

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION

Corporate Annual Report

2014–2015

INVESTING RESPONSIBLY FOR RESULTS



About bclMC

With \$123.6 billion of managed net assets, the British Columbia Investment Management Corporation (bclMC) is one of Canada's largest institutional investors within the global capital markets. We offer our public sector clients responsible investment programs across a range of asset classes: fixed income; mortgages; public and private equity; real estate; infrastructure; renewable resources; long-term strategic themes. Our investments provide the returns that secure our clients' future payments and obligations.

Contents

2014–2015 Investment Highlights	1
bclMC at a Glance	2
Message from the Chair	4
Report from the CEO/CIO	6
Management's Discussions and Analysis	9
bclMC in Brief	10
Our Clients	11
Capital Markets Overview	12
Investment Returns	13
Return Summary for Combined Pension Plan Clients	14
Fixed Income	15
Mortgages	16
Public Equities	17
Private Equities	18
Infrastructure	19
Real Estate	20
Renewable Resources	21
Risk Management	22
Responsible Investing	24
bclMC's Corporate Governance	25
Our Board of Directors	26
Our Corporate Governance	30
Compensation Discussion and Analysis	32
Corporate Financial Statements	37
Our External Managers and Partners	59
Our Executive Management Team	60

2014–2015 Investment Highlights

Returned 14.2% against a one-year combined benchmark of **12.6%**

Returned 11.1% (annualized) against a four-year combined benchmark of **9.1%**

Returned 8.1% (annualized) against a ten-year combined benchmark of **7.3%**

\$1.4 billion in added value to British Columbia public sector pension plans

Increased our managed net assets by **\$13.2 billion** — a year-over-year increase of **11.9%**

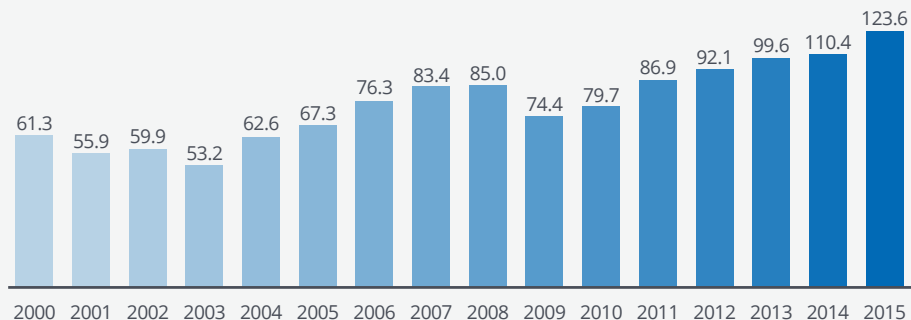
Committed **\$2.4 billion** to real assets — Infrastructure, Renewable Resources, and Real Estate

Public Equities, Private Equities, Real Estate, Infrastructure, and Renewable Resources **outperformed** their respective benchmarks

bcIMC at a Glance

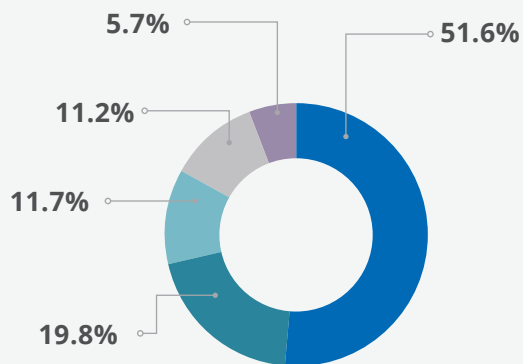
TOTAL NET ASSETS UNDER MANAGEMENT (\$ billion)

For the year ended March 31



REGIONAL ALLOCATION OF ASSETS UNDER MANAGEMENT

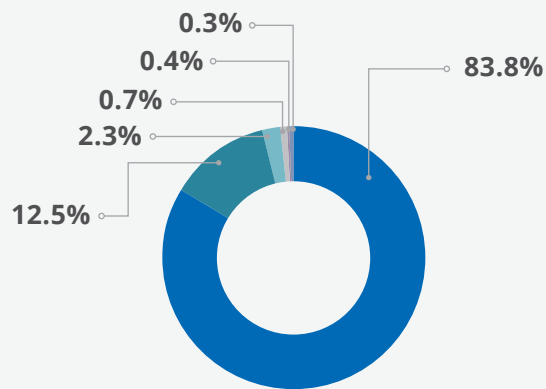
As at March 31, 2015 ¹



- Canada
- U.S.
- Emerging Markets
- Europe
- Asia

CLIENT PROFILE

As at March 31, 2015 ¹

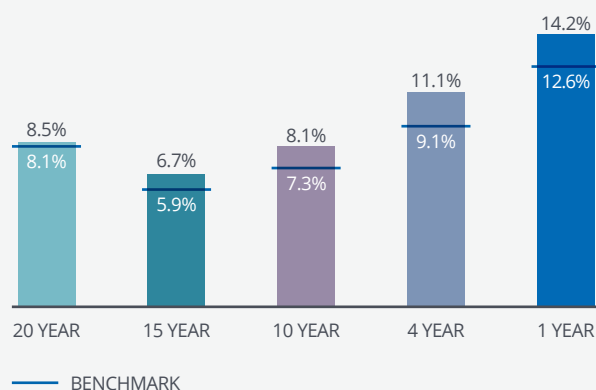


- Pension Plans
- WorkSafeBC Accident Fund
- Public Trusts
- Government Bodies
- Sinking Funds
- Government Operating Funds

¹ Percentages based on net assets.

bcIMC ANNUALIZED PENSION RETURNS

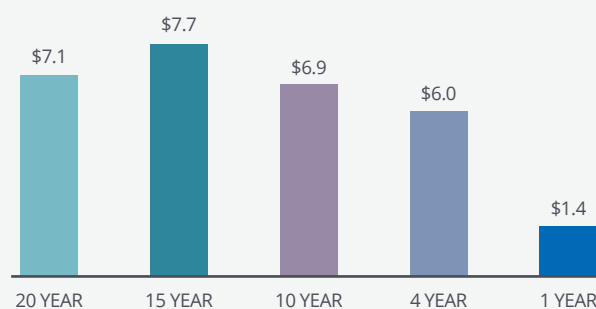
Returns for the periods ended March 31, 2015 ¹



¹ Balanced portfolio returns are shown net of fees.

CUMULATIVE VALUE ADDED BY bcIMC (\$ billion)

Total pension portfolio return minus benchmark return for the periods ended March 31, 2015



ASSETS UNDER MANAGEMENT

For the year ended March 31, 2015 (by asset class)

	\$ BILLION	%
Public Equities	61.2	49.5
Fixed Income	26.6	21.5
Real Estate	18.0	14.6
Private Equities	5.9	4.8
Infrastructure	5.8	4.7
Mortgages	2.6	2.1
Other Strategies — All Weather	1.9	1.5
Renewable Resources	1.6	1.3
Net Assets Under Management	123.6	100.0

Message From The Chair

This past year has been one of transition and planning.



My message in the 2013–2014 annual report discussed the impending departure of Doug Pearce, who as the chief executive officer / chief investment officer led bcIMC for 27 years. Doug's vision established bcIMC as an independent company that focuses on strong investment returns, securing the financial futures of our public sector clients.

Doug built a phenomenal team of highly skilled professionals that managed \$114.0 billion in gross assets across the world at the time of his retirement. He set the culture, ensured that the proper systems and processes were in place, and was key in creating the strategy that grew the company into what it is today. Doug is truly an outstanding individual. Consistent with his overriding concern for bcIMC, he

provided the Board ample notice of his plans to retire, which allowed us to put in place a comprehensive and thorough strategy to recruit a new CEO/CIO.

As we pay tribute to Doug's achievements in building and growing bcIMC, we also welcome Gordon J. Fyfe as his successor. This position is fundamentally important in shaping and implementing bcIMC's long-term strategy and investment activities. Gordon joins bcIMC with more than 30 years experience in the investment and finance industry. He is a leader with the vision, investment expertise, and management skills to expertly lead the company in delivering on its fundamental mandate — growing bcIMC and generating investment returns. And under Gordon's leadership, bcIMC's investment professionals will continue to use responsible investing as a means to protect and grow the long-term financial value of the companies in which bcIMC is invested.

Now that the CEO/CIO transition is behind us, the Board is joining with management to launch a strategy that will expand our investment model and transform our processes. The

company has developed a strategic plan that outlines the focus for the next three years, which centres on adding more depth to the organization and expanding our technological capability for what we refer to internally as “managing for the next \$100 billion.”

This year, we have also gone through a transition at the Board level and would like to acknowledge the contributions of two departing directors. Joan Axford, whose term ended in December 2014, contributed to the establishment of bclMC’s governance practices. She served as vice chair of the Board, chair of the corporate human resources and board governance committee, and was also a member of the audit committee. She made significant contributions to governance of human relations, and played a fundamental role with the recruitment and selection of the CEO/CIO. The Board thanks Joan for her long-standing commitment to shaping bclMC’s governance.

As well, we thank Dominique Roelents, a director since 2013 who also served as a member of the audit committee, for his contributions. Dominique has taken the position of executive officer for three of bclMC’s pension plan clients. We wish him well in his future endeavours.

We also welcomed two new Board members. Karen Maynes, appointed by the College Pension Board of Trustees, joined in September 2014, and Ken Tannar, appointed by the Teachers Pension Board, joined us in January 2015.

In closing the Board commends staff for their unwavering commitment during this time of transition. They succeeded in maintaining day-to-day operations, implementing strategic initiatives, and completing key projects. Their focus on bclMC’s mandate always remained top of mind. Due to their solid efforts, staff continued to deliver strong returns and added value for our clients. The Board applauds their commitment to responsible and prudent investment management. And finally, we thank our clients for your continued support.



Rick Mahler
Chair of the bclMC Board of Directors

Report From The CEO/CIO

A year of discovery, planning, and transition



Fiscal 2015 was a busy year — both for bcIMC as a growing company and for me as the new CEO/CIO.

Since joining the company in July 2014, my focus has been on getting to know the team and understanding bcIMC's investment program and operations. I have also made it a priority to meet our core clients to better understand their investment goals and objectives. They are highly engaged and committed to stewarding the pension plans and accident funds. The trustee boards and investment committees are driven by what is required to ensure long-term financial sustainability, which enables them to meet their obligations both today and into the future.

bcIMC is responsible for generating value-added returns for our clients. I commend Doug for his role in building a team of world-class investment professionals who are committed to achieving this goal. With the Board's oversight and Doug's leadership, bcIMC has developed mature investment programs and established the operations required to grow assets under management from \$9.5 billion to more than \$114.0 billion gross assets at the time of Doug's retirement, as well as worked to successfully expand into global markets.

In addition to getting to know the people behind bcIMC, I have also directed my energy to planning for our future and understanding the Board's vision as outlined by the Chair's letter in the 2011–2012 Annual Report. The next phase for bcIMC will see the implementation of this direction.

bcIMC's future — looking beyond tomorrow

Our executive management takes great care when it comes to handling the financial security of our clients. In addition to seeking and investing in quality assets, the team must ensure that our strategies, processes, and talent are forward-looking and are positioned to maximize investment opportunities. We need to focus on the future so that we can continue to provide value to our clients and meet their return requirements. Our assets are increasing and we anticipate bcIMC will manage more than \$200 billion within the next decade.

Successfully managing and deploying this amount of capital amid an increasingly complex investment environment requires a talented team that is supported by sophisticated strategies and scalable systems. With the same approach we take with investing our clients' funds, we must also invest in bclMC to ensure our continued success.

With this goal in mind, the executive management team has prepared a three-year business plan that capitalizes on our competitive advantages and works towards building bclMC's future. Throughout the development of these new initiatives, we sought the input of the Board and our core clients, and I am pleased to report that both groups support our proposed plan. We are confident that the business strategy that we developed will transform bclMC to stay successful and build on our foundation of providing solid returns and value-add investment services. Our business plan consists of three main focus areas: enhancing investment strategies, internalizing asset management, and rebuilding bclMC's base.

ENHANCING OUR INVESTMENT STRATEGIES

Ultimately, bclMC's goal is to invest our clients' money and generate value-added returns. Our clients depend on these returns to pay pensions and insurance obligations long into the future. We must ensure our strategies maximize returns within our clients' risk parameters. To keep pace with the rapid evolution of the investment world, our investment activities will become increasingly sophisticated and adapt to the changing capital markets.

Updating our investment strategies includes expanding our use of derivatives and leverage in our programs to facilitate cost-effective rebalancing of our clients' portfolios. We view the use of certain derivative products as an efficient tool to reduce the risk of portfolios, as well as to allow for quicker transitions of assets and to produce higher returns. In short, derivatives can benefit our clients. Similarly, leverage allows us to take advantage of low interest rates, and when used as a strategy, can free up capital to be used elsewhere.

We will also increase our global investment footprint and expand our range of products to ensure our clients can benefit from a wider range of investment opportunities. These include expanding our currency management capabilities, increasing global private market investments, and adding high yield debt.

INTERNALIZING OUR ASSET MANAGEMENT

Our three-year business plan also involves managing more of the funds in-house — especially private markets and public equities. This strategy builds investment and other skills in-house and in British Columbia. It improves the alignment of investment and ownership interests, which is essential when managing long-term investments. It also allows bclMC to reduce the fees paid to external managers, which are significantly higher than the cost of managing the money internally.

REBUILDING bcIMC'S BASE

People are our most important resource; to that end, we will also make investing in and enhancing our talent a priority over the next three years. bcIMC's clients rely on our team's skill and expertise to generate returns on their behalf while still protecting the current value of their funds. We already have a strong core group of professionals; however, we need to add to our skill base in order to equip bcIMC for the future. This will allow us to pursue sophisticated investment strategies, manage more of our assets in-house, and maximize operational efficiency.

As well as increasing our capacity, we also introduced a talent management program aligning staff accountabilities with business objectives, then incenting and rewarding staff for delivering. Additional significant initiatives include the creation of a robust training program to support staff in their quest to enhance and deepen their skills and knowledge, and a focus on succession planning to ensure that the leaders of tomorrow have opportunities to develop their leadership and management skills. Last but not least, our activities to enhance bcIMC's talent also include strengthening our internal communication to provide staff with a clear line of sight between their responsibilities and bcIMC's direction.

Our second priority to rebuilding our base involves implementing scalable systems to accommodate the increasingly complex global investment environment. We believe that to effectively manage long-term investments, bcIMC must measure, manage, monitor, and report on investment risk. Over the next three years, we plan to implement an investment risk system and instill a sophisticated culture of risk management.

bcIMC's three-year business plan sets the course for our immediate future. We are investing in the company by strengthening the foundation and equipping ourselves in preparation for managing \$200 billion. This will not detract from our ongoing priority of managing our clients' funds. Although we expect a moderate increase in costs, building and equipping a larger team will establish bcIMC to further reduce external management fees over the long term.

In conclusion, my first year with bcIMC has been rewarding. I have had the opportunity to return to my home city of Victoria, and I have met an array of skilled and talented people — within bcIMC, amongst our clients, and also within bcIMC's investment network.

I would like to thank the Board and our clients for supporting bcIMC's future plans. I look forward to the next phase of bcIMC's growth and am excited to be part of what is on the horizon. I'd also like to express my gratitude to our staff for their commitment to bcIMC and for maintaining their focus on our ultimate goal — investing responsibly for results.



Gordon J. Fyfe

Chief Executive Office / Chief Investment Officer



| Management's Discussion and Analysis

bclMC in Brief

OUR MANDATE

bclMC provides investment management services to British Columbia's public sector. Our mandate is to invest the funds not currently required by our clients to pay pensions and other benefits. As their investment manager, bclMC is responsible for growing long-term client wealth while also protecting the value of their funds. We offer investment products across a wide range of asset classes, including strategic investment themes.

OUR INVESTMENT DISCIPLINE

We are legally and contractually required to invest our clients' funds in their best financial interest — that is our fiduciary responsibility.

We follow a discipline of investing for the long-term, utilizing the size of the assets under management to our advantage. Maintaining our discipline, while focusing on due diligence and diversification allows us to manage market risks. bclMC's objective is to invest in assets that provide reliable cash flows and will appreciate in value over the long term.

bclMC brings more than capital to our investments. Our clients share our belief that responsible investing allows us to manage material environmental, social, and governance risks and improve long-term returns. We expect our portfolio companies to create long-term value and focus on stewardship.

As skills matter, we select the best-in-class investment managers and business partners.

OUR INVESTMENT FUNDS

Our product line is diversified by asset class, region, and style. Like a mutual fund, the pooled fund combines our clients' contributions and is then invested in securities and other assets. This structure provides economies of scale, allowing clients to obtain a more diversified portfolio at a lower cost than would investing individually. bclMC holds all assets in trust; clients do not own the individual assets within bclMC's investment portfolios.

Investing is an intrinsically dynamic activity. As capital markets evolve, we adapt our product line to ensure clients benefit from new investment opportunities. bclMC's Board approved the investment policy for a new fund, the High Yield Bond Fund. This actively managed fund will hold high yield securities with terms to maturity of up to 10 years. The fund is benchmarked against the Bank of America Merrill Lynch BB-B U.S. Cash Pay High Yield Constrained Index. Funding of this new product is scheduled for 2015.

This year we wound down the U.S. Social Index Fund and suspended our currency hedging funds. Currency hedging for client portfolios is now managed on a segregated basis or within specific programs.

OUR VISION

We will be the responsible fund manager of choice for the British Columbia public sector, at the forefront of the industry and consistently exceeding the performance and service expectations of our clients.

OUR MISSION

We are accountable to our clients to provide professional fund management for all asset classes, exercising the highest standards of prudence and fiduciary responsibility. We deliver to our clients the highest return for a given level of risk, at a reasonable cost, while recognizing our responsibility to the broader society through our governance, social, and environmental related activities.

OUR VALUES

We live and embrace the values of delegation, accountability, integrity, and teamwork.

Our Clients

bcIMC began operations under the *Public Sector Pension Plans Act* in 2000 in order to provide investment services to British Columbia's public sector. Our clients are not mandated to use bcIMC services and have voluntarily chosen bcIMC as their investment manager.

Our largest client group, the public sector pension plans, make up approximately 83.8 per cent of the assets. Our investment activities help to secure the pensions of more than 526,000 plan members. Clients establish the investment framework and set the performance targets for their pension fund. They determine the asset allocation framework and the diversification of the portfolio. Some plans take greater market and liquidity risk to enhance long-term returns. Returns are important — for every \$100 a pension plan member receives in retirement benefits, on average \$75 is provided by bcIMC's investment activity.

Government bodies account for 13.2 per cent of our assets. We help finance the insurance and benefit funds for over 2.2 million workers in British Columbia. Publicly administered trust funds comprise 2.3 per cent of our assets. Some of these clients prioritize capital protection, while others look for liquidity and short-term performance. Sinking and government operating funds represent 0.7 per cent of our managed assets.

We invest in line with our clients' investment frameworks and policies, as well as applicable legislation and regulations. bcIMC is accountable to clients for both fund performance and management fees. We operate on a cost-recovery model. bcIMC's costs are not subsidized by the Province of British Columbia.

We focus on understanding our clients' different needs — whether managing pension funds on behalf of plan trustees, growing capital reserves for insurance funds, or generating income for trust funds. This includes learning about their risk and return objectives, liability profile and liquidity needs, and their investment horizon. bcIMC assists with developing strategies that take into account our clients' investment objective, risk appetite, and investment beliefs.

Meeting clients' needs extends beyond putting their funds to work. A dedicated team works closely with trustees to expand their knowledge and understanding of capital markets. bcIMC offers our major clients educational sessions that include webinars, orientation programs, multi-day training sessions, as well as an annual conference.

Capital Markets Overview

There were several unexpected political and economic developments during the year. Russia used military force to re-claim parts of the former Soviet Union, prompting sanctions by Western governments. Political boundaries and alliances melted away, and new ones formed as a large part of the Middle East came under siege by the Islamic State. Despite all the upheavals, oil prices plunged.

The modest global economic recovery continued and, while financial markets were largely untroubled by these surprises, differences in monetary policy stances across countries had large effects on currency values.

World GDP is estimated to have grown 3.3 per cent during the year, with U.S. growth accelerating to an annual pace of about 4 per cent during the year. China's economic growth continued to decelerate to the 7.0 per cent range while the pace in India picked up and by early 2015 had hit 7.5 per cent.

Oil prices halved from around US\$100 per barrel in early April 2014 to the US\$50 range at the end of March 2015. While the falling cost of a key material benefits the global economy, regional consequences differ and will take time before being reflected in economic indicators. Net oil-importers such as the U.S., Japan, and Europe will benefit, while net exporters

such as Canada, the Middle East, Norway, and Venezuela will experience reduced exports, investment and economic growth.

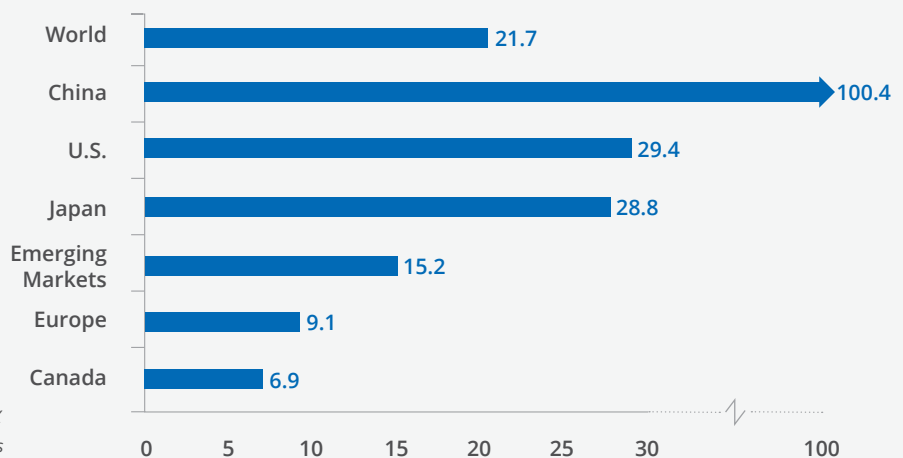
Falling oil prices raised concerns that low inflation would turn into deflation and prolong the lengthy period of very easy monetary conditions. This caused global bond yields to drop further. Yields on 10-year U.S. Treasury bonds fell from 2.7 per cent to 1.9 per cent during the year, while yields on Government of Canada bonds fell from 2.5 per cent to 1.4 per cent.

Equity markets, being forward-looking, focused on the likely impact of lower oil prices on oil-producing companies and countries, and inflation. Generally, oil-exporting country stock indexes and currencies fell while those of oil importers rose. This had a considerable impact on foreign equity returns for Canadian investors, as our dollar fell 12.9 per cent against the U.S. dollar and 9.6 per cent against a trade-weighted basket of foreign currencies.

Continued easy monetary conditions and low interest rates resulted in cheap financing for investors with ready access to the capital markets. As a result, assets such as infrastructure, real property, and high-profile start-up companies saw their prices and valuations bid to very high levels. To a lesser extent, the same forces drove public equity markets higher during the year.

EQUITY MARKET GAINS

April 1, 2014–March 31, 2015
Index percentage change (C\$)

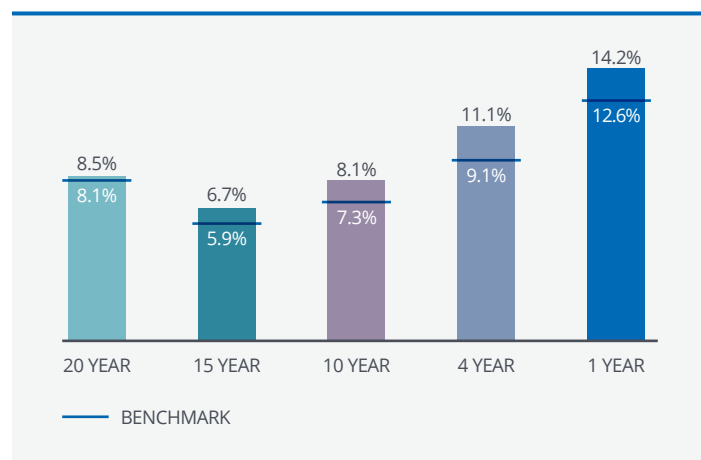


Source: S&P500 (total return), S&P/TSX Composite, CSI 300, TOPIX (total return), MSCI World, Europe, and Emerging Markets indexes (total net return); via Haver Analytics and FactSet

Investment Returns

bcIMC ANNUALIZED PENSION RETURNS

Returns for the periods ended March 31, 2015 ¹



¹ Balanced portfolio returns are shown net of fees.

Fiscal 2014-2015 was a good year for bcIMC and our pension clients. Returns were strong and risk appropriately managed. For the one-year period ending March 31, 2015, our clients' combined pension return was 14.2 per cent against a combined market benchmark of 12.6 per cent.

Our investment activities generated \$1.4 billion in additional value for our pension clients. Public equity markets, especially global equities and emerging markets, and real estate drove

CUMULATIVE VALUE ADDED BY bcIMC (\$ billion)

Total pension portfolio return minus benchmark return for the periods ended March 31, 2015



this value-added performance. The tactical decision in 2014 to overweight clients' funds towards global equities, while underweighting the exposure to fixed income continues to influence investment returns.

Over the 10-year period, the annualized return was 8.1 per cent against a benchmark of 7.3 per cent. bcIMC added almost \$7.0 billion in value over this period.

Return Summary for the Combined Pension Plan Clients ¹

ASSET CLASS ²	ANNUALIZED RETURNS %				
	15 YEAR	10 YEAR	4 YEAR	1 YEAR	1 YEAR VALUE-ADDED ³ (\$ million)
Fixed Income					
Short-Term	3.7	3.0	2.3	1.9	43.0
Benchmark ⁴	2.8	2.0	1.0	0.9	
Nominal Bonds	6.7	6.0	6.6	10.7	48.0
Benchmark ⁴	6.5	5.7	6.3	10.3	
Real Return Bonds	7.9	6.1	5.9	14.0	(12.0)
FTSE/TMX Overall Real Return Bond Index	8.1	6.3	6.3	14.5	
Mortgages	6.6	6.0	5.5	6.2	-
Benchmark ⁴	5.5	4.7	4.0	4.5	
Other Strategies — All Weather	-	-	-	8.4	3.8
6.5% Nominal Benchmark	-	-	-	6.5	
Public Equity					
Canadian Public Equity	6.8	7.6	5.1	7.5	83.0
Benchmark ⁴	5.6	7.3	4.1	6.8	
Global Public Equity	3.3	7.4	17.1	23.0	217.7
Benchmark ⁴	3.5	7.8	17.1	22.1	
Emerging Markets	-	-	7.2	21.4	380.7
Benchmark ⁴	-	-	4.7	15.2	
Private Equity ⁵	7.9	11.2	16.3	18.1	-
Benchmark ⁴	13.8	13.7	14.5	15.5	
Infrastructure ⁵	-	11.2	11.7	9.7	-
8% Nominal Benchmark	-	8.0	8.0	8.0	
Renewable Resources ⁵	-	-	-	8.0	-
7% Nominal Benchmark	-	-	-	7.0	
Real Estate					
Domestic Real Estate	9.8	10.5	10.6	7.6	-
Canadian CPI +4%	5.9	5.7	5.4	5.2	
Global Real Estate ⁵	3.0	3.7	7.8	9.8	-
Benchmark ⁴	8.8	8.5	8.1	7.0	

Except as otherwise indicated, returns are time-weighted rates of return as at March 31, 2015. All returns are net of fees.

¹ The Combined Pension Plan Client reflects the investments of bcIMC'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 Investments are reported by asset class category as set out in the clients' Statement of Investment Policies & Procedures.

³ Value Added is calculated as the daily excess return multiplied by the daily opening market value, as such it is reported for Public Market assets only.

⁴ Asset class benchmarks represent a weighted combination of multiple indices as specified in the clients' policy. The indices may vary over time.

⁵ The internal rate of return methodology is used to calculate returns for Private Equity, Infrastructure, Renewable Resources, and Global Real Estate. The returns for these assets are as at December 31, 2014.

Fixed Income

Offering clients fixed income investment strategies, including global government bonds, investment-grade corporate securities, and real return bonds

A year-over-year increase of \$2.1 billion in net assets

PERFORMANCE ANALYSIS

Bond markets rallied despite investors anticipating higher interest rates. Slower than expected global economic growth, falling global inflation, and ongoing concerns about Europe contributed to the rally. Investors moved from riskier investments in a flight to quality as geopolitical uncertainty in areas such as the Ukraine increased.

Central banks maintained their easy monetary policy stance, with some banks cutting interest rates. Some moved from zero interest to a negative interest rate to avoid an economic slowdown caused by appreciating currencies.

Quantitative easing in Europe rallied the bond market into the end of the fiscal year. Yields for short duration bonds dipped into negative territory.

Low interest rates resulted in low returns for money market funds. Our Short-Term Fund One, which invests in Canadian

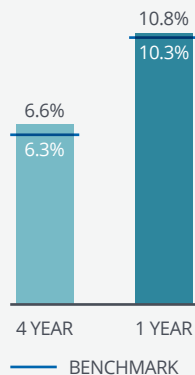
government debt securities, returned 0.9 per cent against a one-year benchmark of 0.9 per cent. Short-Term Fund Two, which holds Canadian federal, provincial, and municipal debt, returned 1.2 per cent for the year against a benchmark of 0.9 per cent. However, over the longer term, these funds continued to perform well, outperforming the benchmark consistently for the past four years. Credit weighting, duration calls, and curve positioning contribute to this consistent outperformance.

The Canadian Universe Bond Fund continued to deliver value-added returns. For the one-year period it returned 10.8 per cent, outperforming its benchmark of 10.3 per cent. Over the four-year period, the fund returned 6.6 per cent against a benchmark of 6.3 per cent. Credit weighting, duration calls, and curve positioning contribute to the fund's consistent value added. We invest in quality government and investment-grade corporate debt that is highly liquid.

We diversified the fund this year by investing in the inaugural First Nation Finance Authority (FNFA) bond issue. The FNFA, a non-profit organization, facilitates First Nation governments to access low-rate loans, investment options, and capital planning advice.

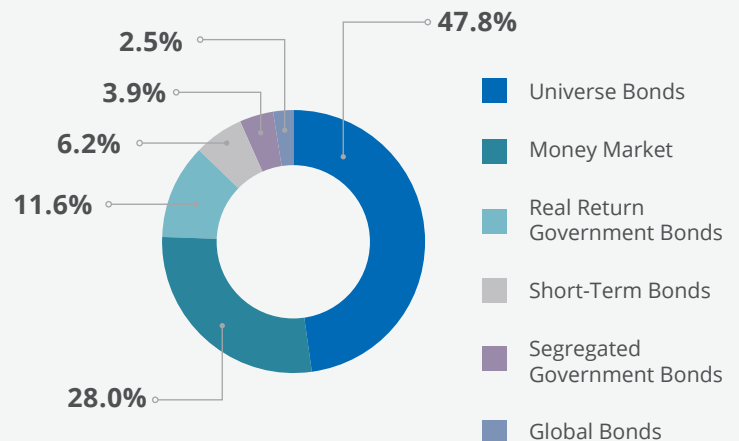
CANADIAN UNIVERSE BOND FUND

Annualized returns for the periods ended March 31, 2015



FIXED INCOME PORTFOLIO ASSETS

As at March 31, 2015¹



¹ The Fixed Income department manages money market securities for all other asset classes. This amounted to \$3.5 billion as of March 31, 2015.

Mortgages

bcIMC plays a significant role in providing financing to Canada's commercial real estate industry

Our commitments totalled \$3.8 billion as of March 31, 2015

PERFORMANCE ANALYSIS

Narrowing mortgage spreads and even lower interest rates characterized Canadian mortgage markets. High competition continued as banks and life insurance companies sought to invest in long-term assets versus bcIMC's strategy to maintain a shorter duration; commercial mortgage-backed security providers invested about \$1 billion in 2014 of varying terms.

Within this highly competitive market, we committed more than \$625 million in British Columbia, Alberta, Saskatchewan, and Ontario. bcIMC can finance large mortgage transactions and many borrowers will pay a premium to secure financing from a single lender.

Our well-established mortgage program continued to deliver strong long-term value-added performance. Decreasing interest rates and quality investments contributed to the strong returns.

Our Fixed-Term Mortgage Fund, which primarily provides first and second secured financing for income-producing commercial real estate, had a strong year. It returned 5.3 per

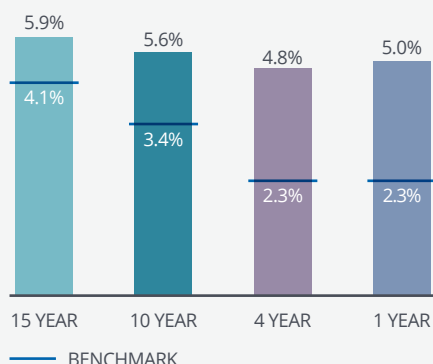
cent over a one-year period against a benchmark of 5.0 per cent. Over a 15-year period, the fund exceeded its benchmark by 0.7 percentage points. Fund composition, no required loan loss provisions, and large-scale investments made with wider mortgage spreads contributed to the returns.

The Construction Mortgage Fund, which finances commercial developments, had another strong year. It returned 5.0 per cent against a benchmark of 2.3 per cent. Interest rate floors remained a significant driver of performance as they protect against a loss in value resulting from falling interest rates. Longer-term performance over a 15-year period remained positive for participating clients at 5.9 per cent against a benchmark of 4.1 per cent.

Mezzanine mortgages are typically high loan-to-value and high return loans offered to commercial developers and property owners. There is a significant opportunity to finance attractive yielding mezzanine mortgage investments. Longer-term performance over a 15-year period returned 9.4 per cent against a benchmark of 5.6 per cent. A large prepayment, including a penalty, was a significant driver of the fund outperforming its one-year benchmark by 12.9 percentage points. Despite a higher risk profile, only one loan loss provision has occurred since the fund's inception in 1999.

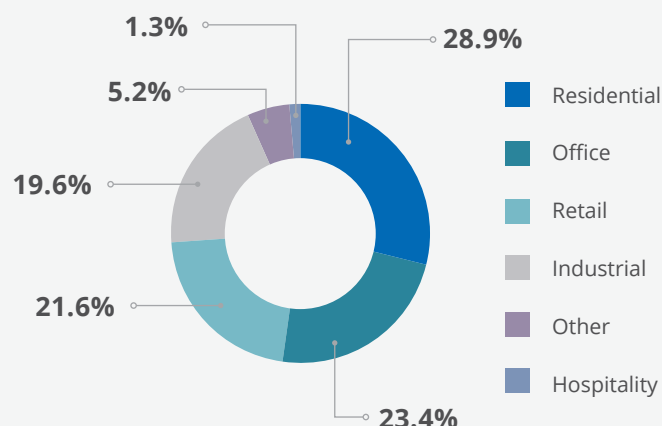
CONSTRUCTION MORTGAGE FUND

Annualized returns for the periods ended March 31, 2015



MORTGAGE HOLDINGS BY PROPERTY TYPE

As at March 31, 2015



Public Equities

A portfolio positioned to capture global growth and income opportunities

A year-over-year increase of \$7.0 billion in net assets

PERFORMANCE ANALYSIS

Attractive valuations, improving earnings, and supportive fiscal policies drove strong performance results, particularly in emerging markets. bclMC strategically remained overweight to equities, providing value-added performance for participating clients.

Our emerging markets funds were a key driver of returns in our public equity program. The Active Emerging Markets Equity Fund outperformed the benchmark by 7.2 percentage points. Over a four-year period, the fund returned 7.5 per cent against a benchmark of 4.6 per cent. China and India performed exceedingly well and clients benefited from being overweight to these regions. We continued to increase our exposure to China. bclMC deployed an additional \$200 million into the domestic China A-Share market, which gained 120 per cent last year.

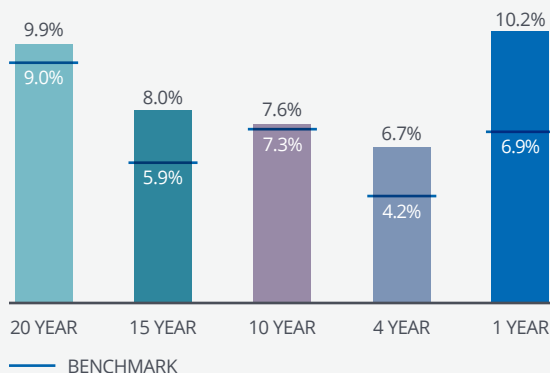
Our global equity funds also drove overall returns. The Active Global Equity Fund returned 24.9 per cent against a benchmark of 22.3 per cent. The Thematic Public Equity Fund returned 30.8 per cent against a benchmark of 22.3 per cent. Our exposure to the health care theme was an important driver of the value-added performance.

Although the energy and materials sectors affected Canadian equity market returns for the year, our actively managed funds provided value-added performance. The Active Canadian Equity Fund exceeded its one-year benchmark by 3.3 percentage points and returned 10.2 per cent. Over a four-year period the fund returned 6.7 per cent against a benchmark of 4.2 per cent. The Active Canadian Small Cap Equity Fund exceeded its one-year benchmark by 14.7 percentage points. Over a four-year period, this fund returned 8.5 per cent against a benchmark of (5.8) per cent.

A strengthening economy and supportive fiscal policy bolstered the U.S. markets; however one-year returns for our Active U.S. Small Cap Equity Fund and the Active U.S. Equity Fund missed their respective benchmarks. The Active U.S. Small Cap Equity Fund returned 21.5 per cent against a benchmark of 24.2 per cent and the Active U.S. Equity Fund returned 27.7 per cent against a benchmark of 29.4 per cent. Although Europe benefited from a weaker euro and quantitative easing, European markets underperformed North America. Our Active European Equity fund returned 9.3 per cent against a benchmark of 9.1 per cent.

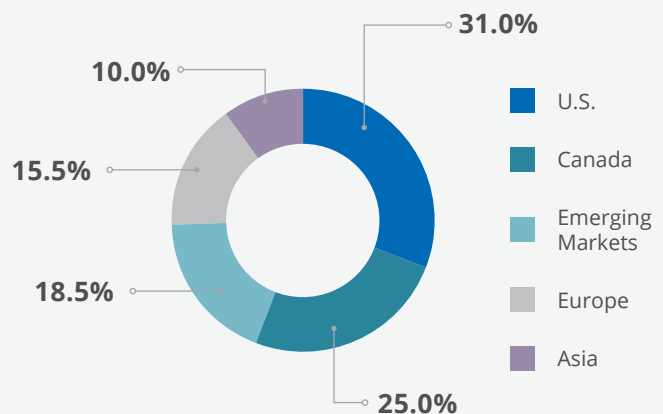
ACTIVE CANADIAN EQUITY FUND PERFORMANCE

Annualized returns for the periods ended March 31, 2015



REGIONAL ALLOCATION OF PUBLIC EQUITIES

As at March 31, 2015



Private Equities

Providing long-term private capital to companies with strong fundamentals and experienced management

A year-over-year increase of \$0.5 billion in net assets

PERFORMANCE ANALYSIS

Low interest rates and improving cash flows drove strong returns for private equity markets. These factors contributed to rising valuations of privately held companies and increased transaction activity.

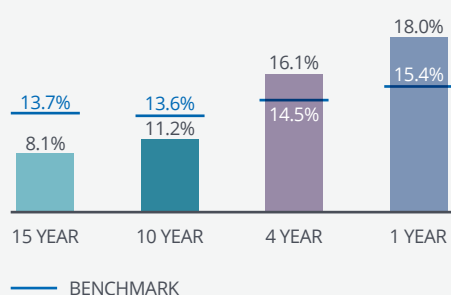
Amid this environment, we committed \$1.1 billion of new capital, of which \$250 million was invested in private companies on a direct basis. Investments included the acquisition of a global water technology company as well as an investment in healthcare focused firms in Brazil and Turkey.

The program returned 18.0 per cent (unaudited) against a one-year benchmark of 15.4 per cent. Strong company valuations combined with robust distributions drove performance. Our clients benefited from \$1.6 billion in distributions, representing a year-over-year increase of 35 per cent. This marked the fourth consecutive year of positive cash flows, net of capital contributions. The strong performance of companies and funds in the U.S. and Asia contributed to performance.

On a four-year basis, the program returned 16.1 per cent, exceeding its benchmark of 14.5 per cent. Over the longer time periods, the program continued to narrow the gap relative to its benchmark while outperforming overall global public equity indices.

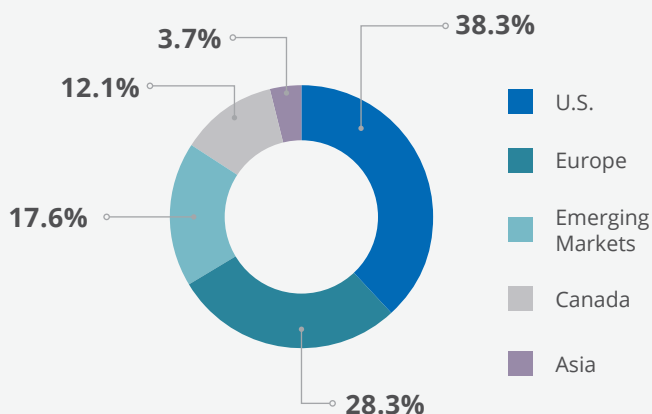
PRIVATE EQUITIES PROGRAM PERFORMANCE

Internal rate of return for the periods ended December 31, 2014



REGIONAL DISTRIBUTION OF PRIVATE EQUITIES

As at December 31, 2014



Infrastructure

Acquiring long-term equity positions in core infrastructure assets that possess strong cash flows and long-term capital growth

A year-over-year increase of \$0.7 billion in net assets

PERFORMANCE ANALYSIS

As a whole, infrastructure assets and markets continued to benefit from low interest rates and increased transactions. Strong investor demand for real assets and yield, coupled with more active strategic acquirers created a positive environment for transactions in developed markets. A number of high profile core infrastructure assets were acquired at robust valuations. However, currency volatility and weaker economic growth in some of the largest emerging markets, such as Brazil, reduced transaction activity within these countries.

Our infrastructure program continues to focus investment activity in privately-owned and managed infrastructure companies. These companies typically operate in stable regulatory environments and are characterized by highly visible future cash flows to the shareholder. This year, we

committed \$1.1 billion in new capital, including collaborating with like-minded investors to acquire Cleco Corporation, a public utility holding company and regulated electricity utility headquartered in Louisiana, U.S. This core infrastructure transaction is anticipated to close in late 2015.

Portfolio performance remains very strong and significantly above the program's benchmark on both a one year and multi-year basis. Unaudited one-year returns were 9.8 per cent for the period ended December 31, 2014. Strong dividend yields and improved asset valuations contributed to performance — including significant distributions provided by our equity interests in three core utility holdings: Open Grid Europe GmbH, Puget Energy, and Transelec S.A.

The fund also delivered strong performance over the longer term, with unaudited returns of 11.7 per cent on a four-year basis. Stable returns and healthy cash yields were largely produced from positive performance in our utility holdings as well as improving market conditions since the global financial crisis.

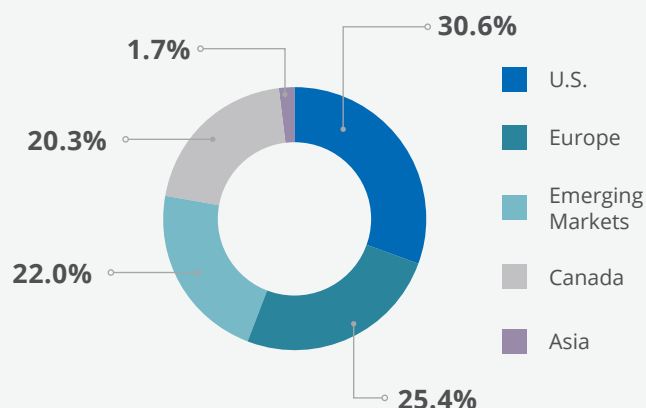
INFRASTRUCTURE PROGRAM PERFORMANCE

Internal rate of return for the periods ended December 31, 2014



REGIONAL DISTRIBUTION OF INFRASTRUCTURE PROGRAM

As at December 31, 2014¹



¹ Assets in the Infrastructure Fund are valued annually at December 31.

Real Estate

Focusing on the strategic ownership, operation, and development of global and Canadian real estate assets

A year-over-year increase of \$1.7 billion in net assets

PERFORMANCE ANALYSIS

The fundamentals of the North American real estate market remained healthy, producing stable cash flows and attractive returns. Despite lower oil prices, Canada remained among the world's soundest for investment-grade real estate, while the U.S. and Mexican economies strengthened. However, political volatility in Europe, Asia, and South America negatively impacted global economies and real estate markets.

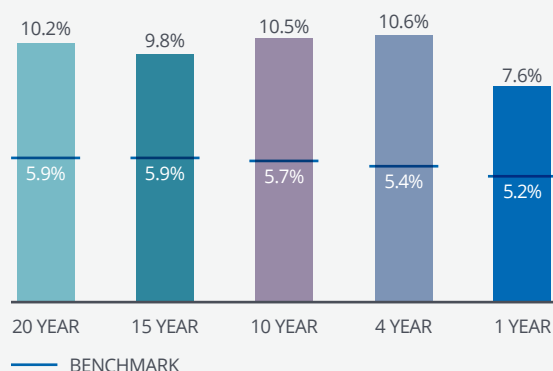
Domestic markets remained highly competitive for new acquisitions. Pension funds, life insurance companies, and other investors actively sought real estate. This demand pushed valuations and sale prices up, providing an opportunity for bcIMC to sell 10 non-strategic properties with limited prospects for solid returns going forward. Within this environment, developing property is a more cost-effective and prudent approach to expanding our clients' real estate portfolio. We completed 10 developments across Canada, including office buildings in Vancouver and Toronto, and a hotel in Toronto.

Our domestic portfolio continued to deliver strong results over a 20-year period with a return of 10.2 per cent against a benchmark of 5.9 per cent. Returns were driven by our diversified portfolio of well-located, quality properties, coupled with steadily declining interest rates and capital appreciation. One-year annualized returns were 7.6 per cent against a benchmark of 5.2 per cent. Stable income returns from strong fundamentals and solid development gains drove performance.

Our global portfolio had a strong year, delivering one-year returns of 9.5 per cent, exceeding its benchmark of 7.0 per cent, during a period where significant capital was deployed. Value from the sale of properties during the recovery phase of the global financial crisis, along with more active management by bcIMC and increased exposure to direct investments contributed to the stronger performance. The global program focuses on buying or building premium income-producing properties in strong and growing economies. Over the 10-year period, the program underperformed its benchmark by 5.2 percentage points. However, we are seeing stronger midterm performance reflecting our change in approach and investment model.

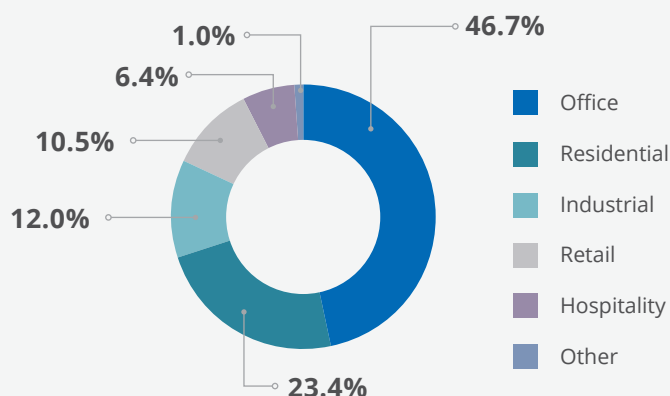
REALPOOL DOMESTIC FUND PERFORMANCE

Annualized returns for the periods ended March 31, 2015



DOMESTIC REAL ESTATE ASSETS BY PROPERTY TYPE

As at March 31, 2015 ¹



¹ Gross assets for the domestic real estate program totalled \$19.5 billion as at March 31, 2015.

Renewable Resources

Building a diversified portfolio of real assets that produces stable income returns while achieving long-term capital returns

A year-over-year increase of \$0.2 billion in net assets

PERFORMANCE ANALYSIS

Our renewable resources fund holds primarily core investments in timberlands and funds that focus on global timber and agriculture. As a real asset strategy, the fund complements client exposure to traditional stocks and bonds. We believe a growing global population will drive opportunities in this space. However, given the nature of these assets, a long-term perspective is required when building a portfolio of quality holdings. In early 2013, we transitioned existing timber and agricultural assets into the fund to create the new program.

This year we committed approximately \$445 million to two new agriculture fund investments. These contribute to further diversifying the agricultural component of the program by region, crop type, and investment manager.

Early performance for the new fund remains strong. Unaudited returns were 8.0 per cent on a one-year basis for the period ended December 31, 2014. Performance was driven by our core Canadian-based timberland and agriculture fund investments. After a strong start to the year, Asian demand for timber showed significant softness in the last half of 2014 and remained weak in early 2015. A depreciating Canadian dollar offset some of the effects of the Asian markets on global pricing, as timber is typically priced in U.S. dollars. Low oil prices, which made shipping costs more economical, also helped to offset the effects of reduced demand. Our agriculture program delivered strong performance for the year. Favourable rental income and strong local markets for agricultural land, combined with a weakening Canadian dollar contributed to returns.

Risk Management

Our business involves taking on risk and pricing it accordingly while having the ability to avoid or minimize risks that are costly and affect returns



The identification and management of risk is integral to bcIMC's fiduciary role in managing our clients' funds.

Managing risk is the process by which bcIMC identifies, evaluates, controls, monitors, and communicates the risks associated with our various operations and investments.

Our clients expect to be compensated with higher returns for taking on additional market and credit risk. They are not rewarded for exposure to unanticipated legal, environmental, and operational risk.

Enterprise risk management allows bcIMC to address uncertainty and manage associated risks and opportunities. Guiding principles inform the approach to risk management, which also requires communication and judgement. Within bcIMC, 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 to bcIMC's Enterprise-Wide Risk Management Framework (ERMF). bcIMC's ERMF aims to ensure that:

- funds under management are better protected
- our operations are sound
- trust in bcIMC remains unchallenged.

Our ERMF consists of:

- **Market risk** is a primary aspect of the investment process. We adopt prudent investment practices and ensure that the risk is appropriate to each client and their expected return. We knowingly take on risk, assess the consequences of macro trends, and continually re-evaluate market conditions.
- **Credit risk** focuses on credit concerns with fixed income, mortgages, and securities lending. bcIMC produces our own internal notional credit ratings of companies which are then used in conjunction with those of rating agencies. Our trading activities are governed by the use of approved brokers, dealers, and derivative counterparties.
- Managing **environmental risk** begins with our pre-investment analysis of all opportunities. We work with accredited environmental consultants. Post-investment practices include maintaining environmental records and ensuring compliance with legislation. We review legislative changes for potential impacts on our investments.
- bcIMC follows a principle-based approach to identifying and mitigating **legal risk**. Loss or dilution of legal rights can have negative financial consequences for our clients. Policies, such as those concerning anti-money laundering and insider trading, address legal compliance risks.

- **Strategic human resources risks** are managed through a framework that aligns the employment lifecycle with our business strategy. We mitigate risks through our recruiting practices, training, developing leadership, and managing succession planning.
- Our **strategic information technology risk** management is aligned with industry best practices. These include the Information Systems Audit and Control Association's globally accepted framework Control Objectives for Information and Related Technology.

This year, we have begun an extensive review of the ERMF with a focus on three key components: Strategic Risk, Investment Risk, and Operational Risk.

Strategic Risk refers to a potential loss arising from strategic decisions made in the implementation of bcIMC's mandate and business objectives. It also includes the risk of the loss of investment assets or opportunities from ineffective direction setting or business strategies.

bcIMC monitors global risks as part of our strategic planning. In assessing and managing potential strategic and investment risk issues, we consider:

- geopolitical events
- political trends
- global and macroeconomic forces.

Investment Risk refers to the potential for loss, relative to the expected return, due to exposure to non-operational risks such as market, credit, counterparty, liquidity, and country risks. bcIMC is currently developing an extensive investment risk management program supported by appropriate technology and systems.

Operational Risk refers to the risk of direct or indirect loss resulting from failed or inadequate internal processes, people or systems, or from external events.

An inter-department committee meets monthly to manage change initiatives and assess process efficiencies. Eliminating unnecessary operational complexity continues to be a priority — our efforts include streamlining and automating routine processes, and heightening staff awareness of operational complexity.

bcIMC voluntarily prepares a Service Organization Controls Report, providing clients with added assurance of our financial controls and safeguards. This report, prepared in accordance with the Canadian Standard for Assurance Engagements (CSAE 3416), details bcIMC's financial controls over the investment system, and is audited by our external auditors.

Our Internal Audit function conducts systematic risk-based reviews of our financial processes and procedures. Results are discussed with management and reported to the audit committee.

Responsible Investing

Protecting and growing the financial value of the companies in which we invest by taking environmental, social, and governance factors into account

Responsible investing is an integral part of the investment beliefs shared by bcIMC, the pension funds, and many of the other clients for which we invest. We believe that companies that do a good job of managing environmental, social, and governance matters have less risk and perform better financially over the longer term.

Assessing and managing investment risk is an integral part of how we meet our fiduciary responsibility. As part of the prudent investment management of our clients' funds, we aim to actively manage the long-term risks and opportunities that ESG matters present, both now and into the future.

Responsible investing is integrated into our investment activities and we take ESG factors into account. As ESG risks and opportunities may vary, we adapt our approach according to what is appropriate for the asset class or investment. Understanding ESG matters is an important part of our risk assessment and due diligence on prospective investments. Where possible without sacrificing returns, we include ESG factors in our investment decisions.

Once invested, we are active owners and monitor ESG factors. Where appropriate, we use our influence as a shareholder to encourage companies to manage and report on their risks and opportunities, and in so doing encourage companies to enhance governance practices. As many of bcIMC's investments will be held for more than 20 or 30 years, we expect the companies we own to focus on the long-term and pursue activities and practices that will improve their value and produce reliable cash flows.

bcIMC relies on well-functioning capital markets. As a large-scale global investor, we see it as our responsibility to contribute to the overall stability of the financial system. As an active participant, we address systemic risks, with the expectation that our efforts will lead to greater stability and integrity within the markets.

PRINCIPLES FOR RESPONSIBLE INVESTMENT

bcIMC is a founding signatory to the Principles for Responsible Investment (PRI). We view the principles as a binding framework and through our endorsement, bcIMC is committed to:

- 1. Integrating responsible investment into investment analysis and decision-making processes.** Our focus is driven by the management of investment risks and we pursue activities that are expected to have the greatest impact. In view of what are by definition limited resources, bcIMC chooses to be selective, specific, and pragmatic at all times.
- 2. Being an active owner and incorporating ESG issues into our ownership policies and practices.** We consider proxy voting and constructive dialogue with our portfolio companies an essential component of our responsible investing commitment. It helps foster good corporate governance and accountability.
- 3. Seeking appropriate disclosure in ESG issues by the entities in which we invest.** Through shareholder engagement, we encourage companies to be transparent and report on their risks, and adopt good practices.
- 4. Promoting acceptance and implementation of the principles within the investment industry.** bcIMC furthers industry awareness on ESG matters by speaking and moderating at conferences.
- 5. Collaborating with like-minded investors and organizations to enhance effectiveness in implementing the principles.** Working with global and regional investor networks and like-minded stakeholders helps us to more effectively deploy our resources and strengthen our voice.
- 6. Reporting on our responsible investing activities.** Our reporting initiatives include annually publishing three Responsible Investing Newsletters and a Responsible Investing Annual Report.

For more information on our responsible investing activities, please read our Responsible Investing Annual Report on our website (www.bcimc.com).



Corporate Governance

Our Board of Directors, from the left: Dennis Blatchford, Karen Maynes, Ken Woods, Ron McEachern, Rick Mahler, Cheryl Yaremko, Ken Tannar

Our Board of Directors

COMPOSITION OF THE BOARD

The *Public Sector Pensions Plans Act* (the 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 B.C.'s Minister of Finance
- one other director appointed by B.C.'s Minister of Finance 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 bcIMC directors. These criteria are disclosed on our website.

Our largest clients, accounting for 83.8 per cent of bcIMC's managed net assets, are represented on the Board.

BOARD INDEPENDENCE

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

RICK MAHLER | Vancouver, BC

Now retired, Rick was executive vice president and chief financial officer of Finning International for 13 years. He is a director of Ten Peaks Coffee and served as chair of Partnerships BC and chair of Sterling Shoes. Rick's volunteer activities include serving as chair of the Co-op Advisory Council at both Simon Fraser University and the University of Waterloo; chair of the VGH & UBC Hospital Foundation; and vice-chair of the Vancouver Board of Trade. He is the recipient of awards including the Queen's Golden Jubilee Medal for Distinguished Service. Rick holds a BSc from the University of Waterloo and an MBA (Finance) from McMaster University.

bcIMC Board and Committee Appointments				2014–2015 Attendance	
Director since December 31, 2010 Current term to December 31, 2015 Appointed by BC's Minister of Finance Independent	Chair, bcIMC Board of Directors (2011–present)			7/7	100%
	Guest, Corporate Human Resources and Board Governance Committee			1/1	100%
	Guest, Board Working Committee			1/1	100%
bcIMC Director Remuneration 2014–2015	Annual Retainer	Board Meeting Fee	Committee Chair Fee	Committee Meeting Fee	Total
	\$30,000	\$6,750	–	\$750	\$45,000 ¹
Other Board Directorships / Trusteeships During the Last Five Years					
	Term	Board Chair & Term		Committee Appointments	
BCS0334 Strata Council	2012–Present	N	–	Treasurer	
Partnerships BC	2003–2010	Y	2003–2010	–	
Sterling Shoes Inc.	2005–2013	Y	2005–2013	Audit Committee Human Resources Committee	
Ten Peaks Coffee Co.	2004–Present	N	–	Audit Committee (Chair)	
VGH & UBC Hospital Foundation	2003–2011	Y	2007–2010	Audit Committee (Chair)	

¹ Includes remuneration for involvement with the process of recruiting bcIMC's CEO/CIO

DENNIS BLATCHFORD | Vancouver, BC

Dennis is a founding member of the Municipal Pension Board of Trustees and chaired its governance committee from 2008 to 2011. He is currently the pension and benefits advocate for the Health Sciences Association of British Columbia. Previously Dennis was a director for the BC Federation of Labour and worked in the areas of health policy reform, human rights legislation, disability advocacy, and community relations. From 1998 to 2004, he was a trustee of the Canadian Blood Services Pension Plan.

bclMC Board and Committee Appointments				2014–2015 Attendance	
Director since March 28, 2012	Director, bclMC Board of Directors			7/7	100%
Current term to December 31, 2015	Member, Corporate Human Resources and Board Governance Committee (2012–Present)			4/4	100%
Appointed by the Municipal Pension Board of Trustees	Member, Board Working Committee			2/2	100%
Independent					
bclMC Director Remuneration 2014–2015	Annual Retainer	Board Meeting Fee	Committee Chair Fee	Committee Meeting Fee	Total
40 per cent of the remuneration is paid to the Health Sciences Association of British Columbia ¹	\$15,000	\$6,750	–	\$3,000	\$28,500 ²
Other Board Directorships / Trusteeships During the Last Five Years					
	Term	Board Chair & Term		Committee Appointments	
Municipal Pension Plan (Trustee)	2001–Present	N	–	Governance Committee (Chair)	
Nurses Bargaining Association	2011–Present	N	–	Retirement Benefit Program Committee	
Shareholder Association for Research and Education	2010–Present	N	–	Planning Committee	

¹ \$17,100 was paid to Dennis Blatchford as an individual

² Includes remuneration for involvement with the process of recruiting bclMC's CEO/CIO and representing bclMC at other functions

KAREN MAYNES | Maple Ridge, BC

Now retired, Karen was the vice-president, finance and administration at Douglas College. She was nominated by the post-secondary employers' association and appointed to the College Pension Board of Trustees in 2006 by the provincial government. Karen is the past chair of the provincial senior finance and administration officers committee, and past post-secondary sector representative of the Institute of Chartered Accountants of BC Government Organizations' Accounting & Auditing Forum. She has also served on numerous Douglas College and provincial committees dealing with issues such as technology planning, faculty negotiations, and data definitions and standards. Karen received her chartered accountant designation in 1987.

bclMC Board and Committee Appointments				2014–2015 Attendance	
Director since September 18, 2014	Director, bclMC Board of Directors			4/4	100%
Current term to August 31, 2016	Member, Audit Committee			3/3	100%
Appointed by the College Pension Board of Trustees					
Independent					
bclMC Director Remuneration 2014–2015	Annual Retainer	Board Meeting Fee	Committee Chair Fee	Committee Meeting Fee	Total
	\$8,030	\$4,500 ¹	–	\$2,250	\$14,780
Other Board Directorships / Trusteeships During the Last Five Years					
	Term	Board Chair & Term		Committee Appointments	
College Pension Plan (Trustee)	2006–Present	N	–	Benefits Committee Governance Committee Interplan Audit Committee	

¹ Includes attendance at director orientation session

RON MCEACHERN | North Saanich, BC

Ron has worked in human resources and labour relations for more than 30 years. Prior to retiring in 2005, he was an associate deputy minister of employee relations in the BC Public Service Agency. Ron holds a BSc from the University of Victoria and has completed several certificate courses with International Foundation of Employee Benefit Plans in the Advanced Trustee Management Standards Program.

bclMC Board and Committee Appointments				2014–2015 Attendance	
Director since April 1, 2007 Current term to March 31, 2016 Appointed by the Public Service Pension Board of Trustees Independent	Director, bclMC Board of Directors		7/7	100%	
	Chair, Corporate Human Resources and Board Governance Committee (2015–Present)		1/1	100%	
	Member, Corporate Human Resources and Board Governance Committee (2007–2014)		3/3	100%	
	Member, Board Working Committee		2/2	100%	
bclMC Director Remuneration 2014–2015	Annual Retainer	Board Meeting Fee	Committee Chair Fee	Committee Meeting Fee	Total
	\$15,000	\$6,750	\$1,250	\$3,000	\$29,750 ¹

Other Board Directorships / Trusteeships During the Last Five Years

	Term	Board Chair & Term		Committee Appointments
British Columbia Pension Corporation	2008–2011	N	–	Human Resources Committee (Chair)
Public Service Pension Board (Trustee)	2002–Present	Y	2011–Present	Benefits Committee Communications Committee Governance Committee
Ron E. McEachern & Associates Ltd.	2004–Present	Y	2004–Present	–

¹ Includes remuneration for involvement with the process of recruiting bclMC's CEO/CIO and representing bclMC at other functions

KEN TANNAR | Langley, BC

Ken has taught in British Columbia for 31 years, most currently as a physics and senior math teacher in Surrey. He was appointed to The Teachers' Pension Plan Board of Trustees by the BC Teachers' Federation in 2008. For the past ten years, Ken has served on the BCTF's pensions committee and TPP's advisory committee, which is independent of the TPP. He has served as the past chair for both committees. Ken holds a Bachelor of Science from the University of British Columbia.

bcIMC Board and Committee Appointments				2014–2015 Attendance	
Director since January 1, 2015	Director, bcIMC Board of Directors			2/2	100%
Current term to December 31, 2017	Member, Corporate Human Resources and Board Governance Committee (2014–Present)			1/1	100%
Appointed by the Teachers' Pension Plan Board of Trustees					
Independent	Guest, Audit Committee			1/1	100%
bcIMC Director Remuneration 2014–2015	Annual Retainer	Board Meeting Fee	Committee Chair Fee	Committee Meeting Fee	Total
	\$3,750	\$2,250 ¹	–	\$1,500	\$7,500

Other Board Directorships / Trusteeships During the Last Five Years

	Term	Board Chair & Term		Committee Appointments
BC Teachers' Federation	2008–2015	N	–	Pensions Committee (Past Chair)
Teachers' Pension Plan (Trustee)	2008–Present	N	–	Advisory Committee (Past Chair)

¹ Includes attendance at director orientation session

KEN WOODS | Vancouver, BC

Ken's involvement in the investment industry spans more than 25 years and has significant experience as a pension plan fiduciary. He serves on WorkSafeBC's investment committee as an independent voting member and is president of Coolwoods Investments Ltd. Ken is an active member of the community and served on the VGH & UBC Hospital Foundation. Ken is a Fellowship Chartered Accountant. He holds a Bachelor of Mathematics from the University of British Columbia and an MBA from Concordia University.

bclMC Board and Committee Appointments				2014-2015 Attendance	
Director since July 5, 2011 Current term to December 31, 2016 Appointed by BC's Minister of Finance Independent	Director, bclMC Board of Directors		7/7	100%	
	Chair, Audit Committee (2012-2015)		7/7	100%	
	Guest, Board Working Committee		2/2	100%	
	Member, Audit Committee (2011-2012)		-	-	
bclMC Director Remuneration 2014-2015	Annual Retainer	Board Meeting Fee	Committee Chair Fee	Committee Meeting Fee	Total
	\$15,000	\$6,750	\$5,000	\$5,250	\$36,500 ¹
Other Board Directorships / Trusteeships During the Last Five Years					
	Term	Board Chair & Term		Committee Appointments	
BC Golf House Society	2012-2015	N	-	Strategic Planning	
Children's Arts Umbrella Foundation	2004-2013	Y	2004-2011	Investment Committee	
Kenneth Woods Portfolio Management Foundation, John Molson School of Business, Concordia University	1998-Present	Y	1998-Present (Founder)	Client Committee	
RBC Canadian Open	2011	Y	2011	Host Club Tournament Chair	
VGH & UBC Hospital Foundation	2012-2013 2002-2009	N	-	Investment Committee Various committees	

¹ Includes remuneration for involvement with the process of recruiting bclMC's CEO/CIO and representing bclMC at other functions

CHERYL YAREMKO | Vancouver, BC

Cheryl is BC Hydro's executive vice-president finance & chief financial officer. Before joining BC Hydro, Cheryl was the chief financial officer for BC Railway Company. She currently serves on the board of UBC Investment Management Trust and the National Board of Financial Executives Canada. Cheryl has served on the boards of Ballet BC, InTransit BC, and the British Columbia Chapter of Financial Executives International. Cheryl is a Chartered Accountant and has a BComm (Honours) with a major in Finance from the University of British Columbia.

bclMC Board and Committee Appointments				2014-2015 Attendance	
Director since December 31, 2012 Current term to December 31, 2015 Appointed by BC's Minister of Finance Independent	Director, bclMC Board of Directors		7/7	100%	
	Member, Audit Committee (2013-2015)		7/7	100%	
	Guest, Board Working Committee		2/2	100%	
bclMC Director Remuneration 2014-2015	Annual Retainer	Board Meeting Fee	Committee Chair Fee	Committee Meeting Fee	Total
	\$15,000	\$6,750	-	\$5,250	\$28,500 ¹
Other Board Directorships / Trusteeships During the Last Five Years					
	Term	Board Chair & Term		Committee Appointments	
Ballet BC	2003-2011	N	-	Treasurer (2006-2011)	
Financial Executives International (BC Chapter)	2010-2012	N	-	Events Committee	
Financial Executives International (National Board)	2013-Present	N	-	Audit Committee	
InTransit BC	2009-2012	N	-	-	
UBC Investment Management Trust Inc.	2010-Present	N	-	Audit Committee (Chair) Investment Committee	

¹ Includes remuneration for involvement with the process of recruiting bclMC's CEO/CIO

Our Corporate Governance

The board of directors is committed to demonstrating high governance standards in the oversight of bcimc's operations and accountability to clients

THE GOVERNANCE FRAMEWORK

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

The bcIMC Board Mandate clarifies the Board's duties and responsibilities and is available on our website.

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

ROLE AND ACCOUNTABILITY OF THE CHIEF INVESTMENT OFFICER

The Act defines bcIMC's chief investment officer as the chief executive officer with responsibility for day-to-day operations. The CEO/CIO is accountable to the Board for the efficiency and effectiveness of the corporation in carrying out its mandate. The CEO/CIO is also responsible to each client regarding its individual investment policy, asset mix policy, and performance.

Among other responsibilities, the CEO/CIO hires staff and external managers, oversees the annual business plan and budget, and establishes policies and procedures to meet operational objectives. The CEO/CIO ensures that funds are managed in accordance with client instructions and recommends changes in investment strategies to clients.

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. The Board has two standing committees:

- The audit committee, consisting of three directors, meets at least three times a year and oversees the audit programs, financial management controls, and financial reporting.
- The corporate human resources and board governance committee (HRGC), consisting of three 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.
- The Board struck a working committee, consisting of four directors to finalize transition plans for the new CEO/CIO. The committee met on two occasions then was dissolved.

The CEO/CIO attends all board and committee meetings (although the CEO/CIO cannot be a director).

DIRECTOR ATTENDANCE

The Board met on seven occasions, the audit committee on seven, and the HRGC on four. One orientation session was held for both incoming directors. Directors who are not members of a committee may observe those meetings and may also attend director orientations. The Board convened additional meetings relating to the recruitment of bcIMC's CEO/CIO.

There was 100 per cent attendance for all of the meetings held in 2014–2015. Details for individual directors are included in their profiles on pages 26 to 29. Joan Axford, whose term ended in December 2014, attended all board, HRGC, and board working committee meetings. Dominique Roelants, who resigned from the Board in August 2014, attended all board, audit committee, and board working committee meetings.

DIRECTOR ORIENTATION PROGRAM

Senior management lead the orientation. New directors are briefed on the Board's role and responsibilities, our business plan, budget, investment and risk management activities, and human resource policies. The Board Recovery Plan and details on key operational functions are also addressed.

BOARD EVALUATION AND ASSESSMENT

Each year the directors complete a self-evaluation process that assesses the effectiveness of the Board in key areas and elicits suggestions for improvement. The Board discusses the results and identifies areas that require additional or new emphasis. The chair of the HRGC administers the process.

DIRECTOR REMUNERATION

The Act provides that bcIMC may pay directors remuneration for their service on the Board and its committees that is consistent with the Province of British Columbia's Treasury Board guidelines. A director is also compensated for attendance at meetings or conferences that they are required to attend as a representative of bcIMC. If a director receives remuneration from their employer for board or committee service, such fees are paid to their employer. Remuneration levels are as follows.

POSITION	ANNUAL RETAINER	PER DIEM
Board Chair	\$30,000	\$750
Director	\$15,000	\$750
Audit Committee Chair	\$5,000	\$750
HRGC Chair	\$5,000	\$750
Committee Member	–	\$750

When board meetings take place over two days, a per diem is paid for each day. In instances where a committee and board meeting are held on the same day, a per diem is paid for each meeting.

Total remuneration for the Board was \$230,500 in 2014–2015 (2013–2014: \$238,375). Details for individual directors are included in their profiles. Joan Axford was paid \$24,000. Dominique Roelants was paid \$15,970. His remuneration was paid to the Federation of Post-Secondary Educators of BC.

DIRECTOR CODE OF CONDUCT

The Code of Conduct (available on our website) outlines the minimum standard of conduct. Directors must make timely disclosure of direct or indirect interest, material or not, in any proposed or completed bcIMC contract, transaction, or investment. Directors must also abstain from voting on matters in which they have a personal interest. The HRGC reviews this Code every two years.

CONTINUING DIRECTOR EDUCATION

bcIMC budgets an amount to enable directors to benefit from courses and conferences offered by third parties. Guest speakers may also attend board meetings.

Directors are responsible for selecting educational opportunities. We encourage them to enrol in professional development courses and participate in industry-related seminars.

Compensation Discussion and Analysis

Generating the returns our clients rely on requires specialized skills in understanding global capital markets and investment management

bcIMC recruits and seeks to retain talented and motivated staff with the skills and expertise to provide leadership in a complex investment environment. As we compete with our Canadian peers for the required expertise, bcIMC offers rewarding work opportunities, supports continued professional development, and pays competitive base salaries.

We are responsible for generating long-term client wealth while also protecting the value of our clients' funds. We are accountable to our clients for investment returns and the costs involved in managing their funds. We operate on a cost-recovery model, and investment management fees are charged to the investment pools and clients.

HRGC MANDATE

The corporate human resources and board governance committee (HRGC) assists the Board in ensuring that bcIMC retains a highly effective team and that human resource practices continue to align employee performance with client expectations. The HRGC monitors and makes recommendations to the Board on the following matters:

- trends and external market practices for compensation, benefits, and terms and conditions of employment
- bcIMC's job classification system and compensation scale
- comparators and competitive positioning of compensation
- salary and performance assessment of the CEO/CIO
- bcIMC's performance incentive plans
- oversight of risks associated with human resources activities

- employee Code of Conduct provisions
- bcIMC's 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. Ron McEachern is the chair; Dennis Blatchford and Ken Tannar are committee members. The other directors may also attend committee meetings as guests. The CEO/CIO and senior vice president, human resources attend the meetings.

The HRGC meets at least twice a year. In 2014–2015, the committee met on four occasions, which included four *in camera* sessions.

COMPENSATION PHILOSOPHY AND STRUCTURE

The Board's philosophy is to pay median base salary levels complemented by performance incentive plans designed to align staff interests with our clients' return requirements (while discouraging undue risk-taking) and with bcIMC's strategic objectives.

Our compensation structure includes a base salary, benefits, and performance-based remuneration through an annual incentive plan (AIP) and a long-term incentive plan (LTIP) for senior roles. As a statutory corporation with one share with a par value of \$10, bcIMC does not issue share options to our staff.

Base Salary: The Board's philosophy to pay median salaries guides the salary decisions of the positions classified within bcIMC's three job streams. The comparator group for investment management roles consists of the large in-house Canadian public pension funds. For non-investment roles, the comparator group is expanded to include relevant public and private sector employers within western Canada, including the British Columbia public sector.

Benefits: Employment benefits include bcIMC-funded health and welfare coverage such as medical, extended health, dental, health spending account, and life insurance coverage. bcIMC pays employer contributions on behalf of our staff to the Public Service Pension Plan and legislated benefits such as Canada Pension Plan, Employment Insurance, and Workers' Compensation. A short-term illness and injury plan and a long-term disability plan protect permanent staff against wage loss.

Annual Incentive Plan: All permanent employees are eligible to participate in the AIP. The plan aligns employee performance with the achievement of investment and business objectives. AIP payments are calculated as a percentage of base salary, weighted to reflect the role and impact the position has on corporate results.

A portion of the AIP payment is derived from the annual investment performance with a greater component determined by the investment return performance over a four-year period. The remainder of the payment reflects individual and team achievement of other bcIMC objectives.

Three value drivers are used to rate performance:

Driver 1: Total Fund Performance — overall investment performance measured against industry or client-approved benchmarks. The value-added component is assessed net of investment management fees and expenses. This driver is intended to align overall investment performance with client expectations and to promote corporate collaboration.

Driver 2: Business Unit Performance — the department's role in delivering investment returns and contributing to corporate strategies and programs. This is intended to direct staff efforts to achieving corporate or department objectives.

Driver 3: Individual Contribution — the individual's performance measured against the accountabilities assigned to their role. This is intended to encourage and reward high performance.

Disbursement of payments under the AIP occurs in the fiscal year after it is earned. To show the alignment between the AIP payment and performance, the Summary Compensation Table (on page 36) reports AIP in the year it was earned.

Long-Term Incentive Plan: This plan is designed to enhance the retention of senior staff with the skills and experience that will enable bcIMC's long-term success.

LTIP provides the opportunity to earn additional remuneration based on investment return performance (net of costs) over a four-year period. This is accomplished by linking a portion of the personal remuneration to bcIMC's long-term total fund investment performance. If bcIMC fails to generate value-added investment returns in a year, the annual credit is assessed at zero. This zero-weighting affects LTIP payments for four years. Similarly, value-added performance generates a payment that is disbursed over a four-year period.

There is a vesting requirement before the first payment is disbursed to eligible staff. Payments begin once an employee has contributed to bcIMC's performance in each of the four years. Should an employee resign or be terminated, all vested deferred credits are forfeited. On retirement, the full vested deferred value is disbursed in a single payment.

As with the AIP, the actual disbursement of the payment occurs in the following fiscal year. The Summary Compensation Table (on page 36) reports LTIP in the year it became payable and shows the alignment between the LTIP payment and performance.

COMPENSATION CONSULTANTS AND EXTERNAL SOURCES

bcIMC's compensation philosophy and structure is regularly reviewed. Base salaries are assessed each year to ensure alignment with the compensation philosophy. Relevant data from Towers Watson's compensation surveys inform the HRGC's decisions on annual compensation.

In-depth reviews are conducted on a regular basis, with 2013–2014 being the most recent. The Board retained Hugessen Consulting Inc. to provide an overview of compensation trends among a representative group of institutional investment funds within Canada since 2010–2011. The Board also contracted Towers Watson to compare bcIMC's positions with benchmark positions used for compensation purposes.

As a result of the implementation of a new talent management program, the bcIMC Board will review the company philosophy and structure in the next fiscal year. The Board will appoint compensation consultants to assist with the process.

PERFORMANCE ASSESSMENT FOR 2014–2015

bcIMC's net assets under management increased by \$13.2 billion, ending the fiscal year with \$123.6 billion. Combined pension plan returns, net of fees, exceeded our clients' return expectations by 1.6 percentage points — the one-year annual return was 14.2 per cent compared to a combined market benchmark of 12.6 per cent. As a result, bcIMC's investment activities generated \$1.4 billion in added value for our pension clients. The value-added performance is calculated as the clients' total portfolio return net of investment management fees and minus the benchmark return.

Public equity markets, especially global equities and emerging markets, and real estate drove this value-added performance. The tactical decision in 2014 to overweight clients' funds towards global equities, while underweighting the exposure to fixed income and mortgages continues to influence investment returns.

LONG-TERM INCENTIVE PLAN CREDITS AND PAYMENTS

Over the April 2011 to March 2015 period, bcIMC's investment performance added value in each of the four years. The above benchmark performance in 2014–2015 generated a credit of 25.0 per cent, with 25.0 per cent being the maximum instalment weighting towards a future long-term incentive plan grant. The value-added performance (calculated as the clients' total portfolio return net of investment management fees and minus the benchmark return) and the credits for each of the years in the four-year period are shown in the table below.

YEAR	bcIMC'S VALUE-ADDED PERFORMANCE (\$)	ACTUAL CREDIT (%)
2011–2012	\$1.4 billion	23.8
2012–2013	\$1.5 billion	24.0
2013–2014	\$1.7 billion	25.0
2014–2015	\$1.4 billion	25.0
TOTAL		97.8

As the value-added performance was delivered in each of the four years, LTIP payments for 2014–2015 reflect 97.8 per cent of the maximum opportunity. Over the four-year period, bcIMC generated over \$6.0 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 2013–2014 and 2012–2013, is disclosed in the Summary Compensation Table on page 36.

The AIP and LTIP payments for the chief executive officer / chief investment officer and the other named executive officers reflect the investment performance that exceeded our clients' combined market benchmark and generated \$1.4 billion in additional value, net of costs. These payments also recognize their department's contribution to the returns and other business objectives, and their individual contribution. Total compensation for bclMC's named executive officers was \$6.6 million in 2014–2015 (\$5.8 million in 2013–2014).

Total cost of salaries and benefits for our entire staff complement was \$53.5 million in 2014–2015 (4.6 cents per \$100 of net assets under management) compared to \$46.1 million in 2013–2014 (4.4 cents per \$100 of net assets under management). This year-over-year change reflects the increase in performance-based pay resulting from adding \$1.4 billion in value and the growth in bclMC's staff complement. The continued growth of our team supports bclMC's strategic initiatives to enhance the exposure of our clients' funds to global assets, focus on real assets, and increase the percentage of funds managed internally.

Doug Pearce retired as CEO/CIO on August 28, 2014. His compensation for 2014–2015 reflects the period from April 1, 2014 up to his retirement date. The Board of Directors awarded an AIP and LTIP payment of \$726,948 for Doug Pearce for fiscal 2015. The payout was awarded on a pro-rata basis for the time he worked during the fiscal year. As a retiring employee, Doug Pearce is also entitled to a single payment of \$554,815 for the four-year vested value of LTIP. This payment will be made in 2015–2016. Doug Pearce's total compensation for 2014–2015 was \$1,722,147, inclusive of the four-year vested LTIP amount.

Summary Compensation Table

NAME AND PRINCIPAL POSITION	YEAR	BASE SALARY ¹	ANNUAL INCENTIVE ²	LONG-TERM INCENTIVE PLAN ³	PENSION CONTRIBUTIONS ⁴	OTHER BENEFITS ⁵	TOTAL COMPENSATION ⁶
Gordon J. Fyfe Chief Executive Officer / Chief Investment Officer	2014-2015 ⁷	\$407,832	\$784,056	\$821,688	\$47,890	\$108,233	\$2,169,699
	2013-2014	-	-	-	-	-	-
	2012-2013	-	-	-	-	-	-
Lincoln Webb Senior Vice President, Private Markets	2014-2015	\$349,815	\$457,262	\$329,061	\$39,911	\$95,524	\$1,271,573
	2013-2014	\$343,821	\$460,886	\$278,704	\$39,218	\$75,679	\$1,198,308
	2012-2013	\$333,606	\$411,994	\$192,454	\$38,053	\$59,764	\$1,035,871
Bryan Thomson Senior Vice President, Public Equities	2014-2015	\$309,257	\$350,573	\$290,983	\$35,478	\$80,293	\$1,066,584
	2013-2014	\$303,957	\$362,249	\$245,023	\$34,861	\$44,277	\$990,367
	2012-2013	\$292,547	\$309,758	\$168,773	\$33,565	\$43,116	\$847,759
Dean Atkins Senior Vice President, Mortgages and Acting Senior Vice President, Real Estate ⁸	2014-2015	\$277,340	\$428,832	\$260,482	\$31,989	\$53,502	\$1,052,145
	2013-2014	\$264,094	\$353,318	\$211,411	\$30,503	\$44,834	\$904,160
	2012-2013	\$251,487	\$309,255	\$145,161	\$29,077	\$37,987	\$772,967
Paul Flanagan Senior Vice President, Fixed Income & Foreign Exchange	2014-2015	\$288,747	\$380,867	\$271,502	\$32,767	\$44,915	\$1,018,798
	2013-2014	\$278,818	\$332,025	\$222,978	\$32,113	\$41,903	\$907,837
	2012-2013	\$272,017	\$304,090	\$153,034	\$31,092	\$35,985	\$796,218

¹ Base salaries are guided by the Board's compensation philosophy to pay market median among other large pension fund managers in Canada.

² The values of incentive payments are listed beside the performance year in which they were earned; actual disbursement occurs in the following fiscal year.

³ The incentive plan value reflects performance over a four-year time frame; actual disbursement occurs in the following fiscal year.

⁴ These values represent the contributions paid by bclMC on behalf of the named individuals to the Public Service Pension Plan and the Canada Pension Plan.

⁵ These values include bclMC-funded group health and welfare benefits and illness wage-loss provisions, parking, and contributions paid by bclMC on behalf of the named individuals for legislated benefits such as Employment Insurance and Workers' Compensation. A payout of unused vacation entitlement may be included.

⁶ Values in this table constitute the total compensation earned by or paid on behalf of the identified individuals. All values are inclusive.

⁷ Gordon J. Fyfe was appointed CEO/CIO effective July 7, 2014.

⁸ Since January 1, 2015.



Corporate Financial Statements

Management's Responsibility for Financial Statements



300-2950 Jutland Road,
Victoria, BC V8T 5K2

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, results of operations 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 of 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.

A handwritten signature in black ink, appearing to read 'Gordon J. Fyfe'.

Gordon J. Fyfe
Chief Executive Officer /
Chief Investment Officer

A handwritten signature in black ink, appearing to read 'David Woodward'.

David Woodward
Senior Vice President, Finance

June 26, 2015

Independent Auditors' Report



To the Shareholder of British Columbia Investment Management Corporation

We have audited the accompanying consolidated financial statements of British Columbia Investment Management Corporation, which comprise the consolidated statements of financial position as at March 31, 2015, the consolidated statements of income and comprehensive income, changes in equity and cash flows for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

OPINION

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of British Columbia Investment Management Corporation as at March 31, 2015, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font. Below the signature is a horizontal line.

Chartered Accountants

June 26, 2015

Vancouver, Canada

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION

Consolidated Statements of Financial Position

(Expressed in thousands of Canadian dollars)

As at March 31, 2015, with comparative information for 2014

ASSETS	NOTE	2015	2014
Current assets:			
Cash and cash equivalents	4	25,381	25,264
Trade and other receivables	5	64,150	36,963
Prepaid expenses		1,873	1,486
Total current assets		91,404	63,713
Property, plant and equipment	6	8,740	2,199
Total assets		100,144	65,912

LIABILITIES AND SHAREHOLDER'S EQUITY	NOTE	2015	2014
Current liabilities:			
Trade and other payables	7	56,448	29,303
Current employee benefits	8	23,993	19,063
Total current liabilities		80,441	48,366
Long-term employee benefits	10	8,892	9,211
Total liabilities		89,333	57,577
Shareholder's equity:			
General reserve		1,779	2,541
Retained earnings		9,032	5,794
Total equity		10,811	8,335
Total liabilities and shareholder's equity		100,144	65,912

Operating leases (note 11)

Contingencies (note 12)

See accompanying notes to consolidated financial statements

Approved on behalf of the Board:



Director



Director

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION

Consolidated Statements of Income and Comprehensive Income

(Expressed in thousands of Canadian dollars)

Year ended March 31, 2015, with comparative information for 2014

REVENUES	NOTE	2015	2014
Recoveries of direct costs	13	176,220	159,842
Funds management fees		75,049	63,867
Investment income	14	292	295
		251,561	224,004
EXPENSES	NOTE	2015	2014
Direct costs	13	176,220	159,842
Salaries and benefits	9, 15	53,504	46,121
General and administrative	9, 16	12,073	10,611
Other	17	7,288	4,121
		249,085	220,695
Net income and comprehensive income		2,476	3,309

See accompanying notes to consolidated financial statements

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION

Consolidated Statements of Changes in Equity

(Expressed in thousands of Canadian dollars)

Year ended March 31, 2015, with comparative information for 2014

	GENERAL RESERVE	RETAINED EARNINGS	TOTAL EQUITY
Balance as at March 31, 2013	2,687	2,339	5,026
Transfer to (from) general reserve	(146)	146	-
Comprehensive income	-	3,309	3,309
Balance as at March 31, 2014	2,541	5,794	8,335
Transfer to (from) general reserve	(762)	762	-
Comprehensive income	-	2,476	2,476
Balance as at March 31, 2015	1,779	9,032	10,811

See accompanying notes to consolidated financial statements

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION

Consolidated Statements of Cash Flows

(Expressed in thousands of Canadian dollars)

Year ended March 31, 2015, with comparative information for 2014

	NOTE	2015	2014
Cash flows provided by (used in):			
Operations:			
Comprehensive income		2,476	3,309
Items not involving cash:			
Depreciation		844	454
Loss on write-off of assets		60	-
		3,380	3,763
Changes in non-cash items:			
Trade receivables		(27,296)	(4,363)
Prepaid expenses		(387)	(381)
Current liabilities		32,075	6,149
Long-term employee benefits		(319)	2,010
Net cash provided by operating activities		7,453	7,178
Investments:			
Furniture and equipment additions		(1,893)	(35)
Computers and related software additions		(1,172)	(827)
Leasehold improvement additions		(4,380)	(651)
Net cash used by investing activities		(7,445)	(1,513)
Increase in cash and cash equivalents		8	5,665
Cash and cash equivalents, beginning of year		25,264	19,564
Effects of movements in exchange rates on cash and cash equivalents		109	35
Cash and cash equivalents, end of year		25,381	25,264
Cash and cash equivalents are comprised of:	4		
Cash in bank		791	256
Short-term money market instruments		24,590	25,008
		25,381	25,264

See accompanying notes to consolidated financial statements

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of Canadian dollars).
Year ended March 31, 2015

1. REPORTING ENTITY:

The British Columbia Investment Management Corporation (the Corporation) 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 Sawmill Point, 2950 Jutland Road, Victoria, BC. The consolidated financial statements of the Corporation 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, 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, 2015 was \$124 billion (2014-\$110 billion). Of that, approximately \$104 billion (2014-\$91 billion) is invested on behalf of pension funds and \$20 billion (2014-\$19 billion) on behalf of various publicly-administered trust funds and clients. These assets are held by bcIMC as agent for investment for its clients and may consist of units in one or more pooled investment portfolios whose assets are managed and held by the Corporation as trustee. The Corporation annually prepares separate audited financial statements for each pooled investment portfolio with more than one unitholder. Neither assets held by the Corporation as trustee of the pooled investment portfolios nor assets held by the Corporation as agent for investment for its clients are consolidated in the financial statements of the Corporation.

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 June 26, 2015.

(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.

(C) FUNCTIONAL AND PRESENTATION CURRENCY:

These 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 the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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.

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.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of Canadian dollars).
Year ended March 31, 2015

- 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.

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 per cent 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 money market funds which are readily convertible to cash.

(C) FINANCIAL INSTRUMENTS:

The Corporation initially recognizes loans and receivables and other liabilities on the date that they are originated. All other financial assets (including any assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Corporation becomes a party to the contractual provisions of the instrument.

The Corporation derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Corporation is recognized as a separate asset or liability. The Corporation derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

The Corporation classifies its non-derivative financial instruments as follows:

(i) Loans and receivables:

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. The Corporation's financial assets designated as loans and receivables are comprised of cash and cash equivalents and trade and other receivables.

(ii) Other liabilities

Other liabilities are recognized initially at fair value, net of transaction costs. Subsequently, other liabilities are measured at amortized cost using the effective interest method. The Corporation's financial liabilities designated as other liabilities are comprised of trade and other payables.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of Canadian dollars).
Year ended March 31, 2015

(D) PROPERTY, PLANT AND EQUIPMENT:**(i) Measurement:**

Items of property, plant and equipment 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 property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized within net income.

(ii) Depreciation:

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leasehold improvements are amortized on a straight-line basis over the anticipated life of the lease term.

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

Furniture and equipment	10 years
Computers and related software	5 years

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

(E) 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.

(F) RESERVE:

The Corporation maintains a general reserve for future expenditures which may be appropriated from retained earnings at the discretion of the Board of Directors. The Board has authorized access to the general reserve for the purposes of certain employee compensation payments and for errors and omissions payments.

The Corporation must recover its operating costs and capital expenditures. The Corporation's Board of Directors may approve recoveries greater than costs and expenditures to maintain or increase the Corporation's retained earnings and general reserve.

(G) REVENUE:

The Corporation's revenues comprise operating costs and capital expenditures that are recovered from: amounts charged to pooled investment portfolios and client accounts for operating costs and capital expenditures necessarily incurred by the Corporation on behalf of the pooled investment portfolios and segregated assets it manages; amounts charged to clients for services provided to those clients by the Corporation; and income accruing from investments made by the Corporation on its own behalf.

(i) Direct costs recoveries and funds management fees:

Amounts charged to the pooled investment portfolios and clients are accrued as the related costs and expenditures are incurred and as the services are provided. Fees are charged at a level that the Corporation estimates will allow it to recover all cash outlays and accrued expenses, including capital expenditures, and maintain or increase retained earnings and general reserves.

(ii) Investment income:

Investment income is recorded on an accrual basis and includes interest income on cash and cash equivalents.

(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

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of Canadian dollars).
Year ended March 31, 2015

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, 2014 indicated that the Plan was 101 per cent funded.

(ii) Long term incentive plan:

The Corporation provides a retention incentive to employees in senior staff positions through a long-term incentive plan (LTIP). Eligible staff are entitled to their first LTIP payment in their fourth year of employment with the Corporation. LTIP is accrued for eligible employees at an amount equal to one quarter of the estimated aggregate pay-out for the current year and each of the following three years. The estimated payments relating to current and previous years, that will be paid out in years beyond the next fiscal year are recorded as a long-term liability.

(iii) 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.

(I) LEASED ASSETS:

(i) Classification:

The Corporation does not have any leases classified as finance leases where it assumes substantially all the risks and rewards of ownership. The Corporation has operating leases and they are not recognized in the statement of financial position.

(ii) Lease payments:

Payments made under operating leases are recognized in net income on a straight-line basis over the term of the lease.

(J) TAXATION:

As a corporation whose only share is owned by Her Majesty in right of a province, the Corporation is exempt from federal income taxes. As an agent of the government of British Columbia, the Corporation is not liable to British Columbia taxation except as the government of British Columbia is liable for British Columbia taxation.

(K) NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED:

A number of new standards, amendments to standards and interpretations are not yet effective for year ended March 31, 2015, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Company, except for IFRS 9, Financial Instruments.

IFRS 9 deals with recognition, derecognition, classification and measurement of financial statements and its requirements and represent a significant change from the existing requirements in IAS 39, Financial Instruments: Recognition and Measurement, in respect of financial assets. The standard contains two primary measurement categories for financial assets: amortized cost and fair value. A financial asset would be measured at amortized cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and the asset's contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets would be measured at fair value.

The standard eliminates the existing IAS 39 categories of held-to-maturity, available-for-sale and loans and receivables. The standard is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. The Company intends to adopt IFRS 9 in its financial statements for the annual period beginning on January 1, 2018. Management is currently in the process of evaluating the potential effect of this standard. The standard is not expected to have a significant impact on the financial statements since the Company's financial assets are currently measured at amortized cost.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of Canadian dollars).

Year ended March 31, 2015

4. CASH AND CASH EQUIVALENTS:

2015	CANADIAN	U.S.	TOTAL
Cash	732	59	791
Cash equivalents	24,184	406	24,590
	24,916	465	25,381

2014	CANADIAN	U.S.	TOTAL
Cash	228	28	256
Cash equivalents	24,883	125	25,008
	25,111	153	25,264

Cash equivalents consist of units in pooled investment portfolios managed by the Corporation, specifically the Canadian Money Market Fund ST2 and the U.S. Money Market Fund ST3. U.S. dollar investments are translated at the year-end foreign currency exchange rate.

5. TRADE AND OTHER RECEIVABLES:

	2015	2014
Pooled fund receivables	56,156	29,669
Fees receivables	7,290	6,295
Other receivables	704	999
	64,150	36,963

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of Canadian dollars).

Year ended March 31, 2015

6. PROPERTY, PLANT AND EQUIPMENT:

PROPERTY, PLANT AND EQUIPMENT:	FURNITURE & EQUIPMENT	COMPUTERS & RELATED SOFTWARE	LEASEHOLD IMPROVEMENTS & INTERESTS	TOTAL
Cost:				
Balance as at April 1, 2013	589	2,195	1,810	4,594
Additions	35	827	651	1,513
Balance as at March 31, 2014	624	3,022	2,461	6,107
Additions	1,893	1,172	4,380	7,445
Disposals	(500)	–	(1,676)	(2,176)
Balance as at March 31, 2015	2,017	4,194	5,165	11,376
Accumulated depreciation:				
Balance as at April 1, 2013	439	1,452	1,563	3,454
Depreciation for the year	31	262	161	454
Balance as at March 31, 2014	470	1,714	1,724	3,908
Depreciation for the year	64	433	347	844
Disposals	(440)	–	(1,676)	(2,116)
Balance as at March 31, 2015	94	2,147	395	2,636
Carrying amounts:				
As at March 31, 2014	154	1,308	737	2,199
As at March 31, 2015	1,923	2,047	4,770	8,740

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of Canadian dollars).

Year ended March 31, 2015

7. TRADE AND OTHER PAYABLES:

	2015	2014
Direct cost payable	43,104	25,943
Trade accounts payable	13,344	3,360
	56,448	29,303

8. CURRENT EMPLOYEE BENEFITS:

	2015	2014
Regular employee benefits	1,696	1,196
Annual incentive plan / Long term incentive plan	22,029	17,508
Long service retiring allowance	268	359
	23,993	19,063

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of Canadian dollars).
Year ended March 31, 2015

9. RELATED PARTIES:

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.

A portion of the Corporation's expenses are paid to related parties. These amounts, which are included in general and administrative expenses, are as follows:

	2015	2014
Systems operations	306	466
Office and business	27	140
	333	606

Related party transactions included in trade and other payables are as follows:

	2015	2014
Systems operations	34	43
	34	43

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of Canadian dollars).

Year ended March 31, 2015

Key management personnel compensation:

	2015	2014
Base salary	3,130	2,936
Annual incentive	3,737	3,471
Long-term incentive plan	2,554	2,279
Other short-term benefits	605	541
Post employment benefits — pension contributions	332	326
	10,358	9,553
Other non-recurring	1,669	–
	12,027	9,553

The amounts reflect the compensation for a newly created ten member Executive Management Team (formed during the year ended March 31, 2015). The March 31, 2014 amounts reflect the compensation of the same executive positions for comparative

purposes. Previously, for the year ended March 31, 2014, key management personnel compensation was comprised of five senior executives and amounted to \$5,807,000.

10. LONG TERM EMPLOYEE BENEFITS:

2015	LTIP	LSRA	TOTAL
Accrued employee obligations	14,354	1,123	15,477
Less short term portion included in current employee benefits	6,317	268	6,585
Long term employee benefits obligations	8,037	855	8,892

2014	LTIP	LSRA	TOTAL
Accrued employee obligations	12,187	1,207	13,394
Less short term portion included in current employee benefits	3,824	359	4,183
Long term employee benefits obligations	8,363	848	9,211

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of Canadian dollars).
Year ended March 31, 2015

11. OPERATING LEASES:

The Corporation leases premises under various operating leases which expire in 2015, 2017, and 2025 subject to various renewal options contained within the lease agreements.

Minimum lease payments based on current lease agreements in effect as at the periods below are as follows:

	2015	2014
Less than 1 year	2,756	1,639
Between 1 and 5 years	11,079	11,229
More than 5 years	14,031	16,502
	27,866	29,370

12. CONTINGENCIES:

The Government of Canada contests bcIMC's immunity from the imposition of goods and services tax under the *Excise Tax Act*, in respect of supplies to its pooled investment portfolios. In 2009, bcIMC was advised that Canada was in discussions with the Province regarding the application of goods and services tax and/or harmonized sales tax (HST/GST) to costs recovered by bcIMC from assets held by bcIMC in pooled investment portfolios. In December 2013 bcIMC filed a petition in the Supreme Court of British Columbia seeking a declaration confirming its crown immunity in respect of HST/GST relating

to costs recovered from assets held in pooled investment portfolios. Management is of the opinion that the Court will not deny bcIMC the ability to rely on its statutory crown immunity. However, if the Supreme Court determines that supplies to bcIMC's pooled investment portfolios are taxable under the *Excise Tax Act*, bcIMC estimates the cumulative HST/GST owing for the period from April 1, 2010 to March 31, 2015 to be in the range of \$50,000,000 to \$60,000,000. This amount would then be recoverable from the pooled investment portfolios.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of Canadian dollars).
Year ended March 31, 2015

13. REVENUES:

Costs related to providing funds management services on behalf of pooled investment portfolios or clients' segregated investments are recovered directly from those entities and clients. These direct costs are shown as expenses, and the

recovery of these costs as revenue, in the Consolidated Statements of Income and Comprehensive Income.

The breakdown of direct costs as reported in the Consolidated Statements of Income and Comprehensive Income is as follows:

DIRECT COSTS	2015	2014
Investment	158,236	144,293
Custodial	11,645	9,214
Legal, audit, other	6,339	6,335
	176,220	159,842

Direct costs does not include pursuit and divestiture costs associated with the costs of buying and selling certain illiquid investments held within the pooled investment portfolios.

These costs are reflected in the applicable pooled investment portfolios. These costs for the year ended March 31, 2015 totaled \$15,745,988 (2014-\$3,151,181).

14. INVESTMENT INCOME:

	2015	2014
Interest	4	3
Money market	288	292
	292	295

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of Canadian dollars).

Year ended March 31, 2015

15. SALARY AND BENEFITS:

	2015	2014
Salaries	27,153	22,770
Benefits	4,634	4,119
Annual incentive plan	15,732	13,498
Long term incentive plan	5,985	5,734
	53,504	46,121

Benefits are comprised of:

	2015	2014
Medical and dental	1,080	760
Pension	2,451	2,287
Retirement allowance	118	125
Insurance and other	985	947
	4,634	4,119

16. GENERAL AND ADMINISTRATIVE COSTS:

	2015	2014
Systems operations (note 9)	7,545	6,553
Office and business (note 9)	2,301	1,924
Rent	1,554	1,466
Insurance	673	668
	12,073	10,611

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of Canadian dollars).

Year ended March 31, 2015

17. OTHER EXPENSES:

	2015	2014
Professional services	4,405	2,705
Recruitment and training	946	536
Depreciation	844	454
Errors and omissions	762	146
Board costs	271	280
Write-off of assets	60	-
	7,288	4,121

18. FAIR VALUE OF FINANCIAL INSTRUMENTS:

The fair value of the Corporation's financial instruments which includes cash and cash equivalents, trade and other receivables, trade and other payables, and current employee benefits approximates its carrying value due to the short-term to maturity of these instruments.

Fair value measurements are classified into a three level hierarchy based on the significance of the inputs used in making the fair value measurements. Level 1 measurements are determined by reference to quoted prices in active markets

for identical assets and liabilities. Level 2 measurements include those measured using inputs that are based on observable market data, either directly or indirectly. Level 3 measurements are based on unobservable inputs.

The Corporation's financial assets and liabilities, which are measured at amortized cost are considered Level 2 because while observable prices are available, they are not quoted in an active market.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of Canadian dollars).
Year ended March 31, 2015

19. 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 equivalents consist of units in money market investment portfolios managed by the Corporation. The 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.

Management is responsible for counterparty risk monitoring and mitigation as well as maintaining a comprehensive, disciplined, and enterprise-wide process for tracking and managing credit risk. As such, Management measures credit

and counterparty risk on an ongoing basis, evaluates and tracks the creditworthiness of current counterparties.

Due to the Corporation's role as fund manager for the pooled investment portfolios and the highly liquid nature of the Corporation's cash equivalents, management does not believe the Corporation is exposed to significant credit risk.

(B) LIQUIDITY RISK:

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation operates on a cost recovery basis and recovers all of its expenses through the pooled investment portfolios and segregated client accounts it manages. Accordingly, management does not believe the Corporation is exposed to significant liquidity risk.

The following table shows the contractual maturities of the Corporations liabilities as at March 31:

MARCH 31, 2015	WITHIN 1 YEAR	1 TO 5 YEARS	5 TO 10 YEARS	OVER 10 YEARS	TOTAL
Trade and other payables	56,448	–	–	–	56,448
Regular employee benefits	1,696	–	–	–	1,696
Annual incentive plan / LTIP	22,029	8,037	–	–	30,066
LSRA	268	195	362	298	1,123
	80,441	8,232	362	298	89,333

MARCH 31, 2014	WITHIN 1 YEAR	1 TO 5 YEARS	5 TO 10 YEARS	OVER 10 YEARS	TOTAL
Trade and other payables	29,303	–	–	–	29,303
Regular employee benefits	1,196	–	–	–	1,196
Annual incentive plan / LTIP	17,508	8,363	–	–	25,871
LSRA	359	205	262	381	1,207
	48,366	8,568	262	381	57,577

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of Canadian dollars).
Year ended March 31, 2015

(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 or have significant net financial obligations denominated in each currency other than Canadian dollars. Accordingly, management does not believe the Corporation is exposed to significant currency risk.

(D) INTEREST RATE RISK:

Interest rate risk refers to the effect on the fair value or future cash flows of financial instruments due to fluctuation 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. As investment earnings are not material, management does not believe the Corporation is exposed to significant interest rate risk.

(E) OTHER PRICE RISK:

Other price risk is the risk that the fair value of the Corporation's financial instruments will fluctuate because of changes in market prices, other than those arising from currency risk or interest rate risk. Management does not believe the Corporation's financial instruments are exposed to significant other price risk.

20. CAPITAL MANAGEMENT:

The Corporation's capital consists of general reserve and retained earnings. The Corporation operates on a cost recovery basis. From time to time, the Corporation's Board of Directors may approve recoveries greater than costs to maintain or increase the Corporation's retained earnings and general reserve.

Our External Managers and Partners

AUDITORS

- Ernst & Young LLP
- KPMG LLP

GLOBAL CUSTODIAN

- RBC Investor & Treasury Services

LEGAL ADVISORS

- Blake, Cassels & Graydon LLP
- Garvey Schubert Barer
- Lawson Lundell LLP
- McCullough O'Connor Irwin LLP
- Lefosse Advogados
- Otterspeer, Haasnoot & Partners
- Basham, Ringe Y Correa, S.C.
- Borden Ladner Gervais LLP

MORTGAGES

- CMLS Financial Ltd.
- Tricon Capital Group Inc.

PRIVATE MARKETS

- Adams Street Partners, LLC
- Advent International Corporation
- AEA Investors LP
- Affinity Equity Partners
- Apollo Global Management, LLC
- Archer Capital
- ArcLight Capital Partners, LLC
- AsiaVest Partners TCW/YFY (Taiwan) Ltd.
- Bain Capital, LLC
- Banyan Capital Partners
- BC Partners Limited
- Birch Hill Equity Partners Management Inc.
- The Blackstone Group L.P.
- Bridgepoint
- Brookfield Asset Management Inc.
- CAI Private Equity
- Callisto Capital LP
- Canaan Partners
- Cartesian Capital Group, LLC
- Castlake, L.P.
- Celtic House Venture Partners Inc.
- Cinven Partners LLP
- CVC Capital Partners
- Energy Capital Partners
- First Reserve Corporation
- Five Corners Capital Inc.
- FountainVest Partners

- Francisco Partners
- Fulcrum Capital Partners
- Greenstone Venture Partners
- GTCR, LLC
- H&Q Asia Pacific
- HarbourVest Partners, LLC
- Hellman & Friedman LLC
- Highstar Capital
- IK Investment Partners
- Kern Partners Ltd.
- Leonard Green & Partners, L.P.
- Macquarie Infrastructure and Real Assets
- MatlinPatterson Global Advisors LLC
- McKenna Gale Capital Inc.
- McLean Watson Capital
- Merit Capital Partners
- MWI & Partners Inc.
- Navis Capital Partners
- New Mountain Capital, LLC
- Newbridge Capital Investments Ltd.
- Newstone Capital Partners, LLC
- Northstar Advisors Pte. Ltd.
- Oaktree Capital Management, L.P.
- Orchid Asia Group Management, Ltd.
- Pacven Walden, Inc.
- PAI Partners SAS
- Pantheon Ventures (UK) LLP
- Penfund
- PineBridge Investments
- Polaris Partners
- Richardson Capital Limited
- Riverstone Holdings LLC
- SVG Advisors Inc.
- Synectic Ventures LLC
- TA Associates Management, L.P.
- Tailwind Capital Group, LLC
- TorQuest Partners
- TPG Capital
- Tricor Pacific Capital, Inc.
- TriWest Capital Partners
- Turkven
- Unitas Capital Pte. Ltd.
- Vanedge Capital
- Warburg Pincus LLC.
- Wayzata Investment Partners
- Wellspring Capital Management LLC
- Yaletown Venture Partners

PUBLIC EQUITIES

- Aberdeen Asset Management PLC
- Acadian Asset Management LLC

- Allianz Global Investors
- Amundi Asset Management
- APS Asset Management Pte. Ltd.
- BlackRock Asset Management Canada Limited
- Connor, Clark & Lunn Investment Management Ltd.
- Corston-Smith Asset Management Sdn Bhd
- GE Asset Management Canada
- Intact Investment Management
- Frontier Capital Management Company, LLC
- J.P. Morgan Asset Management
- Oechsle International Advisors, LLC
- Pier 21 Asset Management Inc./Carnegie Asset Management Fondsmæglerselskab A/S
- Pyramis Global Advisors
- Pyrford International Ltd
- Quantum Advisors Private Limited
- Red Gate Asset Management
- Schroder Investment Management (Hong Kong) Limited
- Van Berkomp and Associates Inc.
- Vontobel Asset Management, Inc.
- Walter Scott & Partners Limited
- Wellington Management Company LLP

REAL ESTATE

- Apex LP
- Averton Developments
- AXA
- Bentall Kennedy
- BlackRock Inc.
- Bonnefield Financial Inc.
- Brookfield Asset Management Inc.
- Brookfield/Fairfield Residential Company LLC
- Clarion Partners
- Gables Residential
- Delta Hotels Limited
- Doughty Hanson & Co.
- GWL Realty Advisors Inc.
- Industrial Property Trust
- Invesco Ltd.
- LaSalle Investment Management
- Parkbridge Lifestyle Communities Inc.
- Realstar Group
- SilverBirch Management Ltd.
- TIAA-CREF Asset Management

Our Executive Management Team

Gordon J. Fyfe

Chief Executive Officer / Chief Investment Officer

Steve Barnett

Chief Operating Officer

Dean Atkins

Senior Vice President, Mortgages / Acting Senior Vice President, Real Estate

Paul Flanagan

Senior Vice President, Fixed Income & Foreign Exchange

Norine Hale

Senior Vice President, Human Resources

Lynn Hannah

Senior Vice President, Consulting & Client Services

Michelle Ostermann

Senior Vice President, Investment Risk, Strategy & Research

Bryan Thomson

Senior Vice President, Public Equities

Lincoln Webb

Senior Vice President, Private Markets

ECO-AUDIT ENVIRONMENTAL BENEFITS STATEMENT

The bcIMC annual report is printed with vegetable-based inks, on paper that is made from 100 per cent post-consumer recycled content. The stock is manufactured with renewable, non-polluting, wind-generating electricity, and is sourced from certified suppliers that support the growth of responsible forest management. By using this environmentally friendly paper, bcIMC has saved the following resources:

trees 12 fully grown	water 21,953 litres	solid waste 177 kilograms	greenhouse gases 486 kilograms	energy 6 million BTU
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Environmental impact estimates were made using the Environmental Paper Network Calculator.

For more information visit <http://calculator.environmentalpaper.org>



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We welcome your comments and suggestions on our annual report.

Please contact: Gwen-Ann Chittenden

Manager, Corporate Initiatives

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