

BCI

2026

Climate Transition Plan

Investing through the transition to a low-carbon economy



British Columbia Investment Management Corporation (BCI) is one of Canada's largest institutional investors, managing $313.7 billion in gross assets on behalf of 33 public sector and institutional clients as at March 31, 2026. For over 25 years, BCI has partnered with its clients to help deliver on their commitments and create enduring value for British Columbia and beyond. From securing pensions to supporting communities, it's investing that matters.

Headquartered in Victoria, British Columbia, with teams in Vancouver, New York, London, and Mumbai, BCI puts patient capital to work across public and private markets globally.

Learn more on **BCI.ca** or connect with us on **LinkedIn**.

Data and figures are as at December 31, 2025, unless otherwise specified.

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At a glance

Investing through the transition to a low-carbon economy.

Climate change risk is one of the most significant, long-running risks to our clients' portfolios. Understanding and managing it is part of our mandate to generate returns that meet our clients' objectives over time.

BCI's 2026 Climate Transition Plan builds on our 2018 and 2022 Climate Action Plans. It sets out how we, as a global institutional investor, are adapting to a changing economy and climate while continuing to prioritize the risk and return objectives our clients set for us. We believe engagement, rather than broad divestment, is a more effective way to manage climate risk across the portfolio.



We support the global goal of net-zero emissions by 2050 and manage our clients' assets with that transition in mind.

What we have accomplished

$12.3B

Climate-related opportunity exposure

Includes renewable power, grid infrastructure, green buildings, and similar assets.

$6.9B[1]

Cumulative primary market participation in sustainable bonds

67% carry a formal green label tied to climate and environmental benefits.

63%

Portfolio carbon footprint reduction since 2020

Driven by lower emissions, portfolio changes, and market factors.

30+

Climate-related policy submissions since 2022

Supporting consistent disclosure standards and effective regulation.

59%

Carbon-intensive investments with mature net-zero-aligned commitments or engaged by BCI

Committed to 80% by 2030.

- Climate scenarios fully integrated into our strategic asset allocation process with clients.
- Physical climate risk embedded in due diligence for private assets.
- Sustainable bond participation surpassed our $5 billion expectation ahead of schedule.
- Carbon footprint measurement extended from public equities in 2017 to bonds, infrastructure and renewable resources, private equity, and domestic real estate today.
- Climate-related proxy voting guidelines applied and expanded since 2017, holding boards accountable for climate risk oversight.

[1] As at March 31, 2026.

Our success depends on many factors, including government policy action, data reliability, technology commercialization, and physical climate risk. When these shift materially, we expect this plan, and our approach, to shift with them.

What we plan to do

COMMITMENT · SET 2022

80% by 2030

Of our carbon-intensive investments will have set mature net-zero-aligned commitments, or be the subject of direct or collaborative engagement by BCI.

EXPECTATION · SET 2026

$25B by 2030

Invested in climate transition opportunities, subject to our return requirements.[2]

- Climate solutions
- Enabling activities
- Adaptation and resilience
- Transitioning assets

How we will get there

This plan is organized around three principles, a structure drawn from the Transition Plan Taskforce Asset Managers Sector Guidance.

01 Ambition

What we aim to achieve and why.

- Support the global goal of net zero by 2050, informed by market context and investment rationale, with our clients' risk and return objectives at the forefront.
- Manage the transition with energy security, affordability, and sustainability in mind.

02 Action

How we deliver across investments and engagement.

- Continue to build climate into asset allocation, using asset class roadmaps to connect total-portfolio and asset-level analysis.
- Extend consistent physical risk data across asset classes.
- Engage the companies we own and seek opportunities to finance the transition, including adaptation and resilience.

03 Accountability

How we measure progress and who is responsible.

- Report annually against key metrics and expectations in our climate-related disclosure and annual stewardship report.
- Maintain board oversight and management responsibility, with formal plan approval by the Management Investment Committee.
- Review the plan in full every four years, or sooner if key assumptions shift materially.

[2] Measured under our 2026 climate transition opportunity definition, which covers a broader set of opportunities than the $12.3B in climate opportunities reported to date.

Introduction

Why we have a climate transition plan

BCI is one of Canada's largest institutional investors, trusted by over 30 pension, insurance, and special purpose funds to manage more than $300 billion in gross assets on behalf of their beneficiaries in British Columbia and beyond.

We are responsible for generating investment returns that deliver on our clients' objectives over time and for protecting and growing the value of their funds. Meeting this mandate means understanding and managing the financially material risks that shape those returns. Climate change is one of the most significant, long-running of these, creating both risks to our clients' portfolios and opportunities to invest in the transition.

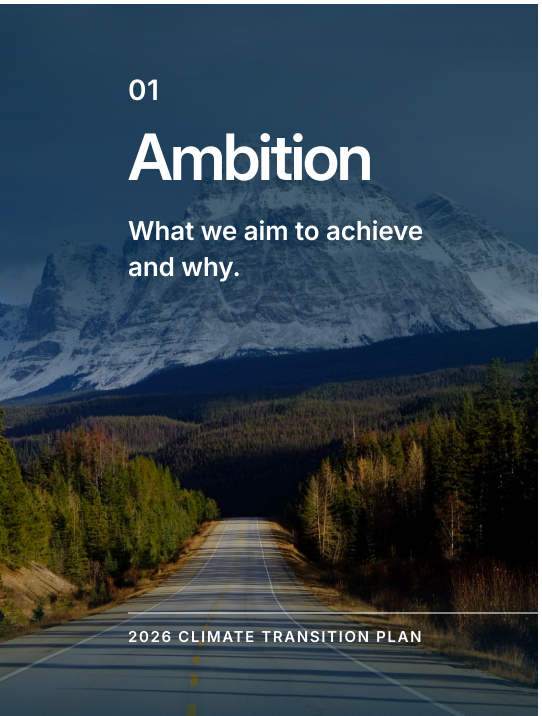
BCI's 2026 Climate Transition Plan sets out how we are evolving our investment approach, our engagement with the companies we invest in, and our own governance in response to climate risk and opportunity. It builds upon our 2018 and 2022 Climate Action Plans, reflecting eight years of progress, changing investor expectations, and a clearer view of what a credible climate transition plan should contain.

This plan describes how we, as a global institutional investor, are adapting to a changing economy and climate while continuing to prioritize the risk and return objectives our clients set for us. We believe engagement, rather than broad divestment, is a more effective way to manage climate risk across the portfolio. All segments of society have a role to play in addressing climate change, and this plan serves to outline how BCI will continue to contribute to solutions while recognizing that investors cannot do so alone.

About the Transition Plan Taskforce

The United Kingdom's HM Treasury launched the Transition Plan Taskforce (TPT) in 2022 to establish good practice for transition plan disclosure. BCI's plan is informed by the TPT's Asset Managers Sector Guidance, issued in April 2024.

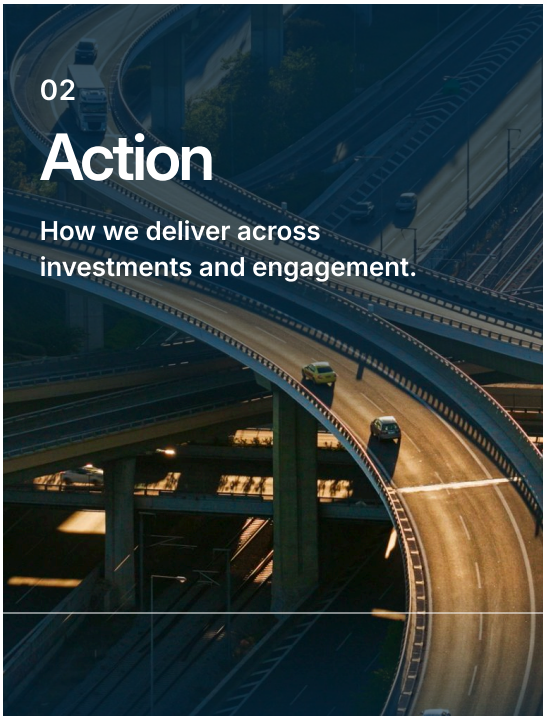
We have organized the plan around three principles based on the Transition Plan Taskforce (TPT) Asset Managers Sector Guidance:



01

Ambition

What we aim to achieve and why.



02

Action

How we deliver across investments and engagement.



03

Accountability

How we measure progress, and who is responsible.

What we have accomplished

Our climate change work began before our inaugural Climate Action Plan in 2018 and continues to deepen.

RESULTS FROM ACTIONS TO DATE

$12.3B

Climate-related opportunity exposure

Includes renewable power, grid infrastructure, green buildings, and similar assets.

$6.9B[3]

Cumulative primary market participation in sustainable bonds

67% carry a formal green label tied to specific climate and environmental benefits.

63%

Portfolio carbon footprint reduction since 2020

Driven by lower emissions, portfolio changes, and market factors.

30+

Climate-related policy submissions since 2022

Supporting consistent disclosure standards and effective regulation across markets.

59%

Carbon-intensive investments with mature net-zero-aligned commitments or engaged by BCI

Reflecting progress across our portfolio.

Building climate into strategic asset allocation

Since 2017, our Investment Beliefs, the principles that guide how our investment teams think about risk and opportunity, have included environmental, social, and governance (ESG) factors. In 2025, we specifically added climate change to these beliefs as a distinct example of a systemic risk facing the portfolio.

We have developed our own climate scenarios and integrated these into the strategic asset allocation process we assist our clients with, so climate risk is considered alongside other factors. We also use a proprietary framework, developed over a number of years, to analyze, measure and report on ESG-related risks and opportunities across portfolios. For private assets, we have embedded physical climate risk, including flooding, wildfire, heat, and similar exposures, directly into our due diligence process.

FROM BCI'S INVESTMENT BELIEFS

"Diversification, combined with a proactive approach to managing systemic risks such as climate change and geopolitical issues, improves portfolio resilience."

"Our long-term success is driven by capitalizing on our competitive advantages, such as our investment horizon, scale, robust liquidity management, and our integrated approach to managing ESG risks and opportunities."

[3] As at March 31, 2026.

Using our investor voice

Engagement is one of the most direct tools available to us, and our annual stewardship report sets out how we use our influence and ownership rights to advance direct and collaborative dialogue with portfolio companies across all asset classes.

Since introducing climate-related proxy voting guidelines in 2017, we have used our votes to hold boards accountable for climate risk oversight. We have voted against directors at companies that provided insufficient climate disclosure, did not link executive pay to climate performance, have not set emissions targets, or lacked board oversight of climate issues.

Supporting stronger disclosure and standards

We supported early adoption of the Task Force on Climate-related Financial Disclosures, and now advocate for its successor, the International Sustainability Standards Board (ISSB) climate standard, across jurisdictions where we invest. In 2025 alone, BCI made 10 submissions on climate-related matters to various policy or standard-setting bodies. As at September 2026, the International Financial Reporting Standards (IFRS) Foundation reports that more than 45 jurisdictions, including Canada, have adopted or are taking steps to adopt ISSB standards.

We have also taken part in the Government of Canada's Sustainable Finance Action Council Taxonomy Technical Expert Group, work that is now being carried forward through Business Future Pathways with federal government support to improve the flow of capital to climate solutions. BCI serves on the Financial Sector Advisory Group.

Measuring and reducing our portfolio carbon footprint

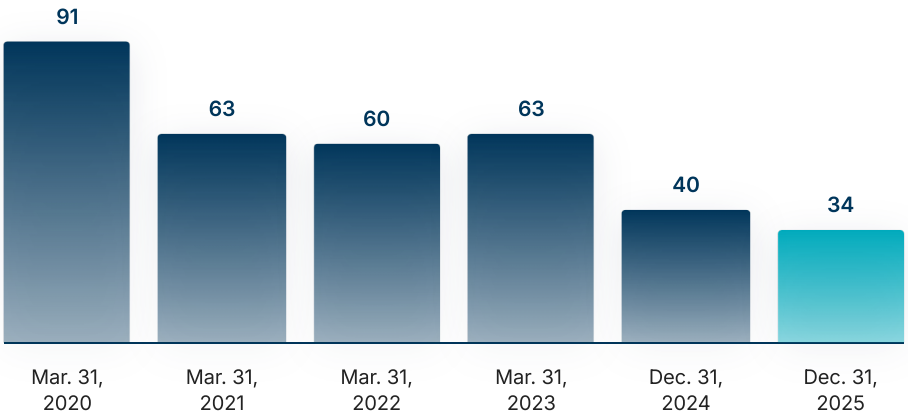
We began measuring the carbon footprint of our portfolio with public equities in 2017. That coverage has since expanded to include sovereign and corporate bonds, infrastructure and renewable resources, private equity, and domestic real estate. Since 2020, BCI has reduced our carbon footprint by 63% and, while we do not view this as a measure of risk, it does provide an indicator of changing portfolio exposure over time.

BCI PORTFOLIO CARBON FOOTPRINT[4]

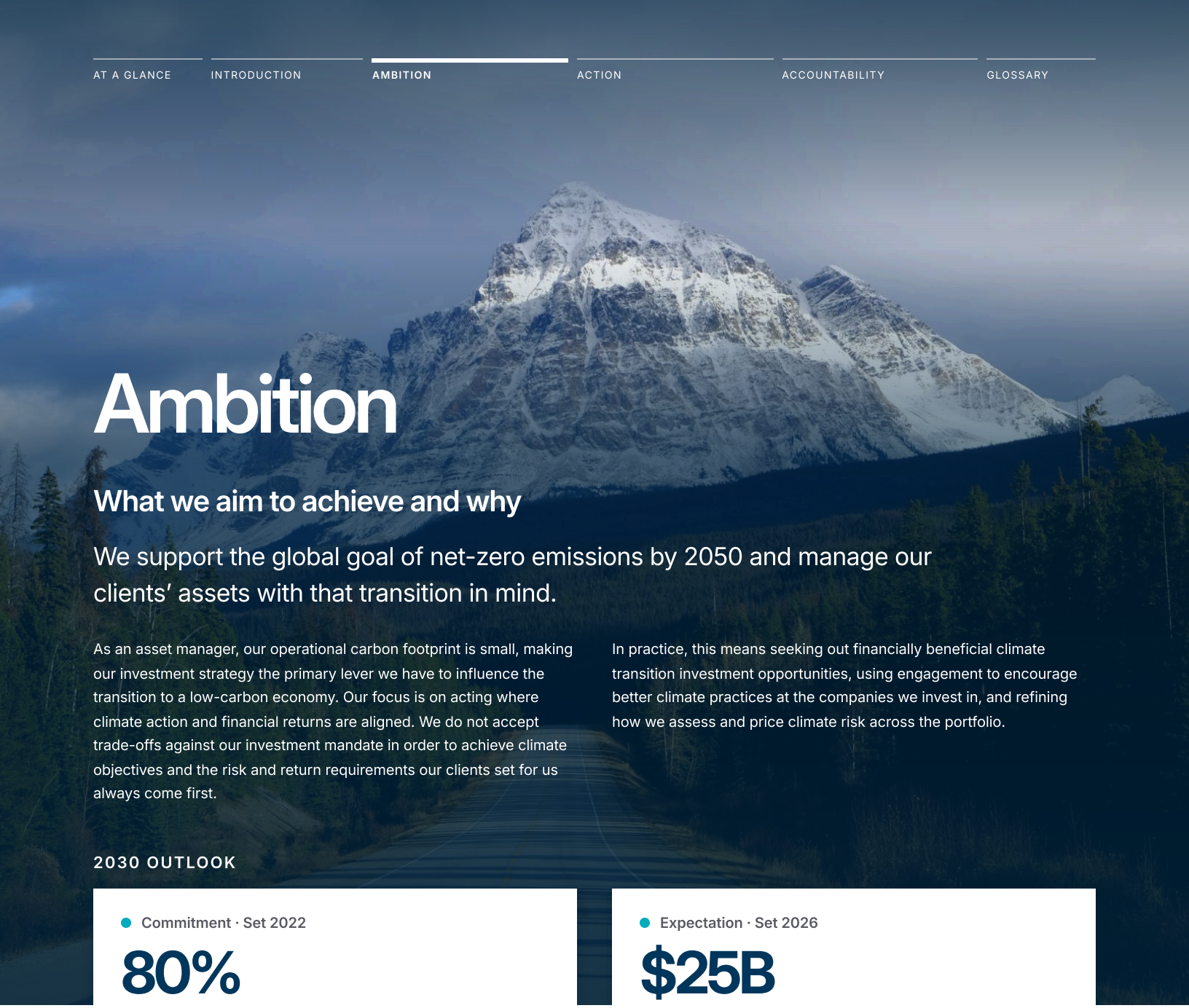
-63%

% Reduction since FY2020

Tonnes of CO_2e/$million



[4] Between 2020 and 2023, BCI measured the portfolio carbon footprint using a fiscal year-end portfolio position date. Starting in 2024, BCI conducted the measurement using a calendar year-end portfolio position date. This decision was made to provide alignment between the operating periods used to report the majority of emissions and financial data that we rely on to assess the carbon intensity of the portfolio.



Ambition

What we aim to achieve and why

We support the global goal of net-zero emissions by 2050 and manage our clients' assets with that transition in mind.

As an asset manager, our operational carbon footprint is small, making our investment strategy the primary lever we have to influence the transition to a low-carbon economy. Our focus is on acting where climate action and financial returns are aligned. We do not accept trade-offs against our investment mandate in order to achieve climate objectives and the risk and return requirements our clients set for us always come first.

In practice, this means seeking out financially beneficial climate transition investment opportunities, using engagement to encourage better climate practices at the companies we invest in, and refining how we assess and price climate risk across the portfolio.

2030 OUTLOOK

Commitment · Set 2022

80%

Carbon-intensive investments with mature net-zero-aligned commitments or otherwise engaged by BCI

Expectation · Set 2026

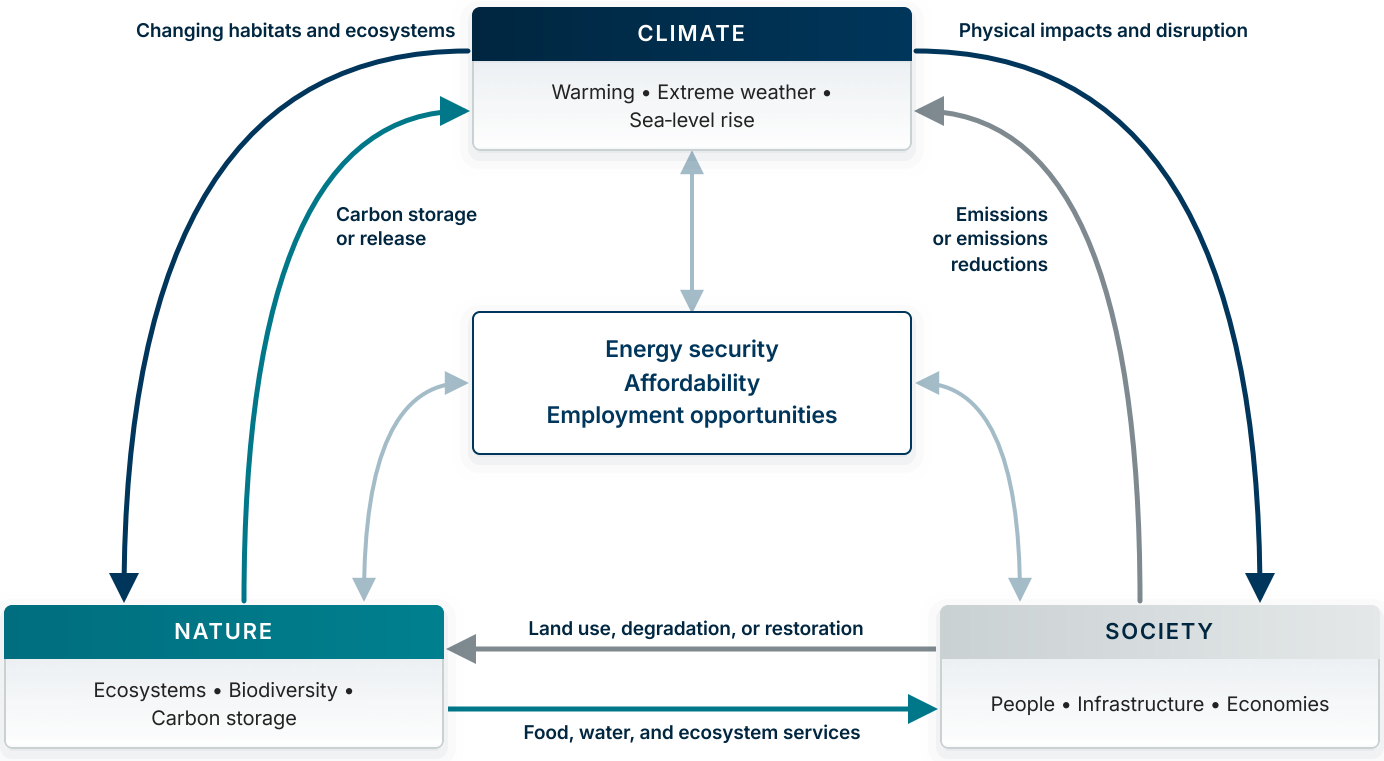
$25B

Invested in climate transition opportunities, subject to our return requirements

Climate change risk is systemic. It exists across the market, and excluding specific sectors will not mitigate that risk. Climate change cannot be separated from other far-reaching and interrelated risks, such as biodiversity and water availability. For example, companies rely on water availability, raw materials throughout their supply chains, and healthy ecosystems broadly to generate financial wealth. When those systems are deteriorating or unavailable, the financial consequences are significant for the economy.

The same interdependence runs through social and economic conditions. Where the pace of change outstrips what workforces and communities can absorb, or pushes energy costs beyond what households can bear, support for climate policy weakens and the transition slows. For a long-term investor, that is a financial consideration in addition to a social one.

CLIMATE, NATURE AND SOCIETY ARE INTERCONNECTED



Conceptual adaptation of IPCC AR6 WGII (2022), Figure SPM.1, with added energy and socioeconomic priorities. Not an official IPCC graphic.

The energy transition is not linear. BCI operates across a trilemma of energy security, affordability, and sustainability.

Market context and investment rationale

As capital markets adjust to a lower-carbon economy over the long term, the risks we assess, the assets available to invest in, and the expectations our clients have are dynamic. That is changing how we resource our organization, including the specialized skills we build internally, the data and analytical tools we use, and how we work with external managers, advisors, and the companies in our portfolio.

This plan is part of, and complementary to, our investment approach. Climate risk is embedded in our due diligence and stewardship activities because it is material for many companies. Physical risk, specifically, is becoming more acute as the world adapts to a warming climate and more extreme weather events.

At the same time, investment opportunities exist that benefit from the macroeconomic environment, particularly in infrastructure, where we are seeing a supercycle of high capital demand for physical and digital assets. McKinsey estimates global infrastructure investment of approximately US$106 trillion is needed through 2040, driven by factors such as population growth, digitalization, and decarbonization.[5]

Falling renewable energy costs are creating opportunities in wind, solar, and batteries, while rising power demand, including from artificial intelligence (AI), is driving investment in new capacity across energy sources. As governments around the world seek greater domestic control over energy resources, BCI looks for opportunities that balance our return requirements with the investment risks of all forms of energy.

[5] McKinsey, Global Private Markets Report 2026.

Key assumptions and external factors

The primary assumption underlying this plan is that we must remain focused on delivering expected returns to our clients, who each have differing liability profiles. Beyond that, our success in managing climate risk and seeking opportunities depends on a variety of factors we cannot control directly, such as government climate policy, the quality and availability of company-reported climate transition and adaptation plans, including emissions data, the pace of technological progress, and the extent to which physical climate risk is already factored into the system. Where these assumptions shift materially, we expect this plan, and our approach, to shift with them.



Government policy action

We have recently witnessed shifts in government priorities that are challenging the commitments made under the Paris Agreement on Climate Change, which was adopted by consensus of the 195 parties in 2015. Some nations have withdrawn their support entirely, while others have weakened commitments or delayed their ambitions due to shorter-term priorities or political shifts.



Data reliability

We have increased our confidence in data quality over the years by working with companies and partners to improve their reporting. At the same time, much of the disclosure that we rely on remains voluntary and fragmented. We are encouraged by the uptake of the ISSB standards as a global baseline for sustainability-related disclosures in many jurisdictions.



Technology commercialization

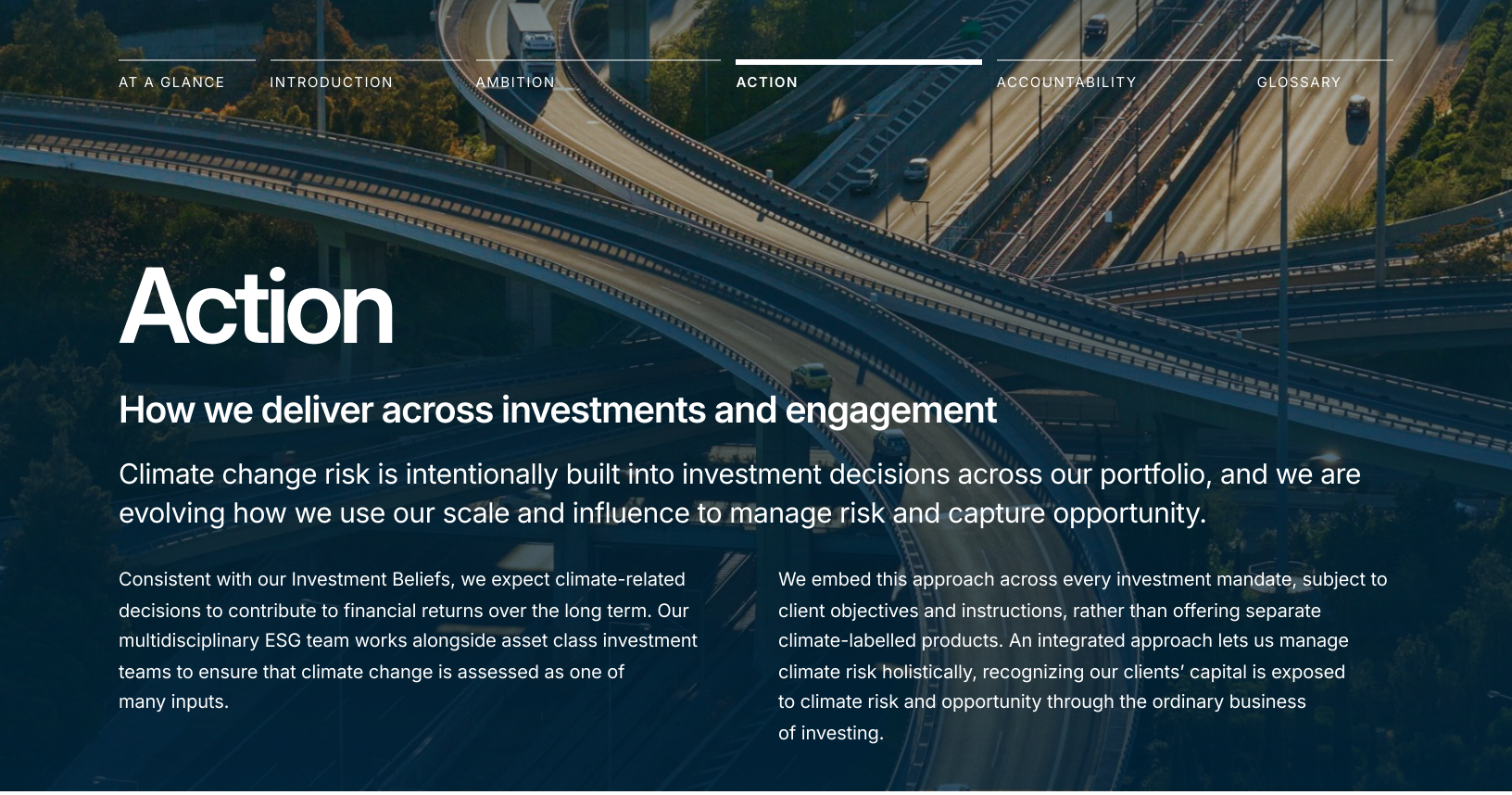
Climate technology investment has shifted toward later-stage projects in grid modernization, energy resilience, and critical mineral supply chains, where unit economics are well understood, and deployment can be fast.



Physical climate risk

Not all extreme weather events can be directly linked to climate change. However, the overall trend of increasingly severe, interconnected events illustrates a clear series of consequences. In 2025, natural disasters caused approximately US$224 billion in global damages, yet insurers covered US$108 billion, leaving roughly half of the losses uninsured.[6] The pace and severity of some of these impacts are hard to predict, so we assess potential investments for physical climate impacts over long time horizons.

[6] Munich Re, Natural disaster figures for 2025, 2026.



Action

How we deliver across investments and engagement

Climate change risk is intentionally built into investment decisions across our portfolio, and we are evolving how we use our scale and influence to manage risk and capture opportunity.

Consistent with our Investment Beliefs, we expect climate-related decisions to contribute to financial returns over the long term. Our multidisciplinary ESG team works alongside asset class investment teams to ensure that climate change is assessed as one of many inputs.

We embed this approach across every investment mandate, subject to client objectives and instructions, rather than offering separate climate-labelled products. An integrated approach lets us manage climate risk holistically, recognizing our clients' capital is exposed to climate risk and opportunity through the ordinary business of investing.

Connecting top-down and bottom-up analysis

Climate risk and opportunity must be evaluated at multiple scales and across timeframes relevant to each investment decision.

A top-down view tells us how climate change could affect the total portfolio and what that means for asset allocation. A bottom-up view tells us how it affects individual assets and companies. This plan connects the two through asset class roadmaps, so the top-down insights guide where we focus bottom-up actions to manage risk and capture opportunities.

CLIMATE RISK ANALYSIS ACROSS INVESTMENT DECISIONS

TOP-DOWN INSIGHT SETS PRIORITIES

TOP-DOWN *Scenario-based analysis*

Strategic asset allocation
Climate change scenario analysis
Assessing portfolio resilience relative to long-term capital market assumptions

Total fund strategy
Total portfolio climate stress testing
Assessing the concentration of climate risk across the portfolio

Asset class roadmaps
Climate-informed asset class action plans
Fit-for-purpose plans to address **transition risks**, **physical risks** and **capital deployment**

Individual portfolios
Climate-integrated portfolio monitoring
Tracking changing market conditions and portfolio risk exposures

Company due diligence
Physical and transition risk financial modelling
Running sensitivities to price climate risk in underwriting

BOTTOM-UP *Location and asset-specific analysis*

BOTTOM-UP EVIDENCE TESTS AND REFINES

Asset class roadmaps connect top-down analysis to bottom-up action

Climate scenarios and the total portfolio

We model the effect of climate change on long-term returns across the total portfolio, using multiple scenarios published by the Network for Greening the Financial System (NGFS) and supplemented with sector-specific modelling inputs, using our proprietary ESG Risk and Opportunity Framework.

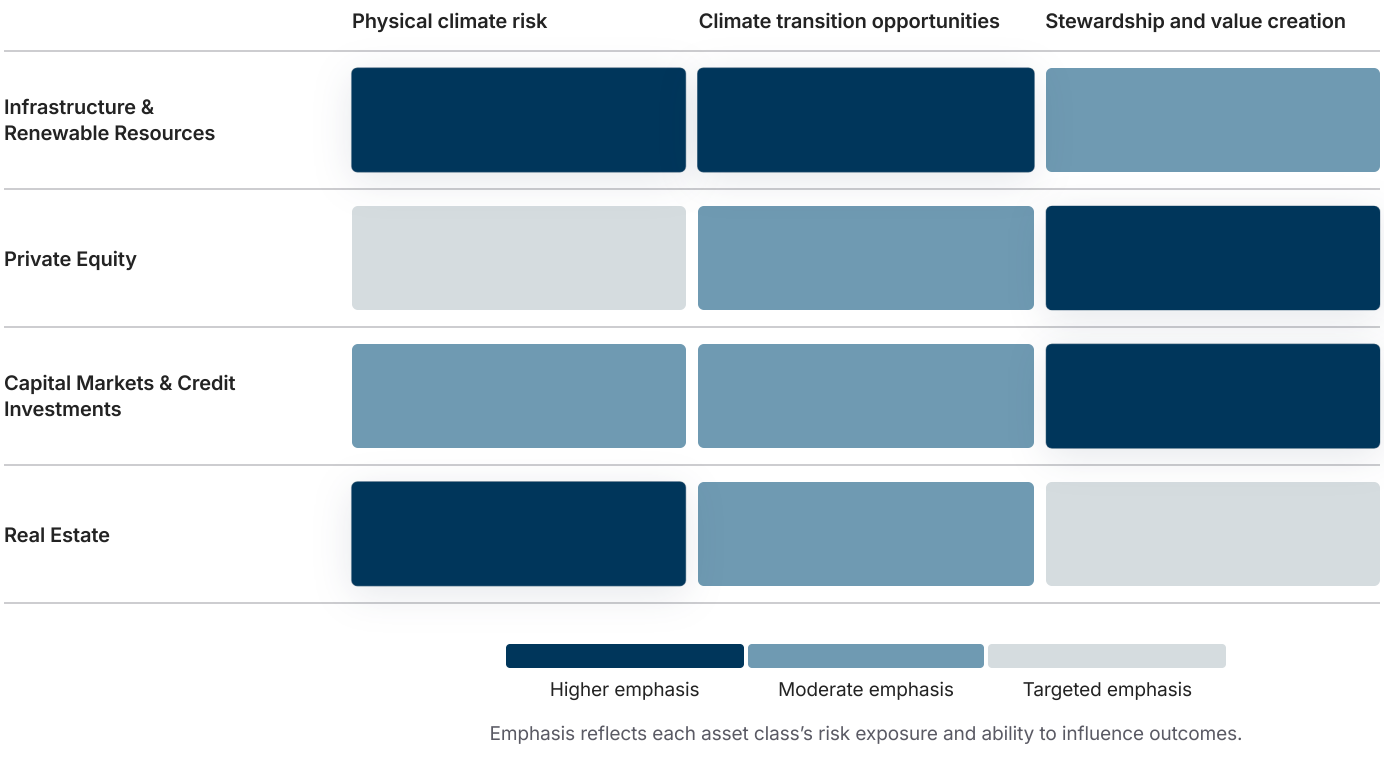
We use these results for both top-down and bottom-up analysis. They inform the strategic asset allocation advice we provide to clients through asset-liability reviews. The analysis also creates sensitivities to test the company-specific underwriting assumptions. The output of the climate change scenario analysis is a decision input rather than a forecast. Scenario models carry significant uncertainty, particularly in how they translate physical hazards into economic damage, and we update our methodology and coverage each year as data improves.

Asset class roadmaps

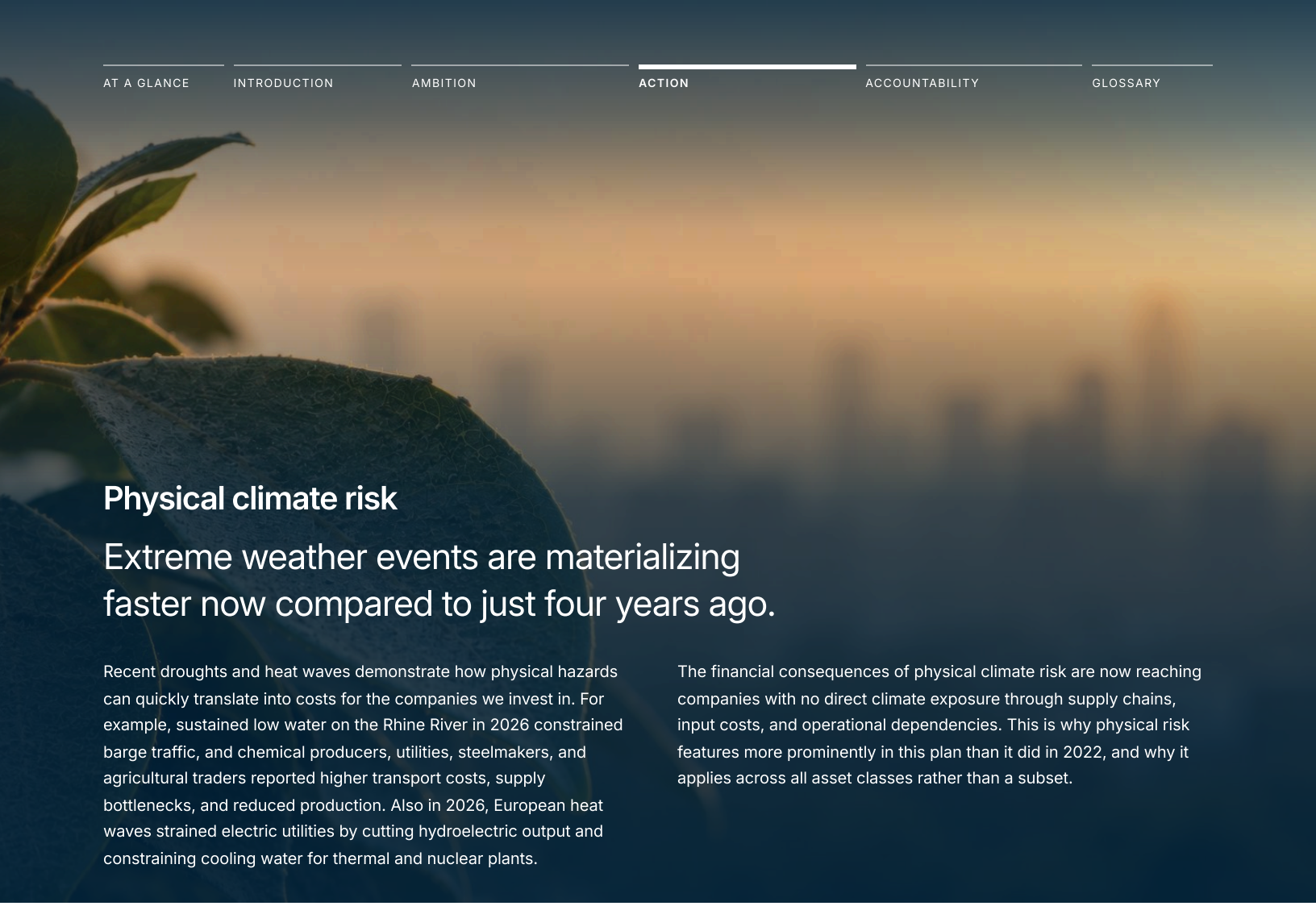
BCI's Climate Transition Plan applies across the organization, but each asset class implements it differently. Asset classes differ in liquidity, risk profile, duration, and the governance rights attached to each investment. We have introduced a climate transition roadmap for each asset class, built with the investment teams responsible for investment decisions.

Each roadmap covers three areas: physical risk, climate transition opportunities, and stewardship and value creation. The chart below illustrates how much emphasis each asset class can place on each area, reflecting exposure and ability to influence outcomes. The roadmaps make the corporate plan traceable to the activities underway in each asset class and help to direct resources to where they matter most.

CLIMATE PRIORITIES BY ASSET CLASS



Emphasis reflects each asset class's risk exposure and ability to influence outcomes.



Physical climate risk

Extreme weather events are materializing faster now compared to just four years ago.

Recent droughts and heat waves demonstrate how physical hazards can quickly translate into costs for the companies we invest in. For example, sustained low water on the Rhine River in 2026 constrained barge traffic, and chemical producers, utilities, steelmakers, and agricultural traders reported higher transport costs, supply bottlenecks, and reduced production. Also in 2026, European heat waves strained electric utilities by cutting hydroelectric output and constraining cooling water for thermal and nuclear plants.

The financial consequences of physical climate risk are now reaching companies with no direct climate exposure through supply chains, input costs, and operational dependencies. This is why physical risk features more prominently in this plan than it did in 2022, and why it applies across all asset classes rather than a subset.

How we assess physical climate risk

Where it is financially material, physical risk assessment is embedded in the due diligence process. It is most critical for long-dated physical assets, where we hold exposure for decades and cannot easily exit. Our work follows four steps:

1 → 2 → 3 → 4

Hazard

Which acute and chronic hazards apply, now and under future warming.

Exposure

Where the asset sits, and what it depends on.

Vulnerability

How susceptible the asset is, and how that changes over time.

Financial impact

What the exposure means for cash flows, capital expenditure, insurability and valuation.

The fourth step is the hardest and most important. While hazard data is widely available, translating it into a number that investment professionals can use for decision-making is not currently standard practice. Where we cannot quantify an impact, we manage it qualitatively rather than assigning false precision.

Climate transition opportunities

The transition creates investable opportunities for BCI, and we pursue these on the same basis as everything else we own.

A climate transition opportunity is an investment with core business activities that meaningfully advance the shift to a low-carbon, climate-resilient economy. We determine this by principle rather than by a fixed list.

WHAT COUNTS AS A CLIMATE TRANSITION INVESTMENT OPPORTUNITY

Climate solutions

Assets whose products and services directly reduce emissions.

Enabling activities

Infrastructure that makes decarbonization possible.

Adaptation and resilience

Assets that reduce exposure to physical climate risk.

Transitioning assets

High-emitting assets with mature transition plans, where engagement is the lever.

When assessing how investments will be categorized, we consider revenue thresholds, planned capital expenditures, and the existence of a credible, funded decarbonization plan. We use recognized external references, including Net Purpose, the Climate Bonds Initiative, the EU Taxonomy, the Transition Pathway Initiative, and the Science Based Targets initiative (SBTi), and review these definitions annually.

Including higher-emitting companies with credible transition plans is deliberate and aligns with our position on engagement. Decarbonizing an existing high-emitting asset can reduce real-economy emissions more than adding another low-emitting asset, and it is where active ownership can be most effective.

Where we expect to be by 2030

Based on current asset class roadmaps and subject to opportunities meeting our return requirements, our investment strategy is expected to result in **$25 billion in climate transition investments by 2030**. This is measured using the definition as outlined in this plan and not directly comparable with the climate-related opportunity exposure reported previously. We will publish a baseline on the new definition in our 2026-2027 Corporate Annual Report.



$25B

CLIMATE TRANSITION INVESTMENTS

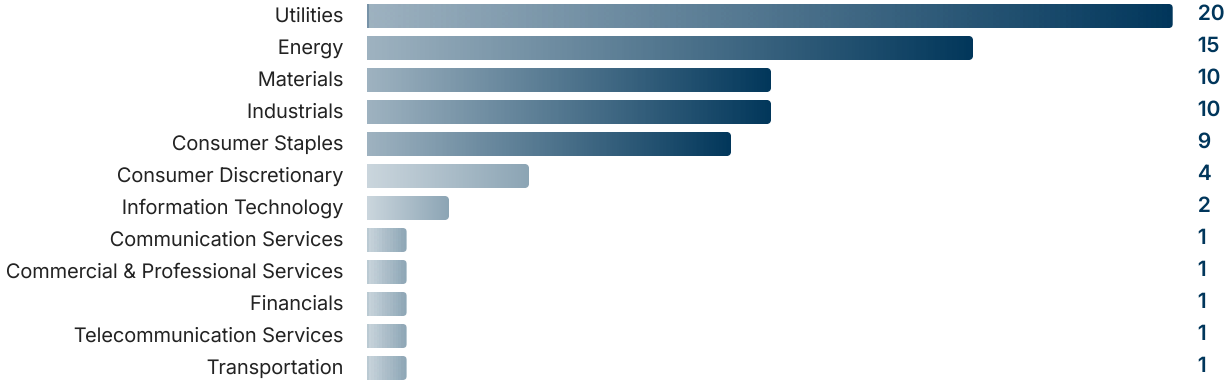
Stewardship and value creation

Engagement is our primary tool for reducing climate risk in the portfolio.

Selling an investment transfers it to another owner. It does not directly reduce emissions in the real economy, and it ends our ability to influence the outcome. We engage by meeting with boards and management, voting our shares, and, where useful, working alongside other investors to encourage stronger climate governance and credible transition planning. We also work directly with private portfolio companies to pursue climate-related initiatives that generate new sources of value.

BCI'S CARBON-INTENSIVE INVESTMENTS BY SECTOR

We focus our efforts where it is most material. Each year, we identify our most carbon-intensive investments across asset classes, defined as the companies that account for the largest share of our carbon footprint. Currently, we are focused on 75 companies, representing approximately 69% of our financed emissions.



TRANSITION PLAN MATURITY SCALE

We assess each company against a four-tier maturity scale: no commitment, emerging, aligning, and mature. The scale is built on external frameworks, including the SBTi and the Transition Pathway Initiative.



TIER 1

No commitment

No public climate commitment in place.

TIER 2

Emerging

A commitment made, with a plan yet to be developed.

TIER 3

Aligning

Executing a credible strategy against a stated target.

Added in 2026

TIER 4

Mature

A net-zero-aligned commitment with a funded, credible plan.

PROGRESS AGAINST OUR 2030 ENGAGEMENT COMMITMENT

In 2022, we committed to ensuring that, by 2030, 80% of these companies will either have set mature net-zero-aligned commitments or be the subject of direct or collaborative engagement by BCI. As at December 31, 2025, that figure was 59%. Closing the gap depends on companies operating in complex regulatory, economic, and geopolitical environments.

59%

AT DEC. 31, 2025



Proportion of carbon-intensive investments that have set mature net-zero-aligned commitments or are the subject of direct or collaborative engagement by BCI.

Proxy voting and escalation

Since 2017, our proxy voting guidelines have set out what we expect of boards on climate oversight, disclosure, and transition planning. Where a company falls short, we vote accordingly, including against the directors responsible for oversight. BCI publishes our voting intentions and rationales ahead of every shareholder meeting on BCI.ca.

Where engagement is not leading to progress, we may escalate by seeking out dialogue with more senior representatives, supporting shareholder proposals that advance climate disclosure or transition planning, withholding debt financing, or stating our position publicly. Selective divestment remains available where a holding no longer meets our risk-return expectations. It is a portfolio decision, not a climate-escalation tool, because exiting a holding forfeits the influence on which engagement depends.

Policy and market engagement

Beyond portfolio companies, we engage policymakers and regulators, directly and through organizations we support, to encourage policy that enables an orderly climate transition. Recently, we have taken a more proactive approach to policy conversations, including through international investor bodies. Our policy submissions are also published on our website.



Accountability

How we measure progress and who is responsible

Metrics and expectations

WHAT WE TRACK

EXPECTATION

$25B by 2030

Climate transition investments

Subject to our return requirements. Baseline to be published in our 2026-2027 Corporate Annual Report.

COMMITMENT

80% by 2030

Carbon-intensive investments by maturity levels

Companies with mature net-zero-aligned commitments or under BCI engagement.

- Total portfolio carbon footprint
- Climate risk at the total portfolio level
- Voting on climate-related shareholder proposals and director elections
- Operational carbon footprint
- Sustainable bond issuance participation
- Climate-related policy submissions

Reporting and disclosure

We report on climate metrics annually in two places. If an expectation is not on track, we will identify and explain how we are addressing it.

Climate-related disclosures

Our climate-related disclosures, published in our corporate annual report, are informed by the Canadian Sustainability Disclosure Standard 2 (CSDS 2), which aligns, to the extent possible, with the IFRS S2 standard.

Stewardship report

Our annual stewardship report sets out our policy, engagement, and voting activity in detail, including climate-related engagements across asset classes.

Working with our clients

BCI manages assets for more than 30 diverse public sector and institutional clients with different liabilities, time horizons, and investment objectives. We consulted our clients on this plan through roundtables, formal meetings and direct engagement, and their views have informed its development. While it describes how BCI approaches climate risk across the assets we manage, it does not override the direction we receive from clients, and we report to each client on the assets we manage on their behalf.

Governance

Board oversight

BCI's Board of Directors monitors implementation of this plan as part of its oversight of all BCI operations. A set of climate-related corporate key performance indicators is reported to our board throughout each fiscal year, alongside the organizational financial and operational metrics.

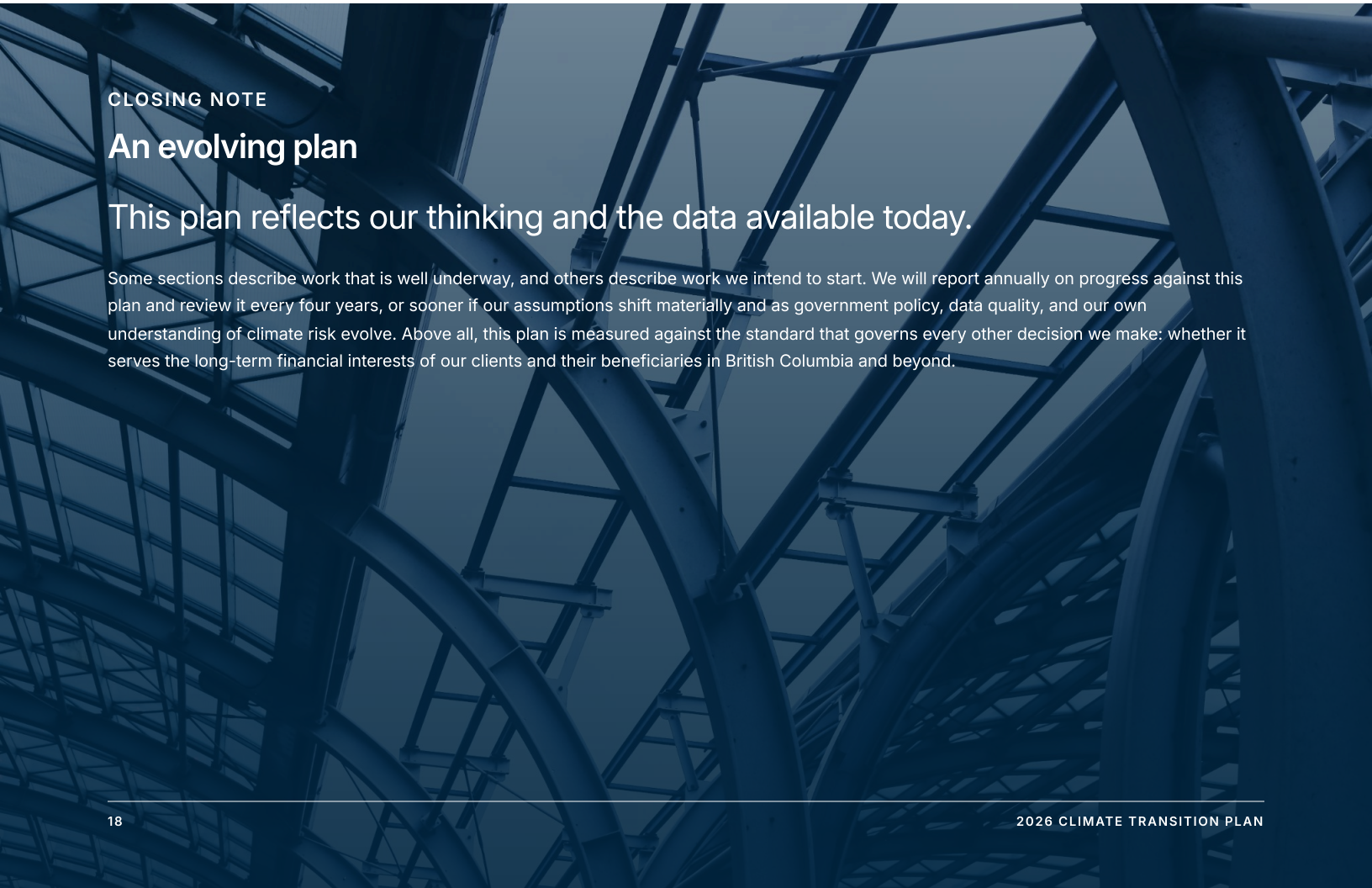
Management responsibility

Formal approval of this Climate Transition Plan is granted by the Management Investment Committee, BCI's highest investment body. Day-to-day accountability for its delivery lies with our executive management team, working through the same governance structures that oversee our broader ESG strategy.

BCI has an embedded ESG operating model, with ESG professionals sitting alongside investment teams in each asset class. This ensures ESG risks and opportunities are integrated into every step of our investment process. It also ensures a consistent approach to addressing the issues most material to our clients' investments.

Skills and training

We continue to build climate expertise across the organization through our embedded model, supported by the insight and research capabilities that underpin our broader investment strategy.



CLOSING NOTE

An evolving plan

This plan reflects our thinking and the data available today.

Some sections describe work that is well underway, and others describe work we intend to start. We will report annually on progress against this plan and review it every four years, or sooner if our assumptions shift materially and as government policy, data quality, and our own understanding of climate risk evolve. Above all, this plan is measured against the standard that governs every other decision we make: whether it serves the long-term financial interests of our clients and their beneficiaries in British Columbia and beyond.

Glossary

TERM	DEFINITION
Asset class roadmaps	Climate transition roadmaps developed for each of BCI's asset classes with the investment teams responsible for investment decisions.
Canadian Sustainability Disclosure Standard 2 (CSDS 2)	Canada's voluntary climate-related disclosure standard, issued by the Canadian Sustainability Standards Board (CSSB). It is modelled on the ISSB's IFRS S2 standard, with modifications for the Canadian context.
Carbon-intensive investments	BCI's carbon-intensive investments are defined as the top 75 portfolio companies by financed emissions, subject to a minimum holdings threshold. Together, these companies represent 69% of BCI's total financed emissions.
Climate Bonds Initiative	An international not-for-profit organization that works to mobilize the bond market for climate solutions. It maintains the Climate Bonds Taxonomy and the Climate Bonds Standard, which set science-based criteria for which assets and projects are consistent with a low-carbon, climate-resilient economy.
Climate transition opportunity	An investment whose core activities meaningfully advance the shift to a low-carbon, climate-resilient economy. BCI groups these into four categories: climate solutions, enabling activities, adaptation and resilience, and transitioning assets.
Collaborative engagement	Like-minded investors work together to expand their influence and engage with a target company as a group.
Direct engagement	An individual investor engages with a target company's management or board.
Escalation	The further steps BCI takes when direct or collaborative engagement is not leading to progress.
ESG Risk and Opportunity Framework	BCI's proprietary framework for measuring how the macroeconomic environment and market dynamics, such as carbon prices, the supply and demand of fossil fuels, and greening the economic system, affect long-term investment performance.
EU Taxonomy	The European Union's classification system for environmentally sustainable economic activities. An activity qualifies if it makes a substantial contribution to at least one of six environmental objectives, such as climate change mitigation or adaptation, does no significant harm to the others, and meets minimum social safeguards.
Financed emissions	The greenhouse gas emissions of the companies and assets BCI invests in, attributed to BCI in proportion to the size of its investment.
Green, Social, Sustainability, and Sustainability-Linked bonds (GSS bonds or sustainable bonds)	Green, social, and sustainability bonds direct their proceeds to eligible projects. Sustainability-linked bonds tie their financial terms to the issuer meeting stated sustainability performance targets. Referred to as sustainable bonds elsewhere in this plan.
International Financial Reporting Standards (IFRS)	The global standards issued by the IFRS Foundation, comprising IFRS Accounting Standards, developed by the International Accounting Standards Board (IASB), and IFRS Sustainability Disclosure Standards, developed by the ISSB. Both boards are independent standard-setting bodies within the IFRS Foundation.
International Sustainability Standards Board (ISSB)	An independent body that develops IFRS Sustainability Disclosure Standards, intended as a global baseline of sustainability disclosures for financial markets, under the oversight of the IFRS Foundation.
Net Purpose	A data provider for sustainable and impact investors. Its platform provides data on the social and environmental outcomes of companies and investment portfolios. In 2025, Net Purpose acquired the Sustainable Development Investments Asset Owner Platform (SDI AOP), which BCI co-founded in 2020.
Network for Greening the Financial System (NGFS)	A network of central banks and financial supervisors that works to strengthen the financial system's management of climate-related risks. The NGFS publishes a widely used set of climate scenarios.

TERM	DEFINITION
Net-zero emissions	A state in which an economy has reduced its greenhouse gas emissions to as close to zero as possible, and offsets any remaining emissions through actions that support re-absorption from the atmosphere. Examples include tree planting or carbon capture technologies.
Orderly climate transition	A shift to a low-carbon economy in which climate policies are introduced early and become gradually more stringent, limiting disruption to markets and the economy.
Physical climate risk	The risk of financial loss from the physical effects of climate change. These include acute hazards, such as floods, wildfire, and storms, and chronic changes, such as rising temperatures, sea-level rise, and water stress.
Science Based Targets initiative (SBTi)	A partnership between CDP, the United Nations Global Compact, World Resources Institute (WRI), and the World Wide Fund for Nature (WWF). It defines and promotes best practices in emissions reductions and net-zero targets. It also provides technical assistance, expert resources, and independent assessment and validation to companies that set science-based targets in line with the latest climate science.
Strategic asset allocation	The long-term mix of asset classes in a client's portfolio, set to meet the client's return and risk objectives. BCI advises clients on strategic asset allocation through asset-liability reviews.
Task Force on Climate-related Financial Disclosures (TCFD)	A Financial Stability Board initiative whose 2017 recommendations became the leading framework for climate-related financial disclosure. The TCFD disbanded in 2023, and its recommendations are now incorporated into the ISSB's IFRS S2 standard.
Transition Pathway Initiative (TPI)	An independent repository of research and data on the progress that the financial and corporate world is making in the transition to a low-carbon economy.
Transition Plan	A company's strategy for aligning its business with a low-carbon economy, including emissions targets, the actions to reach them, and the capital to fund them. BCI assesses the transition plans of its carbon-intensive investments against a four-tier maturity scale.

Forward-looking statements

BCI's Climate Transition Plan (the "Plan") is a general communication provided for informational and educational purposes only. It is not investment, legal or other advice, or an offer, solicitation or recommendation concerning any investment, strategy or course of action. The views expressed represent BCI's current views as at the date of publication and are subject to change.

This Plan contains forward-looking statements concerning BCI's expectations, plans, strategies and future activities, including its expectation that its investment strategy will result in $25 billion in climate transition investments by 2030. This figure is a modelled estimate, not a capital commitment, promise or guarantee. Forward-looking statements are based on assumptions and information available as at the date of publication and involve risks and uncertainties. Actual results may differ materially, and BCI's ability to achieve its expectations may be affected, due to factors including client objectives and directions; the availability of opportunities meeting BCI's risk and return requirements; investment performance, market values, foreign-exchange movements, acquisitions and dispositions; economic and market conditions; government policy and regulation; developments in climate science, technology and data; actions by portfolio companies and other third parties; and changes in applicable methodologies, taxonomies, standards or definitions.

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