

Audit Committee Terms of Reference

BCI BOARD OF DIRECTORS

Effective Date: June 21, 2024

1 PURPOSE

- 1.1 The British Columbia Investment Management Corporation (“BCI”) Board of Directors (“Board”) establishes an Audit Committee (“Committee”) to assist the Board in effectively discharging its duties. Through this Terms of Reference, the Board outlines the Committee’s roles and responsibilities, membership, and organization.

2 STATUTORY CONTEXT

- 2.1 The legislative role of the CIO and the prohibition in Section 20(5) of the *Public Sector Pension Plans Act* limit the scope of this Terms of Reference. Section 20(5) of the Act states: “The investment management board must not be involved in the investment decisions of the investment management corporation”. This has been interpreted to mean that the Committee is to have no involvement in investment decisions that are in the course of being made. This prohibition does not extend to policy advice that the CIO may seek from the Board.

3 ROLES AND RESPONSIBILITIES

- 3.1 The Committee, through the discharge of its responsibilities in respect of financial statements and auditing, must foster a culture of honesty and integrity within BCI.
- 3.2 BCI has engaged QuadReal as asset manager for the QuadReal Managed Investment Pools. QuadReal provides financial services relating to the QuadReal Managed Investment Pools such as banking services, the valuation of the investments, preparation of accounting records, assisting with the external audits, and preparation and filing of all tax and financial filings required by law, in accordance with related BCI policies as may be required by BCI. As such, the Committee provides its oversight over the financial reporting process and financial management controls of the QuadReal Managed Investment Pools by relying on the activities performed by the QuadReal Audit Committee, including but not limited to approval of audit plan and fees, discussions with external auditors, review of financial statements and reports, and oversight of key financial risks and issues. The Committee receives information and assurances on such activities and oversight and take such other oversight actions as determined by the Committee from time to time relating to the QuadReal Managed Investment Pools. Although some activities described below include

specific mention of QuadReal or the QuadReal Managed Investment Pools, it is not an inclusive list as it may vary depending on the oversight and assurance sought by the Committee from time to time.

3.3 The Committee must:

INTEGRITY OF THE FINANCIAL REPORTING PROCESS AND FINANCIAL STATEMENTS

- (a) Review, and recommend to the Board for approval, BCI's annual financial statements;
- (b) Review the Investment Pools' annual financial statements and any material consolidated Investment Pools' financial statements (i.e. program financial statements, combined Investment Pools' financial statements). By virtue of By-Law 1, the Board has delegated final approval of the Investment Pools' financial statements to the CIO. For QuadReal Managed Investment Pools, QuadReal's Board and Audit Committee review and recommend the approval of the financial statement to BCI's CEO/CIO, as confirmed to the Committee;
- (c) Review, and recommend to the Board for approval, significant accounting policies for BCI and the Investment Pools. The review will include consideration of: the impact of alternative accounting policies; the presentation and impact of significant risks and uncertainties, and key estimates and judgments of management that may be material to financial reporting;
- (d) Review, at least triennially, investment valuation policies;
- (e) Review, at least annually, management reports on valuations;
- (f) Unless waived unanimously by the Committee, meet in camera with the CIO or the CIO's delegate responsible for financial matters, who would typically be the SVP Finance & Chief Financial Officer, at every Committee meeting;

SYSTEM OF INTERNAL CONTROLS

- (g) Receive the SOC1 Report on Controls for the Investment System ("SOC1 Report");
- (h) Review management assertions on internal controls;

FINANCIAL COMPLIANCE

- (i) Review management reports on financial compliance, and compliance with legal and regulatory obligations of a financial nature;
- (j) Review management's statement at the front of each set of financial statements entitled "Management's Responsibility for Financial Reporting";

EXTERNAL AUDIT

- (k) Review and make recommendations to the Board on the appointment of external auditors for BCI's annual financial statements, the Investment Pools' annual financial statements, the annual SOC1 Report, and other material external audit engagements. For the external

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auditors of the QuadReal Managed Investment Pools' annual financial statements, the Committee considers the recommendation of the QuadReal Audit Committee;

- (l) For financial statement audits, review the terms of the external auditors' services engagements;
- (m) Review and approve proposed audit fees;
- (n) Review the external auditor plans for all audits;
- (o) Review the audit results for all audits, including any post-audit or management letters and related management responses. The assurance opinion for the SOC1 Report will be reviewed after the SOC1 Report is released if the assurance opinion is unqualified; if the assurance opinion is qualified, the assurance opinion will be reviewed prior to the release of the SOC1 Report;
- (p) Review any problems experienced by the external auditors in performing their audits, including any restrictions imposed by management or any significant areas of disagreement with management;
- (q) Review, at least annually, the performance and independence of external auditors;
- (r) Approve in advance, annually or more frequently as necessary, fees paid to external auditors for non-audit services, and review regular summaries of such services and related expenditures;
- (s) Review and make recommendations to the Board, at least triennially, on policies respecting external auditor non-audit services fees;
- (t) Unless waived unanimously by the Committee, meet in camera with the external auditors at every Committee meeting;

INTERNAL AUDIT

- (u) Review and approve the internal audit plan for the upcoming year and review the associated resource requirements;
- (v) Review and approve the Internal Audit Charter;
- (w) Review internal audit reports resulting from the approved audit plan, and any other ad-hoc internal audit work required by the Committee;
- (x) Receive a list of internal audit work undertaken at the request of BCI management and review any reports at the Committee's discretion;
- (y) Review Internal Audit's performance relative to the approved internal audit plan, and any other matters arising;

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- (z) Review the Head of Internal Audit job description at least triennially, and review any changes to the job description made by management between Committee reviews;
- (aa) Provide input for the CIO's consideration regarding the hiring or dismissal of BCI's Head of Internal Audit;
- (bb) Review any problems experienced by the Head of Internal Audit in performing internal audit work, including any restrictions imposed by management or any areas of significant disagreement with management;
- (cc) Unless waived unanimously by the Committee, meet in camera with the CIO or the CIO's delegate responsible for internal audit matters at every Committee meeting;

COMPLIANCE

- (dd) Review and approve the Compliance Mandate;
- (ee) Review, at least annually, management reports on compliance;
- (ff) Unless waived unanimously by the Committee, meet in camera with the CIO or the CIO's delegate responsible for compliance matters, who would typically be the Chief Compliance and Ethics Officer, annually;

BUDGET & PROJECTS

- (gg) Review, and recommend to the Board for approval, BCI's annual budget;
- (hh) Review management's quarterly corporate financial forecasts compared to budget;
- (ii) Review, and recommend to the Board for approval, a Major Strategic Project's lifespan budget or an increase to a Major Strategic Project's lifespan budget if the increase exceeds CAD\$2 million;
- (jj) Review management's quarterly reports on Major Strategic Projects, if any;

OTHER

- (kk) Review, at least annually, the expenses of the CEO/CIO;
- (ll) Review, at least annually, the Committee's compliance with this Terms of Reference; and
- (mm) Review and make recommendations to the Board, at least triennially, on this Terms of Reference.

3.4 The Committee may:

- (a) Review any other matters which come before the Committee in the course of carrying out this Terms of Reference; and
- (b) At the Committee's discretion, report to the Board on any matters the Committee receives, reviews or approves.

4 MEMBERSHIP

- 4.1 The Committee consists of a minimum of two members who are appointed by the Board. Each member of the Committee is to be financially literate, or must become financially literate as soon as is practicable after appointment to the Committee.

5 ORGANIZATION

MEETINGS

- 5.1 The Committee must hold at least three regularly scheduled meetings a year.
- 5.2 The time and place where the meetings of the Committee are to be held and the procedure at such meetings shall be determined solely by the Committee, except as otherwise established herein.
- 5.3 Meetings of the Committee may be held in person, by telephone or by video conference.
- 5.4 A Director of the BCI Board not appointed as a member of the Committee may attend a meeting. Other guests may attend a meeting at the discretion of the Chair. The Chair has discretion to set parameters for guest attendance and participation.

CHAIR/ FACILITATION/SUPPORT

- 5.5 The Chair of the Committee is appointed by the Board on the recommendation of the Chair of the Board. In the absence of the Chair of the Committee from any meeting of the Committee for a period exceeding 15 minutes, the remaining members may choose a Committee Chair from amongst themselves and proceed with the meeting, provided that the quorum is met.
- 5.6 BCI will provide support services required by the Committee.

QUORUM/VOTING/MINUTES

- 5.7 The quorum for meetings of the Committee is a majority of the members of the Committee.
- 5.8 Each member of the Committee has one vote on each matter to be decided.
- 5.9 All decisions of the Committee must be decided by a majority vote.
- 5.10 The Chair of the Committee does not have a second or casting vote.
- 5.11 The Committee must keep minutes of its meetings that record all actions and decisions taken by the Committee and these minutes must be submitted to the Board as soon as is reasonably possible thereafter.
- 5.12 During *in camera* meetings or in the absence of the Corporate Secretary or Assistant Corporate Secretary, the Chair of the Committee may appoint one of its members or any other person as Board Secretary to take the minutes of its meetings.

ADVISORS

5.13 The Committee has the power, at the expense of BCI, to retain, instruct, compensate and terminate independent advisors to assist the Committee in the discharge of its duties.

6 DEFINITIONS

6.1 In this Terms of Reference:

“Financially Literate” means an individual has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the financial statements of BCI or the Investment Pools.

“Investment Pools” means the pooled investment portfolios continued or established under the Pooled Investment Portfolios Regulation.

“QuadReal Managed Investment Pools” means Investment Pools managed by QuadReal.

“Major Strategic Project” means a project where management has determined the project's lifespan cost is expected to exceed CAD\$5 million.

7 APPROVAL

These Terms of Reference are authorized effective as of the Effective Date.

June 21, 2024

Date

[s] Peter Milburn

Peter Milburn, Chair of the BCI Board

REVIEW HISTORY

Approval Authority	BCI Board
Committee	Audit Committee
Last Review Date	June 19, 2024 (Audit Committee) / June 20-21 (Board)
Next Review Date	July 01, 2025

AMENDMENT HISTORY

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DATE	VERSION NO.	SUMMARY OF AMENDMENTS
Previous Dates	1	Note: There are several previous versions of this Mandate.
December 7, 2018	2	Rebranded to BCI template and change section 2.
July 5, 2019	3	Amendments to reflect responsibilities regarding valuation reports and compliance, no responsibility regarding errors and omissions and adjust timing of certain reviews.
December 3, 2021	4	Limited review: Section 4.2 (g) and (o) to reflect change in process regarding SOC1 Report and audit.
September 29, 2022	5	Triennial Review: Rearrange sections, changed name from Mandate to Terms of Reference, broaden the potential audit engagements that the Committee appoints external auditor for, add Major Project responsibilities, clarify responsibility for QuadReal Managed Investment Pools.
June 20, 2023	6	Amendment to reflect the triennial review of the Internal Auditor's job description.
June 21, 2024	7	Amendment to reflect the Audit Committee Chair has discretion to set parameters for guests' attendance and participation.