates the team's deep industry expertise and ability to identify sources of potential value and work alongside management teams to bring it to fruition.

Within our real estate portfolio, outperformance was driven by the performance and expansion of e-commerce investments, as the portfolio was well positioned to benefit from the continued trend toward a more digital world. And in infrastructure and renewable resources, we leveraged longstanding partnerships and deep networks to enter new investments in sustainability-focused assets in renewable energy, agriculture, and timber.

A Diversified Global Investor

We continued to diversify our portfolio geographically, by investment type, and by capital structure.

Aligning with our long-term strategy of actively managing a greater portion of assets internally, we recently launched an active in-house global emerging markets equity fund. Bringing this in-house provides better cost and operational efficiencies for clients, while also allowing us to strategically diversify client exposure into new regions.

We expanded our private credit program, deploying more than \$2 billion into the market. Record mergers and acquisition activity and demand for loans created an ideal environment. Private credit helps diversify a portfolio and having the ability to directly structure deals with floating rates, helps manage portfolio interest rate sensitivity.

We also quite literally grew our global footprint with the opening of BCI's first international office in New York City in Spring 2022, and planning is underway for the opening of an office in London, UK towards the end of this year. Having a physical presence in these locations advances our global reach and allows easier access to our existing assets and future investment opportunities.

Of course, as we expand our investment universe, we will also encounter new challenges. The Russian government's invasion of Ukraine in February 2022 comes to mind. Given the unique nature of the situation and egregious actions of Russia, BCI took decisive action to sell Russian securities and worked with industry peers to have Russia removed from global and emerging market indices.

Putting Our People First

I take great pride in what we accomplished in the past two years. Despite the physical distance, teams found creative ways to strengthen connections, foster collaboration, advance corporate priorities, and facilitate deal-making.

The pandemic has been challenging for each of us in our own way. Loved ones have been lost, families have been kept apart, and many have struggled with isolation and mental health. At BCI, we took extra steps to put mental health and wellness first, introducing new programs and resources to support our team. This enduring commitment was a big part of our recognition as one of British Columbia's Top Employers, one of Canada's Top Family-Friendly Employers, and one of Canada's Top 100 Employers, for three years running.

BCI has long had a robust student co-op and internship program. Remote work during the pandemic allowed us to expand our program and we welcomed 131 students from universities across Canada. Providing students with meaningful work experience is a critical investment in the next generation of investment professionals and key to building our talent pipeline.

As our team has now returned to our offices, trialling a hybrid model, it is wonderful to reconnect with colleagues and to experience the energy that many of us missed working from home. BCI remains committed to building a diverse, equitable and inclusive culture that celebrates and leverages all backgrounds and ways of thinking.



Anticipating Challenging Markets Ahead

We are facing a very different macroeconomic and market environment, that will be much more volatile and challenging than previous years. With inflation at the highest level in 40 years, central banks are in the precarious position of having to aggressively tighten policy to rein in inflation at the same time as the global economy is showing signs of slowing. The backdrop of tighter financial conditions and elevated inflation, alongside a commodity-price shock and slowing growth means the probability of a recession is rising.

While this period will once again test our strategy and impact returns, experience has taught me that focusing on the long term and remaining grounded in our investment discipline, allows us to effectively manage risk. Our clients are in a very healthy financial position, and BCI will use our expertise to navigate short term market volatility while seizing opportunities that position our clients for the generations to come.

In Closing

I would like to thank Chair Peter Milburn and the entire BCI Board of Directors, and express my gratitude to my colleagues — including my executive and senior management team — for their hard work and commitment, without which we would not have been able to overcome the extraordinary challenges of the past two years. And, as always, thank you to our clients for their continued support.

While much uncertainty remains as we look ahead — I remain optimistic. I am privileged to work with an incredible team each day, knowing that our efforts help to create healthy financial futures while supporting the vibrancy of communities across this province that I am proud to call home.



Gordon J. Fyfe
Chief Executive Officer /
Chief Investment Officer



BCI's Global Footprint

LOCAL PURPOSE, GLOBAL APPROACH

BCI exists to help our public sector clients meet their investment objectives and, in turn, support the financial futures of hundreds of thousands of British Columbians. As markets become ever more crowded, competitive, and complex, we meet our local goals by thinking on a global scale.

Events of the last year have reinforced just how vital it is for BCI to ensure our clients are well-positioned to face the challenges of an increasingly complex, and interconnected, global capital marketplace. Through active investment strategies, led by our internal investment teams and our robust investment strategy and risk program, we can confidently steward our clients' assets across global capital markets, even during severe turbulence, such as that created by the COVID-19 pandemic and the invasion of Ukraine by the Russian government. We have built sophisticated, world-class technology infrastructure to support our processes — whether working from the office, or at home — and we have welcomed the exceptional, diverse talent needed to succeed in the world's most competitive financial arenas.

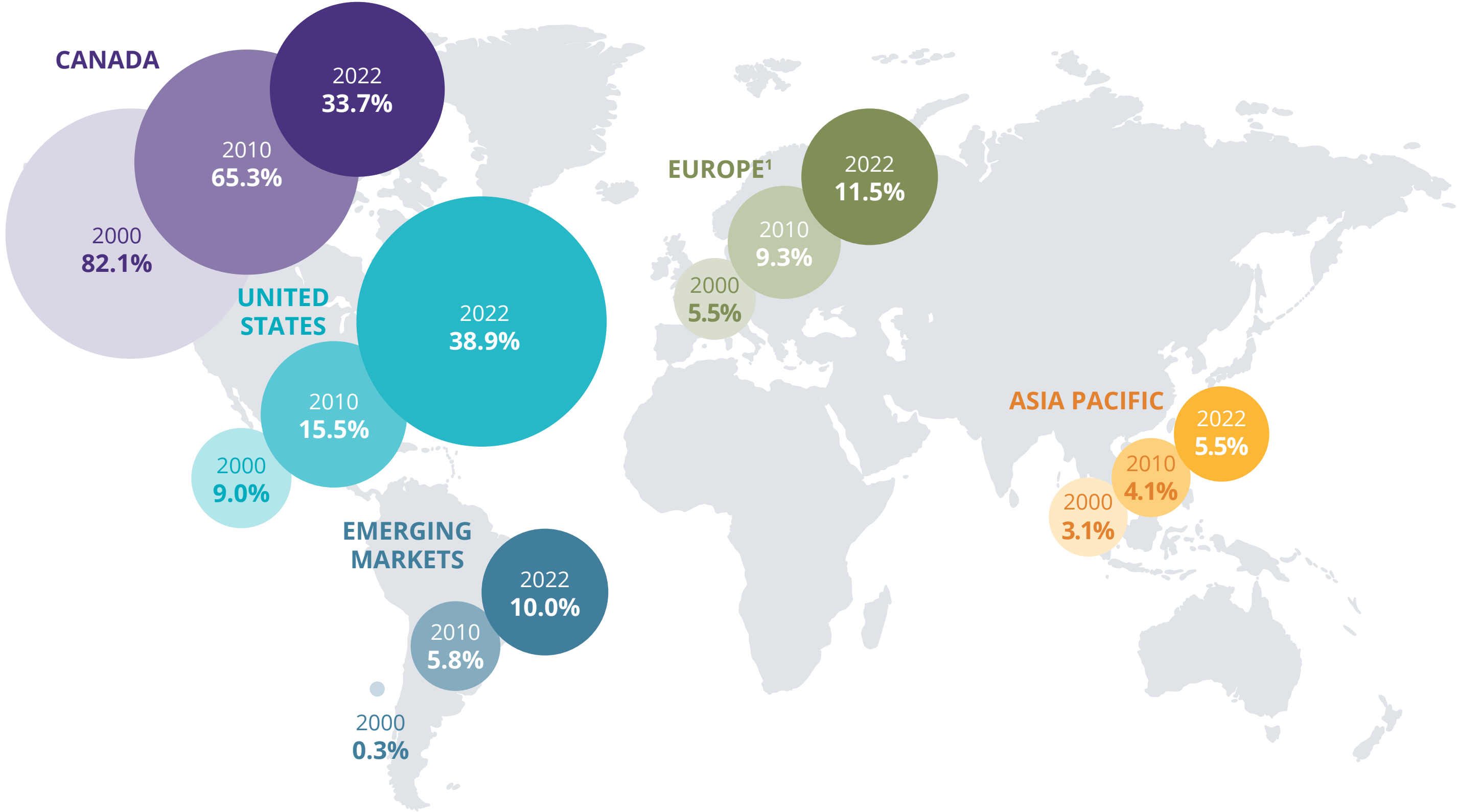
Golden Gate Bridge, San Francisco, California, U.S.

Lions Gate Bridge, Vancouver, B.C., Canada

Building Our Globally Diversified Portfolio

As at March 31, 2022

Directly driven by our clients' investment needs, we have capitalized on the benefits of global diversification. Our portfolio has gone from less than 20 per cent invested outside of Canada in 2000, to more than 66 per cent today, which improves returns, choice, and risk management.



For the year 2022, values do not sum to 100 due to global allocation including countries not listed in the MSCI Developed and Emerging Markets indices.

¹ Europe includes the United Kingdom.

DIVERSIFYING FOR RETURNS

Canada's economy comprises less than five per cent of the global investment universe. This means diversified portfolios are essential for earning the returns our clients rely on to keep pension contributions and insurance rates stable.

DIVERSIFYING FOR CHOICE

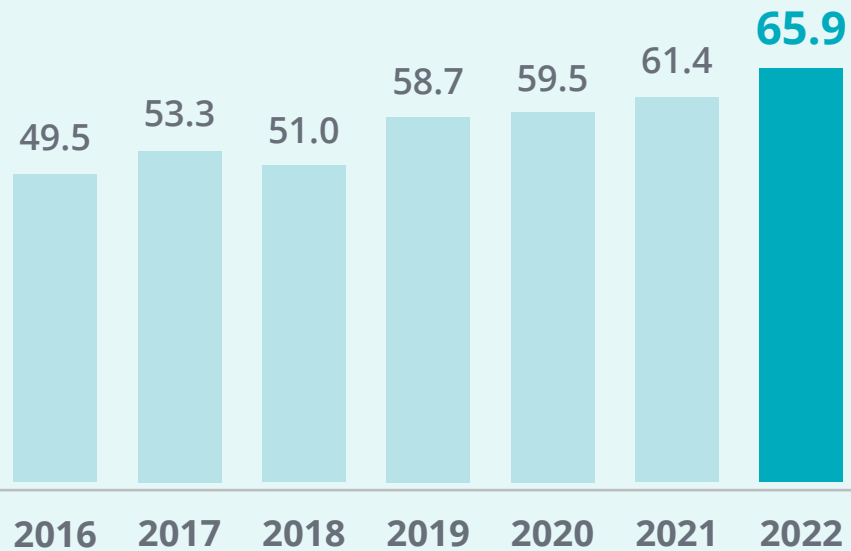
Our clients have unique needs and objectives. Investing globally allows us to provide them with a wider range of options, empowering greater alignment in their portfolios.

DIVERSIFYING FOR PROTECTION

Portfolio protection comes from diversifying along different characteristics. Expanding the portfolio globally allows for geographic diversification, as well as greater access to all different asset types.

GLOBAL EVOLUTION OF OUR INVESTMENTS

For the year ended March 31



Capturing Value in Emerging Markets

Emerging markets are economies that are becoming more mature, stable, and engaged globally. Investing in dynamic yet still-developing countries like India and Brazil offer an important opportunity for growth, particularly in periods of rising inflation.

OUR NEW GLOBAL EMERGING MARKETS EQUITY FUND

In April 2022, we launched an internal active Global Emerging Markets Equity strategy. Creation of an internal emerging markets program brings the cost-efficiencies and alignment benefits of in-house investing to this expanding segment of our clients' portfolios. Mandated with capturing emerging markets growth opportunities, the program has an expected deployment of \$1 billion in F2023. The program is managed by industry leaders recruited from around the world, putting their global expertise to work for our clients and contributing to our world-class culture.

RISK MANAGEMENT & ESG INTEGRATION

Emerging markets are unique, and investments in them can require specific guardrails and approaches for due diligence, monitoring, and engagement. Ensuring our investment risk and ESG programs are sufficiently prepared has been a key undertaking.

OUR EMERGING MARKETS JOURNEY

We have invested in emerging markets since inception, beginning with a small, passive equities exposure through funds and indices. Our holdings have grown incrementally over time. In 2006, we made our first direct investment in an emerging market by acquiring a position in Transelec, the leading power transmission company in Chile. Held in our infrastructure program, this is the first of many emerging markets investments across our private markets portfolios with our most recent investment being Summit Digitel in India in 2020. Our emerging markets exposure has grown from 5.8 per cent in 2010 to 9.9 in 2022 — 71 per cent increase.

Expanding Our Global Presences

To continue supporting our clients' financial objectives, we are opening two international offices: one in New York City, and one in London, U.K. Having a physical presence in these global centres bolsters deal flow, brand awareness, and the recruitment of diverse, world-class talent. Being closer to transactions as they take shape, and being near assets already in our portfolio, supports due diligence and strengthens oversight and engagement.



In 2022, our private equity team opened our first office outside of Canada, in New York City. Their presence is designed to deepen existing relationships with strategic partners, expand our access to new investment opportunities as they arise, support efficient and effective due diligence, and grow our pipelines for specialized recruitment.



Our infrastructure & renewable resources team is scheduled to establish BCI's second international office, in London, U.K. This places our professionals closer to our European investments, helps build new business relationships, and expands our investment opportunity set in the U.K., Europe, the Middle East, and Africa.



Manhattan Skyline, New York, U.S.

Our Clients

We provide investment services to British Columbia’s public sector pension plans, insurance funds, and other government entities. Our clients are not mandated to use BCI and have voluntarily chosen us as their investment manager. Created by the *Public Sector Pension Plans Act* in 1999, we work in our clients’ best financial interests at all times.

“Clients first” is one of BCI’s core values. We are accountable for generating long-term returns that meet or exceed our clients’ actuarial targets and benchmarks, net of all operating costs, without taking on unnecessary risk. We focus on understanding our clients’ investment needs — whether managing funds on behalf of pension boards, growing capital reserves for insurance funds, or generating income for trust funds.

We invest in line with our clients’ investment objectives and policies, as well as applicable legislation and regulations. We construct well-diversified portfolios aligned with our clients’ investment objectives, risk tolerance, liability profiles, liquidity needs, taxable status, and investment horizons. BCI also works closely with trustees to engage on important investment issues, expand their knowledge and understanding of capital markets, and strengthen our partnerships.

In addition to generating long-term returns, BCI disbursed \$9.2 billion to clients in fiscal 2022. These distributions are used to pay retiree pensions, and support government programs in areas like arts and culture, sport, and skills development within British Columbia.

As of March 31, 2022, BCI has 31 clients in three separate classifications:

PENSION FUNDS We invest on behalf of 11 public sector pensions plans. As our largest client group, pension funds account for 77.7 per cent (or \$164.0 billion) of the assets under management. BCI’s investment activities help our clients secure the pensions and post-retirement group benefits of more than 715,000 plan members. Clients establish their funds’ investment policies, performance targets, and long-term strategic asset allocations, based on their plans’ unique characteristics, circumstances, objectives, and risk tolerances.

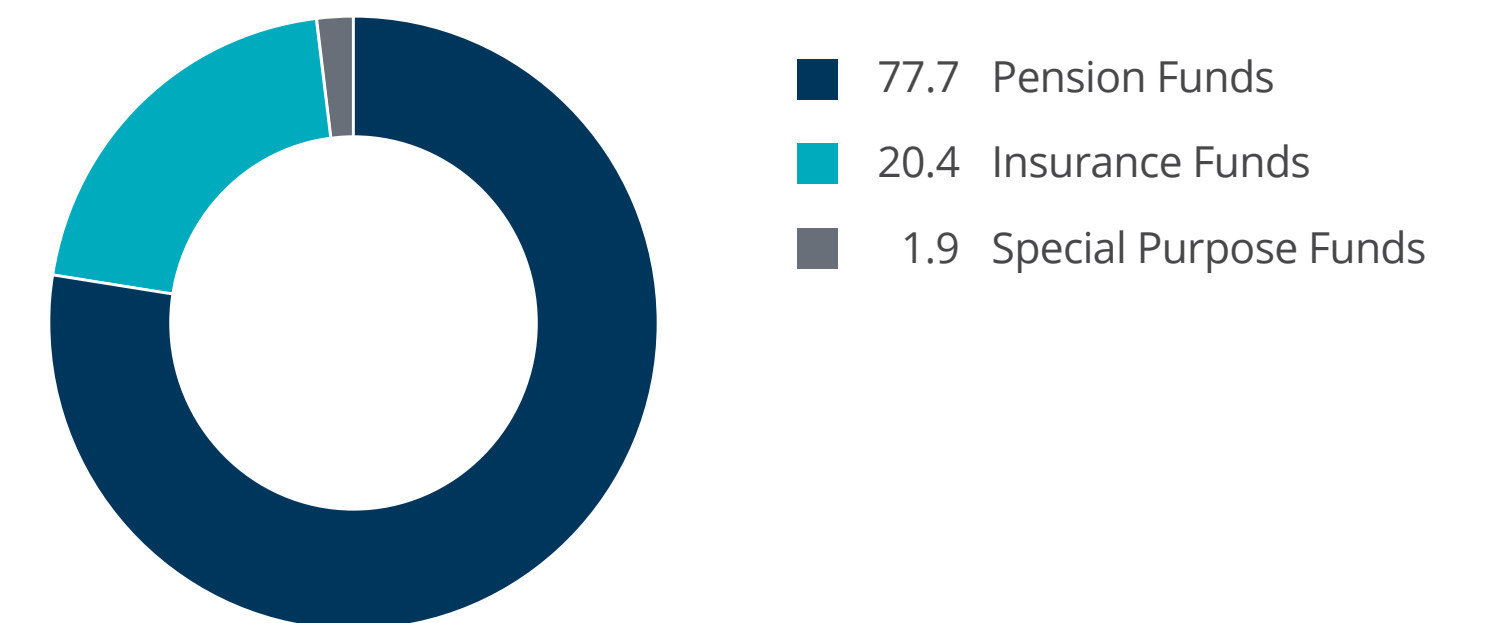
Our objective is to construct and manage diversified portfolios to create value — aiming to meet or exceed clients’ return targets without taking on unnecessary risk. Returns are important — BCI’s investments generate about \$75 of every \$100 a pension plan member receives in retirement benefits.

INSURANCE FUNDS We invest on behalf of three public sector insurance funds. These clients account for 20.4 per cent (or \$43.0 billion) of our assets under management. Our purpose is to help ensure the long-term financial sustainability of these funds while generating additional income by exceeding benchmark returns. BCI’s investment returns help our clients provide stability in the insurance premiums charged to employers and auto owners/drivers.

SPECIAL PURPOSE FUNDS Special purpose funds include public trusts, endowments, and government bodies that have funds and investments requiring professional management. We invest on behalf of 17 special purpose funds which represent 1.9 per cent (or \$4.1 billion) of our assets under management.

CLIENT PROFILE (%)

As at March 31, 2022¹



¹ Percentage based on net assets.



Our Clients

Our clients are unique and have different investment needs — whether managing pension funds, growing capital reserves for insurance funds, or generating income for trust funds.

OUR CLIENTS¹ ARE CATEGORIZED INTO THE FOLLOWING GROUPS.

PENSION FUNDS

- BC Hydro and Power Authority Pension Plan
- British Columbia Railway Company
- College Pension Plan
- Insurance Corporation of British Columbia
- Municipal Pension Plan
- Public Service Pension Plan
- Teachers' Pension Plan
- University of British Columbia Staff Pension Plan
- University of Victoria Combination & Money Purchase Pension Plans
- University of Victoria Staff Pension Plan
- WorkSafeBC Pension Plan

INSURANCE FUNDS

- Credit Union Deposit Insurance Corporation of British Columbia
- Insurance Corporation of British Columbia
- WorkSafeBC Accident Fund

SPECIAL PURPOSE FUNDS

- 2010 Games Operating Trust
- 94 Forward Society
- BC Assessment Authority
- BC Ferry Services Inc.
- BC Hydro and Power Authority
- BC Pension Corporation
- British Columbia Railway Company
- BC Transportation Financing Authority
- Columbia Basin Trust
- Healthcare Investment Unit Trust
- Innovate BC
- Municipal Retiree Benefit Trust
- Province of British Columbia
- Public Education Benefits Trust
- University of British Columbia (Endowment Fund)

Two clients have chosen not to be disclosed.

¹ Two clients have chosen not to be disclosed.

SIX LARGEST PENSION PLANS

- 1 The Municipal Pension Plan** has over 397,000 active, inactive, and retired members in B.C. Members come from a variety of sectors across the province, including healthcare, municipalities, and school districts.
- 2 The Public Service Pension Plan** serves over 140,000 active, inactive, and retired plan members from B.C.'s public sector, including the provincial government, transportation, healthcare, and others.
- 3 The Teachers' Pension Plan** has more than 100,000 active, inactive, and retired plan members, including teachers, vice-principals, principals, and superintendents from school boards across the province.
- 4 The College Pension Plan** has more than 33,000 active, inactive, and retired plan members, including employees and senior administrators at 24 public post-secondary institutions across B.C.
- 5 The BC Hydro Pension Plan** is a single-employer plan that serves eligible employees of BC Hydro. The plan has nearly 15,000 members.
- 6 The WorkSafeBC Pension Plan** is a single-employer plan that serves eligible employees of WorkSafeBC. The plan has more than 6,300 active, inactive, and retired members.

Our Investment Management Services

BCI provides clients with a full range of services that include: strategic investment consulting; investment management of public and private market assets; risk management; investment management administration; responsible

investing; and investment education. Our clients' real estate equity and real estate debt programs are managed by QuadReal Property Group, an independently operated company owned by BCI and created in 2016.

Welcoming our Newest Clients

In March 2022, we announced two new clients: **Municipal Retiree Benefit Trust (MRBT)** and **Innovate BC**.

MRBT is an employee life and health trust (ELHT) newly created by the Plan Partners for the Municipal Pension Plan (MPP) following a program review and redesign. MRBT provides access to group benefits for retired MPP members and their spouses/dependents. Providing benefits through an ELHT offers better sustainability, as funds can accumulate and earn investment income. BCI has been the investment manager for MPP for many years, and we look forward to continuing to invest on behalf of the plan's retirees in this new capacity as well.

We also welcomed Innovate BC. In this new partnership, BCI manages Innovate BC's Natural Resources and Applied Sciences Endowment Fund. Innovate BC is a Government of British Columbia Crown agency reporting to the Ministry of Jobs, Economic Recovery and Innovation. Its work helps foster innovation in B.C. so that British Columbians in all regions of the province can benefit from a thriving, sustainable, and inclusive innovation economy. Innovate BC funds and delivers programs that support the growth of the B.C. economy by helping companies start and scale, train talent that meets labour market needs, and encourage technology development, commercialization, and adoption.

Tofino, B.C., Canada



“As our presence has grown, so has interest in BCI from around the world. This requires our teams to think about stakeholders on a global level.”

Three Questions with David Morhart

EXECUTIVE VICE PRESIDENT, CORPORATE & INVESTOR RELATIONS

How has your department contributed to the growth of BCI's global footprint?

Our teams are responsible for engaging with our clients, government, the media, the public, and other stakeholders. As our presence has grown, so has interest in BCI from around the world. This requires our teams to think about stakeholders on a global level. This includes work that began during BCI's transformation to deepen the ways we communicate with our clients, ensuring they have the knowledge and information necessary to confidently oversee sophisticated — and increasingly global — investments and strategies.

As BCI has evolved, how has client reporting changed?

It is imperative that we share timely and relevant information that allows clients to understand how their investments are performing and how risks and opportunities are being managed. Over the years, BCI's reporting has expanded in complexity and volume, and there are now opportunities to consolidate information, reduce the volume of materials, and improve overall presentation and clarity for clients. In 2021, we initiated our Client Reporting project to streamline and improve BCI's reporting capabilities. We brought together a multi-functional team that included experts in reporting best practices, and we reached out to clients to learn about

changes that would make their fiduciary oversight easier. This feedback has been incorporated into the design of a new quarterly report that will replace at least six existing client reports.

How does BCI maintain engagement with clients and build their knowledge of investments?

All our clients have dedicated relationship managers who are experienced investment professionals. They facilitate the flow of information between our colleagues and clients to ensure clients are fully supported. To supplement this, BCI launched The Exchange, our client portal, two years ago. The portal is accessible 24/7 on a self-serve basis using best-in-class security features, and provides clients with information about their investments, including reports and meeting materials, news and announcements, investment management insights, and thought leadership articles. Our teams also provide clients the opportunity to learn more about investment-related topics through our client education program. This series of year-round events is designed to meet clients' learning and information needs, including an annual investment literacy workshop, quarterly market update webcasts, conferences, videos on a wide range of investment topics, and site visits to our portfolio companies.



Governance and Leadership

Manhattan Skyline, New York, U.S.

Legislature, Victoria, B.C., Canada

Our Board of Directors

COMPOSITION OF THE BOARD

The *Public Sector Pension Plans Act* requires our board to have seven directors as follows:

- > One director appointed by the College Pension Board from among its members
- > One director appointed by the Municipal Pension Board from among its members
- > One director appointed by the Public Service Pension Board from among its members
- > One director appointed by the Teachers' Pension Board from among its members
- > Two directors, representative of other clients, appointed by the Minister of Finance for British Columbia
- > One other director appointed by the Minister of Finance for British Columbia and designated to be the chair of the board

These nominating bodies are aware of our criteria relating to the knowledge, experience, and skill set we look for in BCI directors.

BOARD INDEPENDENCE

All directors and the board chair are non-executive directors and independent of management.





Executive Management and Senior Leadership

BCI is led by a world-class team of executives and senior leaders that set the overall direction of the corporation, in alignment with our clients' investment needs and expectations.



GORDON J. FYFE
Chief Executive Officer /
Chief Investment Officer

Gordon J. Fyfe is the chief executive officer and chief investment officer of British Columbia Investment Management Corporation (BCI). Gordon has a strong and extensive investment background with more than 30 years in the investment and finance industry. Prior to joining BCI in July 2014, he served as the president and chief executive officer of the Public Sector Pension Investment Board (PSPIB) in Montreal, Canada for 11 years. Gordon started his career with J.P. Morgan in New York and London, and then moved to executive positions at TAL Global Asset Management and Caisse de dépôt et placement du Québec, both large Canadian institutional investors. Gordon holds a degree in commerce from the University of British Columbia and an MBA from INSEAD, France.



SHAUNA LUKAITIS
Chief Operating Officer

Shauna Lukaitis joined BCI over 20 years ago. As chief operating officer, she applies her multi-disciplinary background within the company, including as an equity trader, project manager, and SVP investment operations. Shauna is responsible for overall management and setting the strategic direction for BCI's operations group, which includes finance, technology, investment operations, legal affairs, and corporate operations. She oversees the inter-connectivity, relationships, and operating model required for the realization of BCI's global operations. Shauna is a member of the executive management team and sits on the QuadReal board of directors.

Shauna is a graduate of the Advanced Management Program at Harvard Business School and holds a business administration diploma from Camosun College. She has completed the Canadian Securities Course and the Chief Compliance Officer Qualifying Examination through the Canadian Securities Institute.



DANIEL GARANT
Executive Vice President & Global Head,
Public Markets

Daniel Garant joined BCI in September 2017. He is responsible for managing a diverse, global portfolio of investments, which combines index and active management strategies. Daniel has over 30 years of experience in investment management. Before joining BCI, he was the executive vice president and chief investment officer at the Public Sector Pension Investment Board (PSPIB) for two years. Prior to that, he served as their senior vice president, public markets investments from 2008–2015. Daniel previously held the positions of executive vice president of finance and chief financial officer of Hydro-Québec, as well as chief executive officer of Hydro-Québec International.

Daniel holds a bachelor of arts in finance from Université Laval Québec and is a CFA® charterholder. He serves on the QuadReal and Hayfin boards of directors and has served as director on the boards of both public and private companies.



NORINE HALE
Executive Vice President,
Human Resources

Norine Hale joined BCI in 2009. She provides strategic oversight of the corporation's human resources requirements and delivers services and employee relations that positively affect BCI's performance.

Norine has over 20 years of experience in the human resources field. She has worked in a range of industries – for private companies, non-profit organizations, and crown corporations — and has a range of expertise, encompassing areas such as compensation, organizational development, and performance management. Prior to her current role, she was manager, human resources at BCI from 2009–2015. Before joining BCI, she was manager, corporate human resources programs at BC Ferries for two years.

Norine holds a bachelor of arts in psychology from Westmont College and an MBA, specializing in human resources management, from John F. Kennedy University. She is a member of the BC Human Resources Association.



DAVID MORHART
Executive Vice President,
Corporate & Investor Relations

David Morhart joined BCI in March 2019 to lead client, stakeholder, and government relations. Prior to joining BCI, David's career was in the public service with the governments of Canada, British Columbia, and Alberta. He held a variety of deputy minister roles in technology, infrastructure, public safety, advanced education, and social services. He led the provincial treasury team in British Columbia, responsible for debt and cash management, banking, insurance, and investor relations. David sits on the boards of FamilySmart and Canadian Blood Services. He has served on several Crown and not-for-profit boards and was president of the Institute of Public Administration of Canada (IPAC). He is a faculty member for the MaxBell Foundation Public Policy Training Institute.

David holds an MBA, specializing in financial management, from City University, and a bachelor of commerce in finance from the University of Saskatchewan. He has an ICD.D designation from the Institute of Corporate Directors. David is a recipient of the British Columbia Lieutenant Governor's Institute of Public Administration silver medal for leadership and excellence in public service.



JIM PITTMAN
Executive Vice President & Global Head,
Private Equity

Jim Pittman joined BCI in 2016 to lead the private equity program. His team is focused on increasing direct investments, growing total fund exposure, and extending the program's global reach. Before joining BCI, Jim was a managing director at the Public Sector Pension Investment Board (PSPIB) from 2005–2015. During his time there, Jim co-led implementation of the firm's private equity strategy, supporting the growth of private market assets to over \$15 billion. Prior to PSPIB, Jim was chief financial officer/chief operating officer for PAL Aerospace, Canada.

Jim sits on the boards of Refresco Group, Hayfin Capital Management, Tropicana Brands Group, and BMS Group. He holds a bachelor of commerce from Memorial University of Newfoundland and is a Chartered Professional Accountant. Jim is a CICA tax specialist and a member of the Institute of Chartered Directors. He has completed advanced strategy, management, and leadership courses from Harvard, Wharton, and the University of Toronto.



RAMY RAYES
Executive Vice President,
Investment Strategy & Risk

Ramy Rayes joined BCI in July 2016. He is responsible for setting, implementing, and monitoring clients' investment strategies and for providing independent advice to BCI's stakeholders. Most recently, Ramy led BCI's strategic asset allocation team and was responsible for research and recommendations related to clients' asset allocation, investment strategies, and a wide range of other investment topics.

Prior to joining BCI, Ramy spent a decade at Morneau Shepell Ltd. (now LifeWorks Inc.) in Montreal as a principal, asset and risk management, where he advised employers on all aspects of asset & liability management for pension funds. Before this, Ramy spent two years at the Laurentian Bank of Canada.

Ramy holds a bachelor of science in mathematics specializing in actuarial science from the University of Montreal. He is an associate of the Society of Actuaries and the Canadian Institute of Actuaries, and a financial risk manager certified by the Global Association of Risk Professionals. Ramy also serves on the continuing education committee of the Canadian Institute of Actuaries.



LINCOLN WEBB
Executive Vice President & Global Head,
Infrastructure & Renewable Resources

Lincoln Webb joined BCI in March 2002. He leads the management of our growing, global portfolio of real assets that provide strong cash flows and long-term capital growth. As a member of the executive management team, Lincoln is also engaged with setting the strategic direction and overall management of the corporation. Lincoln holds an MBA, specializing in international business, from the University of Victoria; a masters of city planning (architecture); an advanced management designation from INSEAD; and is a CFA® charterholder. He has participated in management programs at HHL Leipzig Graduate School of Management, as well as Harvard Business School.

Lincoln serves on the presidential and supervisory boards of Open Grid Europe, and the boards of Czech Gas Networks, Endeavour Energy, Mosaic Forest Management, and Viterria Inc. In the past, he was a director of Aquarian Water Company, Cleco Corporation, Corix Utilities, DBCT Ports of Australia, Global Container Terminals, Puget Sound Energy, Thames Water, Teays River Investments LLC, and Transelec S.A.



PATRICIA BOOD
Senior Vice President,
Legal Affairs & General Counsel

Patricia Bood joined BCI in 2016. She leads the legal affairs department, which encompasses BCI's legal, corporate secretary, records management, procurement, and compliance functions.

Patricia has over 25 years' experience as a lawyer, 15 of which have been as general counsel. Prior to joining BCI, Patricia began her career in private practice before spending over a decade as senior vice president, legal services, and general counsel for the Brookfield Renewable Energy Group. She supports the in-house legal community through her volunteer role as president of the BC branch of the Association of Corporate Counsel.

Patricia holds a bachelor of arts and LLB from the University of Saskatchewan, and has been called to the bar in British Columbia, Ontario, and Saskatchewan. She also holds an ICD.D designation from the Institute of Corporate Directors. Patricia serves on the board of InTransit BC, a company partially owned by BCI.



MONIQUE BROSSÉAU
Senior Vice President,
Investment Operations

Monique Brosseau has led investment operations at BCI since 2016. Her teams provide broad operational support services in the areas of cash management, trade settlement, derivative operations, and business solutions.

Employed with BCI for over 20 years, Monique assumed her current position after progressive promotions through various roles across cash operations, investment accounting, and private markets administration. She regularly draws upon her own multi-disciplinary background at BCI to provide executive leadership oversight for key large-scale, corporation-wide projects.

Monique holds diplomas in office and business administration from Camosun College as well as the Canadian Securities Certificate, and is actively involved in several peer groups.



UMAR MALIK
Senior Vice President,
Finance & Chief Financial Officer

Umar Malik joined BCI in 2018. His responsibilities include investment and corporate accounting, financial planning and analysis, tax structuring and compliance, investment performance and analytics, financial reporting and valuations, finance client engagement, as well as finance operations.

Umar brings 20 years of experience in finance, private market investments, operations, and trading. Most recently, he led operations for BCI's public markets team, working on the implementation of major corporate initiatives. Previously, he was head of the trading and structuring functions at Crestline Investors, an alternatives asset manager. Umar has also held investment roles at Northwater Capital in Toronto, and JPMorgan in New York.

Umar has completed the Program for Leadership Development at Harvard Business School, holds an MBA from the Rotman School of Management at the University of Toronto, and is a CFA® charterholder.



TONY PAYNE
Senior Vice President, Technology &
Innovation and Chief Technology Officer

Tony Payne joined BCI in February 2020. In his role leading technology and innovation, Tony is focused on fostering strategic partnerships across BCI. This includes projects around digital transformation, the future of business technology, and innovation powered by digital capabilities, including machine learning and artificial intelligence.

Prior to joining BCI, Tony spent over 20 years leading technology departments and teams, and helping organizations evolve in their digital transformations. Tony has experience across multiple industries from financial services, engineering, hospitality, and gaming, to investment management. His career spans technology, audit, and business operations. He has extensive experience as a director on both public and private company boards.

Tony holds an ICD.D designation and is a Chartered Professional Accountant. He holds an MBA and bachelor's degree in computer science from the University of Pretoria, South Africa.

People and Culture Highlights

Cultivating a workplace of choice, even from home

- ✓ Recognized for a third straight year as one of Canada's Top 100 Employers, Top Family-Friendly Employers, and B.C.'s Top Employers by Mediacorp Canada Inc. These awards highlight BCI's strong corporate culture — one that supports growth and development, celebrates achievement, and prioritizes health and wellbeing.
- ✓ Welcomed the most students to date for our co-op and internship program. Despite the continued constraints of remote work, our program — now in its seventh year — provided placements for 131 students across 150 work terms (as some students stay for more than one term). Our co-op and internship program gives students hands-on experience, supports post-secondary institutions, and allows us to spot emerging talent.
- ✓ Reorganized the human resources department into a Centre of Excellence model to provide corporate-wide leadership and expertise on six people-related areas: business partnership; equity, diversity, and inclusion & employee experience; people analytics & workforce planning; talent acquisition; talent management and total rewards.

- ✓ Advanced our HR data and analytics capabilities. Implemented a new HR Information System and built out the people analytics and workforce planning function.
- ✓ Established an information-sharing site for BCI's organizational change management professionals, project managers, and project teams. The site contains a range of tools and templates that may be required for larger projects.
- ✓ Implemented a virtual platform that offers people managers coaching and guidance on work and career-related topics.
- ✓ Refined our approach to supporting new hires who relocate to Victoria or Vancouver for their positions, strengthening our recruiting power.
- ✓ Began developing career paths for all departments, to be completed in fiscal 2023. Transparent career paths are a proven tool for strengthening employee retention and engagement.





Bringing Together a World-Class Team

Our people deliver results for our clients. As an active, in-house asset manager, attracting and retaining top talent is essential.

We are intentional about creating a workplace that fosters both individual and collaborative excellence. Through our core values, people practices, and work environment, we are committed to cultivating a culture that empowers our people to do their best work. Our team members come from all over the world, lending their diverse perspectives to help hundreds of thousands of British Columbians have financially secure futures. Bringing world-class professional skills to work that matters is what underpins our culture.

Cultivating performance-focused teams requires a commitment to inclusion. Through our equity, diversity, and inclusion (EDI) program, principles, and governance council, we are continuously refining how we foster and support diversity of thought, backgrounds, and strengths.

We also believe in the power of supporting our team members in their learning and growth. When work moved remote, we transitioned most of our training and development programs online, ensuring our people had the resources and opportunities they need to continue their career progression. This year, we offered programs related to technical skillsets, management and leadership, team effectiveness, change management, culture, and values.

To continue supporting mental health, we expanded our wellness offerings and supports. Through a variety of channels (including a virtual counselling service, and peers trained in mental health first aid from the Canadian Mental Health Association), we remained committed to providing the resources our people need.

We believe BCI is a place to thrive. Headquartered in one of Canada's most desirable cities, we offer a world-class work environment for those who excel in a collaborative and performance-focused culture. In a highly competitive market for top talent, we continued to seek out, welcome, and engage the world's best and brightest to work on our clients' behalf. As of March 31, 2022, BCI's employee complement was 620, a net increase of 30 employees from the previous year. Despite the added internal cost of increased headcount, our active, in-house model significantly lowers external manager fees and is a more cost-effective approach over the longer term.





“ I am passionate about supporting our employees and truly believe that our people are our most important asset.

Three Questions with Norine Hale

EXECUTIVE VICE PRESIDENT, HUMAN RESOURCES

How has your department contributed to the growth of BCI's global footprint?

Opening global offices means having the human resources tools in place so that employees can excel for our clients, irrespective of where they are based. Our talent acquisition team worked through the year to ensure we brought world-class talent into our first global office. Our total rewards team also ensured that BCI had competitive benefits, a compensation structure, payroll, and policies in place as we welcomed our first employees to the New York City office. We are applying the same thoughtfulness and dedication to supporting the opening of our London office. We intend to ensure that the exceptional talent programs available for our Canadian-based employees are available for our U.S.- and U.K.-based colleagues.

How does HR fit into BCI's business plan?

Talent is one of the core pillars of our business plan. I am passionate about supporting our employees and truly believe that our people are our most important asset. By focusing on how we source talent, investing in our people, and leveraging the culture and values of BCI, I know we can continue to meet clients' objectives. This year we moved the talent-related areas of the business plan forward by executing on our EDI Strategy, building our succession plan framework, and once again achieving recognition as one of Canada's Top 100 and Top Family Friendly employers.

Has BCI been impacted by the "Great Resignation"?

In a word, yes. Like many organizations, BCI experienced elevated voluntary employee turnover in fiscal 2022, after a period of low turnover at the beginning of the pandemic. Strategic recruitment and retention is something we are laser-focused on. We know employees have many workplace choices and we want individuals to choose BCI.



Equity, Diversity, and Inclusion

To best serve our clients, BCI must reflect the markets in which we work and invest. We believe that fostering an inclusive culture — one where we can recognize our commonalities and leverage our differences — empowers our people to excel. An equitable and inclusive environment fosters a strong sense of trust, confidence, and belonging. A workplace where we can respectfully challenge one another’s perspectives and express our opinions results in better ideas and outcomes for our clients.

OUR EDI STRATEGIC PLAN

We aim to intentionally build diversity and promote an inclusive culture within BCI by:

STRATEGIC PRIORITY 1

Creating intentionality and accountability

- > We will measure our performance, ensure consistency in our approach, and ensure commitment of senior leadership.

Our Action Collect and monitor self-identification data on BCI’s workforce and its intersectionality.

STRATEGIC PRIORITY 3

Accelerating internal talent

- > We will focus on broadening opportunities for career development, strengthen staff retention, and open promotion pathways.

Our Action Examine internal talent processes, policies, and practices to identify opportunities to decrease bias and increase flexibility.

STRATEGIC PRIORITY 2

Attracting top talent

- > We will strengthen our employee value proposition and address potential bias in our recruitment process.

Our Action Train hiring managers on recognizing bias in selection, interviewing, and recruitment of talent.

STRATEGIC PRIORITY 4

Fostering engagement, performance, and innovation through inclusion

- > We will develop a more inclusive team and organizational culture.

Our Action Tailor learning and training programs for employee levels to develop the mindsets, habits, and behaviours to support an inclusive culture.

BCI’s Equity, Diversity, and Inclusion Principles

Our Equity, Diversity, and Inclusion (EDI) guiding principles frame our initiatives, anchor our programs, and help steer us forward.

DIVERSITY MAKES US WHO WE ARE:

- > It is the visible and invisible traits, characteristics, and dimensions that make us unique.

EQUITY IS ABOUT FAIRNESS:

- > It is respecting and valuing our differences and actively identifying and removing barriers so that everyone has the same opportunity to flourish.

INCLUSION IS INTENTIONAL:

- > It is an environment where all employees feel valued, respected, and supported, where skills and talents are recognized and leveraged, and where ideas and voices are heard.

WE ARE ALL CONNECTED TO ONE ANOTHER:

- > We are committed to each other and have a common purpose and sense of community.

WE ARE COMMITTED TO DELIVERING OUR BEST WORK:

- > We feel passionate about our work and do our best every day in support of a high-performing team.

EDI Governance

The cornerstone of our EDI governance structure is BCI's EDI Council. Established in 2018 and refreshed in 2021, the council is made up of permanent employees from across the corporation. The council supports the execution

of our three-year EDI strategy, which was developed in a collaboration between the executive management team, the EDI Council, and human resources.



OUR EDI LEADERSHIP

Jae Mosher and Zohra Halani

The EDI & employee experience (EDI&EE) team is led by senior manager Zohra Halani and advisor Jae Mosher. In their roles, they support the execution of the EDI strategic priorities and corporation-wide EDI alignment. In addition to implementing the governance structure, the team has been scoping and planning an equity review of all BCI talent programs, policies, and directives. The review will identify systemic barriers limiting BCI's ability to attract, retain, and develop talent, and identify opportunities to improve equity, transparency, and consistency across all talent-related decisions.

With significant initiatives underway, the EDI&EE team and the EDI Council are poised to recommend initiatives and programs to strengthen BCI's commitment to creating an inclusive and equitable organization.

EDI Council Report

This year, we made significant strides in implementing our EDI Strategy. To lay the groundwork for all future initiatives, we refreshed the council membership and established subcommittees. These efforts along with respective sub-committee charters were finalized with support from our executive co-sponsors David Morhart, Executive Vice President, Corporate & Investor Relations, and Patricia Bood, Senior Vice President, Legal Affairs & General Counsel.

EDI sub-committees focused on:

- 1 Preparing for the launch of a self-identification census for employees and applicants;
- 2 Increasing awareness and communications; and
- 3 Reinforcing and strengthening EDI competence across BCI through learning programs.

In support of BCI's commitment to shape an inclusive culture, we amplified employee stories highlighting Pride, Lunar New Year, Navroz, Ramadan, Diwali, Black History Month, and living with an invisible disability.

We also hosted employee events on days of significance to increase awareness:

- ✓ **Black History Month:** Black History Month event jointly hosted with other pension fund peers across Canada to hear from Ray Williams, managing director and vice chairman, Financial Markets at National Bank and Co-Founder of the Black Opportunity Fund
- ✓ **International Day of Persons with Disabilities:** Living on the Spectrum, with BCI Board Member Paul Finch
- ✓ **International Women's Day:** Fostering Trust for High-Performing and Inclusive Teams, featuring the experiences of an internal panel
- ✓ **National Day for Truth and Reconciliation:** Orange Shirt Day, with founder Phyllis Webstad
- ✓ **Pride Month:** Making Meaningful Connections: Effective Communication for LGBTQ2+ Inclusion, facilitated by Pride at Work Canada
- ✓ **World Mental Health Day** in collaboration with Canadian pension peers, featuring Canadian Olympian Clara Hughes

EDI COUNCIL MEMBERS

Jae Mosher, Maggie Sewagudde-Peden, Gabrielle Lee



Three Questions with Our EDI Council Sub-Committee Leads

Carmen Firmani, Manager, Client Relations | Communication

What has been your biggest take-away from being on the EDI Council?

BCI's EDI journey has taken place over several years. In its infancy, EDI was a grassroots initiative centered around a small number of passionate employees. Like others at BCI, I knew early on that I wanted to support an inclusive culture, but I didn't know how to do this effectively. So, when today's EDI Council was eventually established, I knew I wanted to contribute. The more I learned, the more I realized that I needed to grow my own EDI knowledge first. I was fortunate to be part of the communication subcommittee who, among other important initiatives, supports employees in telling their stories — recounting authentic thoughts on topics like race, age, differing abilities, cultural practices, gender, and sexual orientation. By sharing our stories, we open hearts to different perspectives and a more inclusive BCI.

Haran Posner, Managing Director, Canadian Large Cap Equities | Self-Identification Census What are you most excited about for EDI at BCI?

I joined the EDI Council because it felt like a terrific opportunity to help shape BCI's culture for the future. I thought I had good intuition around inclusion already, but I learned a great deal more in my first year on the Council. I realized I had under-appreciated how different the day-to-day experience of other individuals can be, and how complicated and delicate this work really is. This past year on the self-identification census

sub-committee, we laid the groundwork necessary to launch BCI's inaugural EDI census, which we'll be rolling out in fiscal 2023. The census is a valuable tool that will help the Council determine representation, identify gaps, and make data-driven recommendations for innovative programs that support all employees. I am grateful for the chance to make a positive impact on our people by doing the right thing, and I'm fortunate to have met some incredible colleagues whose passion for this work is truly infectious. We still have a way to go in our EDI journey at BCI, but there's no turning back. I believe organizations everywhere are seeing a new wave of employee engagement and activism, and that we will all be better for it in the end.

Jenny Lyn Dela Cruz, Associate, Infrastructure & Renewable Resources | Learning What is the one accomplishment/learning of the sub-committee you would highlight?

My motivation for joining the council was having the opportunity to be actively involved in progressing BCI's equity, diversity, and inclusion priorities and ambitions. I was eager to start executing on the business plan however, I soon realized that I had much to learn, and I was just starting my own EDI journey. As a member of the Council, I feel fortunate to be in a position where I am constantly learning from subject matter experts and from my colleagues. I am impressed by the council members' openness and willingness to share their perspectives and stories even if it means

discussing uncomfortable topics. The great work the sub-committee is doing on the learning roadmap will play a pivotal role in providing the building blocks for advancing employee and leader skills around EDI. The sub-committee has spent a considerable amount of time thinking through the current and future learning needs that would help advance BCI's EDI competency and maturity. This is an evolving space, so it is important to encourage continuous learning and give employees the resources and tools that can help translate concepts into tactical behaviors.





Making a Difference Where We Live and Work

While we invest on a global scale to help our clients build financially secure futures, we also understand the importance of giving back to our communities. We are committed to community engagement, and proud of the long history of support our people have shown for community and philanthropic initiatives. Every employee receives paid time off each year to volunteer for a non-profit of their choice.

Our approach to community engagement is evolving. We are working to focus our time and resources on the areas that matter most to BCI and our people, and align to our corporate values.

Our people champion access to financial literacy education, including partnering with JA British Columbia (JABC), and fundraise for community-focused initiatives. Since 2000, BCI employees have made a cumulative contribution of more than \$1.2 million to the United Way of Southern Vancouver Island.

More information about BCI's approach to community engagement can be found at [BCI.ca/community](https://www.bci.ca/community)

1 COMMUNITY RESILIENCE

We help create strong, healthy communities for all where we live and work through a wide range of causes and organizations our employees care about.

2 FINANCIAL LITERACY

We support access to education that empowers youth and adults to build foundational financial skills, as well as gain exposure to the possibilities of a career in finance.

3 EDI IN OUR INDUSTRY

We champion initiatives, programs, and opportunities that accelerate collective action to address the existence of systemic racism, inequalities, and discrimination in our industry.

4 INITIATIVES FROM OUR PORTFOLIO

As an active, global investor, we support our portfolio companies in their commitments to making a difference in their local communities, in B.C. and around the world.

Stakeholder Engagement

Continuously strengthening our most important relationships

Our vision — to partner with clients to secure financial futures in a changing world — is only possible through meaningful engagement with stakeholders. Our approach is centred around integrity and transparency. In addition to our clients, we engage with governments, business partners, industry peers, portfolio companies, associations and special interest groups, and academic and community partners. We are broadening our public presence through digital platforms, social media, traditional news media, and speaking engagements.

Through the pandemic, we committed to preserving stakeholder trust through proactive communication. As each variant of the virus brought changing operational and investment circumstances, we engaged with our stakeholders, ensuring the information flow remained open and consistent.

Engaging with our clients is essential to our continued, mutual success. We meet regularly with our clients providing updates on performance, strategy, and emerging topics of interest, and obtaining our clients' feedback. Through our secure, digital client portal The Exchange, we kept clients up to date on matters as they developed. We delivered more

than 60 timely communiqués and nine client webcasts on various corporate and educational topics. We are proud that our clients provide positive feedback. In our most recent biennial client satisfaction survey, overall client satisfaction remained high, and BCI received an “excellent” rating for integrity and professionalism.

As part of our engagement activities, we offer investment-related education to our clients, tailored to their specific needs. This year, we formalized our strategy for client education, leveraging the professional expertise within our teams. Highlights include an annual two-part Investment Literacy client workshop, self-directed online learning options, and orientation for new clients. This year, we virtually hosted our third annual Investor Day conference for more than 75 trustees, investment professionals, and client representatives.

We remain committed to maintaining strong relationships with government decision makers. This year, we continued to deepen our relationships with key government stakeholders. We engaged with the provincial government on routine matters like our business plan, as well as global developments as they occurred.





London, England, U.K.



Management's Discussion and Analysis

Victoria , B.C., Canada

Our Three-year Business Plan

F2023–F2025

OUR LONG-TERM VISION

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

PARTNERSHIP

BCI and its clients will collaborate with aligned goals and objectives



VALUE CREATION

BCI will work to ensure clients achieve their long-term financial objectives



ADAPTABILITY

BCI will embrace a culture of agility to respond to the world's increasing pace of change.

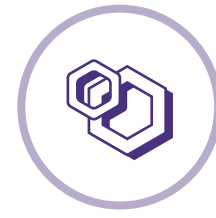
FORWARD TOGETHER

Building on our successful transformation into an active, internal, global investment manager, BCI's F2023–F2025 business plan charts our direction forward. It is intended to optimize our ability to generate long-term financial sustainability for our clients, and is organized into four Strategic Ambitions: Strengthening the Client Value Proposition; Optimizing Risk-adjusted Returns; Leveraging Digital Technology; and Focusing on Our Talent.

One year into our new business plan¹ — the start of our journey toward BCI's long-term vision — we have 25 initiatives in progress across the four Strategic Ambitions. They include six initiatives that were started ahead of plan, and two that are complete.

BCI's business plan is prepared in accordance with Section 20(2)(e)(v) of the *Public Sector Pension Plans Act* for the Honourable Minister of Finance and the BCI Board of Directors. A summarized version of the business plan is available on [BCI.ca](https://www.bci.ca)

¹ BCI creates and executes business plans on a three-year rolling basis.



STRATEGIC AMBITION 1

Strengthening the Client Value Proposition

Demonstrating BCI's value goes beyond our results. Our clients have greater expectations concerning the management of their assets than ever before. Issues such as ESG commitments, insights to portfolio risks, and a deep understanding of the impact of asset allocation decisions on long-term obligations are just some of today's client interests. This is part of a more significant trend of client relationships where information flow is becoming more frequent and bi-directional.

This trend is an area in which we have succeeded in distinguishing BCI as a client-centric institutional investor. We continue to strengthen the ways in which we communicate and consult with clients to equip their decision-making. Our commitment to continually improving client engagement gives us the insights to remain responsive to each of their evolving needs and partner with them to achieve their long-term objectives.

OUR F2023 PRIORITIES >>

- > Reinforce BCI's position as a trusted advisor with interactions reflecting clients' servicing needs and preferences
- > Refine governance and investment policies to ensure they remain meaningful for clients going forward
- > Align on and articulate BCI's Client Value Proposition, including plan sustainability tools and measures to improve visibility into BCI's value-add

Our F2022 Accomplishments

- ✓ Formalized a client education plan to drive insightful discussions with clients on the topics that matter most to them.
- ✓ Identified opportunities to align clients' Statements of Investment Policies and Procedures with best practices. These statements formally set out our clients' investment needs and expectations.
- ✓ Developed initial improvements in client reporting methods and approaches, and continue to engage with clients on changes.



STRATEGIC AMBITION 2

Optimizing Risk-Adjusted Returns

We are focused on ensuring the resilience and sustainability of returns. BCI will continue to grow our clients' assets using their well-constructed, diversified portfolios — aiming to meet or exceed their return objectives without taking on unnecessary risk. Our clients are fully funded, and we continue to play a significant role in increasing the likelihood that they stay well-funded over the long term by informing their investment decisions during regular asset-liability reviews. In turn, we must successfully implement their changing asset mix policies and deploy capital accordingly. In today's competitive investment environment, this involves further cultivating our brand and reputation as an investment partner-of-choice, allowing BCI to capture the best opportunities for our clients and improve our ability to source direct deals that reduce fee burdens and improve net returns.

As we increase the sophistication of our investment strategies, BCI will also focus on opportunities that are presented from a total fund perspective. We are revisiting the ways we share information across the corporation to optimize how investment ideas are generated, tested, and selected, helping us collectively make the best decisions and achieve the highest risk-adjusted net returns for our clients' portfolios.

OUR F2023 PRIORITIES >>

- > Expand on ESG as source of long-term value creation
- > Compare and evaluate current practices for gaining deal access across all asset class teams

Our F2022 Accomplishments

- ✓ Completed peer and opportunity analysis in our initiative to use ESG as a source of value creation. These first steps lay the groundwork for expanding our thinking and looking for new opportunities.
- ✓ Established an annual investment strategy forum to share insights and ideas across asset classes, bringing BCI's investment teams and external experts together to discuss key themes.
- ✓ Created a cross-asset-class advisory committee to improve information sharing, strengthen decision-making, and capture opportunities that might otherwise go undiscovered.



STRATEGIC AMBITION 3

Leveraging Digital Technology

We operate as an active internal global asset manager with a growing portfolio of complex strategies and assets under management. **This requires fully leveraging technology across all business functions and creating a digital-savvy workplace.** Technology is an enabler for all our activities — from analyzing investments, to settling trades, to collaborating across global offices. Our size and scale necessitate the automation of complex calculations and analysis, the creation of scalable processes, and risk mitigation against human error.

Foundational to using technology in this way is having timely, reliable data. We have made progress on data governance by building greater consistency in our data to create a single source of truth across systems, processes, and reports. At the same time, our data and analytics ecosystem provides access to data to enable insights, decision making, and innovation.

As the pace of change and disruption accelerates across markets and industries, BCI must remain agile. Shifting towards cloud platforms and software provides both flexibility and scalability. Our migration to a cloud-based office suite is changing the way we work within and across teams with real-time collaboration tools and productivity management.

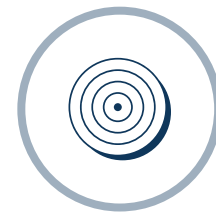
The right talent is critical to progress on our data and technology ambitions. We continue to develop our internal technical team as part of our broader corporate focus on talent and adding strategic external partnerships to deliver the solutions required by our investment and operational activities.

OUR F2023 PRIORITIES >>

- > Develop a common governance framework, with an emphasis on definition, quality, and consistency, for BCI-wide data sharing and accountability
- > Develop and execute on a plan to transform and modernize BCI's technology capabilities
- > Develop an integrated data and analytics environment and ecosystem that provides self-serve access to reliable data products

Our F2022 Accomplishments

- ✓ Advanced BCI's data and analytics capabilities as we build an environment that powers business initiatives, reporting, and decision-making.
- ✓ Continued to build out our virtual workspace capabilities and systems. These initiatives are about much more than working remotely; they are designed to support global investment sourcing and due diligence, client engagement, as well as flexible work arrangements.
- ✓ Welcomed experienced technology talent to our teams, including a new director of data and analytics.



STRATEGIC AMBITION 4

Focusing on our Talent

As trends like digital transformation and the realities of the pandemic accelerate the evolution of work, the role of talent remains foundational to our success. **In the highly knowledge-intensive investment industry, our people are our greatest asset, which is why we are focused on strategically building and retaining a world-class team.** The strain of the pandemic was felt by our teams, and yet they remained resilient and committed to delivering results for our clients and corporate objectives.

Like many other organizations, BCI has been managing our talent through what has come to be known as ‘the Great Resignation’ — a shift in attitudes and expectations around work that is expected to persist over the coming years. The talent we have at BCI is also recognized as world-class and sought out within the competitive asset management industry. Influenced by these forces, we are focused on retaining and engaging our employees.

To deliver on our strategic commitments, we must not only retain, but continue to grow our team. We remain competitive as a top employer¹ within B.C. and Canada, and continue to build a culture that is flexible, diverse, inclusive, and purpose-driven to attract the talent we need.

OUR F2023 PRIORITIES >>

- > Develop a corporation-wide Workforce Plan to drive more strategic acquisition and deployment of talent, with an emphasis on cross-functional collaboration
- > Optimize and entrench succession plans
- > Execute on our Equity, Diversity, and Inclusion Strategy

Our F2022 Accomplishments

- ✓ Accelerated the implementation of our EDI strategy, with 40 per cent of the planned actions and initiatives underway (versus a target of 25 per cent for the fiscal year).
- ✓ Made considerable progress on workforce planning, developing career paths, and succession planning.
- ✓ Reorganized the human resources department into a Centre of Excellence model to provide corporate-wide leadership and expertise on six people-related areas: business partnership; equity, diversity, and inclusion & employee experience; people analytics & workforce planning; talent acquisition; talent management and total rewards.

¹ BCI has been named one of Canada’s Top 100 Employers by MediaCorp for three consecutive years and named one of BC’s Top Employers and one of Canada’s Top Family-Friendly Employers for two consecutive years.

Three Questions with Shauna Lukaitis

CHIEF OPERATING OFFICER

How has your program contributed to the growth of BCI's global footprint?

Establishing a physical presence in global markets requires a carefully orchestrated and collaborative effort. To establish the New York office, our operations teams worked through travel restrictions and ongoing supply chain issues to deliver a space that will bolster BCI's brand in this key global financial centre. Leveraging that experience, our teams have already turned their attention to our future London office.

How is BCI leveraging what was learned over the course of the pandemic?

We've always trusted our staff — integrity and accountability are two of BCI's values. But, moving from an in-office work environment to a distributed workforce over one week in March of 2020 required that trust to reach a whole new level. And it did. We've learned to work in a hybrid environment — finding a balance between the culture development and mentoring that come with time together in the office, while still providing flexibility to work from home. Underpinning this new hybrid model of working is the digital acceleration caused by the pandemic, where processes were redesigned for our new reality of a virtual work experience.

Which aspect of the business plan are you most excited to see come to fruition?

Business-driven innovation. In this business plan, we have carved out a portion of our time and resources to focus on innovation enabled by technologies like Artificial Intelligence and Machine Learning. Innovation is exciting for the business user whose idea is coming to life, for our technology team to work outside of the box, and, most importantly, a chance to pursue additional returns for clients in unique ways. I can't wait to see the results that come out of this effort.



“ We've learned to work in a hybrid environment — finding a balance between the culture development and mentoring that come with time together in the office, while still providing flexibility to work from home.

Our Investment Discipline

We invest our clients' funds in their best financial interests — it is our duty as their investment agent. We invest for the long term, using the scale of the assets under management to our advantage. Maintaining our discipline, while focusing on risk management and global diversification, allows us to generate sustainable value for our clients.

BCI invests in assets that are expected to provide reliable cash flows and appreciate over the long term. Our fiscal year end is March 31 and assets under management are reported for the same period. Public markets assets are valued as at March 31 and returns for the programs reflect the same period. Due to lags in valuation updates, private market assets are fully valued only at December 31 and internal rates of return for the programs reflect the calendar year.

Our Investment Beliefs

Our investment beliefs guide our team and business. They provide a clear and transparent structure for how we work to achieve our clients' investment goals.

Having a strategic investment discipline is key: We work with our clients to develop a strategic asset mix that is appropriate for their long-term return objectives and tolerance for risk. We invest globally and use strategies that are appropriate for each market and asset type that we invest in.

Environmental, social, and governance (ESG) matters make a difference: BCI brings more than capital to our investments. Our clients share our belief that taking ESG matters into account enables us to better understand, manage, and mitigate risks and take advantage of opportunities associated with long-term investments. We expect our portfolio companies to create long-term value and focus on strong stewardship. We also work to ensure that

global capital markets operate with integrity and transparency, and are structured to account for sustainability, which creates favourable economic conditions for long-term investors.

Skills matter: Recognizing that skills are the foundation for long-term investment returns, we recruit and retain talented staff with the skills and expertise to provide leadership in investment management and business-related functions.

Integrity counts: BCI's continued success depends on using our best judgment and making ethical decisions that are aligned with our core values.

Our beliefs guide our team and business. Putting these beliefs into practice is key to delivering results.



Sunshine Coast, B.C., Canada

Our Investment Funds

Investing is intrinsically dynamic. Capital markets continually evolve, and we adapt our product line to ensure clients benefit from new investment opportunities. Our product line is diversified by asset class and strategy. Like a mutual fund, a pooled fund combines our clients' contributions and invests through a particular strategy designed to provide a specific investment outcome. This structure provides economies of scale, allowing clients to obtain a more diversified portfolio at a lower cost than they could attain by investing individually. BCI holds all assets in trust; clients do not own the individual assets within BCI's investment portfolios. We constantly review performance and market developments and each year, we may introduce, consolidate, or suspend funds to ensure optimal investment results.



BENCHMARKS AND PERFORMANCE OBJECTIVES

Our Benchmark Governance Policy applies to all pooled funds, asset classes, and other investment-related benchmarks within BCI. It follows a principles-based approach towards setting benchmarks and performance objectives and adopts industry best practices, supported by a dedicated governance structure and an annual 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. These policy principles are supported by risk-adjusted performance evaluation for public markets, and internal risk ratings for private asset classes. These mechanisms allow for continuous monitoring and reporting of risk measures in tandem with performance.

An effective benchmarking framework also requires successful integration with the levers of compensation governance. Our performance compensation structure is designed to drive long-term, risk-adjusted, sustainable value creation and discourage focus on short-term returns and excessive risk taking.

This year, the Benchmark Governance Policy underwent its triennial review. While no material changes were made to the principles and requirements of the policy, its structure was updated to reflect the increased scope of investment management and additional governance requirements.

As part of the annual benchmark review process, the BCI board approved revised benchmarks for the Canadian and U.S. money market funds (ST1 and ST3) to better align with the investment strategies and the transition of the Canadian

and global market structure from CDOR/LIBOR¹ to CORRA/SOFR² as key risk-free interest rate benchmarks in Canada and the United States. A new Government Bond Fund launched this year, benchmarked to the FTSE Canada All Government Bond Index.

Similarly, within the private equity program, the existing benchmarks for Direct/Co-Investments, Strategic Opportunities, and Mezzanine were consolidated under a single Direct/Co-Investments benchmark.

All private asset cost of capital benchmarks were also updated to reflect the most recent capital market expectations as part of the client asset-liability studies.

See the Pooled Fund Benchmarks on page 99 for a complete listing of benchmarks.

¹ Canadian Dollar Offered Rate ("CDOR")/ London Interbank Offered Rate ("LIBOR").

² Canadian Overnight Repo Rate Average ("CORRA")/ Secured Overnight Financing Rate ("SOFR").

Risk Management

Risk management is a framework by which BCI identifies, evaluates, measures, monitors, and communicates the risks and opportunities associated with our operations and investments.

This allows us to address uncertainty, anticipate trends and changes, and manage associated risks and opportunities. Guiding principles inform our approach, which also requires communication and judgment. Within BCI, effective risk management calls for knowledge of capital markets and legislation, as well as an understanding of investment products, business practices, and internal controls.

Anticipating risk, taking appropriate steps to limit exposure or capitalize on the opportunities, and managing the results are essential elements of our approach.

BCI embeds risk management into the culture and operations of the corporation, including strategic planning, investment decision making and monitoring, and other key operational and investment controls and activity.

INTEGRATED RISK GOVERNANCE

The Chief Executive Officer/Chief Investment Officer (CEO/CIO) established two risk committees which form part of the Integrated Risk Governance Framework: the enterprise risk management committee (ERMC) and the investment risk committee (IRC). These committees are responsible for supporting the CEO/CIO in the oversight and management of all risks, supporting the board in the oversight of risk management, recommending risk policies for Board approval, and approving risk directives.

Authority for the management of non-investment risks has been delegated by the CEO/CIO to the chief operating officer (COO), who chairs the ERMC. Members of the ERMC advise and assist the COO with management of all enterprise risks.

Authority for the management of investment risks is maintained by the CEO/CIO, who chairs the IRC. Members of the IRC advise and assist the CEO/CIO with management of investment risks.

To ensure integration between the two risk committees, the COO and the EVP of investment strategy & risk, or their delegates when required, are mandatory members of both risk committees.

BCI's integrated risk governance framework is also designed to strengthen the board's ability to execute its oversight of risk. It helps the board achieve its mandate to adopt a risk management framework in line with its responsibilities under the *Public Sector Pension Plans Act*.

Collectively, client investment policy statements and BCI's corporate policies, directives, and procedures are our governing documents for managing risk. The integrated risk governance framework enables risk-taking decisions to be made in line with the related governance documentation of BCI and our clients.

INVESTMENT RISK MANAGEMENT

Our investment strategies are dynamic and global. As we continue to actively manage more assets in-house, we find new ways to identify, assess, and either mitigate or seize opportunity in potential investment risks. Our risk management processes have evolved with our investment strategies to maximize long-term, risk-adjusted returns and preserve our clients' capital.

BCI's investment risk management framework focuses on a support and advisory role as well as an independent investment risk oversight role. The framework ensures the CEO/CIO and board fulfill their governance and oversight responsibilities.

Our investment risk management framework covers:

- ✓ **Concentration risk:** BCI manages concentration risk by diversifying holdings across: sectors; countries/regions; currencies; individual companies and assets; investment types; counterparties; investment partners; and funding sources.
- ✓ **Counterparty risk:** BCI manages counterparty risk by engaging only with high-quality counterparties and maintaining robust legal documents, such as International Swaps and Derivatives Association master agreements, global master repurchase agreements, and credit support annexes. The quality of approved counterparties is monitored regularly to detect any potential deterioration in a timely manner.

- ✓ **Credit risk:** BCI uses reliable tools to monitor credit risk, including: credit ratings assigned by S&P Global Ratings, Moody's, DBRS, and other external agencies; historical default and recovery rates; credit outlooks for sectors and geographic areas; and potential changes in the credit cycle. BCI manages credit risk at the pooled fund level by setting sound investment criteria, including the lowest acceptable credit ratings and single name concentration limits. BCI regularly monitors these criteria and reports any material breaches to the board and clients.

- ✓ **ESG risk:** BCI measures and manages material ESG risks for individual investments and for the total portfolio using a variety of tools and practices appropriate for each investment. In fiscal 2022, BCI expanded our in-house ESG Risk and Opportunity Framework to measure and monitor the potential risks and opportunities that result from systemic ESG issues such as climate change. This analysis is now integrated into total portfolio investment risk measurement processes that support investment decisions across the corporation and for clients.

- ✓ **Funding and contribution risk:** Through the asset liability review, BCI works with the clients to determine a policy asset mix that will increase the likelihood of meeting the plan's key investment objectives, within defined risk tolerance levels. For the pension clients, those objectives are mainly to maintain a funded status over 100 per cent and to manage the contribution rate volatility. Following the asset liability review, BCI monitors the funding risk, the risk of a decrease in the funded status (expected liability growth greater than asset growth), and the contribution risk, the risk of an

increase in the required contribution rate, to ensure that the current investment strategy is still appropriate for the unique circumstances of the clients.

- ✓ **Leverage:** BCI considers various classifications of leverage: core; financial; synthetic; and embedded. Depending on the source of leverage, additional market, counterparty, and/or liquidity risk may also be taken on. Multiple leverage metrics are used in conjunction with the current frameworks for measuring and monitoring market, counterparty, and liquidity risks.

- ✓ **Liquidity risk:** BCI ensures sufficient liquid assets are available to meet potential financial obligations under stressed market conditions. BCI's liquidity is managed on a continuous basis to allow for opportunistic deployment of capital during adverse market conditions. Liquidity management relies partly on maintaining a sufficient level of highly liquid assets to meet obligations over various time periods, above minimum thresholds set by the investment risk committee. A liquidity contingency plan is also in place to ensure BCI can meet our obligations during a liquidity crisis.

- ✓ **Market risk:** BCI uses tools to measure, monitor, and manage market risk, such as Value at Risk (VaR), sensitivity analysis, drawdown analysis, and stress testing. BCI considers the historical VaR to measure exposure to market risk.

We have a team dedicated to investment risk that works with clients, our board, and the asset class teams to help inform key investment decisions.

ENTERPRISE RISK MANAGEMENT

The enterprise risk management (ERM) program is responsible for managing risks related to non-investment activities. We embed ERM in strategic planning, operations, project management, and internal controls. Our corporate-wide view ensures we take the appropriate amount of non-investment risk and allocate resources to the areas of highest risk, opportunity, or corporate priority.

BCI's board of directors provides oversight through our ERM policy, and reviews enterprise risks quarterly. Our ERM committee meets quarterly to set acceptable risk tolerances, identify emerging risks, and ensure completion of mitigation activities. Business units and staff manage risks based on tolerances set by our board and management. The ERM team actively works with management to apply the framework and to identify, evaluate, monitor, and report key risks at all levels in our business and report the results to management and the board.

The ERM program's objectives include:

- ensuring a strategic view of risk, informed by both external and internal perspectives, is incorporated into strategic and operational decision making
- bridging organizational silos by embedding risk management into strategic planning processes and initiatives

- supporting the growth of a common understanding, competency, and culture related to BCI's risks, across the organization
- advocating for and facilitating the consistent use of risk-informed analysis and decision-making
- ongoing monitoring and communication on existing, new, and emerging risks.

As part of our approach to enterprise risk management, BCI maintains a dynamic business continuity program to prepare us for various business disruptions. We conduct regular table-top exercises to test the resilience of the team and the processes to address different crisis scenarios.

COVID-19 PANDEMIC IMPACT ON BCI'S OPERATIONS

Mobilized at the onset of the COVID-19 pandemic, the core team continued to steward BCI's pandemic response into a second year. The team is comprised of the COO, executive vice president, human resources, senior vice president, legal affairs & general counsel, and vice president, corporate stakeholder engagement, supported by the director, enterprise risk management. The team monitored and adjusted procedures and protocols as new information was made available from the provincial health officer, including the development and implementation of a vaccination policy. Regular reports were provided to the executive management team and BCI board of directors on the pandemic response.

A return-to-office working group consisting of senior staff from across the corporation supported the core team with the detailed planning, communication requirements, and the logistical considerations required to support a remote and hybrid working environment. Together, these teams ensured adherence to all provincial health officer orders and requirements of the WorkSafeBC guidelines to protect people and continue safe operations.

We established a staff advisory group, consisting of colleagues from different disciplines, to provide feedback and input on the planning and introduction of new health and safety and operational protocols.

In April 2022, all employees transitioned back to the Victoria and Vancouver offices. Following a hybrid working model, employees now maintain a flexible work schedule with a minimum of three days in the office per week with the option to work from home for the remainder.



Three Questions with Ramy Rayes

EXECUTIVE VICE PRESIDENT, INVESTMENT STRATEGY & RISK

Tell us about the contribution your program has made to BCI's global footprint?

One of Investment Strategy & Risk's essential functions is to advise our clients on their asset allocation. As clients have strong funding positions resulting from BCI's investment performance, this provided BCI with the opportunity to right-size the level of risk our clients are taking and further diversify their portfolios. This allowed BCI to introduce new investment strategies and pooled funds, and in so doing provide our clients with additional investment opportunities.

Given Investment Strategy & Risk's perspective across BCI's clients and asset classes, how have you helped navigate the ongoing market turmoil?

Keeping abreast of investment and macroeconomic risk factors has been integral to safeguarding the portfolios of BCI's clients during times of high volatility. At a high level, stress testing and scenario analysis is performed to confirm the resiliency of client portfolios. At a more granular level, other important aspects of risk oversight include (but are not limited to) liquidity which is continuously monitored to ensure the stability of BCI's clients, as well as assessing the quality of our counterparties to avoid unforeseen defaults.

With the global shift among institutional investors in acknowledging the importance of ESG, how has this impacted BCI's approach to investing?

While no one can predict the future, incorporating climate change scenario analysis in our asset mix decisions and considering a variety of potential future outcomes helps us determine how best to shift the portfolio so it is resilient to such outcomes. Understanding the impact on expected returns and how assets are being priced relative to climate risks protects us from blind spots when we are constructing portfolios and adapting asset mixes to account for evolving systemic risks. We have built the ESG Risk & Opportunities framework that allows us to understand how future market conditions are influenced by sustainability trends and invest in areas of the economy that will mitigate systemic risk in our clients' portfolios, or add value over the long term.



“As clients have strong funding positions resulting from BCI's investment performance, this provided BCI with the opportunity to right-size the level of risk our clients are taking and further diversify their portfolios.”

Environmental, Social, and Governance

An integral part of meeting our responsibility to grow the value of client funds

As a long-term investor, incorporating ESG considerations into our approach is an essential part of who we are and what we do. Our clients share the belief that companies employing robust ESG practices are better positioned to generate long-term value.

BCI's approach to ESG is guided by our corporate-wide **ESG Strategy**, which creates consistency across asset classes and acts as a compass. The strategy's four key components — Integrate, Influence, Insight, and Invest — represent all ESG activities taking place at BCI. Our progress, outcomes, and new developments across these key components are published each year in an **ESG Annual Report**.

Our **Climate Action Plan and Approach to the TCFD Recommendations** positions our clients to capitalize on opportunities arising from the transition to a low-carbon economy, while also protecting their portfolios from undue physical and transition risk. BCI will release an update to our Climate Action Plan in late 2022.

As part of our **F2022–F2024 Business Plan**, we prioritized expanding analysis of ESG factors from a predominantly risk-mitigation approach to one that includes ESG as a source of long-term value creation, while continuing to evolve and reinforce our approach to risk management. We are evaluating our approach to capturing attractive ESG-related opportunities that align with our ESG Strategy and support the financial interests of our clients.

Responsibility for ESG oversight, evaluation, and integration is built into multiple levels of the corporation through our **ESG Governance Policy**.

More information about BCI's approach to ESG can be found at **[BCI.ca/esg](https://www.bci.ca/esg)**

INCORPORATING BCI'S CLIMATE-RELATED DISCLOSURES INTO OUR CORPORATE ANNUAL REPORT

BCI supports the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) as it provides a framework for consistent climate-related disclosures. BCI's first report, aligned with the TCFD guidelines and supplemental guidance for asset managers, was issued in 2018 and has since been incorporated within our ESG Annual Report. Going forward, BCI's annual climate-related disclosures will be integrated into the Corporate Annual Report.

ESG Highlights

OUR COMMITMENT IN ACTION

- ✓ **Received the Canadian Investment Review 2021 Pension Leadership Award for Sustainable Investing**, the 2021 Responsible Investment Association Leadership Award for Integration, and achieved a top spot in the Responsible Asset Allocator Initiative's 2021 Leaders List of the 30 Most Responsible Asset Allocators.
- ✓ **Signed the Canadian Investor Statement on Climate Change** alongside 35 other institutional investors managing \$5.5 trillion in assets, calling on companies to act on material climate risks, including disclosing financed emissions and setting an expectation that investees will establish emissions targets and report on progress.
- ✓ **Invested in 34 sustainable bonds valued at over \$1.7 billion** during the period, bringing total historical participation in sustainable bonds to more than \$3.1 billion at March 31, 2022. Sustainable bonds provide our clients with investment returns and exposure to positive environmental and social outcomes.

- ✓ **Supported the First Nations Finance Authority (FNFA)** new commercial paper program launched in September 2021 by providing short term liquidity valued at over \$1.2 billion, in addition to \$60 million historically in primary market support to the FNFA bond program. The FNFA, rated A+ by S&P, is a non-profit organization that assists First Nations governments in accessing low-rate loans, investment options, and capital planning advice.
- ✓ **Joined more than 100 general and limited partners in committing to the ESG Data Convergence Project.** This innovative collaboration among the private equity industry aims to address the lack of standardized, meaningful, and performance based ESG data from private companies.
- ✓ **Announced a three-year research partnership with the University of Victoria and Pacific Institute for Climate Solutions to co-develop sophisticated climate finance tools.** The work builds on BCI's existing climate scenario analysis and will be shared with investors, academics, policymakers, and the public, and integrated into teaching at universities and colleges.
- ✓ **QuadReal successfully completed a second green bond issuance¹ in 2021²**, adding a third green issuance in February 2022³ for a total of nearly \$1.2 billion raised to date. Established in 2020, QuadReal's Green Bond Framework paves the way for investors to support solutions that reduce energy consumption, carbon emissions, pollution, and waste at QuadReal properties.

¹ Issued by BCI QuadReal Realty ("BQR"), which serves as the primary issuing entity of unsecured notes for BCI's real estate program.

² 1.056% Series 4 Senior Notes rated AA (low) with a stable trend by DBRS Limited.

³ 2.551% Series 5 Senior Notes rated AA (low) with a stable trend by DBRS Limited.



Vancouver, B.C., Canada

Investment Returns

BCI's assets under management grew by \$11.5 billion during the year to \$211.1 billion, reflecting investment gains of \$13.8 billion and client net withdrawals of \$2.2 billion.

Our fiscal year end is March 31 and assets under management are reported for the same period. BCI's public markets assets are valued as at March 31 and returns for the programs reflect the same period. Due to lags in valuation updates, private market assets are fully valued only at December 31 and internal rates of return for the programs reflect the calendar year.

In the fiscal year ending March 31, 2022, the combined pension plan portfolio¹ (representing BCI's six largest pension plan clients) had an annual return of 7.4² per cent, net of all fees, representing \$4.4² billion of value-added activity. All asset classes contributed positively to the return, with significant gains provided by private equities, infrastructure & renewable resources, and real estate.

On a relative basis, all but one of BCI's investment strategies met or exceeded their one-year benchmarks. The public equity program was the exception and underperformed the benchmark by 1.4 per cent.

¹ The Combined Pension Plan clients reflect the investments of BCI's six largest pension clients, namely: BC Hydro; College Pension Plan; Municipal Pension Plan; Public Service Pension Plan; Teachers' Pension Plan; and WorkSafeBC Pension Plan.

² Includes the impact of clients' currency hedging policies, where set.

³ Other Strategies includes leverage liabilities and client currency policy hedging.

⁴ BCI established QuadReal Property Group in 2016 to manage our clients' real estate equity portfolios. Management of our real estate debt portfolio (previously called mortgages) was transferred to QuadReal in 2019. These two programs represent 19.6 per cent of BCI's total assets under management as at March 31, 2022.

Our clients have long-term obligations and multi-year results are the best measure of BCI's performance. Over the 10-year period, BCI generated an annualized return of 9.1 per cent against a benchmark of 8.0 per cent. This outperformance represents \$13.2 billion of cumulative value-added activity.

Over the 20-year period, BCI generated an annualized return of 7.7 per cent against a benchmark of 6.9 per cent. BCI outperformed the benchmark by 0.8 per cent, representing \$15.3 billion of cumulative added value for our clients.

BCI's longer-term returns exceed the required actuarial rates of returns for all major pension plan clients. As a result, our pension clients' most recent funding ratios vary from 105 per cent to 128 per cent.

ASSETS UNDER MANAGEMENT

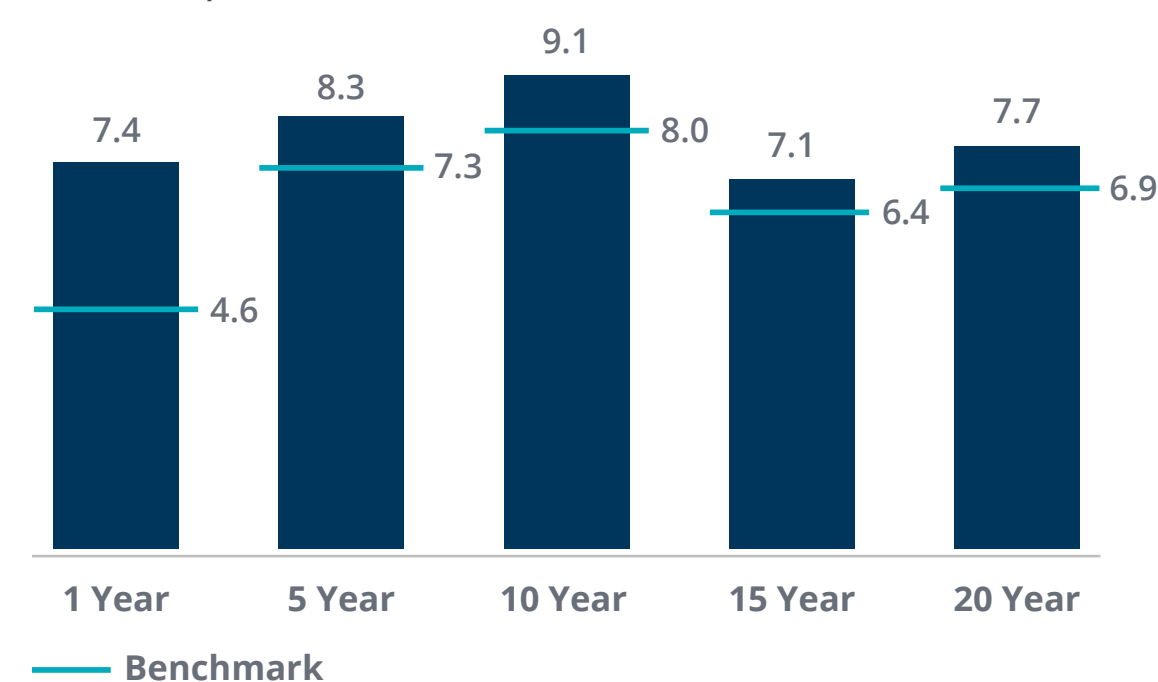
A comparison of the combined pension plan clients¹ AUM vs BCI's total AUM for the year ended March 31, 2022

	COMBINED PENSION (\$ BILLION)	BCI TOTAL (\$ BILLION)
PUBLIC MARKETS		
Fixed Income	50.6	69.6
Private Debt	7.1	8.4
Public Equities	48.4	64.3
Other Strategies ³	(15.6)	(17.6)
PRIVATE MARKETS		
Private Equity	22.5	24.8
Infrastructure & Renewable Resources	17.3	20.2
QUADREAL PROPERTY GROUP⁴		
Real Estate Equity	27.0	33.6
Real Estate Debt ⁴	5.3	7.8
TOTAL	162.6	211.1

Return Summary for the Combined Pension Plan Clients¹

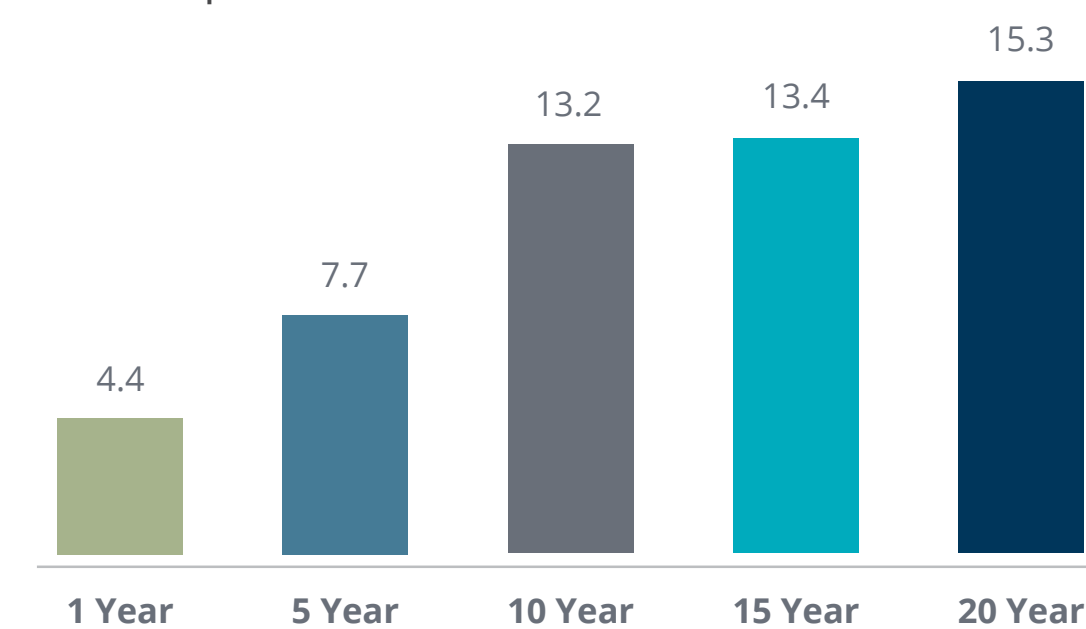
ANNUALIZED PENSION RETURNS^{1,3} (%)

For the periods ended March 31, 2022



CUMULATIVE VALUE ADD¹ (\$ BILLION)

For the periods ended March 31, 2022



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 clients currency hedging policies, after all costs and fees.

ANNUALIZED RETURNS (%)

1 YEAR 5 YEAR 10 YEAR 15 YEAR

PUBLIC MARKETS				
	1 YEAR	5 YEAR	10 YEAR	15 YEAR
Fixed Income				
Short-Term	(0.3)	0.6	1.0	1.8
Benchmark	0.1	0.6	0.7	1.1
Nominal Bonds	(3.9)	2.2	3.1	4.2
Benchmark	(4.2)	1.8	2.7	3.8
Private Debt ²	7.3	-	-	-
Benchmark	2.2	-	-	-
Other Strategies	0.3	-	-	-
Public Equities				
Canadian Public Equity	19.0	10.1	9.2	6.5
Benchmark	20.2	10.3	9.0	6.3
Global Public Equity	5.7	11.2	13.6	7.7
Benchmark	9.0	11.0	13.6	7.9
Emerging Markets Public Equity	(10.6)	4.8	6.3	-
Benchmark	(11.9)	4.6	5.7	-

Except as otherwise indicated, returns are time-weighted rates of return (TWRR) as at March 31, 2022. 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.

¹ The Combined Pension Plan Clients 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.

² Includes a combination of both public and private assets.

³ Includes the impact of client currency hedging policies, where set.

Return Summary for the Combined Pension Plan Clients¹

	ANNUALIZED RETURNS (%)			
	1 YEAR	5 YEAR	10 YEAR	15 YEAR
PRIVATE MARKETS				
Infrastructure & Renewable Resources²	12.1	9.5	9.8	10.1
Benchmark	6.8	7.0	7.4	7.6
Historical Infrastructure ³	-	9.8	10.4	10.5
Benchmark	-	7.2	7.6	7.7
Historical Renewable Resources ⁴	-	7.6	-	-
Benchmark	-	7.0	-	-
Private Equity²	29.7	21.5	19.9	14.9
Benchmark	19.5	15.0	16.3	13.8
QUADREAL PROPERTY GROUP⁵				
Real Estate Equity²	14.9	-	-	-
Benchmark	6.9	-	-	-
Historical Domestic Real Estate ⁶	-	6.4	7.8	9.5
Benchmark	-	5.6	5.7	5.8
Historical Global Real Estate ⁷	-	11.5	7.1	7.9
Benchmark	-	5.7	5.6	5.7
Real Estate Debt	4.0	4.3	4.5	5.1
Benchmark	(0.9)	2.5	2.7	3.6

Except as otherwise indicated, returns are time-weighted rates of return (TWRR) as at March 31, 2022. 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.

¹ The Combined Pension Plan Clients 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.

² An internal rate of return methodology is used to calculate returns for infrastructure & renewable resources, private equity, and real estate assets. The assets and benchmarks are as at December 31, 2021. Benchmarks are presented on a TWRR basis.

³ Historical returns for the infrastructure program are as at December 31, 2019 and are presented on an IRR basis. Benchmarks are presented on a TWRR basis.

⁴ Historical returns for the renewable resources program are as at December 31, 2019 and are presented on an IRR basis. Benchmarks are presented on a TWRR basis.

⁵ BCI established QuadReal Property Group in 2016 to manage our clients' real estate equity portfolios. Management of our real estate debt portfolio was transferred to QuadReal in 2019. These two programs represent 19.6 per cent of BCI's total assets under management as at March 31, 2022.

⁶ Historical returns for the domestic real estate program are as at March 31, 2019 and are presented on a TWRR basis.

⁷ Historical returns for the global real estate program are as at December 31, 2018. Assets are presented on an IRR basis. Benchmarks are presented on a TWRR basis.

Centralized Currency Management

As a global investor, BCI enters deals around the world and holds assets generating income in different currencies. Some clients prefer to minimize their exposure to foreign exchange fluctuations by hedging currency risk.

We centralized our currency management practices in 2021. Bringing currency management into one central program — as opposed to managing currencies within each asset class — allows our clients to tailor a hedging program to suit their unique financial objectives and risk tolerances. These custom policies result in either a net increase or net reduction in the currency hedging provided for each client, relative to the baseline hedging that exists across BCI's investment programs. Less currency hedging may be attractive for some clients — one of the main benefits occurs during periods of financial market stress when additional exposure to foreign currencies, particularly the U.S. dollar, typically mitigates the effects of market corrections for Canadian dollar-denominated investors (as U.S.-dollar income or gains typically translate into more Canadian dollars during stressed periods). Reduced hedging activity also lowers liquidity demands during stressed market conditions, freeing up capital that can be deployed opportunistically to higher-returning assets. These benefits must be carefully weighed against the additional currency-related volatility that may arise over short periods of time in determining the best approach for each client.

Due to the periodic and asynchronous nature of these reviews, it will take time for all clients to determine and set their currency hedging policies. Where clients' currency hedging policies were set prior to March 31, 2021, the impacts of these policies are included as part of the combined pension plan returns.

FOREIGN CURRENCY EXPOSURES

BCI's global investment strategy leads to our investments being denominated in a variety of foreign currencies. We manage these foreign currency exposures on behalf of our clients to ensure they can reap the diversification benefits they can bring, without taking undue risk.



Capital Markets Overview

Fiscal Year April 1, 2021 – March 31, 2022

OVERVIEW

The first quarter of the fiscal year saw the global economy emerge from a COVID-19-induced slumber. Governments were able to remove restrictions, and vaccines became widely distributed in developed countries. This led to a broad reopening of businesses, particularly those in the services sector, and economic growth surged. Monetary and fiscal stimulus supported consumers who were able to move and spend freely; however, soaring demand put pressure on already-strained supply chains, driving prices higher. Inflationary pressures would dominate headlines for the remainder of the year.

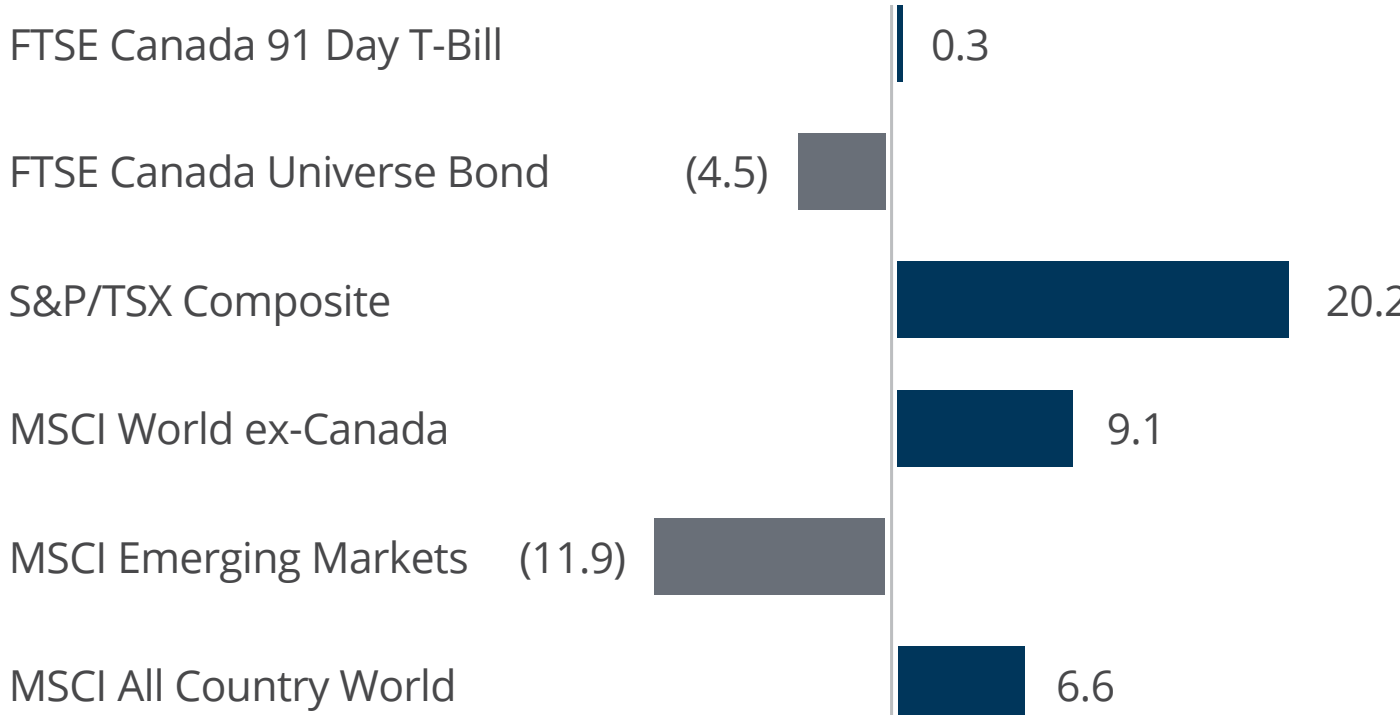
New variants of the virus through the summer and fall prompted targeted lockdowns and restrictions, though the economic and market impacts were less severe than in earlier waves. Equity markets continued their strong run. However, emerging markets began to underperform developed markets as issues in the Chinese property sector, regulatory crackdowns, and China’s “zero-COVID” policy weighed on investor sentiment.

Throughout 2021, inflation continued to accelerate. Central bankers and market participants who initially thought that elevated inflation would be “transitory” came to realize that underlying pressures were more persistent than expected. Central banks shifted to more restrictive monetary policies, including reducing emergency asset purchase programs and embarking on rate hiking cycles, to control inflation.

As we moved from 2021 to 2022, surging inflation, rising bond yields, and heightened volatility sparked by the Russian military invasion of Ukraine weighed on markets. Inflationary pressures were exacerbated by soaring commodity prices and sanctions imposed on Russia by Western countries. Government bond yields jumped due to increasing inflation expectations and in anticipation of tighter monetary policy, while equity markets fell.

INDEX RETURNS¹ (%)

As at March 31, 2022



¹ Index returns are total return, including dividend re-investment and net withholding taxes, where applicable.

Public Markets

Returns in the remainder of this section represent fund and/or program level returns and are applicable to all participating clients not solely the top six combined pension plan clients.

Fixed Income

Supporting sustainable value through \$78.0 billion of global bond and private credit allocations

OUR APPROACH

The program invests in a diverse range of products, including government and corporate bonds, and private debt. Our strategies include yield curve and credit spread positioning, duration timing, sector and security selection, and leverage. The private debt program provides exposure to opportunities in Canada, the United States, and Europe through our partnerships with top-tier private debt managers.

Issuers within our pools are assessed and reviewed regularly for credit and default risk. We use internally and externally produced credit ratings to assess credit risk. We also integrate ESG factors into our investment analysis and decision-making.

In line with BCI's business plan ambition to optimize risk-adjusted returns, we are developing capacity for unsecured debt issuance to strengthen BCI's funding program, providing clients increased liquidity in leverage usage as part of the long-term strategic asset allocation. Unsecured funding will remove asset mix constraints related to government bond exposure and strengthen the funding program through diversification. We saw increased client participation in the funding program throughout the year.

BCI has significantly expanded access to fixed income credit products and capabilities in recent years, notably through the Corporate Bond Fund and the Principal Credit Fund.

We announced in 2021 that total historical participation in BCI's strategies in fixed income will lead to an estimated cumulative participation of \$5 billion in sustainable bonds by 2025. BCI invested in 34 issuances valued at \$1.7 billion during the year. More than 67 per cent of these investments were in corporate bonds and the remainder was in sovereign, supranational and agency credits.

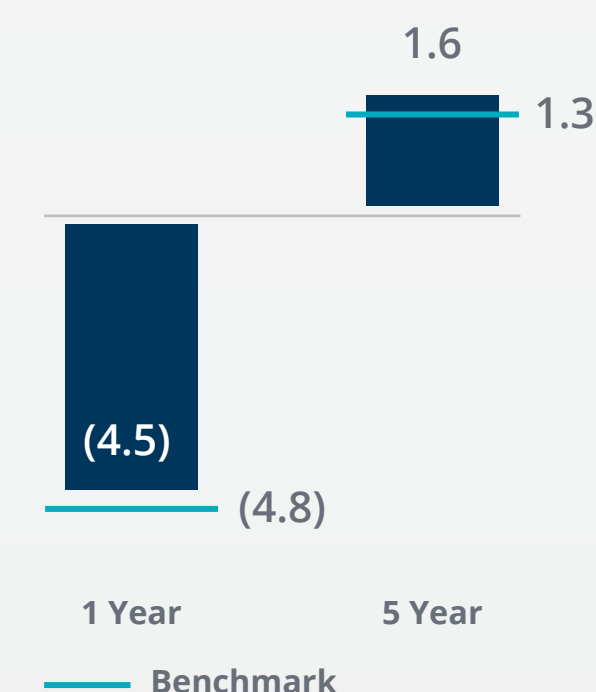
PERFORMANCE ANALYSIS

In a highly dynamic market environment, our well-diversified program continued to outperform, led by our team's strong credit selection skills and BCI's ability to take on larger loan allocations.

The Corporate Bond Fund primarily holds investment grade and high-yield corporate bonds issued in the United States and Canada. The fund aims to deliver strong absolute and relative returns over the long term through disciplined credit selection. Since inception in April 2018, the fund has generated an annualized return of 4.2 per cent against the benchmark of 2.7 per cent. Despite challenges of rich valuations and low volatility, the fund outperformed its benchmark for the fourth straight year with a one-year return of (1.6) per cent against a benchmark of (2.5) per cent. Outperformance resulted from strong credit selection and the fund deployed \$5.2 billion of new capital.

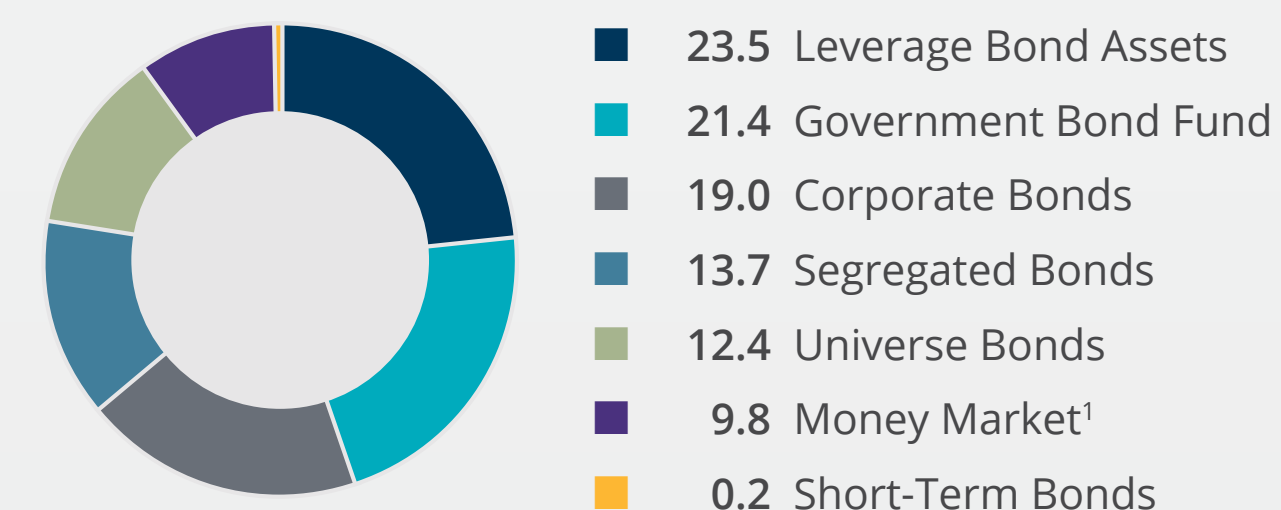
FIXED INCOME PERFORMANCE (%)

Annualized returns for the periods ended March 31, 2022



FIXED INCOME PORTFOLIO ASSETS (%)

As at March 31, 2022



¹ The values presented above do not reflect certain pool funds held within other asset classes. As at March 31, 2022 this amounted to approximately \$0.7 billion in money market funds and \$24.3 billion in floating rate funds.

PRINCIPAL CREDIT FUND

The high volume of private equity mergers and acquisitions during the year led to increased demand for loans, creating attractive financing opportunities for BCI and our strategic partners. These conditions supported a net deployment of \$2.1 billion, and provided a one-year return of 6.7 per cent against a 1.7 per cent benchmark.

HIGHLIGHTS

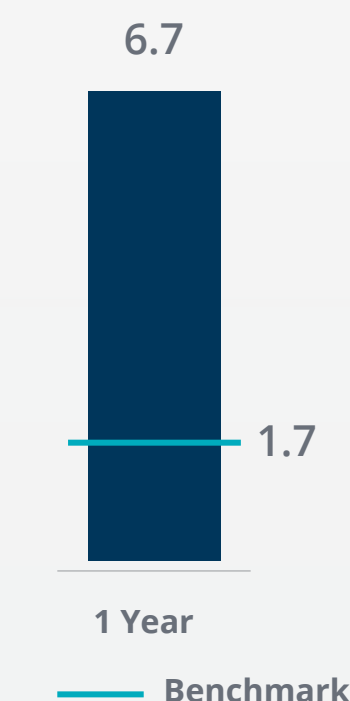
- > Added two new strategic partnerships to our Principal Credit Fund: Brinley Partners, and the Carlyle Group. Both U.S. based strategic partners contribute significantly to our private debt deal flow, particularly in second lien and mezzanine opportunities in the United States. All our strategic partnerships have performed strongly since inception, providing strong risk adjusted returns as well as co-investment opportunities.
- > Invested in 34 sustainable bonds valued at over \$1.7 billion during the period, bringing total historical participation in sustainable bonds to more than \$3.18 billion at March 31, 2022. Deployed \$3.1 billion into sustainable bonds in the primary market, progressing well towards the \$5 billion by 2025 target. Sustainable bonds are used to finance various green and social initiatives and projects. We choose to invest in sustainable bonds for the attractive risk-adjusted returns they provide our clients.

37.0%
of assets under management

Year over year increase of
\$6.8 BILLION

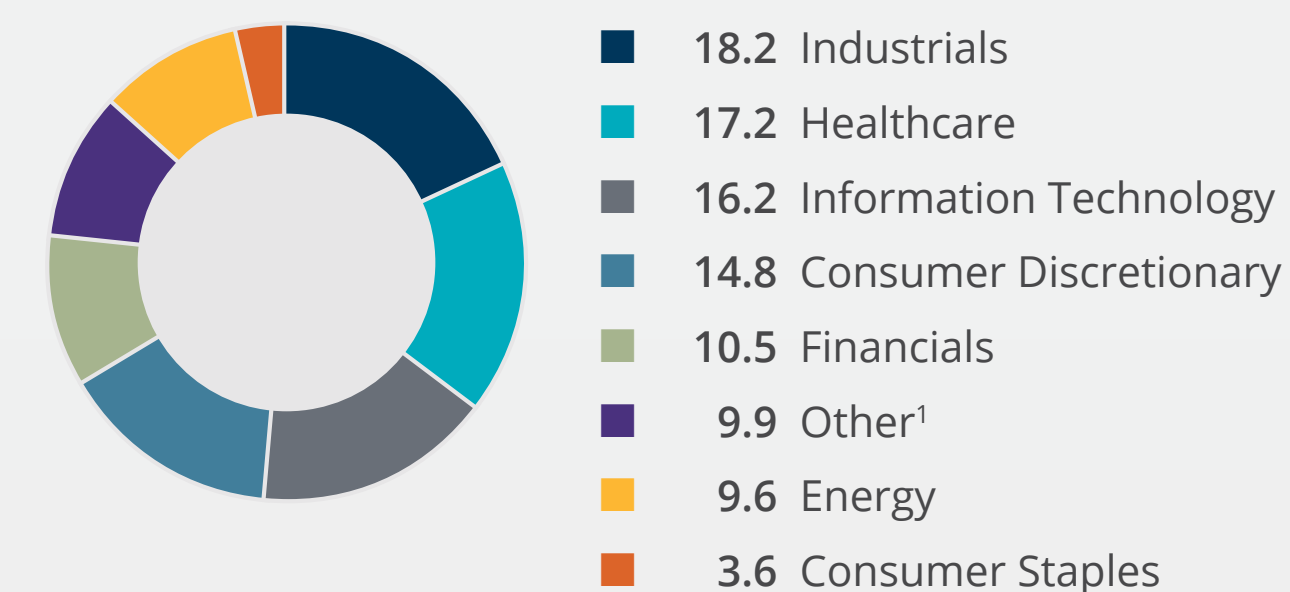
PRIVATE DEBT (%)

Annualized returns for the periods ended March 31, 2022



PRIVATE DEBT

As at March 31, 2022



¹ Other includes Communication Services, Materials, Real Estate, Utilities, Manufacturing, and Transportation

Public Equities

Managing a \$64.3 billion portfolio of diversified, global investments

OUR APPROACH

Our internally managed program includes actively managed portfolios that seek to outperform their benchmarks, as well as cost-effective indexing strategies designed to track the performance of well-diversified equity indexes. Since 2018, we have developed new, diversified investment strategies that are more cost-effective for clients while improving prospects for risk-adjusted returns and delivering sustainable value. While we continue to use external managers where appropriate, our focus remains on investing directly in public companies. Our diverse investment and risk management strategies and long-term investment horizon give us the flexibility to take advantage of opportunities in volatile markets.

PERFORMANCE ANALYSIS

Public equities delivered positive performance as markets continued to rally from 2020 lows. Despite exceptional gains, equity market volatility persisted, influenced by the COVID-19 pandemic and the Russian government's invasion of Ukraine. In response to rapidly evolving market conditions, we remained focused on our investment process and long-term perspective.

The Global Partnership Fund offers clients both positive returns as well as diversification through low correlation to equity markets. Launched in 2019, the fund provides exposure to global equities and absolute return strategies through both direct investments and co-investment opportunities. Since inception, the absolute return strategies have provided positive returns regardless of market environment and volatility. On a one-year basis, the fund returned 12.7 per cent, outperforming a benchmark of 9.1 per cent. In fiscal 2022, we continued to deploy client capital into value-adding opportunities, committing to 10 new fund investments and six co-investments. Total active commitments for the partnership portfolio component of the fund neared \$5 billion at the end of 2021, representing \$2.4 billion in funded and \$2.5 billion in unfunded commitments.

The Global Quantitative ESG Equity Fund returned 9.2 per cent against a benchmark of 9.1 per cent. The fund's objective is to provide clients with exposure to desirable ESG factors. Using a proprietary stock selection model based on measures from four different ESG data providers, the fund has outperformed its benchmark since inception in November 2019. ESG-related sentiment was a key driver of performance for the year.

Ucluelet, B.C., Canada

The Thematic Public Equity Fund provides clients with exposures to important societal, technological, economic, political, and sustainability themes that will help shape our world over the long term. This year included the build-out of three new themes centered around localized competitive advantages, the global explosion of data, and financial service needs in emerging markets. The fund underperformed by (11.0) per cent following five years of outperformance (annualized five-year return of 16.4 per cent) as initial enthusiasm and acceleration in thematic growth areas at the beginning of the pandemic were dampened by supply chain constraints, the delayed reopening, and to some extent negative market sentiment towards hyper-growth companies. As the fund is overweight sustainability-linked themes and underweight commodities, higher commodity prices driven by the invasion of Ukraine by the Russian government also hurt performance.

We hired a team of specialized, talented experts in emerging markets to prepare the launch of an active, internally managed Global Emerging Market Equities Fund. Having this expertise in-house will strengthen the knowledge of these markets throughout BCI, and allow us to have better ESG oversight of our emerging market investments. The objective is to capture the growth of global emerging markets with a mid- to long-term view, and outperform the MSCI Emerging Markets Index. The portfolio will be diversified with a bias toward quality and growth companies. The team will start actively managing capital in fiscal 2023.

HIGHLIGHTS

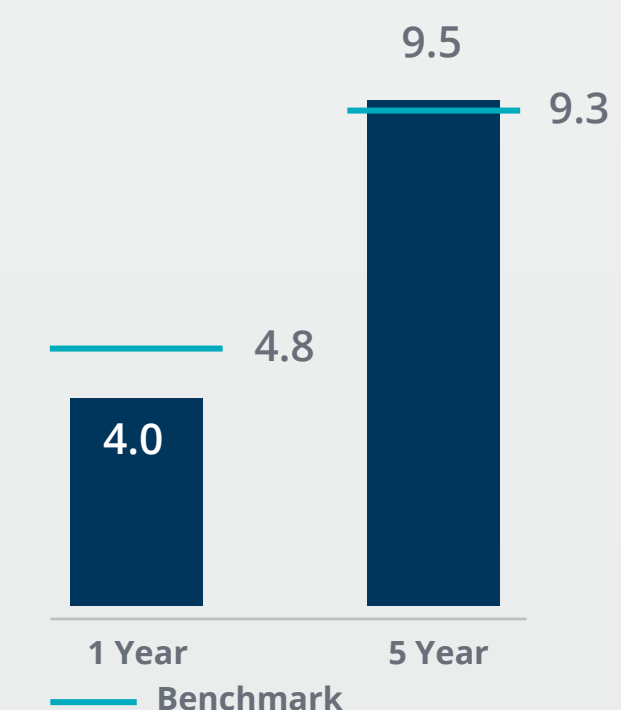
- > Marked a key milestone, as equities actively managed internally surpassed active external equities. Internalizing asset management has provided increased diversification and ESG alignment since 2018 and we continue to internalize assets where we have the in-house expertise and capacity to do so.
- > The Global Quantitative ESG Pooled Fund has surpassed \$6 billion in assets under management. The fund was launched in November 2019 with \$2.5 billion in assets, and inflows reached \$1.8 billion in 2021. The fund provides exposure to stocks with desirable ESG characteristics, and has added value over a broad developed market benchmark (MSCI World ex-Canada Index) since inception. This ESG focused portfolio, in addition to active ESG integration in all our internally managed active equities, demonstrates our commitment to deliver value using ESG as a risk management and value creation tool.

30.5%
of assets under management

Year-over-year decrease of
\$2.3 BILLION

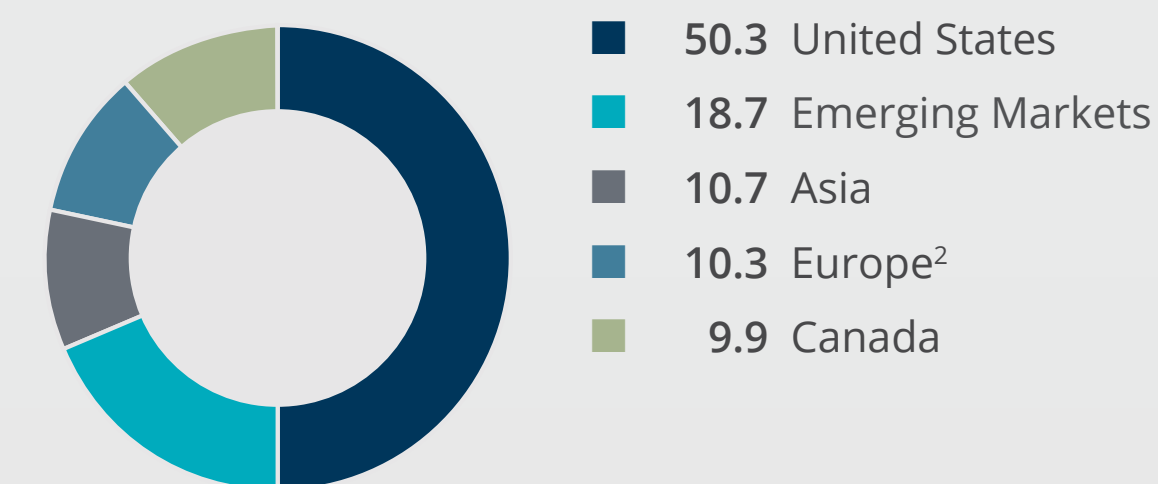
PUBLIC EQUITIES PROGRAM (%)

Annualized returns for the periods ended March 31, 2022



GLOBAL ALLOCATION OF PUBLIC EQUITIES (%)¹

As at March 31, 2022¹



¹ Values do not sum to 100 due to rounding.

² Europe includes the United Kingdom.

Three Questions with Daniel Garant

EXECUTIVE VICE PRESIDENT & GLOBAL HEAD, PUBLIC MARKETS

How has your program contributed to the growth of BCI's global footprint?

Our clients continue to diversify their public equities portfolios. Our global program, with investments in 47 countries, helps them achieve their investment objectives. In addition, the launch of Private Debt and the Global Partnership Fund four years ago strengthened BCI's overall global footprint. These programs have created significant partnerships and helped establish our reputation as a sophisticated, agile, and nimble partner. Since inception, these two new teams have fostered a total of 27 partners in the United States and Europe, committed and deployed cumulative \$6.8 billion and \$13.8 billion respectively, and delivered strong performance for our clients. The creation of Brinley Partners in New York, a major financial hub, has also raised our global footprint and profile.

What was the most significant initiative this year to create long-term value for clients?

We added two new strategic partnerships to our Principal Credit Fund: Brinley Partners and The Carlyle Group. Both strategic partners will assist in investment origination by adding more second lien and mezzanine opportunities in the United States. Brinley is a unique partnership, in that BCI is participating in its creation by being the anchor investor in the fund and an equity holder. Our strategic partnerships

have performed strongly since launching our program, and at a base level, they have been successful in prudently deploying capital to provide strong risk-adjusted returns. Equally important, however, is that they have provided BCI with a strong pipeline of co-investment opportunities, which have lower management fees. We are well-positioned with 60 per cent of the Principal Credit Fund in direct and co-investments. It is exciting to see how far our team has come with these partnerships, and the benefits that the partnerships can bring for our clients.

What is your most significant concern going forward?

In 2021, for the first time, the portion of public markets assets actively managed internally has surpassed the assets externally managed. This is a big milestone. To be able to successfully manage assets in-house, we need internal expertise. A main area of focus this year was our talent attraction and retention in a market that is extremely competitive, and that will continue to be a challenge we are focused on. The focus on recruiting high-calibre investment professionals will continue to benefit our clients with better alignment of investment strategies with their investment horizon, reduced fees, better ESG alignment, and the ability to expand our knowledge in-house with new strategies such as the Emerging Markets Active Equity Fund.



“ In 2021, for the first time, the portion of public markets assets actively managed internally has surpassed the assets externally managed. This is a big milestone.

Private Markets



Infrastructure & Renewable Resources

Stewarding \$20.2 billion of long-term capital invested in essential assets around the world

OUR APPROACH

The program invests globally in businesses that provide essential services and are critical to the growth and development of economies and communities. Our portfolio consists of regulated utilities (electricity, gas, water, and wastewater), transportation assets (including roads, rail, bridges, and port terminals), power (hydroelectric, wind, biomass, and solar), and telecommunications. We also hold select investments in timberlands, farmlands, and agri-businesses. The program is well-diversified by geographic region and sector, with a typical investment horizon that spans over 20 years.

We aim to achieve long-term stable returns within the context of a low to moderate risk portfolio. We pursue direct investments, complemented by strategic fund relationships, focusing on real assets, and connected, sustainable, and large-scale businesses. Investing in high-quality assets and management teams, the program seeks to deliver strong portfolio cash yield and long-term capital appreciation backed by investment-grade capital structures at the portfolio company level.

We seek meaningful equity interests that enable us to adopt an active governance approach. Owning companies and assets directly allows our professionals to drive long-term value and align our portfolio companies' strategies and actions as much as possible with the interests of BCI and our clients. We continue to build diversity both within our investment portfolio as well as within our team, thereby positioning the program to adapt to changes in the market and provide strong future returns to our clients.

For the program's investments, long-term fundamental trends remain intact. We actively invest in sectors that provide a strong defence against market cyclicality, have long contracted cash flows, or have solid thematic support such as digitalization, climate change, and resource scarcity. We continue to work closely with our portfolio companies to ensure they are well-positioned to manage current and emerging risks, as well as capitalize on the opportunities presented by larger global trends such as the green energy transition.

PERFORMANCE ANALYSIS

Our program had another successful year of portfolio growth and performance. On a one-year basis, the program returned 12.1 per cent against its benchmark of 6.4 per cent.

The primary driver was strong capital appreciation of large assets in the portfolio, generated through both favourable market conditions and solid business operations. Outperformance in our timber portfolio was driven by robust demand for wood products, particularly within local markets. Increased consumer activity bolstered our shipping and transportation portfolio, which experienced elevated volumes and strong revenue growth throughout the year. Some of these performance drivers are unlikely to recur, and we anticipate a moderation in future investment returns from the portfolio.

Our investments in regulated utility assets, which make up a sizable portion of the overall portfolio, generated stable returns and distributions. Following a strategic review, we monetized our interest in Trencap LP. Overall, the portfolio is well-insulated from market cyclicality and provides an attractive match to inflation-sensitive liabilities for our clients.

HIGHLIGHTS

- > Ranked in the top 10 for a second consecutive year in the latest edition of Infrastructure Investor's Global Investor 50, a list of the largest institutional investors in global infrastructure.
- > Screened over 140 investment opportunities and deployed \$2.0 billion of client capital, continuing to exercise price discipline in a relatively competitive market environment. These activities focused on expanding our global timber portfolio and establishing a permanent crop platform in the United States.
- > As part of consortiums, announced the upcoming acquisition of two investments, Reden Solar and National Grid PLC gas transmission business, that will play a critical role in helping Europe achieve its energy transition aspirations. In the context of climate change, a key theme for our team has been electrification and decarbonization. In addition to guiding our existing portfolio companies through the transition to a low-carbon economy, we intend to actively invest in climate-positive opportunities.
- > Planned the program's first global office in London, providing a physical presence in one of the world's largest financial markets. Embedding BCI professionals in London will expand access to investment opportunities, build our sourcing capabilities, increase, and diversify our talent pool, and strengthen our asset management practices.

9.5%
of assets under
management

Year over year
increase of
\$200 MILLION

INFRASTRUCTURE & RENEWABLE RESOURCES PROGRAM PERFORMANCE (%)

Annualized return for the period ended December 31, 2021¹



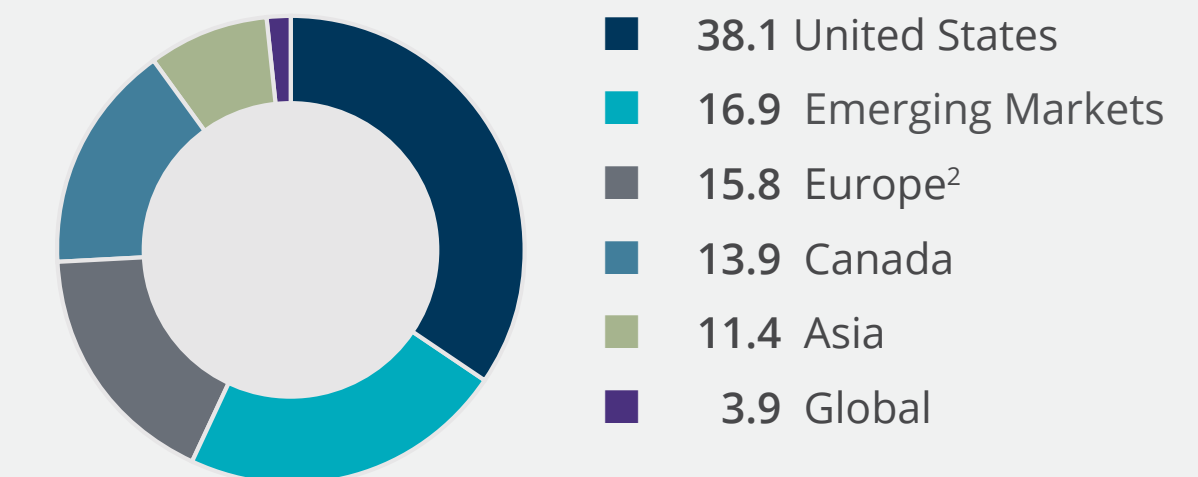
HISTORICAL INFRASTRUCTURE PROGRAM RETURNS (%)

Annualized returns for the periods ended December 31, 2019³



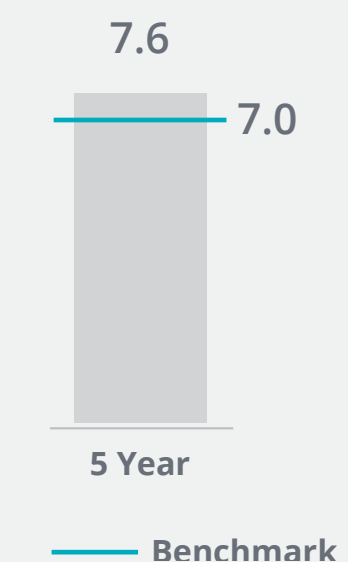
GLOBAL DISTRIBUTION OF INFRASTRUCTURE & RENEWABLE RESOURCES PROGRAM (%)

As at December 31, 2021¹



HISTORICAL RENEWABLE RESOURCES PROGRAM RETURNS (%)

Annualized returns for the periods ended December 31, 2019⁴



¹ Assets in the infrastructure & renewable resources program were combined in 2020-2021 to form one program and are valued annually at December 31. Returns for the program are calculated on an internal rate of return basis and benchmarks are presented on a time-weighted rate of return basis.

² Europe includes the United Kingdom.

³ Historical returns for the infrastructure program are presented on an internal rate of return basis. The presented returns are calculated using audited valuations.

⁴ Historical returns the renewable resources program are presented on an internal rate of return basis. The presented returns are calculated using audited valuations.

Three Questions with Lincoln Webb

EXECUTIVE VICE PRESIDENT & GLOBAL HEAD, INFRASTRUCTURE & RENEWABLE RESOURCES

How has your program contributed to the growth of BCI's global footprint?

Our program is growing, and we are adding attractive new portfolio companies in locations around the world every year. To match the scale of the portfolio and increasingly competitive markets, our group continues to evolve. It's very exciting to see our multi-faceted team of over 40 professionals continue to develop their skillsets, capacity, and careers. We also laid the foundations this year for our London office, which will open at the end of 2022.

Tell us about the resiliency of infrastructure assets during times of volatility, rising interest rates, and inflation.

As the world emerges from the pandemic, we face fresh geopolitical and market challenges. Although we anticipate these headwinds may impact investment returns, we are confident the global diversification and inherent stability of our real asset portfolio will assist us in successfully navigating this market environment. Many of our portfolio companies also have characteristics that protect against inflation, supporting resiliency of the program in the medium term.

What ESG-related developments has your team seen from portfolio companies?

As providers of essential services and infrastructure, we expect the companies in our portfolio to be forward leaning with respect to their ESG practices and activities. This aligns with our long-term ownership model and principals for asset stewardship. This past year we saw some excellent progress by our companies, including the launch of the BigCoast Forest Climate Initiative by our timberlands portfolio company Mosaic Forest Management, as well as the issuance of a landmark AUD\$920 million Sustainability-Linked Loan by our Australian-based electric utility, Endeavour Energy.



“ We are building an incredible global footprint and adding attractive new portfolio companies every year. To match the scale of the portfolio and increasingly competitive markets, our group continues to evolve.

Private Equity

Actively managing \$24.8 billion globally into privately held companies and funds with long-term growth potential.

OUR APPROACH

BCI has invested in private equity for over 20 years. Our program is well-diversified by geography and sector, and invests directly in companies and indirectly through externally managed funds. We make significant minority and control investments across a variety of industry sectors.

Since 2016, we have intentionally allocated a greater proportion of capital to direct investments, which typically come with significant governance rights. The program has directly invested in over 25 operating companies. As a result, the ratio of direct investments has grown from less than 20.0 per cent to approximately 38.0 per cent, producing substantial returns and significant fee savings for our clients. Fund investments remain important in diversifying the portfolio, generating consistent risk-adjusted returns, and providing the network to source co-investments and other direct opportunities.

We approach the market by sector: business services; consumer; financial services; healthcare; industrials; and technology, media, and telecommunications. Investment opportunities primarily originate and are managed in collaboration with strategic investment partners with specific

sector and geographical expertise. We place considerable emphasis on aligning interests between shareholders and management teams; a long-term investment horizon to fully capture value creation opportunities; and active governance to effect change and drive returns. This allows greater oversight of our portfolio companies and provides opportunities to collaborate with management teams on strategic, operational, financial, and ESG matters.

PERFORMANCE ANALYSIS

Private equity investments are long-term in nature. While we report on a one-year basis, the five-year horizon is the most appropriate measurement of performance. On a five-year basis, the program returned 21.5 per cent, outpacing its benchmark of 13.2 per cent and generating approximately \$16 billion of value for our clients (\$7.5 billion over benchmark). Both fund and direct investments, outperformed their five-year benchmarks. On a one-year basis, the program had strong outperformance, returning 29.6 per cent against a benchmark of 14.9 per cent.

Record levels of deal activity and demand for private equity assets provided opportunities to lock in attractive returns in both our direct and fund portfolios. Through strategic secondary sales, we freed up capital to reinvest in what we expect will be higher-returning investments. We sold approximately 70 funds during the year, including the largest strategic secondary sale for the program to date.



Well-timed partial or full exits from our direct investments also supported the year's strong performance. Total distributions for the year amounted to \$8.5 billion — over \$6 billion more than the previous year. The active markets also allowed us to deploy significant amounts of client capital: \$6.8 billion in total, including \$2.2 billion in direct investments, and \$4.6 billion in funds.

Competition remains elevated for high-quality talent, and high-quality investments. Historically high valuations and increasing geopolitical tensions will create headwinds for private equity going forward. There is increasing evidence of inflation through our portfolio companies' supply chains and in the broader pricing environment. Although our private equity portfolio has relatively low exposure to venture capital and growth assets, we have recently increased our focus on such investments as markets have become more volatile.

Operationally, we remain focused on EDI; we believe it strengthens our thinking and leads to higher returns. This year, we continued to make progress on increasing diversity within the program. We also implemented a new portfolio monitoring and analytics system, strengthening both our decision-making and risk-management processes. Finally, we prepared to open our satellite office in New York City, hired a senior investment professional to co-lead the new office, and closed our first direct deal that was sourced from being on the ground in New York.

HIGHLIGHTS

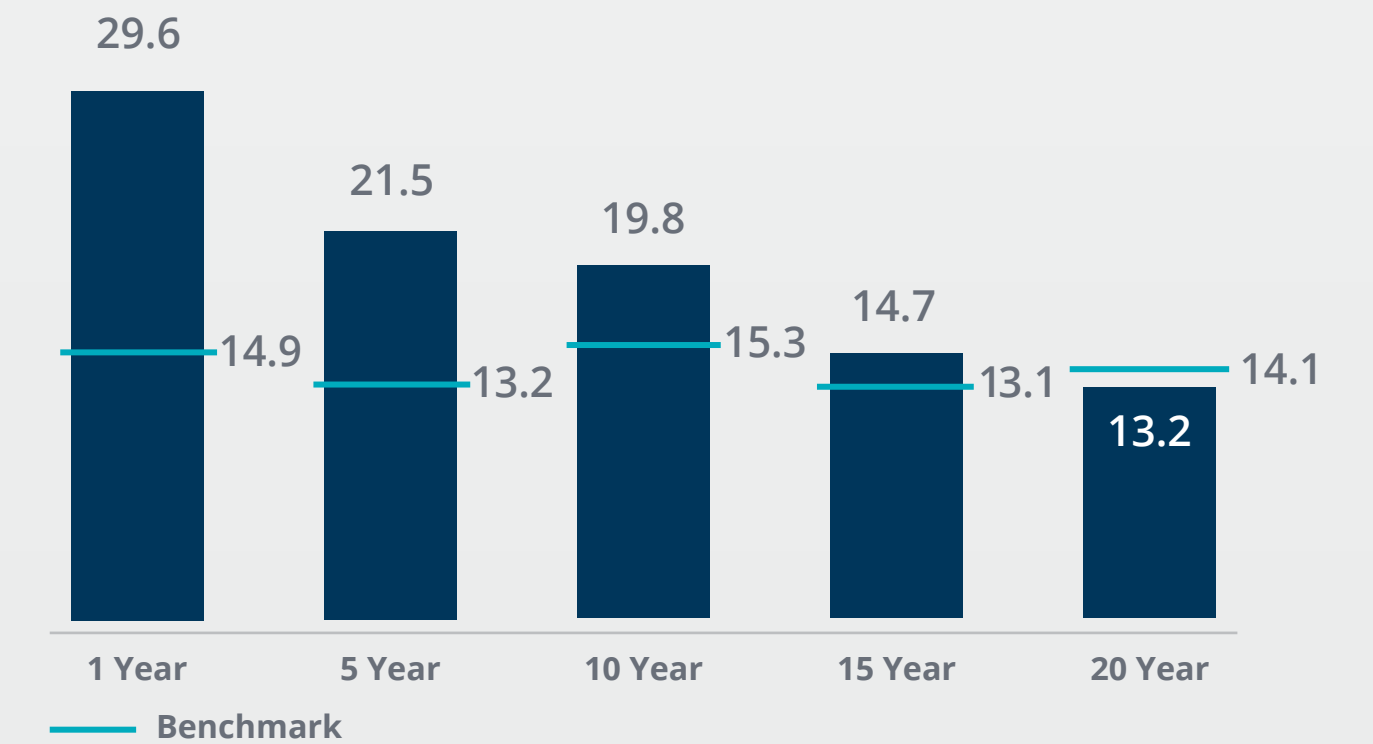
- > Created approximately \$16 billion of value over the last five years while we increased the proportion of direct investments in the portfolio.
- > Joined more than 100 private market investors in committing to the ESG Data Convergence Project. Led by the Institutional Limited Partners Association, the industry collaboration aims to advance a standardized set of ESG metrics so general partners and portfolio companies can benchmark their progress and provide more comparable portfolio information for limited partners.
- > Together with PAI Partners and PepsiCo, formed Tropicana Brands Group, a global platform anchored by iconic fruit-based beverage brands including Tropicana, Naked Juice, KeVita, Inc. and IZZE Beverage Company. The company manufactures and distributes premium juice products across North America and Europe, capitalizing on industry-leading scale in fruit sourcing and processing, and broad channel reach.

11.8%
of assets under management

Year over year increase of
\$4.1 BILLION

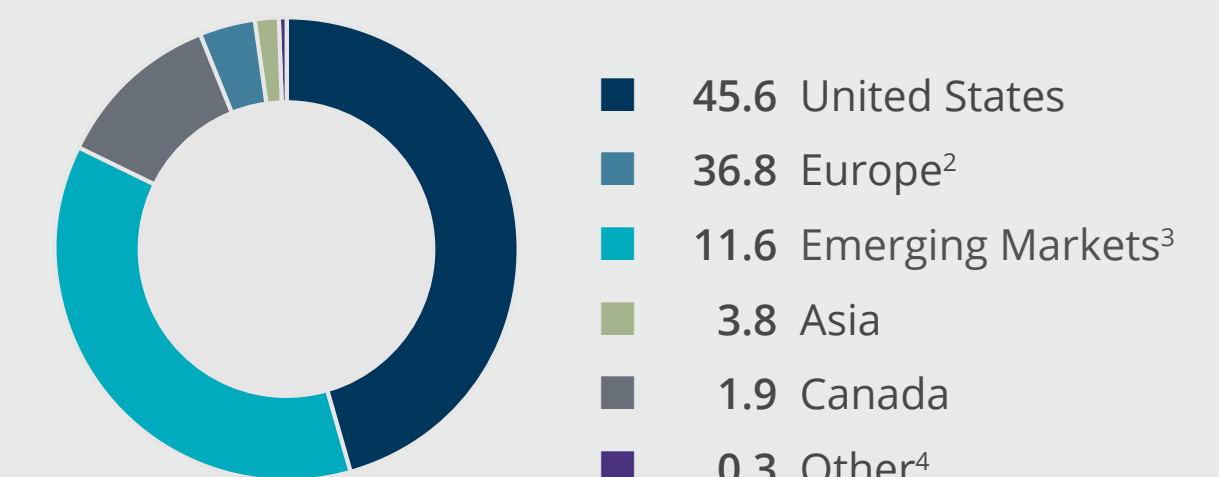
PRIVATE EQUITY PROGRAM PERFORMANCE (%)

Annualized returns for the periods ended December 31, 2021¹



GLOBAL DISTRIBUTION OF PRIVATE EQUITY PROGRAM (%)

As at December 31, 2021¹



¹ Assets in the private equity program are valued annually at December 31. Returns for the program are calculated on an internal rate of return basis and benchmarks are presented on a time-weighted rate of return basis.

² Europe includes the United Kingdom.

³ The MSCI Emerging Markets Index consists of 24 countries, with the largest country weights held by China, Taiwan, India, South Korea, and Brazil, respectively.

⁴ Other includes countries not listed in the MSCI Developed Markets and MSCI Emerging Market Indices.



“ Private equity is a relationship business — selecting the right investment partners is imperative, and our direct investments have outperformed funds on a 5- and 10-year basis.

Three Questions with Jim Pittman

EXECUTIVE VICE PRESIDENT & GLOBAL HEAD, PRIVATE EQUITY

How has your program contributed to the growth of BCI's global footprint?

The private equity portfolio is broadly diversified by geography, sector, vintage, and partner exposure. Our primary focus is buyout investments in the United States and Europe. Over the past few years, we have also built a 15 per cent allocation to Asia through fund and direct investments alongside strategic partners with local expertise. All these activities contribute to the overall BCI global footprint. Several private equity relationships have also helped teams in other asset classes to broaden their global exposure.

What led to private equity's success this year?

There were two key factors: the overall industry performance, and our program's relative performance. Private market activity accelerated to record highs in 2021. The industry set records in deals and exit values, and capped off a multi-year period of strong appreciation in capital markets. In terms of BCI's relative performance, our program remains one of the leaders on a five-year return basis.

Private equity is a relationship business — selecting the right investment partners is imperative, and our direct investments have outperformed funds on a 5- and 10-year basis. We are keenly focused on delivering value for our clients, while meeting other program key objectives, such as improving EDI, and measuring and enhancing ESG impact.

Why is the New York office important for BCI and private equity?

New York is one of the largest global private equity hubs. Our location in the middle of Manhattan will expand our access to direct deal flow. It also improves our ability to execute deals, maintain close relationships with our partners and management teams, and source talent. We are aiming to create seamless direct teams of private equity professionals in Victoria and New York City working in concert. The office will also provide secondment opportunities for junior and mid-level staff members, which is a major step in building our talent pool. Our goal is to foster an environment of one BCI, whether our colleagues sit in New York City or in Victoria.

QuadReal Property Group



The Post (Rendering), Vancouver, B.C., Canada

QuadReal Property Group

QuadReal Property Group (QuadReal) is a global real estate investment, operating, and development company independently operated and owned by BCI. We established QuadReal in 2016 to manage our clients' real estate portfolios, and transitioned the management of our real estate debt program to QuadReal in 2019. These two programs represent \$41.4 billion, or 19.6 per cent, of BCI's total assets under management.

Headquartered in Vancouver, British Columbia, QuadReal is an investment for our clients. In addition to the returns and growth garnered from portfolio-level investments, the value of QuadReal itself continues to increase. QuadReal makes regular cash distributions, returning profits to the pools and effectively reducing the total fund costs for our clients. Without QuadReal, these benefits would accrue to third-party managers.

We maintain corporate oversight of QuadReal through its board of directors. The seven-member board is appointed by BCI's CEO/CIO and includes two BCI executives: the COO, and the executive vice president & global head, public markets. Five independent real estate professionals complete the board, whose goal is to maximize QuadReal's value and performance. BCI oversees QuadReal's compliance with its asset management obligations by approving key plans, reviewing performance and investments, and monitoring investment risks.

QuadReal has a mandate to deliver prudent growth and strong investment returns. With global networks, its capabilities include investing in public and private debt

and equity markets, and investing across the lifecycle of properties, from pre-development through to stabilization. QuadReal invests directly, via programmatic partnerships, and through operating companies in which it holds an ownership interest.

Renewed optimism and strong growth marked the real estate industry in 2021 and early 2022. Pent-up investor demand from the first year of the pandemic pushed prices upward, driving outsized returns in certain favoured sectors. This translated into a record second half of 2021 for real estate performance and investment returns. Despite an uneven economic recovery, 2022 began on a hopeful note across the industry. However, uncertainties from the invasion of Ukraine, accelerating inflation, rising interest rates, disrupted supply chains, and tight labour markets began to weigh on real estate markets.

Despite these challenges, we remain confident in QuadReal's disciplined investment approach. The portfolio that QuadReal manages has no exposure to Russia or any corporations or individuals on sanctioned lists. By design, the portfolio has extremely limited exposure to hospitality and retail — the

two sectors most likely to be affected by lower consumer spending in an inflationary environment. In addition, a shift by corporations to bring supply chains closer to home should have a positive impact on demand for logistics assets, a sector that is one of QuadReal's strongest convictions, and already has record-low vacancy rates. With available liquidity and local market presence in key regions, QuadReal is ready to take advantage of investment opportunities that may arise in response to market dislocation.

Real estate debt markets remained competitive in both Canada and the United States, with lenders reporting healthy demand and stable liquidity despite uncertainty arising with each new COVID-19 variant. Industrial, multifamily, and life sciences asset classes continued to be heavily favoured by lenders, resulting in downward pressure on credit spreads. There was robust lending activity across core markets with an uptick in activity across secondary markets. QuadReal's debt teams closely monitor lending activity across core and secondary markets for new investment opportunities as well as repayment risk in the existing portfolio.

Strong demand for private real estate investments shows little signs of abating. High liquidity is prompting equally high degrees of competition. Active management and globally based international teams are proving essential in this type of environment. In coordination with the home office in Vancouver, QuadReal's teams in Hong Kong, London, and New York City have on-the-ground access to the best real estate talent, information, and investment opportunities. To further expand global reach and the corresponding opportunity set, QuadReal plans to open an office in Los Angeles in 2022.

Real Estate Equity

Managing \$33.6 billion of global real estate investments

OUR APPROACH

QuadReal manages Canadian properties and development opportunities, invests in Canada, and focuses on global cities and core asset classes, including industrial and logistics, residential, and alternative properties. Real estate investments are concentrated in the industrial and residential sectors, which offer a range of attractive opportunities, including logistics and last-mile facilities, purpose-built rentals, student housing, manufactured home communities, and condominium developments. Retail allocations are purposefully below industry benchmarks, with most of those assets advanced or positioned for mixed-use densification.

Additionally, QuadReal creates value for BCI's clients through a build-to-core program in select markets and ownership of global operating companies in high-conviction property sectors. QuadReal pursues resiliency through active asset allocation, developing next-generation real estate, and the ability to invest through either equity or debt.

PERFORMANCE ANALYSIS

Real estate equity assets grew to \$33.6 billion this year, representing 15.9 per cent of total assets under management. Our global assets continued to increase,

with the portfolio nearing its objective of a 50/50 allocation between the Canadian and international real estate portfolios.

On a one-year basis, real estate equity delivered a return of 14.7 per cent, significantly outperforming the benchmark of 6.8 per cent. Performance was buoyed by strong returns and capital value growth in the second half of 2021, specifically led by momentum in the industrial and residential sectors. Outperformance in the industrial sector was driven by the expansion in e-commerce, with retailers, third-party logistics companies, and other operators competing for coveted warehouse space.

Returns were also bolstered by the listed real estate portfolio. The strategy complements private market investing, and its agile and flexible nature created value through the year's volatility. QuadReal acquired an ownership interest in 2021 in Ranger Global Real Estate Advisors, LLC, a leading investment advisory firm that manages global listed real estate portfolios. The company has a demonstrated track record of delivering investment results for QuadReal since early 2020.

The health and safety of tenants, residents, and front line QuadReal staff continued to be of paramount importance through each wave of the pandemic. As a positive sign of how organizations are adapting, occupancy is at encouraging levels across nearly the entire portfolio, with the industrial portfolio currently sitting at full occupancy. This important metric reflects the benefits of active management and a high level of engagement with tenants and residents.

Oakridge Centre (Rendering), Vancouver, B.C., Canada

BCI QuadReal Realty (BQR) issued its third green bond this year of \$400 million Series 4 Senior Notes, at a rate of 1.056 per cent. The Senior Notes are rated AA (low) with a stable trend by DBRS Limited. BQR is a pooled investment portfolio in the real estate investment portfolio, the assets of which are managed by QuadReal. BQR remains in the top three of Canada's green bond issuers.

HIGHLIGHTS

- > Recognized as an industry leader by Fitwel, the world's leading certification system for promotion of occupant health and wellness through the built environment. At this year's Best in Building Health Awards, QuadReal received the Industry Thought Leadership Award, Most Benchmarked Projects of All-Time, and two highest score awards for Southcore Financial Centre in Toronto, and World Exchange Plaza in Ottawa.
- > Received the inaugural ENERGY STAR® Canada Award for Commercial Building of the Year, for 6985 Financial Drive in Mississauga, Ont. The property achieved a perfect score of 100 out of 100. QuadReal currently has 26 ENERGY STAR-certified buildings across the country, reflecting an ongoing commitment to excellence in sustainability.

15.9%

of assets under management

Year over year increase of

\$5.1 BILLION

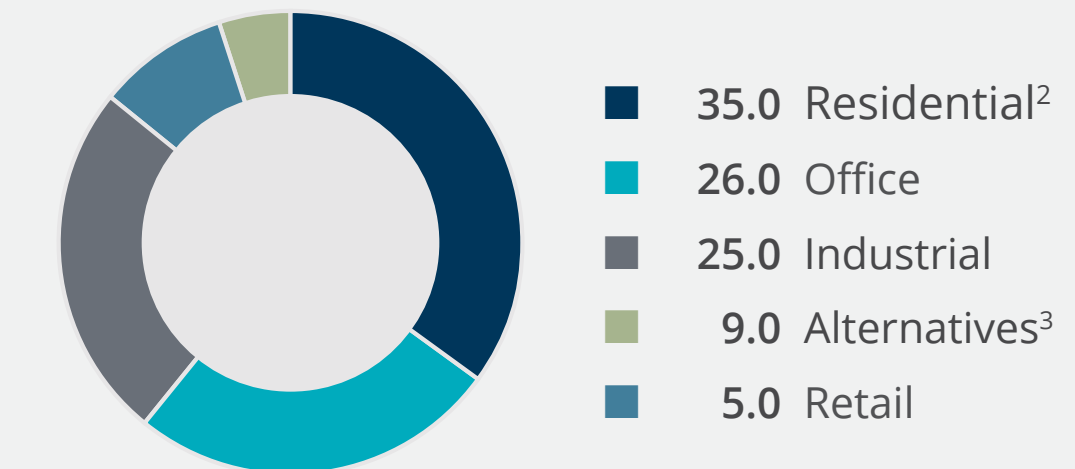
REALPOOL PROGRAM PERFORMANCE (%)

Annualized return for the period ended December 31, 2021¹



REALPOOL REAL ESTATE ASSETS BY PROPERTY TYPE (%)

As at December 31, 2021¹



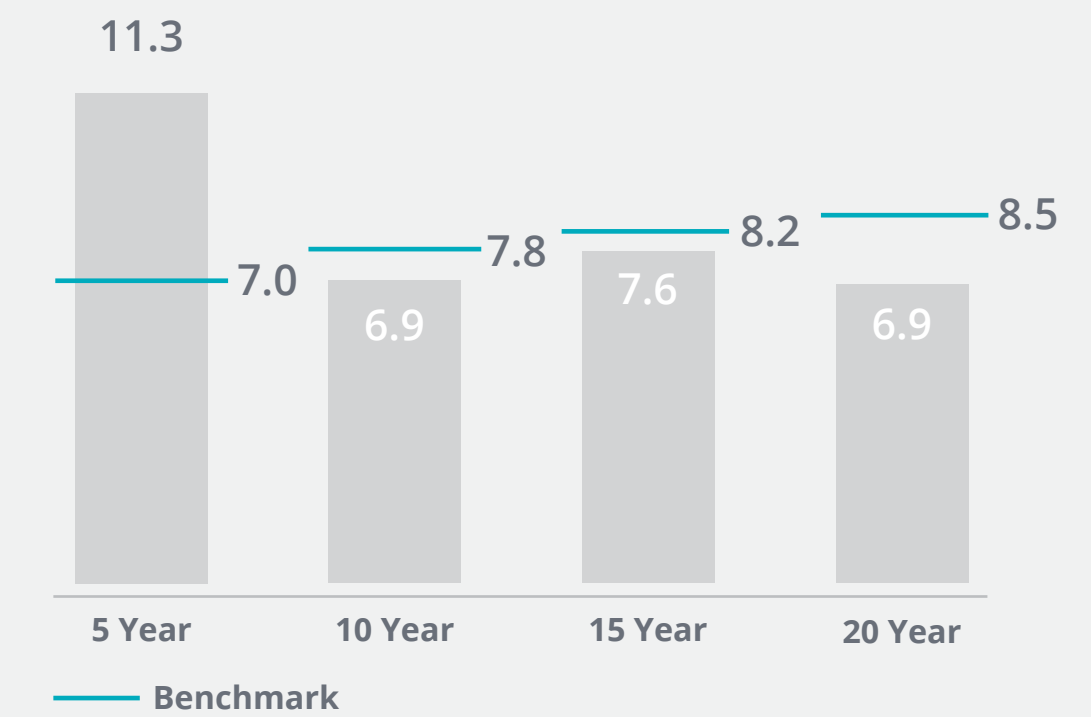
HISTORICAL DOMESTIC REAL ESTATE RETURNS (%)

Annualized returns for the periods ended March 31, 2019⁴



HISTORICAL REALPOOL GLOBAL RETURNS (%)

Annualized returns for the periods ended December 31, 2018⁵



BCI established QuadReal Property Group in 2016 to manage our clients' real estate equity portfolios. Management of our real estate debt portfolio was transferred to QuadReal in 2019. These two programs represent 19.6 per cent of BCI's total assets under management as at March 31, 2022.

¹ Assets in the real estate equity program are valued annually at December 31. Returns for the program are calculated on an internal rate of return basis and benchmarks are presented on a time weighted rate of return basis.

² Residential includes multi-family, student housing, and condominiums for sale.

³ Alternatives include manufactures housing/land lease communities, data centres, hotels, and other.

⁴ Historical returns for the domestic real estate program are presented on a time weighted rate of return basis.

⁵ Historical assets for the global real estate program are presented on an IRR basis. Benchmarks are presented on a TWRR basis.

Real Estate Debt

Generating value through a diverse \$7.8 billion portfolio

OUR APPROACH

QuadReal has managed BCI's real estate debt (formerly called mortgages) program since fiscal 2020. As a significant lender to the commercial real estate industry, QuadReal focuses on direct real estate debt investments with strong-yielding and attractive risk-return profiles.

Their strategy includes new loan origination on resilient property types that are in markets with strong fundamentals. The program targets fixed-term, construction, and mezzanine borrowers in Canada and the United States. Investments are diversified by loan size, region, and property type with a focus on QuadReal's areas of conviction, which include residential and industrial. QuadReal continues to build on a strong Canadian program, with U.S. investments providing geographical and borrower diversification.

QuadReal's management of the program includes detailed underwriting, credit, and financial analysis of all major tenants, guarantors, and borrowers. Their in-house servicing team oversees all payments, discharges, cash flows, insurance expiries, and borrower property tax payments.

PERFORMANCE ANALYSIS

QuadReal deployed a record amount of client capital this year; however, as was witnessed across the private credit industry, the program also experienced significantly higher-than-expected early repayments. This was driven by a combination of low market interest rates and substantial lender appetite, which enabled borrowers to refinance their loans at lower cost.

Returns for the program were 4.7 per cent, outperforming its benchmark of 2.0 per cent. A prudent and disciplined approach led to the outperformance, despite a competitive and crowded marketplace. Deep relationships with borrowers remain a differentiator, allowing for both structuring flexibility and certainty of execution.

HIGHLIGHTS

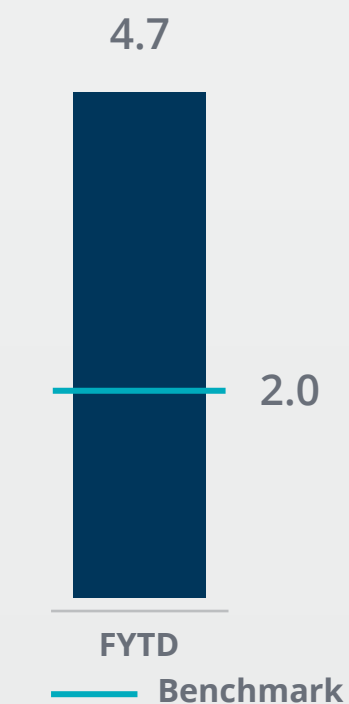
- > Developed new lending relationships, while aligning resources within QuadReal to benefit from broader market participation in more investment opportunities alongside the real estate teams in the United States and Canada
- > Expanded the small but nimble team of experienced real estate debt professionals on the ground in Vancouver, Victoria, Toronto, Los Angeles, and New York City.

3.7%
of assets under management

Year over year increase of \$800 MILLION

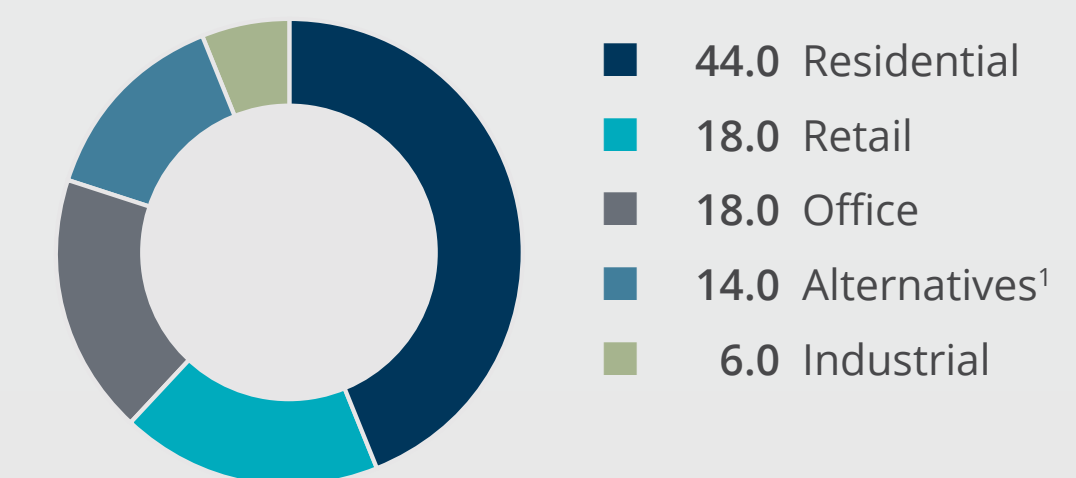
BCI QUADREAL REAL ESTATE DEBT PROGRAM (%)

Annualized returns for the periods ended March 31, 2022



BCI QUADREAL REAL ESTATE DEBT HOLDINGS BY PROPERTY TYPE (%)

As at March 31, 2022



BCI established QuadReal Property Group in 2016 to manage our clients' real estate equity portfolios. Management of our real estate debt portfolio was transferred to QuadReal in 2019. These two programs represent 19.6 per cent of BCI's total assets under management as at March 31, 2022.

¹ Alternatives include hospitality, farmland, mortgage loans collateralized by land, and various property types.

Three Questions with Dennis Lopez

CHIEF EXECUTIVE OFFICER, QUADREAL PROPERTY GROUP

How does QuadReal contribute to BCI's global footprint?

QuadReal has increased the international allocation of BCI's real estate program from 20 per cent (\$4.8 billion) in 2016, when QuadReal was formed, to 53 per cent (\$23.3 billion) today. These changes have contributed to the improvement of the BCI real estate program's performance from 5.9 per cent in 2016 to 14.7 per cent in 2021. To facilitate the expansion of QuadReal's global footprint, we opened offices in Hong Kong, London, and New York City in 2018, and will open a Los Angeles office in 2022.

The COVID-19 pandemic brought headwinds to real estate. Did it provide any opportunities?

The dislocations caused in retail, hotel and office properties were meaningful. However, sectors such as industrial real estate and housing provided opportunities for investors that had capital and expertise, and could operate in a travel-restricted environment. BCI's liquidity planning before the pandemic, combined with QuadReal's established, on-the-

ground global teams proved invaluable in achieving \$8.7 billion of real estate commitments in 2021, our highest level ever. It also allowed QuadReal to expand the investment pipeline over the next five years in Canada to \$12 billion and internationally to \$5.8 billion.

The real estate debt program was previously called mortgages. Why change the name?

It simply reflects the broader scope of real estate debt expertise that QuadReal provides, beyond mortgages. QuadReal has brought together a team of professionals that are experts in global real estate. Their skills allow us to find the best risk-adjusted real estate debt opportunities domestically or abroad, in both the public and private markets. We made \$3.3 billion of new real estate debt commitments in 2021, our highest level ever. What will never change is the in-depth analysis, significant due diligence and the detailed documentation provided on each real estate debt investment.



“BCI's liquidity planning before the pandemic, combined with QuadReal's established, on-the-ground global teams proved invaluable in achieving \$8.7 billion of real estate commitments in 2021, our highest level ever.”

Three Questions with Operations Senior Vice Presidents

The operations teams at BCI, directed by our chief operating officer, play a crucial role in enabling our day-to-day activities. They also look ahead to ensure our systems and processes are developed strategically and can scale to support the evolving needs of our clients. As we have grown our global footprint, the role of our operations teams is key to advancing our next phase. While these groups do not make investment decisions, in many ways they enable the efficiency and effectiveness of those decisions.



Monique Brosseau

SENIOR VICE PRESIDENT, INVESTMENT OPERATIONS

How has your department contributed to the growth of BCI's global footprint?

Investment Operations works in tandem with asset classes to proactively develop efficient operational approaches for trade settlements, corporate actions, derivatives, collateral, foreign exchange, and cash management. For example, the recent launch of the Global Emerging Markets Active Equity Fund was a collaboration where we built new processes to support emerging market currencies. As BCI has become more global, our team has worked to facilitate more active currency hedging. The expansion of the private market asset classes into more global markets has also created more complex account structures, through which our teams oversee the movement of significant volumes of transactions and funds.

How has your operating model transformed over the past year?

Replacing BCI's legacy platforms has been a game-changer. We now have best-in-class accounting and trading applications that have significantly reduced the manual processes that were previously required to meet our business needs. Implementation of the new order management system last year has significantly improved processing times and

reduced manual efforts. The project enabled us to modernize our methods for communicating trades to our custodian, improving interactions with our brokers, and reducing the risk of failed trades and potential penalties. These improvements are all designed to scale as new investment strategies are introduced in future.

What are the skills of the staff in investment operations?

Our team members bring together diverse views to solve complex issues. We encourage our people to question existing processes and make suggestions for continuous improvement. This empowers individual and collaborative creativity and problem-solving and fosters ownership and accountability. The investment industry rapidly evolves, and our team members thrive in a deadline-oriented environment that supports continuous growth and advancement. We also created the "IO Academy" — an entry point for building a career in our industry. Our department's services extend across all asset classes, which provides a unique opportunity to develop a greater understanding of the many roles and paths within asset management.



“ Our team members bring together diverse views to solve complex issues. We encourage our people to question existing processes and make suggestions for continuous improvement.



Patricia Bood

SENIOR VICE PRESIDENT, LEGAL AFFAIRS & GENERAL COUNSEL

How has your department contributed to the growth of BCI's global footprint?

Our core function is to support BCI's global investing activity. Legal affairs works side-by-side with investment teams in the due diligence, negotiation, and execution phases for investments around the world. The compliance team monitors BCI's global securities trading activity. Most recently, our teams across legal, procurement, compliance, and enterprise risk have been key partners to private equity and infrastructure & renewable resources as we prepare to open the New York and London offices. We ensured the legal scaffolding was in place to support locations outside of Canada, advising and supporting on the office search, service provider contracts, employment law and regulatory environment, insurance needs, and business continuity planning.

How has your department helped BCI's collaboration and efficiency?

Our legal affairs and compliance teams have been essential in developing processes and systems for the proper and effective sharing of information across the corporation. There are important obligations around investment-related information, especially about our portfolio companies.

To support cross-departmental collaboration and efficiencies, our teams have worked closely with the asset classes on procedures that reflect BCI's evolving investment dynamics and strategies while maintaining legal protections.

How has your department strengthened BCI's investment and operating capabilities and controls?

We are always looking for improvements that will reduce friction for our colleagues. This year, the legal teams and our tax colleagues identified regulatory rules that are creating barriers or delays in foreign jurisdictions. We worked with regulators and our peers to better understand the potential issues, improving our ability to get ahead of these types of challenges for new investment opportunities. We incorporated global trade rules into the systems used by the public markets teams, making regulatory compliance easier and more efficient. Our compliance team implemented a technology and data system to help monitor global filing obligations and market news. They also updated BCI's Code of Conduct & Ethics and refreshed BCI's employee hotline, which encourages speaking up about potential unethical or illegal matters.

“ To support cross-departmental collaboration and efficiencies, our teams have worked closely with the asset classes on procedures that reflect BCI's evolving investment dynamics and strategies while maintaining legal protections.

Umar Malik

SENIOR VICE PRESIDENT, FINANCE & CHIEF FINANCIAL OFFICER

How has your department contributed to the growth of BCI's global footprint?

As BCI continues to deploy capital across the globe, the finance team ensures that our investments are structured effectively to address the taxation structures of many different foreign jurisdictions. In 2021, our team reviewed 30 per cent more investments than in the prior year, including BCI's first direct investment in India. Finance has also been actively involved in preparing for the opening of our new global offices. Tax planning for the offices has been a major focus, as well as establishing their accounting and treasury functions.

How is the finance department supporting clients' evolving needs?

Last year, we brought together all the client-facing functions within finance into a new team solely dedicated to servicing client needs. Through the formation of a finance client advisory committee, we gathered client feedback and have addressed key client priorities. We also conducted an inaugural client survey on finance-specific topics to

understand the current client experience and will revisit every two years. We are part of a team from across BCI working to advance and refine client reporting. Finance is a key partner in this project, delivering essential data and insights on clients' portfolios.

What priorities has the finance team been focused on during the last year?

We strive to be client-focused and agile, providing proactive insights that BCI's teams can use to drive results for our clients. We have been focused on modernizing our technology infrastructure over the last several years to support our clients' sophisticated investment portfolios. Now that our systems are in place, our key priority is to leverage technology and continuously improve our processes. Through optimization and automation, we reduce production time and risk, while delivering more value to other departments and our clients. This year saw faster year-end workflows, streamlining of the budget process, implementation of a new reporting platform, and significant improvements in client reporting.



“ We strive to be client-focused and agile, providing proactive insights that BCI's teams can use to drive results for our clients.



Tony Payne

SENIOR VICE PRESIDENT, TECHNOLOGY & INNOVATION AND CHIEF TECHNOLOGY OFFICER

How has your department contributed to the growth of BCI's global footprint?

Our goal is to empower BCI's teams with the specific tools they need. A greater global reach requires innovation across all business functions. For example, to continue to support BCI's place as a leader in ESG reporting, we implemented automation for data collection, saving the public markets' ESG team approximately 600 hours per year, or 86 working days. By leveraging these solutions and efficiencies, analysts are free to spend more time where it really counts — analyzing data — rather than collecting it. Similarly, our team helped public markets maintain near in-person communications and continue work-as-usual throughout the pandemic. By leveraging cloud capabilities, traders were able to seize market opportunities from wherever they were, whether in the office or working remotely. This type of architecture will also be essential as our international offices open.

Was there one project that the technology department completed in the past year that was a highlight?

One achievement that stands out is the establishment of our Data Marketplace. This integrated data and analytics ecosystem provides well-governed data access and

streamlined dashboarding. The Data Marketplace has grown out of BCI's ambition to maximize our potential to use data and analytics. To offer value, data must be transformed into insights and intelligence, and the Data Marketplace is now actively delivering many opportunities where data converges with decision-making. This is a strategic advantage for both investment and operational decisions.

How has Technology contributed to BCI's Business Plan in the past year?

Leveraging Digital Technology is one of the core pillars of the business plan, and many of our group's current initiatives flow from it. One especially important area of innovation is in our cyber security program. Our strategy in this area prioritizes detection, analysis, and response to known, anticipated, or unexpected cyber threats. It also focuses on effective management of cyber risks, and resilience against cyber incidents. By employing leading technologies and attracting specialized talent, we ensure that we are keeping pace with change and any disruptions that might arise.

“By employing leading technologies and attracting specialized talent, we ensure that we are keeping pace with change.”



Corporate Governance

St. Pancras Renaissance Hotel, London, England, U.K.

Hotel Fairmont Empress, Victoria, B.C., Canada

Our Corporate Governance

We are committed to maintaining world-class standards of governance

GOVERNANCE FRAMEWORK

BCI was established by the *Public Sector Pension Plans Act* (the Act) in 1999. The board appoints the CEO/CIO, sets their remuneration, and reviews and monitors their performance. The board also oversees BCI's operations, and approves pooled fund investment policies, auditors, the business plan, and annual budget. Other responsibilities include establishing an employee classification system and compensation scale.

The BCI Board of Directors Mandate outlines the board's duties and responsibilities.

Investment professionals under the supervision of the CEO/CIO make all investment decisions within the framework of the policies approved by the board and the policies established by BCI's clients.

ROLE AND ACCOUNTABILITY OF THE CHIEF INVESTMENT OFFICER

The Act defines BCI's chief investment officer as the chief executive officer with responsibility for supervising day-to-day operations and for carrying out 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 board for the efficiency and effectiveness of the

corporation in carrying out BCI's mandate. The CEO/CIO is also responsible for reporting to each client with respect to 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, and establishes policies and procedures to meet operational objectives. The CEO/CIO ensures that funds are managed in a prudent and appropriate fashion.

BOARD ACTIVITY AND COMMITTEES

The board meets on a quarterly basis. Meetings are scheduled in advance. Additional meetings are arranged when issues arise that require immediate board attention. A strategic retreat is also planned annually; an educational retreat was held in December 2021 and a condensed virtual retreat was held in February 2022 due to COVID-19 restrictions.

The 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 a minimum of two directors, meets at least twice a year and reviews human resource strategies, compensation philosophy, succession management, performance incentive plans, employee classification systems, and board governance.

In fiscal 2022 the board had one ad hoc committee:

- > The project oversight committee (formerly the investment management platform program committee), formed in 2018 and dissolved in October 2021, consisted of two directors, and provided oversight over specific corporate projects.

The CEO/CIO attends all board and HRGC meetings and the COO attends all audit committee and attended project oversight committee meetings on behalf of the CEO/CIO (although neither the CEO/CIO nor COO are a director). The executive vice president, human resources, attends all HRGC meetings (and is not a director).

DIRECTOR ORIENTATION PROGRAM

Senior management leads the director orientation program. New directors are briefed on the board's role and responsibilities, our business plan, budget, investment and risk management activities, and human resource policies. Details on key operational functions are also addressed.

DIRECTOR ATTENDANCE

The board met on eight occasions; the audit committee, four; the HRGC, five; and the project oversight committee, two. Directors who are not members of a committee may observe those meetings.

There was 100 per cent attendance for most of the meetings held in fiscal 2022. Details for individual directors are included in their profiles on pages 83 to 89.

DIRECTOR COMPETENCIES, SKILLS, AND EDUCATION MATRIX

The board completed a director competencies, skills, and education matrix. The matrix identifies the competencies expected of all directors and then asks directors to rank their ability from a set list of skills and education. The results are used to identify future education and development opportunities, and to determine key skills that BCI will communicate to appointing bodies and request they consider.

DIRECTOR CODE OF CONDUCT

The Board of Directors Code of Conduct (last updated April 2018) outlines the minimum standard of conduct. Directors must make timely disclosure of direct or indirect interest, material or not, in any proposed or completed BCI contract, transaction, or investment.

Directors must also abstain from voting on matters in which they have a personal interest.

CONTINUING DIRECTOR EDUCATION

The board recognizes the importance of ongoing director education. BCI encourages directors to enrol in professional development courses and participate in industry-related seminars, such as the B.C. Public Sector Pension Conference.

BCI maintains an Institute of Corporate Directors membership for all directors and budgets an amount to enable directors to benefit from courses and conferences offered by third parties.

In addition, directors indicate which areas of the business they require further information on, and management or external consultants present on these topics.

The board and its committees received several presentations during regular meetings to enrich the directors' knowledge of the business and support their oversight role.

DIRECTOR REMUNERATION

The Act provides that BCI may pay directors remuneration that has been set by the board and is consistent with the Province of British Columbia's Treasury Board guidelines. Board members are paid an annual retainer and per diem (meeting fee) for their service on the 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 board or committee service, a component of their fees is paid to their employer.

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

For the fiscal year, total remuneration for the board was \$246,958.67 (2020–2021: \$249,687.86). Details for individual directors are included in their profiles on pages 83 to 89.

POSITION	YEAR	ANNUAL RETAINER	PER DIEM
Board Chair	2022 ¹	\$34,396.35	\$859.88
	2021	\$33,401.00	\$835.00
Director	2022 ¹	\$17,197.66	\$859.88
	2021	\$16,700.00	\$835.00
Audit Committee Chair	2022 ¹	\$5,732.90	\$859.88
	2021	\$5,567.00	\$835.00
HRGC Committee	2022 ¹	\$5,732.90	\$859.88
	2021	\$5,567.00	\$835.00
Project Oversight Chair ²	2022 ¹	\$5,732.90	\$859.88
	2021	\$5,567.00	\$835.00
Risk Committee Chair	2022 ¹	\$5,732.90	\$859.88
	2021	\$5,567.00	\$835.00
Committee Member	2022 ¹	-	\$859.88
	2021	-	\$835.00

¹ Annual adjustment 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).

² Formerly the investment management platform program committee.



PETER MILBURN | Vancouver, British Columbia

Peter retired in 2016 after a 33-year career with the provincial government. Most recently, he fulfilled the role of Deputy Minister of Finance and Secretary to Treasury Board. In this role, he oversaw three consecutive balanced budgets and over \$15 billion in capital expenditures. Prior to this appointment, Peter held several senior positions with the Ministry of Transportation and Infrastructure, including Deputy Minister, chief operating officer, and executive project director for the Sea to Sky Highway Improvement Project. During his career, he was appointed chair of the board for two Crown corporations (Transportation Investment Corporation and BC Rail) and three hospital capital boards (Women and Children’s Hospital Redevelopment, Interior Heart and Surgical Centre, and the Surrey Memorial Hospital Critical Care Tower). In addition, he was responsible for the BC Transportation Finance Authority. Peter has a degree in civil engineering from the University of British Columbia.

BCI BOARD AND COMMITTEE APPOINTMENTS

2021-2022 ATTENDANCE

<ul style="list-style-type: none"> • Director since December 31, 2016 • Current term to December 31, 2023 • Appointed by BC’s minister of finance • Independent 	Chair, BCI Board of Directors (2016 – Present)	8/8	100%
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BCI DIRECTOR REMUNERATION 2021-2022

	ANNUAL RETAINER	BOARD MEETING FEE	COMMITTEE CHAIR FEE	COMMITTEE MEETING FEE	TOTAL
	\$33,649	\$7,970	–	\$1,670	\$47,046 ¹

OTHER BOARD DIRECTORSHIPS/ TRUSTEESHIPS DURING THE LAST FIVE YEARS

	TERM	BOARD CHAIR & TERM	COMMITTEE APPOINTMENTS
Lucas Solutions Ltd.	2017 – Present	Y 2017 – Present	–

¹ Includes remuneration for representing BCI at other meetings



WELDON COWAN | Surrey, British Columbia

Weldon is a labour relations specialist with the Federation of Post Secondary Educators of BC (FPSE). He was appointed a trustee to the College Pension Board in 2005 and has served in that position since then. He is currently chair of the College Pension Board of Trustees and chair of the Interplan Trustee Education Committee. He was a director of the BC Pension Corporation from 2012 to 2019. During that time, he served as chair of the BC Pension Corporation Board of Directors for four years and vice-chair for three years. Weldon holds a bachelor of science degree with a specialization in chemistry from Concordia University and a diploma in education from McGill University. He taught French immersion science for over 15 years at the secondary level before joining FPSE. Weldon has completed the Advanced Trust Management Standards program and holds the ICD.D designation from the Institute of Corporate Directors.

BCI BOARD AND COMMITTEE APPOINTMENTS

2021-2022 ATTENDANCE

<ul style="list-style-type: none"> • Director since September 1, 2021 • Current term to August 31, 2024 • Appointed by the College Pension Board of Trustees • Independent 	Director, BCI Board of Directors	6/6	100%
	Member, Human Resources and Governance Committee (2021 – Present)	3/3	100%
	Guest, Audit Committee	1/1	100%

BCI DIRECTOR REMUNERATION 2021-2022

	ANNUAL RETAINER	BOARD MEETING FEE	COMMITTEE CHAIR FEE	COMMITTEE MEETING FEE	TOTAL
\$500.00 of the meeting fee is paid to FPSE	\$9,866	\$5,882	-	\$2,947	\$18,696

OTHER BOARD DIRECTORSHIPS/ TRUSTEESHIPS DURING THE LAST FIVE YEARS

	TERM	BOARD CHAIR & TERM	COMMITTEE APPOINTMENTS
College Pension Board of Trustees	2005 – Present	Y 2021 – Present	
Interplan Trustee Education Committee	2005 – Present	Y 2007 – Present	



PAUL FINCH | Vancouver, British Columbia

Paul was elected treasurer and chief financial and administrative officer of the British Columbia General Employees' Union (BCGEU) in 2014 and re-elected in 2017. He is responsible for the BCGEU's ethical investment program and policy on housing affordability and land economics. Prior to this, Paul served as the BCGEU's executive vice president for three years. Paul is a plan partner representative for the public service and college pension plans, and a trustee on the Public Service Pension Plan Board of Trustees. He also serves on the National Executive Board of the National Union of Public and General Employees and the Executive Council of the BC Federation of Labour. Paul completed the Directors Education Program at the University of Toronto's Rotman School of Management in 2019. During his career in the civil service, Paul worked primarily in real estate and IT project management.

BCI BOARD AND COMMITTEE APPOINTMENTS

2021-2022 ATTENDANCE

• Director since April 1, 2019	Director, BCI Board of Directors	7/8	87.5%
• Current term to March 31, 2025	Member, Human Resources and Governance Committee (2019 – Present)	4/5	80%
• Appointed by the Public Service Pension Board of Trustees	Guest, Audit Committee	1/1	100%
• Independent			

BCI DIRECTOR REMUNERATION 2021-2022

	ANNUAL RETAINER	BOARD MEETING FEE	COMMITTEE CHAIR FEE	COMMITTEE MEETING FEE	TOTAL
\$348.60 of the meeting fees is paid to BCGEU	\$16,824	\$7,945	-	\$4,934	\$30,121

OTHER BOARD DIRECTORSHIPS/ TRUSTEESHIPS DURING THE LAST FIVE YEARS

	TERM	BOARD CHAIR & TERM	COMMITTEE APPOINTMENTS
Affordable BC Housing Society	2020 – Present	N -	-
Autism Canada	2020 – Present	N -	Human Resources and Governance Committee Finance and Audit Committee
BC College and Public Service Pension Plans Plan Partner Representative BCGEU	2014 – Present	N -	-
BC Federation of Labour	2014 – Present	N -	-
BC Target Benefit Pension Plan	2014 – 2021	Y 2017 – 2021	-
BCGEU	2011 – Present	N -	Finance Committee Human Resources and Governance Committee Administrative Committee Executive Committee
Canada Capital Stewardship Network	2020 – Present	N -	-
Canadian Centre for Policy Alternatives (BC CCPA)	2014 – 2016	N -	-
Constellation Media Society	2020 – 2021	N -	-
National Union of Public and General Employees	2014 – Present	N -	Finance Committee
Public Service Pension Plan	2014 – Present	N -	Communications Committee Benefits Committee
Solidarity Holdings Ltd.	2011 – Present	N -	-
The Union Protein Project	2014 – 2017	N -	-
Workers Capital Holding Society	2020 – Present	N -	-



GAYLE GORRILL | Victoria, British Columbia

In 2021, Gayle stepped down as vice-president finance and operations at the University of Victoria (UVic) after 15 years. She was responsible for the budget office, computing services, campus security, emergency planning, facilities management, financial services, and human resources. Prior to UVic, she was with the University of Calgary as associate vice-president administration for three years and in various executive positions for the Calgary Health Region. She began her career at Ernst and Young. Gayle has a bachelor of business administration and received her chartered accountant (CPA CA) designation in 1985, becoming a Fellow of the CPA-CA in 2016. Gayle has extensive board experience and holds the ICD.D designation from the Institute of Corporate Directors.

BCI BOARD AND COMMITTEE APPOINTMENTS

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

	2021-2022 ATTENDANCE	
Director, BCI Board of Directors	7.5/8	94%
Chair, Audit Committee (Sept 2021 – Present)	2/2	100%
Member, Audit Committee (2018 – Sept 2021)	2/2	100%
Co-Chair, Project Oversight Committee (2018 – 2021)	2/2	100%
Guest, Human Resources and Governance Committee	4/4	100%

BCI DIRECTOR REMUNERATION 2021-2022

For the period prior to June 30, 2021, 50 per cent of the meeting fees were paid to the University of Victoria

	ANNUAL RETAINER	BOARD MEETING FEE	COMMITTEE CHAIR FEE	COMMITTEE MEETING FEE	TOTAL
	\$16,824	\$7,135	\$4,681	\$7,540	\$37,016 ¹

OTHER BOARD DIRECTORSHIPS/ TRUSTEESHIPS DURING THE LAST FIVE YEARS

	TERM	BOARD CHAIR & TERM		COMMITTEE APPOINTMENTS
BCNet	2015 – Present	Y	2019 – Present	Governance and HR Committee Finance Committee
Canadian Association of University Business Officers	2011 – 2019	Y	2016 – 2017	-
Heritage Realty Properties	2006 – 2021	N	-	-
Ocean Networks Canada	2008 – 2021	N	-	Finance and Audit Committee Governance and Human Resources Committee
University of Victoria Foundation	2006 – 2021	N	-	-
University of Victoria Properties Investments Inc.	2006 – 2021	N	-	-

¹ Includes remuneration for representing BCI at other meetings



DONNA LOMMER | Kelowna, British Columbia

Donna joined Interior Health Authority over 30 years ago and is currently the vice-president clinical and corporate services. She leads a team of more than 2,500 people; provides executive oversight to capital projects totaling more than \$1.2 billion; and provides financial stewardship over a \$2.6 billion annual operating budget. Donna has experience leading many facets of health care service delivery, most notably laboratory, medical imaging, pharmacy, health systems planning, senior’s health care, palliative care, support services, financial management, and capital projects. She is active on the board of trustees for Municipal Pension Plan and is a past board member of the Healthcare Benefits Trust and Occupational Health & Safety Agency for Healthcare in British Columbia. Donna holds an executive master’s degree in business administration (EMBA) and is a chartered professional accountant (CPA CGA).

BCI BOARD AND COMMITTEE APPOINTMENTS

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

	2021-2022 ATTENDANCE	
Director, BCI Board of Directors	8/8	100%
Member, Audit Committee (2019 – Present)	4/4	100%
Guest, Human Resources and Governance Committee	2/2	100%

BCI DIRECTOR REMUNERATION 2021–2022

100 per cent of the remuneration is paid to the Interior Health Authority

	ANNUAL RETAINER	BOARD MEETING FEE	COMMITTEE CHAIR FEE	COMMITTEE MEETING FEE	TOTAL
100 per cent of the remuneration is paid to the Interior Health Authority	\$16,824	\$7,970	-	\$5,010	\$29,804

OTHER BOARD DIRECTORSHIPS/ TRUSTEESHIPS DURING THE LAST FIVE YEARS

	TERM	BOARD CHAIR & TERM	COMMITTEE APPOINTMENTS
Healthcare Benefits Trust	2014 – 2019	N -	Audit Committee Finance Committee
Municipal Pension Plan	2017 – Present	N -	Benefits Committee



ROB TAYLOR | Langford, British Columbia

Rob is a retired educator who spent 34 years in the education sector, including 25 years as a classroom teacher and five years as director of instruction — human resources in School District 27 (Cariboo-Chilcotin). He also spent four years working on the staff of the BC Teachers’ Federation as an assistant director responsible primarily for pensions and benefits. Rob is vice-chair of the Teachers’ Pension Board of Trustees, having first been appointed to that board in January 2015. Rob holds a bachelor of education and masters of education from the University of Victoria. He has also completed the Pension Plan Administration Certificate at Humber College, the International Foundation of Employee Benefit Plans’ Advanced Trust Management Standards program, and other professional development activities related to public sector pension plans.

BCI BOARD AND COMMITTEE APPOINTMENTS

2021-2022 ATTENDANCE

<ul style="list-style-type: none"> • Director since January 1, 2022 • Current term to December 31, 2022 • Appointed by the Teachers’ Pension Board of Trustees • Independent 	Director, BCI Board of Directors	1/2	50%
	Member, Audit Committee (2022 – Present)	0/0	100%

BCI DIRECTOR REMUNERATION 2021–2022

ANNUAL RETAINER	BOARD MEETING FEE	COMMITTEE CHAIR FEE	COMMITTEE MEETING FEE	TOTAL
\$4,299	\$860	-	\$860	\$6,019

OTHER BOARD DIRECTORSHIPS/ TRUSTEESHIPS DURING THE LAST FIVE YEARS

TERM	BOARD CHAIR & TERM	COMMITTEE APPOINTMENTS
Trustee on the Teachers’ Pension Board of Trustees	2015 – Present	N -



SHEILA TAYLOR | North Saanich, British Columbia

Now retired, Sheila was deputy minister of the Ministry of Social Development. Prior to that, Sheila was an associate deputy minister and chief operating officer with the Ministry of Finance. During her 32-year career with the BC Public Service, she also held other executive and senior financial positions with the ministries of health, transportation, environment, and finance. Sheila has served on several major capital project boards; as an alternate trustee on the Municipal Pension Plan Board of Trustees; and was deputy chair of the BC Medical Services Commission from 2012 to 2017. Sheila has a degree in finance from the Marriott School of Management, Brigham Young University.

BCI BOARD AND COMMITTEE APPOINTMENTS

- Director since April 9, 2018
- Current term to December 31, 2024
- Appointed by BC’s minister of finance
- Independent

		2021-2022 ATTENDANCE	
Director, BCI Board of Directors		8/8	100%
Chair, Human Resources and Governance Committee (2019 – Present)		5/5	100%
Co-Chair, Project Oversight Committee (2018 – 2021)		2/2	100%

BCI DIRECTOR REMUNERATION 2021–2022

	ANNUAL RETAINER	BOARD MEETING FEE	COMMITTEE CHAIR FEE	COMMITTEE MEETING FEE	TOTAL
	\$16,824	\$7,970	\$7,001	\$4,617	\$37,666 ¹

OTHER BOARD DIRECTORSHIPS/ TRUSTEESHIPS DURING THE LAST FIVE YEARS

	TERM	BOARD CHAIR & TERM	COMMITTEE APPOINTMENTS
BC Medical Services Commission	2010 – 2017	N -	-
Labour Market Priorities Board	2014 – 2017	N -	-

¹ Includes remuneration for representing BCI at other meetings



Compensation Discussion and Analysis

Central Park, New York City, New York, U.S.

Downtown Vancouver, B.C., Canada

Compensation Discussion and Analysis

Attracting and retaining the highly skilled team needed to continue supporting our clients' long-term financial stability

As an in-house asset manager, BCI recruits and retains staff with the skills and expertise to fulfill our primary mandate of growing and protecting the long-term value of our clients' funds, and to provide leadership in a dynamic investment environment.

BCI offers rewarding career opportunities, supports continued professional development, and pays competitive base salaries and incentive pay to compete with our Canadian peers for the required expertise. BCI operates on a cost-recovery model, and investment management fees are charged to the investment pools and clients. We are accountable to our clients for investment returns and the costs involved in managing their funds.

HUMAN RESOURCES AND GOVERNANCE COMMITTEE MANDATE

The human resources and governance committee (HRGC) assists the 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 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
- > salary and performance assessment of the CEO/CIO
- > 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 board and its committees
- > best practices and trends in board governance

The HRGC consists of three directors, appointed by the board, with diverse backgrounds and experience in business and human resources matters. Members are independent of management. Sheila Taylor is 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 twice a year. In fiscal 2022, the committee met on five occasions and in-camera sessions were held at each meeting.

COMPENSATION CONSULTANTS AND EXTERNAL SOURCES

As part of its governance responsibility, the board conducts a comprehensive review of BCI's compensation philosophy and compensation structure every three years. The next triennial review will commence in fiscal 2023, with any changes to be implemented in fiscal 2024.

For investment professional roles, the 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 Ontario



Municipal Employees Retirement System, the Ontario Teachers' Pension Plan, and the Public Sector Pension Investment Board. The survey includes positions ranging in seniority and responsibilities.

BCI's investment positions are further benchmarked against data from the Willis Towers Watson Investment Management Compensation Survey.

For non-investment roles, positions are benchmarked against surveys by Willis Towers Watson, which include the Investment Management Compensation Survey, the Financial Services Executive Compensation Survey and Financial Services Middle Management, Professional & Support Compensation Survey, which includes additional positions such as audit, communications, and facilities.

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.

Ahead of the usual triennial interval, Willis Towers Watson was engaged this year to update their analysis of investment compensation. The COVID-19 pandemic brought on swift and significant workforce changes and management felt it was prudent to complete a special review of investment compensation to reflect current conditions and 2021 market data.

As a result of the independent findings, Willis Towers Watson, together with management, recommended several targeted strategic changes to BCI's compensation levels to the board of directors for approval. The most notable change was an increase in the salary band ranges for all job categories.

This change is needed to increase flexibility in our compensation design — a fundamental principal of BCI's compensation philosophy. The flexibility will allow management to proactively target retention and recruitment challenges that arise across the organization, not just in investment and executive roles. The changes support and enable the board's compensation philosophy that compensation at BCI be competitive and equitable. As such, it was endorsed by the board of directors for immediate effect.

COMPENSATION PHILOSOPHY

BCI's compensation 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.

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 board of directors 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 and annual returns for asset classes. They approve the total fund long-term absolute return benchmark and the individual pooled funds benchmarks, and the overall investment and 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 of BCI, 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 (IRC) 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 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 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

BCI's philosophy is to pay total compensation (base salary and performance incentive plans) designed to align employee interests with our clients' return requirements and BCI's strategic objectives, while discouraging undue risk-taking.

Our compensation structure includes a base salary, benefits, and performance-based remuneration 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 the opportunity to receive additional compensation based on the achievements of the 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. AIP payments are conditional on performance that, in aggregate and on a weighted basis, adds value relative to 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, relative returns are measured on a multi-year basis (five-year timeframe) and absolute return is measured over a 10-year time horizon.

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 asset class' respective market benchmarks with a 75 per cent weighting on multi-year asset class performance and a 25 per cent weighting on annual performance. 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.

LTIP: This plan is designed to attract and retain senior employees and align commitment to BCI with our longer-term investment results. The plan provides the opportunity to eligible employees to earn additional compensation during their BCI careers derived from investment return performance.

Since April 1, 2017, the long-term, value-add measure in AIP has been used in LTIP. This ensures that a single measure is used for both plans. This provides further emphasis on 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 2022, 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 class, and other investment-related benchmarks, and address the overall investment return performance used as the value driver 1 for AIP and LTIP programs. By establishing BCI's overall investment return performance — both in the context of relative returns and our clients' absolute return objectives — our incentive programs ensure alignment of interest between management and clients.

PERFORMANCE ASSESSMENT

BCI's assets under management grew by \$11.5 billion during the year to \$211.1 billion, reflecting investment gains of \$13.8 billion and client net withdrawals of \$2.2 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.

In the fiscal year ending March 31, 2022, the combined pension plan portfolio (representing BCI's six largest pension plan clients) had an annual return of 7.4 per cent, net of all fees. All asset classes contributed positively to the return, with significant gains being provided by private equities, infrastructure and renewable resources, and real estate.

On a relative basis, all but one asset class met or exceeded their one-year benchmarks; Public equities were the exception and underperformed by 1.4 per cent.

Multi-year results are the best measure of BCI's performance. Over a 10-year period, BCI has generated an annualized return of 9.1 per cent against a benchmark of 8.0 per cent. This outperformance represents \$13.2 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 0.8 per cent, representing \$15.3 billion of value-added activity.

BCI's longer-term returns exceed the required actuarial rates of return for all major pension plan clients. As a result, our pension clients' most recent funding ratios vary from 105 per cent to 128 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

Over the April 2017 to March 2022 period, BCI's investment performance added value in three of the five years. This performance generated a total award for 2021–2022 of 91.2 per cent, with 100.0 per cent being the maximum towards a current and future long-term incentive plan grant. The value-added performance in the five-year period is shown in the table below.

YEAR	BCI'S VALUE-ADDED PERFORMANCE (\$)	TOTAL AWARD (MAXIMUM OF 100%)
2017 – 2018	\$1.9 billion	91.5 ¹
2018 – 2019	\$2.0 billion	91.5
2019 – 2020	(\$364.0) million	82.7
2020 – 2021	(\$213.0) million	87.7
2021 – 2022	\$4.4 billion	91.2

¹ Effective fiscal 2018, the LTIP total award was based on 70 per cent weighting to the five-year client relative return, and 30 per cent weighting to the 10-year client absolute return performance.

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 fiscal years.

Based on the performance delivered over the five- and 10-year periods, LTIP payments for 2021–2022 reflect 91.2 per cent of the maximum opportunity. Over the five-year period, BCI generated over \$7.7 billion in cumulative value-add. Over a 10-year period, we generated \$13.2 billion in cumulative value-add.

EXECUTIVE COMPENSATION

The total compensation of the five most highly remunerated officers in place at fiscal year-end, with comparable amounts for 2020–2021 and 2019–2020, is disclosed in the Summary Compensation Table on page 96.

The AIP and LTIP payments for the CEO/CIO and the other named executive officers reflect investment performance for the fiscal year. These payments also recognize their respective department's contribution to performance, as well as their individual contribution. Total compensation for BCI's named executive officers was \$14.7 million in 2021–2022 (\$13.5 million in 2020–2021).

Stefan Dunatov resigned from his position at BCI as executive vice president, investment strategy & risk, during the fiscal year, completing his last day with the corporation on July 9, 2021. His compensation for 2021-2022 reflects from the period of April 1, 2021 up to his resignation date. His total compensation was \$120,280.

TOTAL COMPENSATION

Total cost of salaries and benefits for our entire employee complement was \$180.9 million in 2021-2022 (8.8 cents per \$100 of net assets under management) compared to \$159.8 million in 2020–2021 (8.6 cents per \$100 of net assets under management).

As of March 31, 2022, BCI's employee complement was 620 compared to 590 at the end of fiscal 2021. We continued to build our expertise in the areas of portfolio and asset management, investment risk, accounting, and information technology. The depth of expertise supports the requirements of an active, in-house asset manager that is strategic and risk aware. In addition to deploying more capital into illiquid markets, our industry-aligned strategies and products across asset classes allow clients to capitalize on opportunities within the global markets and meet their actuarial returns.

SUMMARY COMPENSATION TABLE

NAME AND PRINCIPAL POSITION	YEAR	BASE SALARY	ANNUAL INCENTIVE ^{1,2}	LONG-TERM INCENTIVE PLAN ^{1,2}	PENSION CONTRIBUTIONS ⁶	OTHER BENEFITS ⁴	TOTAL COMPENSATION ^{5, 6}
Gordon J. Fyfe	2021 – 2022	\$622,576	\$1,767,938	\$1,427,126	\$64,824	\$214,879	\$4,097,342
Chief Executive Officer / Chief Investment Officer	2020 – 2021	\$611,082	\$1,417,673	\$1,307,698	\$63,292	\$187,008	\$3,586,753
	2019 – 2020	\$598,564	\$1,330,000	\$1,302,988	\$61,857	\$180,110	\$3,473,519
Daniel Garant	2021 – 2022	\$484,692	\$859,796	\$772,452	\$51,242	\$82,965	\$2,251,148
Executive Vice President & Global Head, Public Markets	2020 – 2021	\$475,403	\$758,445	\$669,691	\$49,928	\$75,060	\$2,028,528
	2019 – 2020	\$462,320	\$884,462	\$667,037	\$48,701	\$78,711	\$2,141,231
Lincoln Webb	2021 – 2022	\$407,754	\$787,277	\$618,396	\$43,664	\$104,701	\$1,961,792
Executive Vice President & Global Head, Infrastructure & Renewable Resources	2020 – 2021	\$400,398	\$760,640	\$561,567	\$42,540	\$99,108	\$1,864,252
	2019 – 2020	\$389,808	\$709,395	\$557,345	\$41,294	\$95,416	\$1,793,258
Jim Pittman	2021 – 2022	\$407,754	\$787,277	\$618,396	\$43,664	\$102,937	\$1,960,028
Executive Vice President & Global Head, Private Equity	2020 – 2021	\$400,398	\$760,640	\$561,567	\$42,540	\$98,629	\$1,863,773
	2019 – 2020	\$389,808	\$726,024	\$557,345	\$41,294	\$70,721	\$1,785,192
Shauna Lukaitis	2021 – 2022	\$391,754	\$618,341	\$287,160	\$42,088	\$74,372	\$1,413,714
Chief Operating Officer	2020 – 2021	\$386,818	\$576,614	\$194,699	\$40,971	\$65,589	\$1,264,691
	2019 – 2020	\$376,125	\$550,292	\$142,532	\$39,946	\$60,092	\$1,168,987

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

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

³ 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.

⁴ These values include BCI-funded group health and welfare benefits and illness wage-loss provisions, parking, professional dues, 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.

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

⁶ Includes employer paid amounts for: Life Insurance, LTD, Extended Health/Dental, WCB, Parking, EI, Vacation Pay out, and Professional Dues.

Our Costs

Our primary purpose is to generate the returns our institutional clients depend on to support their financial obligations and commitments. Doing so requires us to deliver long-term value-add, net of costs and fees. We operate on a cost recovery basis, and do not receive subsidies or financial aid from any third party. We are accountable to our clients for our returns, the costs involved in managing their funds, and the net value-add from our services.

The primary drivers of investment management costs are the assets under management and each client's asset mix. To support their long-term investment return objectives, many of our clients have shifted the asset allocations within their portfolios toward the private markets. This change, strategically and thoughtfully made over time, is in alignment with larger economic trends and peer practices.

BCI continues to create cost efficiencies through internal asset management, which reduces the total management cost for our clients' portfolios versus external management of the same asset mix. BCI started internalizing investment and asset management activities across all asset classes in 2016, resulting in approximately \$1.5 billion in cost savings over this period.

In the fiscal year ending March 31, 2022, the combined pension plan portfolio (representing BCI's six largest pension



plan clients) had an annual return of 7.4¹ per cent, net of all fees, representing \$4.4 billion of value-added activity.

This fiscal year, our total costs were \$2.2 billion or 1 dollar and 8.1 cents per \$100 of assets under management (2020–2021: \$1.6 billion or 88.5 cents per \$100), consisting of internal, external direct, and external indirect costs, all of which are netted against investment returns.

¹ Includes adjustment for the centralized currency management program. The performance implications of any net increase or decrease in hedging activity is reported to clients separately from the performance of any asset class, but influences BCI's total portfolio performance.

² Peer median: Representing eight Canadian peers.

COST BENCHMARKING

CEM Benchmarking Inc., a global benchmarking company with over 300 participants globally, compared BCI to our Canadian pension peers. The results show BCI has successfully executed on our business plan and transitioned to an active, in-house asset manager. For the five-year period ending December 31, 2020 — CEM cost benchmarking survey is produced on a one-year lag — BCI delivered higher returns and value-add at a lower cost than peer² median benchmarks for our clients.

TYPES OF COSTS

BCI's operating model has three types of costs.

TYPE	DEFINITION	PROVIDES	PURPOSE	COST
Internal	Operating costs over which BCI has direct control.	Salaries, rent, technology, and consulting fees.	To staff BCI with high-performing professionals that deliver results for our clients. To provide and scale the facilities, tools, and services necessary for BCI's operations.	12.8 per cent of total costs or 13.8 cents per \$100 of assets managed
External Direct	Investment management costs, including performance fees, where BCI retains discretion over the decision to buy or sell asset(s).	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.	29.5 per cent of total costs or 31.8 cents per \$100 of assets managed
External Indirect	Investment management costs, including performance fees where BCI has delegated to a third-party manager the discretion to buy or sell asset(s).	Asset management fees and performance fees to third-party managers.	To ensure alignment between BCI and external managers through incentive pay options.	57.7 per cent of total costs or 62.5 cents per \$100 of assets managed

COSTS ANALYSIS

Internal Costs were \$283 million in 2021-2022 compared to \$257 million in 2020-2021. The 10 per cent year-over-year increase was primarily due to the addition of personnel and an increase in professional services, reflecting 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 relative to external management.

External Direct Costs were \$654 million compared to \$472 million in 2020-2021. The 38 per cent year-over-year change was primarily driven by strong performance in international real estate equity, generating higher performance fees. For fiscal year 2022, real estate equity returned 14.7 per cent against a benchmark of 6.8 per cent, generating 7.2 per cent value add.

External Indirect were \$1,283 million compared to \$911 million in 2020-2021. The 41 per cent year-over-year change was driven largely by an increasing allocation to private markets and performance fees from private equity driven by strong performance. For December 31 year end, private equity returned 29.6 per cent against a benchmark of 14.9 per cent, generating 14.7 per cent value add.

For complete costs disclosure, view the **Audited Financial Statements**

Pooled Fund Benchmarks

Unless otherwise indicated, all benchmarks are total return, unhedged and as of March 31, 2022.

POOLED FUND	BENCHMARK
SHORT TERM FUNDS	
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) ¹
BOND FUNDS	
Short Term Bond Fund	FTSE Canada Short Term Government Bond Index
Canadian Universe Bond Fund	FTSE Canada Universe Bond Index
Government Bond Fund	FTSE Canada All Government Bond Index
Corporate Bond Fund	Custom Benchmark ¹
Principal Credit Fund	SS&P/LSTA U.S. Leveraged Loan 100 Index
Leveraged Bond Fund	FTSE Canada All Government Bond Index ²
EQUITY FUNDS — CANADIAN	
Indexed Canadian Equity Fund	S&P/TSX Composite Index
Canadian Quantitative Active Equity Fund	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

¹ The custom benchmark is an equal weighting of ICE BofA U.S. Corporate Index plus ICE BofA BB-B U.S. Cash Pay High Yield Constrained Index, hedged to the Canadian Dollar.

² For performance measurement, the liability benchmark performance equals the liability portfolio performance, i.e., the realized cost of financing liabilities.

Pooled Fund Benchmarks

POOLED FUND	BENCHMARK
EQUITY FUNDS — GLOBAL	
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
Indexed U.S. Equity Fund	MSCI USA Index
Active U.S. Small Cap Equity Fund	Russell 2000 Index
Active European Equity Fund	MSCI Europe Index
Active Asian Equity Fund	MSCI All Country Asia Pacific ex-Japan Index
EMERGING MARKETS PUBLIC EQUITIES	
Indexed Emerging Markets Equity Fund	MSCI Emerging Markets Index
Active Emerging Markets Equity Fund	MSCI Emerging Markets Index
PRIVATE MARKETS FUNDS¹	
Private Equity Funds	Custom Benchmark ²
Infrastructure & Renewable Resources Program	Cost of Capital
Realpool Program	Cost of Capital
REAL ESTATE DEBT FUNDS¹	
BCI QuadReal Real Estate Debt Program	ICE BofA 1-3 Year Canada Government Index + Custom Spread

¹ Private Market Funds, and Real Estate Debt Funds benchmarks 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.

² The custom private equity benchmark consists of two components, the private equity cost of capital, and a public equity benchmark, the MSCI All Country World Index (ACWI) plus a risk premium.

External Managers and Partners

As at March 31, 2022

AUDITORS

Ernst & Young LLP
KPMG LLP

GLOBAL CUSTODIAN

Northern Trust

FIXED INCOME

Ares Capital Advisers LLC
Antares Capital Management LLC
Brinley Partners
The Carlyle Group
Hayfin Capital Management

INFRASTRUCTURE & RENEWABLE RESOURCES

Actis Capital
ArcLight Capital Partners, LLC
BlackRock
Bonfield Financial Inc.
Brookfield Asset Management Inc.
Energy Capital Partners
First Reserve Corporation
John Hancock Investments
KKR & Co. Inc.
Macquarie Asset Management
Oaktree Capital Management
Paine Schwartz Partners

PRIVATE EQUITY

776 Management
Advent International Corporation
AEA Investors LP
Affinity Equity Partners
Apax Partners
Asia Alternatives Management LLC
AsiaVest Partners TCW/YFY (Taiwan) Ltd.
ATL Partners
Avista Capital Partners
Azimuth Capital Management
Bain Capital, LLC
Banyan Capital Partners
Baring Asset Management
Baring Private Equity Asia
BC Partners
BCMC Capital LP
BGH Capital
Birch Hill Equity Partners Management Inc.
Blackstone Group
Boyu Capital
Bridgepoint Capital Ltd.
Brighton Park Capital Management
Brookfield Asset Management Inc.
Butterfly Equity
CAI Capital Partners
Cartesian Capital Group, LLC
Castik Capital Partners

Celtic House Venture Partners Inc.
Cinven Limited
The Chernin Group
Corsair Capital
CVC Capital Partners
Ethos Capital
Francisco Partners, L.P.
Gamut Capital Management
GHO Capital Partners
Glenmount International
Greenstone Venture Partners
GTCR, LLC
H&Q Asia Pacific
Hayfin Capital Management LLP
Hellman & Friedman LLC
Hg Capital
Hosen Capital
Jasper Ridge Partners
Leeds Equity Partners
Leonard Green & Partners, L.P.
Lone Star Funds
Maverix Private Equity
MBK Partners
MidOcean Partners
New Mountain Capital, LLC
Newstone Capital Partners, LLC
Nexus Point Partners
PAI Partners SAS

Pantheon Ventures (UK) LLP
Patient Square Capital
Penfund Management Limited
PineBridge Investments Partners LLC
Preservation Capital Partners
Revelstoke Capital Partners
RRJ Capital
Searchlight Capital Partners
Spring Lane Management, LLC
TA Associates Management, L.P.
Thomas H. Lee Company
TorQuest Partners
Turkven
Wayzata Investment Partners

PUBLIC EQUITIES

APS Asset Management Pte. Ltd.
ARGA Investment Management LP
Green Court Capital Management Limited
GQG Partners LLC
Pier 21 Asset Management Inc./ C Worldwide
Quantum Advisors Private Limited, India
Schroder Investment Management Limited
Wasatch Advisors Limited

REAL ESTATE AND REAL ESTATE DEBT

The Jawl Group
QuadReal Property Group

With Thanks

WITH SPECIAL THANKS TO OUR EMPLOYEES WHO APPEAR IN THIS YEAR'S CORPORATE ANNUAL REPORT

Blake Fizzard
Carmen Firmani
Gargi Bougie
Garret Westdorp
Haran Posner
Jae Mosher
Jenny Lyn Dela Cruz
Larry Nguyen
Maggie Sewagudde-Peden
Michelle Zhou
Paige Warren
Sam Martorana
Sonya Romanovska
Zohra Halani

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Summit DigiTel Infrastructure



2021-2022

Corporate Financial Statements



British Columbia Investment
Management Company



2021-2022

Corporate Financial Statements

BCi

British Columbia Investment
Management Company



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BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION

BCI Head Office

750 Pandora Ave, Victoria BC
V8W 0E4 CANADA

Vancouver Office

1110-400 Burrard St, Vancouver BC
V6C 3A6 CANADA

New York Office

16B-767 Fifth Ave, New York, NY
10153 USA

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BCI.ca

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 International Financial Reporting Standards. In management's opinion, the consolidated financial statements have been properly prepared within the framework of the significant 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 independent directors. 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

July 8, 2022



Umar Malik
Senior Vice President, Finance /
Chief Financial Officer

Independent Auditors' 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, 2022
- 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 significant accounting policies.

(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, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

BASIS FOR OPINION

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' 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 auditors' 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 auditors' report thereon, included in the Corporate Annual Report as at the date of this auditors' 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 auditors' 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, 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.

AUDITORS' 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 auditors' 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 auditors' 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 auditors' 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 audits.

The logo for KPMG LLP, featuring the letters 'KPMG' in a bold, sans-serif font, followed by 'LLP' in a smaller, similar font. A horizontal line is drawn underneath the text.

Chartered Professional Accountants
Vancouver, Canada

July 8, 2022

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION

Consolidated Statement of Financial Position

(Expressed in thousands of dollars)

As at March 31, 2022, with comparative information for 2021

ASSETS	NOTES	2022	2021
Current assets:			
Cash and cash equivalents	4	\$ 69,804	\$ 64,103
Trade and other receivables	5	103,750	97,157
Prepaid expenses		9,913	10,210
Lease receivables	6(b)	2,122	2,074
Total current assets		185,589	173,544
Premises and equipment	7	99,806	107,447
Lease receivables	6(b)	4,209	6,331
Total assets		\$ 289,604	\$ 287,322
LIABILITIES AND SHAREHOLDER'S EQUITY			
Current liabilities:			
Trade and other payables	5	\$ 64,208	\$ 70,653
Employee benefits	8	83,668	70,710
Term loan facility	9	2,007	1,958
Contract liabilities	10	10,491	12,922
Lease liabilities	6(a)	5,820	5,622
Total current liabilities		166,194	161,865
Trade and other payables	5	203	742
Employee benefits	8	25,474	19,155
Term loan facility	9	9,107	11,114
Lease liabilities	6(a)	88,626	94,446
Total non-current liabilities		123,410	125,457
Total liabilities		289,604	287,322
Shareholder's equity:			
Retained earnings		-	-
Total equity		-	-
Total liabilities and shareholder's equity		\$ 289,604	\$ 287,322
Commitments	11		
Derivatives	12		

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, 2022, with comparative information for 2021

REVENUE	NOTES	2022	2021
Recoveries of costs	5	\$ 936,790	\$ 728,755
Investment income		609	629
		937,399	729,384
EXPENSES			
Internal:			
Salaries and benefits	5, 13	180,962	159,821
Information systems	5	39,289	38,944
Professional services		35,634	32,064
Depreciation	7	8,669	9,069
Office and business	5	5,940	4,994
Premises operations		5,473	5,115
Recruitment and training		4,616	3,882
Financing interest		2,896	3,085
External:			
Investment management	5	571,969	416,011
Professional services		77,275	50,942
Custodial		4,676	5,457
		937,399	729,384
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, 2022, with comparative information for 2021

	RETAINED EARNINGS	TOTAL EQUITY
Balance, March 31, 2020	\$ -	\$ -
Net income and comprehensive income	-	-
Balance, March 31, 2021	-	-
Net income and comprehensive income	-	-
Balance, March 31, 2022	\$ -	\$ -

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION

Consolidated Statement of Cash Flows

(Expressed in thousands of dollars)

Year ended March 31, 2022, with comparative information for 2021

	NOTES	2022	2021
Cash flows provided by (used in):			
Operations:			
Net income and comprehensive income		\$ -	\$ -
Items not involving cash:			
Depreciation		8,669	9,069
		8,669	9,069
Changes in non-cash items:			
Trade receivables		(6,593)	138,665
Prepaid expenses		297	(5,025)
Trade payables and other payables		(6,984)	(144,824)
Employee benefits		19,277	13,547
Contract liabilities		(2,431)	1,973
Net cash provided by operating activities		12,235	13,405
Investments:			
Premises and equipment additions		(1,028)	(658)
Net cash used in investing activities		(1,028)	(658)
Financing:			
Repayment of term loan facility		(1,958)	(1,911)
Repayment of lease liabilities		(3,548)	(3,448)
Net cash used in financing activities		(5,506)	(5,359)
Increase in cash and cash equivalents		5,701	7,388
Cash and cash equivalents, beginning of year		64,103	56,715
Cash and cash equivalents, end of year	4	\$ 69,804	\$ 64,103

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended March 31, 2022

1. REPORTING ENTITY:

The 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 (Crown corporations and institutions) and publicly-administered trust funds.

The estimated market value of assets managed by the Corporation as of March 31, 2022 was \$211 billion (2021 – \$200 billion). Of that, approximately \$163 billion (2021 – \$154 billion) is invested on behalf of pension funds and \$48 billion (2021 – \$46 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 International Financial Reporting Standards ("IFRS") and were authorized for issue by the Board of Directors on July 8, 2022.

(B) BASIS OF MEASUREMENT: The consolidated financial statements have been prepared on the historical cost basis except long-term employee benefits which are measured at the present value of the expected future benefit payments.

(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 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

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)
Year ended March 31, 2022

2. BASIS OF PREPARATION (CONTINUED):

(D) USE OF ESTIMATES AND JUDGMENTS (CONTINUED):

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. SIGNIFICANT ACCOUNTING POLICIES:

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

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)
Year ended March 31, 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

(A) BASIS OF CONSOLIDATION (CONTINUED):

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. However, in all cases, these subsidiaries earn nominal income that is not material to the operations of 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 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.

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)
Year ended March 31, 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

(C) FINANCIAL INSTRUMENTS (CONTINUED):

- (i) **Recognition and measurement (continued):** 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.

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

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)
 Year ended March 31, 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

(C) FINANCIAL INSTRUMENTS (CONTINUED):

(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 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:

Buildings	10–25 years
Furniture and equipment	10 years
Computers and related software	5 years

Leasehold improvements and interests are depreciated on a straight-line basis over the anticipated life of the lease term.

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

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)
Year ended March 31, 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

(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:

- 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

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)
Year ended March 31, 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

(E) LEASES (CONTINUED):

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 and lease receivables.

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)
Year ended March 31, 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

(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, 2020 indicated that the Plan was 110% 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

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)
Year ended March 31, 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

(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:

2022	CANADIAN DOLLARS	US DOLLARS	TOTAL
Cash in bank	\$ 12,805	\$ 2,521	\$ 15,326
Short-term money market instruments	48,829	5,649	54,478
	\$ 61,634	\$ 8,170	\$ 69,804

2021	CANADIAN DOLLARS	US DOLLARS	TOTAL
Cash in bank	\$ 14,488	\$ 1,541	\$ 16,029
Short-term money market instruments	46,065	2,009	48,074
	\$ 60,553	\$ 3,550	\$ 64,103

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

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)
Year ended March 31, 2022

5. RELATED PARTY TRANSACTIONS:

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

	2022	2021
Recoveries of costs	\$ 739	\$ 850
Salaries and benefits	1,732	1,770
Information systems	2	70
Office and business	40	4
Trade and other payables	220	25

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, 2022, the Corporation received \$1,134,454 (2021 – \$1,055,584) 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. Transactions with QuadReal LP are in the normal course of operations and are recorded at the exchange amounts as follows:

	2022	2021
Recoveries of costs	\$ 26,082	\$ 22,514
Investment management	494,404	316,601
Trade and other receivables	18,890	2,536

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)
Year ended March 31, 2022

5. RELATED PARTY TRANSACTIONS (CONTINUED):

(A) LEASES AS A LESSEE:

The Corporation leases office space under various leases which expire in 2025, and 2038 subject to various renewal options contained within the lease agreements.

During the year ended March 31, 2016, the Corporation entered into an arm's length lease agreement to rent office space in a head office building at 750 Pandora Avenue, 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 750 Pandora Avenue 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 building lease is for twenty years, with three renewal options of five years each.

The Corporation discounted lease payments related to the office leases using the incremental borrowing rate determined for each lease. At March 31, 2022, the weighted average rate applied is 2.67% (2021 – 2.67%).

6. LEASES

(A) LEASES AS A LESSEE:

Continuity of liabilities arising from leases:

	2022	2021
Balance, beginning of year	\$ 100,068	\$ 105,542
Payments	(5,622)	(5,474)
Balance, end of year	94,446	100,068
Current portion	5,820	5,622
Non-current portion	\$ 88,626	\$ 94,446

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)
Year ended March 31, 2022

6. LEASES (CONTINUED):**(A) LEASES AS A LESSEE (CONTINUED):**

Lease liabilities are payable as follows:

	2022	2021
Less than 1 year	\$ 8,265	\$ 8,212
Between 1 and 5 years	30,479	32,192
More than 5 years	76,811	83,363
Total undiscounted lease liabilities	115,555	123,767
Less future interest expense	(21,109)	(23,699)
Total lease liabilities	\$ 94,446	\$ 100,068

During the year ended March 31, 2022, the Corporation recognized \$2,590,489 (2021 - \$2,731,681) of interest expense related to lease liabilities

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

The Corporation discounted lease payments receivable from sub-leases using the interest rate implicit in the lease of 2.33%.

Continuity of receivables arising from sub-leases:

	2022	2021
Balance, beginning of year	\$ 8,405	\$ 10,431
Payments	(2,074)	(2,026)
Balance, end of year	6,331	8,405
Current portion	2,122	2,074
Non-current portion	\$ 4,209	\$ 6,331

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)
Year ended March 31, 2022

6. LEASES (CONTINUED):

(B) LEASES AS A LESSOR (CONTINUED):

Sub-lease assets are receivable as follows:

	2022	2021
Less than 1 year	\$ 2,243	\$ 2,243
Between 1 and 5 years	4,299	6,542
Total undiscounted lease receivables	6,542	8,785
Less unearned interest income	(380)	(597)
Total lease receivables	\$ 6,331	\$ 8,405

During the year ended March 31, 2022, the Corporation recognized \$169,420 (2021 - \$217,129) of interest income related to lease receivables.

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended March 31, 2022

7. PREMISES AND EQUIPMENT:

	FURNITURE AND EQUIPMENT	COMPUTER AND RELATED SOFTWARE	LEASEHOLD IMPROVEMENTS AND INTERESTS	RIGHT-OF USE ASSETS - BUILDINGS	TOTAL
Cost:					
Balance, April 1, 2020	\$ 5,753	\$ 8,514	\$ 20,326	\$ 98,295	\$ 132,888
Additions	-	658	-	-	658
Balance, March 31, 2021	5,753	9,172	20,326	98,295	133,546
Additions	-	216	812	-	1,028
Balance, March 31, 2022	\$ 5,753	\$ 9,388	\$ 21,138	\$ 98,295	\$ 134,574
Accumulated depreciation:					
Balance, April 1, 2020	\$ 1,427	\$ 6,287	\$ 4,023	\$ 5,293	\$ 17,030
Depreciation for the year	575	1,116	2,033	5,345	9,069
Balance, March 31, 2021	2,002	7,403	6,056	10,638	26,099
Depreciation for the year	574	720	2,030	5,345	8,669
Balance, March 31, 2022	\$ 2,576	\$ 8,123	\$ 8,086	\$ 15,983	\$ 34,768
Carrying amounts:					
March 31, 2021	\$ 3,751	\$ 1,769	\$ 14,270	\$ 87,657	\$ 107,447
March 31, 2022	3,177	1,265	13,052	82,312	99,806

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)
Year ended March 31, 2022

8. EMPLOYEE BENEFITS:**CURRENT:**

	2022	2021
Employee benefits	\$ 9,240	\$ 9,952
Annual incentive plan (AIP)	54,455	44,900
Long term incentive plan (LTIP)	19,911	15,708
Long service retiring allowance (LSRA)	62	150
	\$ 83,668	\$ 70,710

NON-CURRENT:

	2022	2021
Long term incentive plan (LTIP)	\$ 24,738	\$ 18,448
Long service retiring allowance (LSRA)	736	707
	\$ 25,474	\$ 19,155

9. TERM LOAN FACILITY:

In July 2017, the Corporation secured a bank term loan facility to fund tenant leasehold improvements at the Corporation's new head office located at 750 Pandora Avenue, 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 instalments of \$566,000 until completion of the loan repayment at June 30, 2027.

At March 31, 2022, the fair value of the term loan facility is \$10,915,997 (2021 – \$13,145,234). 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:

	2022	2021
Carrying amount, beginning of year	\$ 13,072	\$ 14,983
Repayment	(1,958)	(1,911)
Carrying amount, end of year	11,114	13,072
Current portion	2,007	1,958
Non-current portion	\$ 9,107	\$ 11,114

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)
Year ended March 31, 2022

10. CONTRACT LIABILITIES:

	2022	2021
Balance, beginning of year	\$ 12,922	\$ 10,949
Net change in performance obligations during the period	(2,431)	1,973
Balance, end of year	\$ 10,491	\$ 12,922

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:

	2022	2021
Less than 1 year	\$ 6,058	\$ 5,692
Between 1 and 5 years	22,661	23,607
More than 5 years	68,304	73,416
	\$ 97,023	\$ 102,715

The Corporation has sub-leased its former location effective April 2018, resulting in the following net future payments for operating costs:

2022	GROSS	ASSIGNED	NET
Less than 1 year	\$ 6,058	\$ 1,649	\$ 4,409
Between 1 and 5 years	22,661	3,298	19,363
More than 5 years	68,304	-	68,304
	\$ 97,023	\$ 4,947	\$ 92,076

2021	GROSS	ASSIGNED	NET
Less than 1 year	\$ 5,692	\$ 1,539	\$ 4,153
Between 1 and 5 years	23,607	4,947	18,660
More than 5 years	73,416	-	73,416
	\$ 102,715	\$ 6,486	\$ 96,229

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)
Year ended March 31, 2022

11. COMMITMENTS (CONTINUED):

SOFTWARE AGREEMENT: The Corporation has entered into various subscription agreements for software and real-time market data.

Future minimum subscription payments based on current estimates are as follows:

	2022	2021
Less than 1 year	\$ 9,485	\$ 3,857
Between 1 and 5 years	8,832	9,429
	\$ 18,317	\$ 13,286

12. DERIVATIVES:

Derivative financial instruments are financial contracts that are settled at a future date. The value of such instruments is derived from changes in the value of the underlying assets, interest or exchange rates. Derivative financial instruments do not, typically, require an initial net investment. Derivative financial instruments can be listed or traded over-the-counter ("OTC"). OTC instruments consist of those that are bilaterally negotiated and settled, and those that are cleared ("OTC cleared") by a central clearing party.

The Corporation enters into derivative transactions for the benefit of its clients and pooled investment portfolios to manage exposure to currency fluctuations, to enhance returns, or to replicate investments synthetically. As the Corporation does not have any economic interests in these derivative contracts, the contracts are not recognized in these financial statements.

As at March 31, 2022, the various forward currency, equity and fixed income contracts entered into on behalf of clients or pooled investment portfolios had an unrealized gain of \$658,760,717 on a notional value of \$112,065,434,270 (2021 – an unrealized gain of \$1,283,357,906 on a notional value of \$83,430,164,641).

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)
Year ended March 31, 2022

12. DERIVATIVES (CONTINUED):

Notional values under the current agreements are as follows:

	2022	2021
Equity derivatives:		
Listed:		
Futures	\$ 19,939	\$ 16,695
OTC:		
Swaps	49,853,580	35,887,855
Options	681,591	5,250,909
Currency derivatives:		
OTC:		
Forwards:		
US dollar	33,119,226	24,867,972
British pound	1,678,437	1,867,383
Australian dollar	977,772	1,085,269
Euro	1,981,732	1,728,772
Other currencies	1,126,936	1,331,270
Interest rate derivatives:		
Listed:		
Futures	750,117	1,011,638
OTC:		
Swaps	21,876,104	10,382,402
Total	\$ 112,065,434	\$ 83,430,165

There were no OTC-cleared contracts outstanding at March 31, 2022 or March 31, 2021.

Notional values do not represent the potential gain or loss associated with the market or credit risk of such transactions. Rather, they serve as the basis upon which the cash flows and the fair value of the contracts are determined.

The outstanding derivative contracts were entered into with thirteen (2021 – sixteen) counterparties. The terms of the agreements provide for right of offset with each counterparty. Net counterparty receivables and payables at March 31 are:

	2022	2021
Receivables	\$ 659,671	\$ 1,365,593
Payables	(910)	(82,235)
	\$ 658,761	\$ 1,283,358

The Corporation posted collateral of \$166,246,895 (2021 – \$48,689,278) to secure the payable position. The counterparties for swap contracts are limited to those with at least an A- credit rating.

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)
Year ended March 31, 2022

13. SALARIES AND BENEFITS:

	2022	2021
Salaries	\$ 83,147	\$ 78,529
Annual incentive plan	54,650	44,800
Long term incentive plan	26,068	19,272
Benefits:		
Health	4,469	5,345
Pension	7,586	6,951
Insurance and other	5,042	4,924
	\$ 180,962	\$ 159,821

14. FAIR VALUE OF FINANCIAL INSTRUMENTS:

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.

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, which are measured at amortized cost are considered Level 2 because while observable prices are available, they are not quoted in an active market.

15. 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 consist of units in money market investment portfolios managed by the Corporation and 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.

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)
Year ended March 31, 2022

15. FINANCIAL RISK MANAGEMENT (CONTINUED):

(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. Accordingly, management does not believe that the Corporation is exposed to significant liquidity risk.

The following table shows contractual maturities of the Corporation's liabilities as at March 31:

MARCH 31, 2022	WITHIN 1 YEAR	1 TO 5 YEARS	5 TO 10 YEARS	OVER 10 YEARS	TOTAL
Trade and other payables	\$ 64,208	\$ 203	\$ -	\$ -	\$ 64,411
Employee benefits	9,240	-	-	-	9,240
AIP /LTIP	74,366	24,738	-	-	99,104
LSRA	62	285	305	146	798
Term loan facility	2,007	9,107	-	-	11,114
Contract liabilities	10,491	-	-	-	10,491
Lease liabilities	5,820	22,240	26,935	39,451	94,446
	\$ 166,194	\$ 56,573	\$ 27,240	\$ 39,597	\$ 289,604

MARCH 31, 2021	WITHIN 1 YEAR	1 TO 5 YEARS	5 TO 10 YEARS	OVER 10 YEARS	TOTAL
Trade and other payables	\$ 70,653	\$ 742	\$ -	\$ -	\$ 71,395
Employee benefits	9,952	-	-	-	9,952
AIP /LTIP	60,608	18,448	-	-	79,056
LSRA	150	232	279	196	857
Term loan facility	1,958	8,336	2,778	-	13,072
Contract liabilities	12,922	-	-	-	12,922
Lease liabilities	5,622	23,362	20,582	50,502	100,068
	\$ 161,865	\$ 51,120	\$ 23,639	\$ 50,698	\$ 287,322

(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. 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 US dollars are disclosed in Note 4.

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)
Year ended March 31, 2022

15. FINANCIAL RISK MANAGEMENT (CONTINUED):

(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.

16. 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.

17. UNCERTAINTIES RELATED TO COVID-19:

On March 11, 2020, the outbreak of the novel strain of the coronavirus ("COVID-19") was declared a pandemic by the World Health Organization ("WHO") prompting many national, regional, and local governments to implement preventative or protective measures. As a result, COVID-19 and the related restrictive measures have had a significant financial and market impact including significant volatility in equity prices, interest rates, bond yields, and foreign exchange rates. BCI continues to monitor its operations, liquidity and capital resources and is actively working to minimize the current and future impact of COVID-19. The duration and impact of COVID-19 is unknown at this time; as such, it is not reasonably possible to evaluate the impact of the pandemic on the Corporation in future periods.



BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION

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