

The main title 'Forward Together' is written in a large, white, bold, sans-serif font, positioned on the left side of the page over a teal background that curves into the main image.

**F2023-2025**

Three-year Business Plan



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In accordance with Section 20(2)(e)(v) of the *Public Sector Pension Plans Act*, BCI is required to prepare and submit a business plan and annual report to the Honourable Minister of Finance. We report on our progress accomplishing our business plan in our corporate annual report, which is released each year in July.

British Columbia Investment Management Corporation (BCI) is amongst the largest institutional investors in Canada with C\$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 BC'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 or follow us on LinkedIn:

**BCI.ca** | 

<sup>1</sup> Based on valuations as at March 31, 2022

# Partnering with Our Clients to Move Forward Through Uncertainty

We are entrusted to manage \$211.1 billion of assets on our clients' behalf. We remain committed to our business plan's strategic ambitions of strengthening our client value proposition, optimizing risk-adjusted returns, leveraging digital technology, and focusing on our talent.

Over the past five years, BCI has delivered strong performance, adding \$7.7 billion of value for our pension plan clients above their benchmarks. Today, each plan enjoys financial health and a surplus position. Over the same period, our strategy to internalize asset management allowed us to avoid \$1.5 billion of fees to external managers while we simultaneously diversified our clients' asset mixes, geographic exposure, and available investment vehicles. With these well-constructed portfolios, we will continue to grow our clients' assets without taking on unnecessary risk.

Following market lows at the onset of COVID-19, we experienced a tremendous recovery with valuations reaching historical highs. However, in recent months, persistent inflationary challenges which have been exacerbated by the conflict in Ukraine have led to an abrupt monetary policy tightening cycle. This has hampered equity markets, caused interest rates to rise notably, and is dampening the global economic outlook. The changes we've made since 2015 to diversify assets and bring the management of assets in-house serve to protect clients' portfolios and support our ability to create value in all market conditions.

The current investment landscape is extremely competitive, and value-add is becoming harder to deliver. We have worked hard to build a global network of partners to help us find investment opportunities and will complement this by opening BCI offices in New York City and London over the coming year. This puts us in critical markets for growing relationships, accessing direct deals, overseeing the assets we own, and attracting new talent.

Incorporating environmental, social, and governance (ESG) considerations into our investment approach is a key part of what we do and is increasingly important to our clients. Climate risk is the greatest long-term systemic ESG risk to our clients' portfolios, and our decision-making integrates both the risks and opportunities presented by climate change. These decisions range from individual asset considerations to advising clients on the climate risk resiliency of different portfolio options in their asset mix decisions. We are pleased to share that in 2021, BCI was again named on the Responsible Asset Allocator Initiative's 2021 Leaders List of the 30 Most Responsible Asset Allocators — and we were one of only two Canadian firms and 16 worldwide to achieve a perfect score. In the fall of 2022, we will update our Climate Action Plan to incorporate climate-specific value creation concepts and reflect our current thinking on managing climate risk.

Our team has shown outstanding resilience as we successfully navigated the pandemic over the past two years. However, like many organizations, we are challenged with increased

employee turnover. In addition, our talented people are being recognized and sought out within the asset management industry. So, in addition to opening global offices to attract talent, we are increasing our efforts to identify and address the specific factors that are impacting employee retention. With strong support from the board, we are pleased to report being ahead of plan with the implementation of our Equity, Diversity, and Inclusion (EDI) Strategy — with 40 per cent of our initiatives underway relative to a commitment of 25 per cent. This includes initiatives to recognize and build diversity, and to address bias in our recruitment and promotion processes.

Our F2023-F2025 Business Plan reflects our ongoing commitment to our clients. We are proud to be their trusted partner and are confident in the course we have set to continue achieving results for them moving forward.



**Gordon J. Fyfe**  
Chief Executive Officer /  
Chief Investment Officer  
April 7, 2022



**Peter Milburn**  
Chair,  
BCI Board of Directors  
April 7, 2022

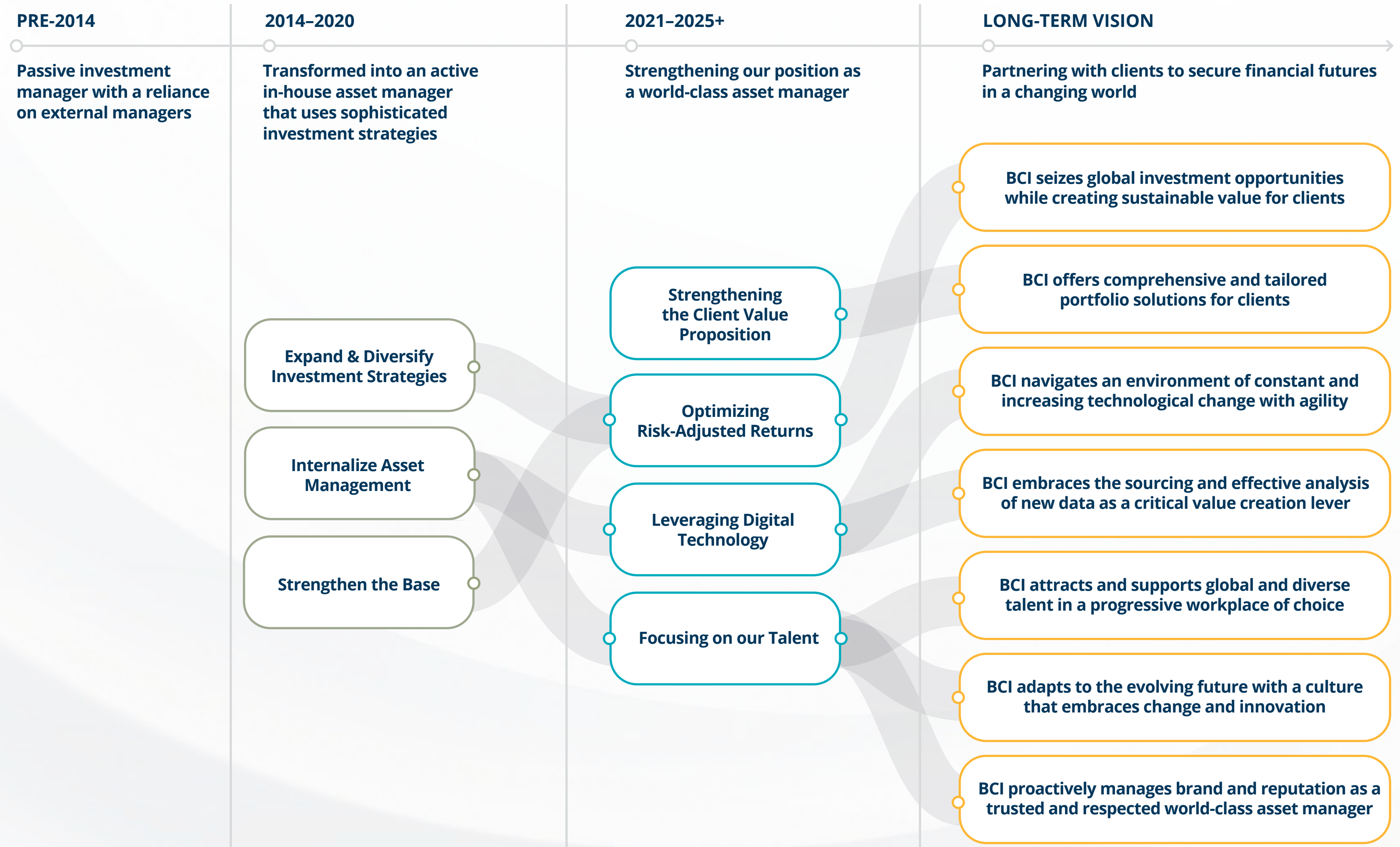
# BCI's Transformation and Long-term Vision

HOW WE ADAPTED TO CONTINUE SUPPORTING  
OUR CLIENTS' OBJECTIVES



# Our Ongoing Evolution

How our transformation connects to our long-term vision



# Our Long-Term Vision

While COVID-19 has impacted businesses and markets around the world, we have a solid foundation to plan our future with our clients. Our pension plan clients remain well-funded, and COVID-19 has demonstrated that increasing their portfolio exposures to private markets is working. As long-term investors with capital to deploy, the current markets provide us with unique opportunities, and we continue to actively source new investments.

We developed our **Long-Term Vision** — a picture of changing external forces, the investment industry, and, most importantly, what BCI needs to be to continue to meet clients' needs in the future.

<sup>1</sup> Calculated as the clients' total portfolio return net of investment management fees and minus the benchmark return

## OUR F2023–2025 BUSINESS PLAN GOALS

This business plan is intended to optimize our ability to generate long-term financial sustainability for our clients. We continue to have the following goals:

- > Over a rolling 10-year period, generate absolute returns that meet or exceed our clients' actuarial discount rate targets
- > Deliver value-added performance (relative returns) over a five-year period<sup>1</sup>
- > Provide cost-efficient investment management services

## OUR STRATEGIC AMBITIONS

Guided by our **Long-Term Vision**, BCI evolved our corporate strategies starting in F2022. These strategies are grouped under four strategic ambitions that form the basis of our business plan:



**Strengthening the Client Value Proposition**



**Optimizing Risk-Adjusted Returns**



**Leveraging Digital Technology**



**Focusing on our Talent**

## 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.

## OUR CLIENTS

We invest globally on behalf of British Columbia's public sector clients. They are the core of everything we do, as recognized by our first of six corporate values, Clients First.

BCI's investment activities contributed to \$9.2 billion in client distributions in F2022.<sup>1</sup> These funds finance pensions paid to retirees, many of whom reside within British Columbia. The distributions from BCI's investment activity are used to pay retiree pensions, and support government programs in areas like arts and culture, sport, and skills development within British Columbia.

We invest on behalf of 11 public sector pension funds, helping secure the pensions of more than 715,000 plan members. The public sector pension plans make up 77.7 per cent or \$164.0 billion of assets under management. We also work to support the investment objectives of our three insurance fund clients, which make up 20.4 per cent or \$43.0 billion of assets under management. One of our insurance fund clients provides coverage for more than 2.3 million workers and 255,000 registered employers, and another provides more than 3 million Autoplan insurance policies each year. The remainder of our 17 clients include public trusts, endowments, and government bodies.<sup>2</sup> These funds make up 1.9 per cent or \$4.1 billion of assets under management.

<sup>1</sup> Gross cash flows from BCI to all clients.

<sup>2</sup> Client statistics are as of March 31, 2022.

## OUR PORTFOLIO OF SERVICES

Our clients are diverse, with varying investment objectives, risk appetites, investment beliefs and portfolio sizes. BCI provides clients with a full range of services that include strategic investment consulting, investment management of our public markets and illiquid asset programs, risk management, investment management administration,

responsible investing, and investment education. **QuadReal Property Group** — an independently operated company owned by BCI and created in 2016 — supports BCI in the management of our clients' real estate equity and real estate debt by providing investment advisory, asset management, and property management services.



# Our Strategic Direction

GUIDED BY OUR LONG-TERM VISION, BCI'S BUSINESS IS EVOLVING TO SECURE OUR CLIENTS' FINANCIAL FUTURES







## 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. 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 concerns.

**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.

### STEPS ALREADY TAKEN

- > 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.



## FOCUS 1

### Create new client engagement opportunities

Establish new alternatives for client interactions, from forming a formal feedback loop to fully developing the self-service platform while ensuring prompt and proactive responses to news events.

#### UNDERWAY

- > Reinforce BCI's position as a trusted advisor with interactions reflecting clients' servicing needs and preferences
- > Develop a proactive approach to anticipate, monitor, and manage reputational risks
- > Refine governance and investment policies to ensure they remain meaningful for clients

#### UPCOMING

- > Evaluate fee structure to determine if there is an opportunity to better align with clients' expectations and BCI's products and services

## FOCUS 2

### Strengthen our focus on the client's total portfolio

Support clients in moving toward measures of success and overarching strategies that are better aligned with their financial health and sustainability needs.

#### UNDERWAY

- > Align on and articulate BCI's client value proposition, including plan sustainability tools and measures to improve visibility into BCI's value-add

## FOCUS 3

### Position BCI as a premier partner in enabling clients' decision-making

Enable our clients to have a deep understanding of the embedded risks and the management strategies they can apply across funding, benefits, and investment policies.

#### UNDERWAY

- > Engage with clients on reporting improvements

#### UPCOMING

- > Strengthen BCI's role as our clients' trusted ESG advisor



## STRATEGIC AMBITION 2

# Optimizing Risk-Adjusted Returns

**We are focused on ensuring the resilience and sustainability of returns.** BCI will continue to grow the value of our clients' assets using 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 an important role in increasing the likelihood that they stay well-funded over the long term by informing their investment decisions during regular asset-liability reviews. 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 from a total fund perspective. We are also revisiting the ways we share information across the organization to make the best decisions and achieve the highest risk-adjusted net returns for our clients' portfolios.

## STEPS ALREADY TAKEN

- > 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.



## FOCUS 1

### Optimize each client's total investment portfolio

Develop a shared long-term view of the ideal investment offering that will provide clients with the highest risk-adjusted net returns for their portfolio.

#### UNDERWAY

- > Expand on ESG as a source of long-term value creation

#### UPCOMING

- > Develop centralized investment activities to support asset class strategies
- > Assess our current asset class investment offering against each clients' needs and strengthen the linkage/feedback mechanisms

## FOCUS 2

### Improve deal access

Extend the range of available opportunities to allow for best capital allocation by expanding existing relationships, increasing sourcing proactiveness, and driving additional direct investments.

#### UNDERWAY

- > Evaluate current practices for gaining deal access across all asset class teams

#### UPCOMING

- > Evolve our current deal sourcing approach, including assessing alternative models

## FOCUS 3

### Magnify shared insights across departments

Develop basic research and house views on economic fundamentals, developing forums and technologies to drive asset class collaboration that elevates the best ideas and uncovers new opportunities.

#### UPCOMING

- > Identify operating models for sharing insights/ideas across asset classes



### STRATEGIC AMBITION 3

# Leveraging Digital Technology

We operate as an active internal 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 enables all of 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 the mitigation of risks.

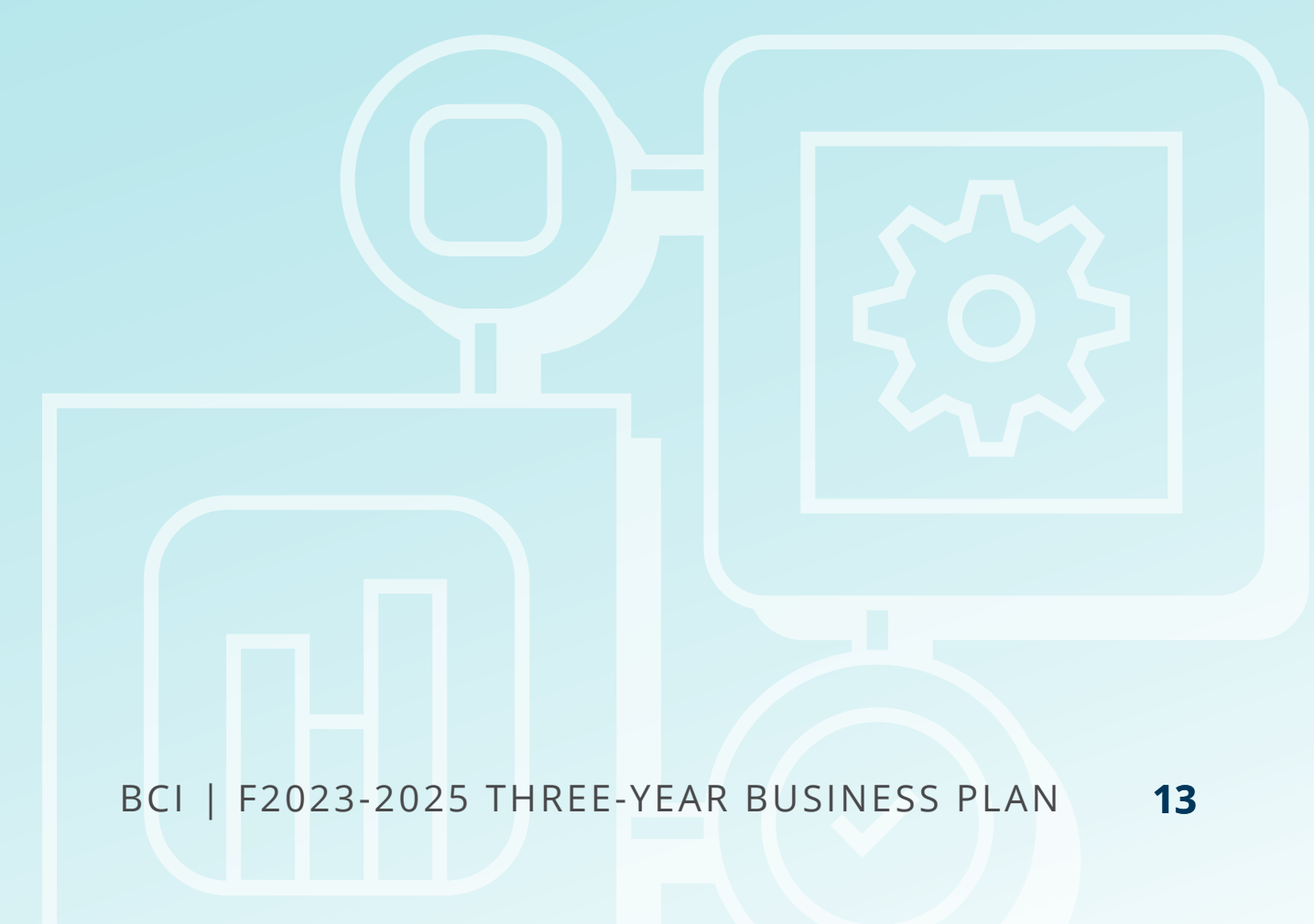
Foundational to using technology in this way is having timely, reliable data. We are improving the consistency of our data across systems, processes, and reports. At the same time, our data and analytics ecosystem is giving teams access to that data to enable insights, decision making, and innovation.

As the pace of change and disruption accelerates across markets and industries, BCI must remain agile. Shifting to 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 achieving our data and technology ambitions. We continue to develop our internal technical team as part of our broader corporate focus on talent and are adding strategic external partnerships to deliver the solutions we need.

## STEPS ALREADY TAKEN

- > 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.



## FOCUS 1

### Deepen business and technology alignment

Establish data sharing and collaboration principles to drive concerted use and implementation of data and technology across BCI, making data accessible and reliable for all parties.

#### UNDERWAY

- > Develop a common governance framework, with an emphasis on definition, quality, and consistency, for BCI-wide data sharing and accountability

#### UPCOMING

- > Develop an enterprise technology vision, driven by business strategies, to guide architectural decisions and inform future planning

## FOCUS 2

### Accelerate digital transformation

Adopt modern technologies to optimize processes and support collaboration while improving business resilience.

#### UNDERWAY

- > Develop and execute a plan to modernize BCI's technology capabilities
- > Extend and improve the virtual workplace

#### UPCOMING

- > Promote business-driven innovation enabled by technology

## FOCUS 3

### Further BCI's data and analytics capabilities

Deliver actionable insights from multi-sourced data and advanced analytics to support business initiatives.

#### UNDERWAY

- > Develop an integrated data and analytics environment that provides self-serve access to reliable data products
- > Provide a governed, streamlined reporting and dashboarding capability

#### UPCOMING

- > Prioritize and execute data and analytics use cases

## FOCUS 4

### Strategically develop and source technical talent to drive value-add

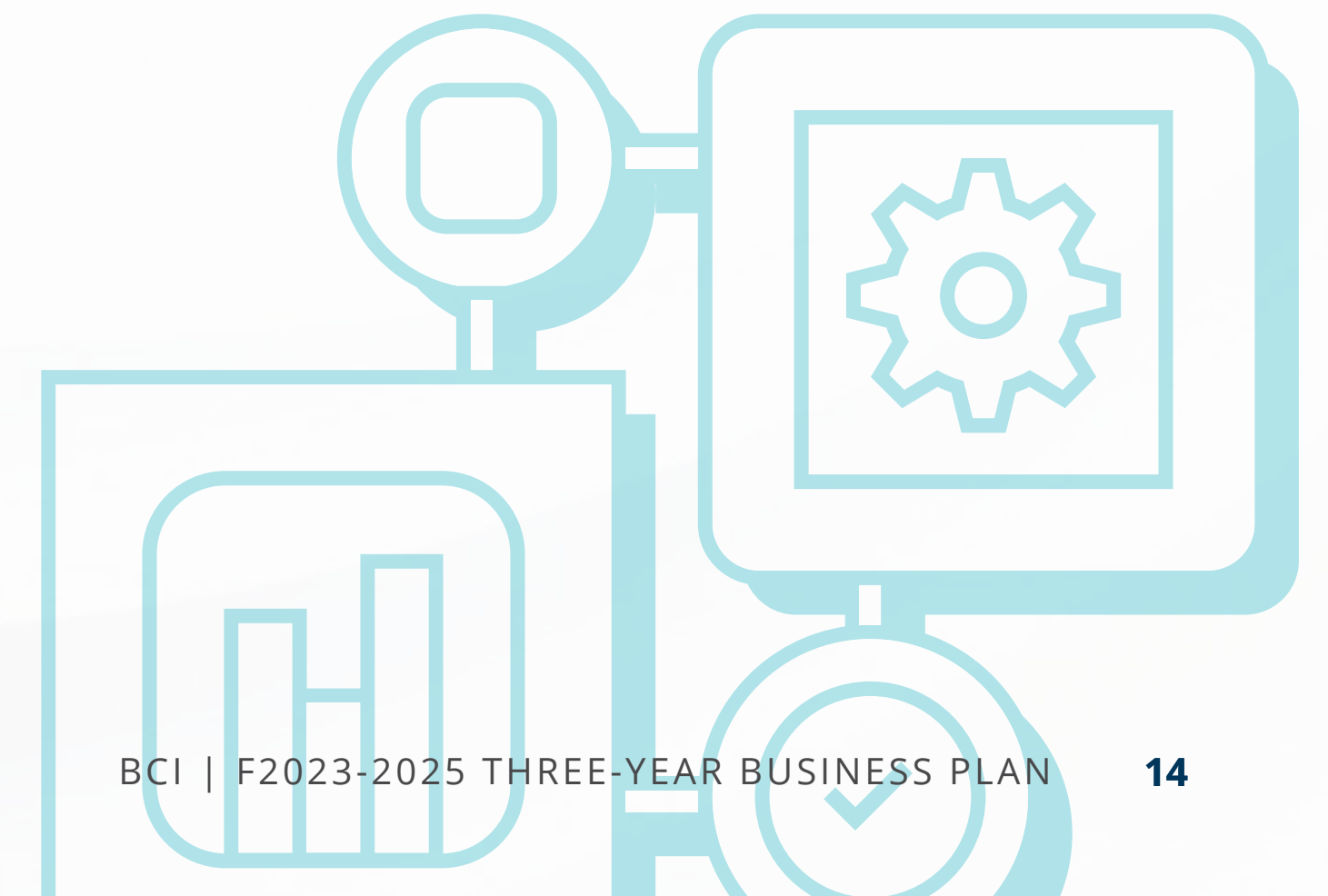
Continue to develop internal expertise, while building a network of key external partners to access technology and data capabilities.

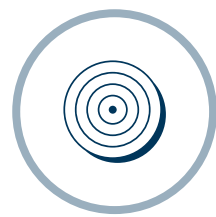
#### UNDERWAY

- > Continue to develop internal capabilities

#### UPCOMING

- > Develop strategic partnerships





## STRATEGIC AMBITION 4

# Focusing on Our Talent

As digital transformation and the realities of the COVID-19 pandemic accelerate the evolution of work, talent remains foundational to our success. **In the 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.** 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 employer<sup>1</sup> 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.

### STEPS ALREADY TAKEN

- Accelerated the implementation of our Equity, Diversity and Inclusion 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, focusing on: data and technology; EDI and employee experience; talent acquisition; talent management and total rewards.

<sup>1</sup> BCI has been named one of Canada's Top 100 Employers 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.



## FOCUS 1

### Strategically source talent

Be deliberate in our talent acquisition through proactive planning to strike the optimal balance of internal resources and long-term external agreements.

#### UNDERWAY

- > Develop a corporation-wide workforce plan to drive more strategic acquisition and deployment of talent, with an emphasis on cross-functional collaboration

#### UPCOMING

- > Implement workforce plan to source and acquire talent

## FOCUS 2

### Strategically invest in our people

Consider our people on an enterprise basis (versus individual departments) and leverage competencies irrespective of where they exist. Develop the potential of our people and retain the best and the brightest.

#### UNDERWAY

- > Optimize and entrench succession plans

#### UPCOMING

- > Build BCI's development programs
- > Evaluate and address the unique and specific factors that impact retention at BCI

## FOCUS 3

### Leverage BCI's culture and values

Create synergy (where the team is greater than the sum of the individuals); foster an environment that values collaboration, innovation, equity, diversity, and inclusiveness. Bolster the employee value proposition and employee experience.

#### UNDERWAY

- > Execute our equity, diversity, and inclusion strategy

#### UPCOMING

- > Develop a formal employee value proposition that supports BCI's brand and reputation in the global market

## STRATEGIES IN ACTION

### Equity, Diversity, and Inclusion (EDI)

Our EDI priorities are to drive impact and results by creating intentionality and accountability — we measure progress and have set a governance structure in support of our EDI ambitions. We are building visible representation by attracting and accelerating top diverse talent, while

addressing bias in our recruitment and promotion processes. As a foundation to all the work we do, we are fostering an inclusive culture through purposeful communication and active engagement.





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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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