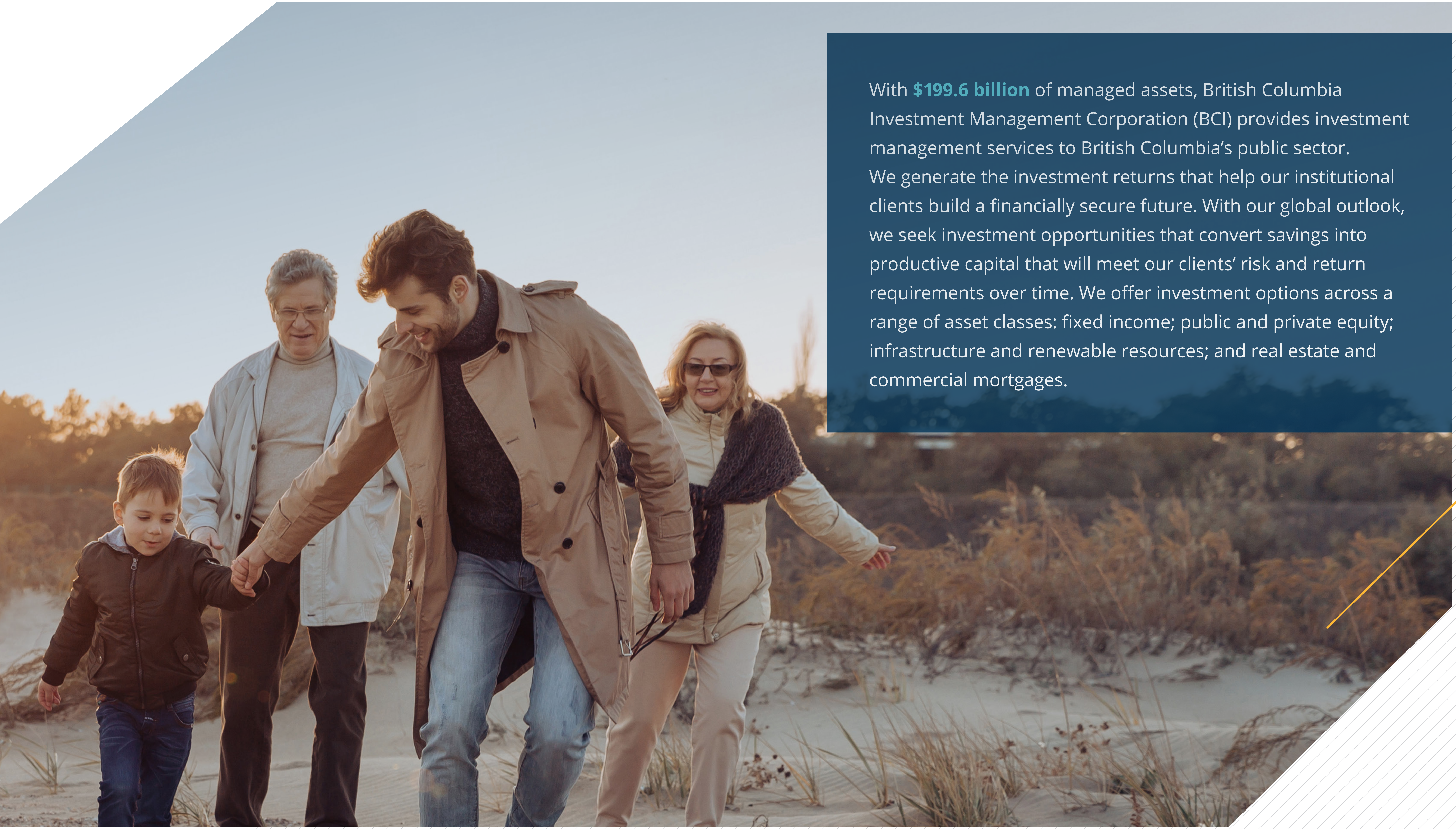
2020–2021

Corporate Annual Report

Transformed. Prepared. Resilient.

BCI

British Columbia Investment Management Corporation



With **$199.6 billion** of managed assets, British Columbia Investment Management Corporation (BCI) provides investment management services to British Columbia's public sector. We generate the investment returns that help our institutional clients build a financially secure future. With our global outlook, we seek investment opportunities that convert savings into productive capital that will meet our clients' risk and return requirements over time. We offer investment options across a range of asset classes: fixed income; public and private equity; infrastructure and renewable resources; and real estate and commercial mortgages.

Contents

This document is prepared in accordance with Section 20(2)(e)(v) of the *Public Sector Pension Plans Act* for the Honourable Minister of Finance for British Columbia and the BCI Board of Directors. The purpose of this report is to communicate the investment performance, strategy, operational activities, and governance of BCI for the fiscal year ended March 31, 2021. Unless otherwise stated, all figures are as at March 31, 2021, and in Canadian dollars. The report includes Management's Discussion & Analysis, Compensation Discussion & Analysis, and Corporate Financial Statements. The pooled fund financial statements for December 31, 2020, are available here. Our 2020 ESG Annual Report, which includes BCI's climate-related financial disclosures (in accordance with the Task Force for Climate-related Financial Disclosures), is available on BCI.ca/esg

Highlights

2020 – 2021

GENERATED

16.5%
annual return[1]

on behalf of British Columbia's public sector pension plans[2]

ADDED VALUE

$10.2
billion

over the 10-year period to British Columbia's public sector pension plans[2] (annualized return of 9.0% against a combined benchmark of 7.9%)

ADDED

$28.3
billion

in assets under management (AUM), increasing total AUM to $199.6 billion

COMPLETED

1st direct infrastructure investment in India

partnered with global investors to acquire a telecom tower company

TRANSITIONED MORE THAN

$3.0
billion

to active internally managed public equities

REACHED

$1.4
billion

in cumulative historical participation in sustainable bonds, compared to $439.0 million in fiscal 2020

LAUNCHED OUR

diversity and inclusion strategy

to strengthen diversity and foster an inclusive culture

2021 BC's Top Employers®

NAMED ONE OF

BC's Top Employers

and one of Canada's Top 100 Employers for the second consecutive year

Figures in the report may not appear to sum due to rounding.

[1] Includes the impact of clients' currency hedging policies, where set. See page 20 for more details.

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

Transformed. Prepared. Resilient.

To support our clients’ long-term financial objectives, BCI has spent the past six years transforming into an active, in-house investment manager. This included preparing our portfolios, systems, and people for a market disruption.

Our clients’ portfolios entered the pandemic defensively positioned and ready to weather volatility. As we emerge from a year like no other, we have seen the success of our transformation, the strength of our portfolio, and the skill and commitment of our team. The past six years of transformation prepared us, and our clients’ portfolios, to be resilient — now, and in the future.

Our transformation was built around three pillars, each of which proved essential over the past year. First, we had expanded and diversified our investment strategies, which helped us manage the probability of meeting and exceeding clients’ long-term return objectives. Second, we had internalized asset management, positioning us for greater oversight, alignment of interests, and cost efficiency. Finally, we had strengthened our base, ensuring we had the people, systems, and processes in place to pivot, adapt, and continue delivering sustainable value for our clients.

Transformed

Prior to 2015, we were largely a “manager of managers” — overseeing the work of third-party investors on behalf of our clients, and primarily using passive investment strategies.

As the investment environment shifted, we needed to adapt our strategies and approach to the low-growth and low-rate environment that we felt would make earning the required investment returns more challenging.

Through six years of evolution, we have transformed into an active, in-house asset manager to better support our clients’ objectives.

Prepared

Our transformation was designed to build resilience into our systems, processes, and — most importantly — our clients’ portfolios.

To do so, we transitioned our clients’ asset mixes toward a greater emphasis on private markets, where long-term investment horizons provide protection from volatility.

We also established sophisticated risk management capabilities, built out a high-calibre investment team supported by skilled back- and middle-office staff and systems, and modernized our technology. We prepared — not specifically for the pandemic, but for any disruption or downturn.

Resilient

As the pandemic began to unfold, it became clear that our transformation was both essential and successful.

The extensive business continuity planning we did over many years allowed our teams to seamlessly move to a fully virtual work environment.

Our active, in-house model supported the continued safeguarding of our clients’ assets, management of their liquidity needs, as well as ongoing deployment of their capital.

Finally, our efforts to refine the ways in which we communicate and engage with our clients allowed us to be transparent and responsive throughout this turbulent time.

Our Clients

Thinking Long Term

We have worked with our clients since 2015 to diversify their asset mixes, decrease reliance on expensive asset managers, and move away from a primarily passive investment approach.

As we emerge from the pandemic, we can see that this long-term thinking helped protect our clients' capital in a time of significant volatility. We are proud to say our clients remain fully funded.

DEMONSTRATING OUR COMMITMENT

True to our client-centric culture, teams from across BCI rallied together to support all of our clients' needs right from the beginning of the pandemic. Our sole purpose is to serve our clients, and this year allowed us to demonstrate the extent of our commitment. By being nimble and adaptive, transparently communicating with heightened frequency and depth, and continuing to generate returns, we were able to maintain client trust.

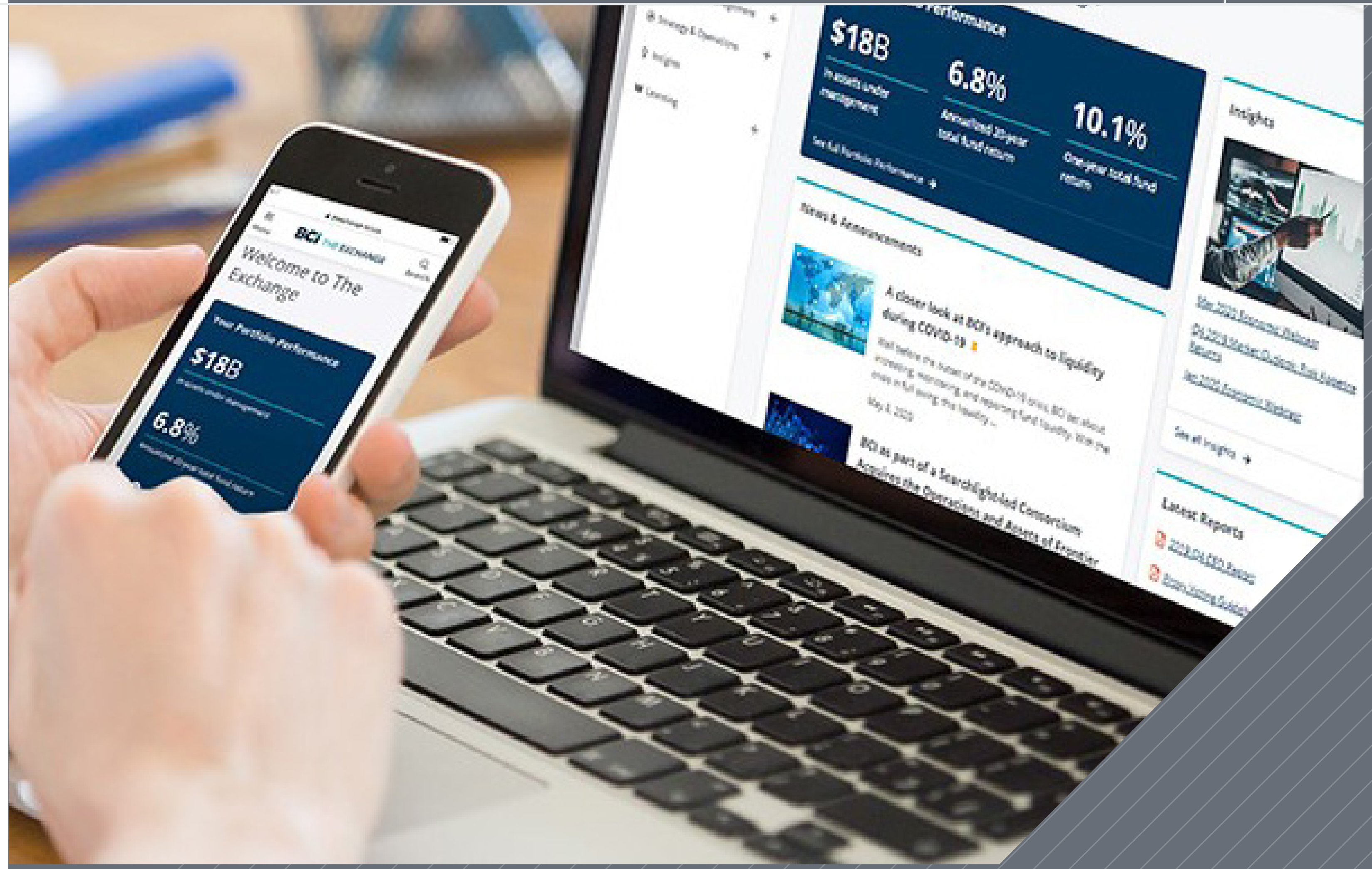
LEVERAGING COMMUNICATION CHANNELS

Several initiatives within our transformation involved refining stakeholder communication channels and approaches — especially those that support client engagement, consultation, and reporting. We built out our client communication, investment consulting, and relationship management teams to ensure all aspects of our clients' needs are addressed holistically, and we established a secure online client platform for timely, ongoing, digital communication. These efforts were essential to successfully engaging with and supporting our clients through this unprecedented year.

Virtually hosted **over 100 client representatives and investment professionals** at our second annual Investor Day

Issued **65 client communiqués and news articles** on our pandemic response, investments, transactions, and operations

Participated in **275 virtual client meetings**



CUSTOMIZING CLIENT COMMUNICATION

As part of our commitment to continuously improving how we engage with our clients, we developed The Exchange — an online portal that allows for secure, centralized client communication. Purpose-built for our clients' needs, The Exchange provides a digital platform for delivering customized reporting, BCI updates, as well as investment education resources.

Launched in spring 2020, but several years in the making, the platform proved critical over the course of the past year. Through it, our teams were able to provide up-to-date news and reporting to keep clients fully apprised, even as the markets were constantly shifting.

Our Investments

An Active Investor

Being good stewards of our clients' capital involves both protecting their funds and generating value. Over the past six years, we have been preparing for a market downturn.

We adjusted clients' asset mixes, established robust approaches for assessing and managing investment risk and liquidity, brought many investment decisions in-house, diversified clients' portfolios, and strengthened our global networks. Our efforts were rewarded this year through both the protection of client capital as well as our ability to continue to source new investments, manage liquidity, and deliver returns.

PUBLIC MARKETS

Robust business continuity planning ensured that we could continue to offer our full range of investment activities during the pandemic. Our transition to greater in-house management, as well as work to expand and diversify our product shelf, allowed our public markets teams to steward clients' capital through the year's disruptions. As long-term investors with capital to deploy, we were also able to capture opportunities, including:

- purchasing index swaps at heavily discounted levels
- diversifying investments through debt and partnership strategies
- initiating new equity positions, and building on existing positions, where advantageous

PRIVATE MARKETS

By making direct investments and holding significant equity in the companies in which we invest, we obtain greater governance rights, including board seats and access to management. Over the past year, we leveraged these benefits to gain stronger line of sight into how our portfolio companies were adapting in response to the pandemic. Our teams also capitalized on close relationships with portfolio company management, collaborating on how to best protect the value of our clients' investments. Our extensive networks and reputation as a trusted co-investor allowed us to continue to source new deals, even with the obstacle of dramatically reduced travel.

Pilot is an investment held in our private equity program.


PSE is an investment held in our infrastructure & renewable resources program.


Transelec is an investment held in our infrastructure & renewable resources program.

OUR INVESTMENTS LENDING A HAND

Pilot Freight Services (Pilot), a global third-party logistics provider and freight business, began delivering critical medical supplies and equipment — ranging from surgical masks to life-saving ventilators — to destinations across the United States. BCI and ATL Partners acquired Pilot in 2016.

Puget Sound Energy (PSE), an electrical power and natural gas supplier based in the United States, provided payment relief to customers facing financial hardship, donated to local foodbanks, and contributed to a relief effort to support the communities in which it operates. BCI invested in PSE in 2009 alongside other institutional investors.

Transelec S.A. (Transelec), a leading power transmission company based in Chile, delivered food and sanitary equipment to local communities in need, and increased its social giving budget to help communities get through the pandemic. BCI partnered with a group of long-term investors to acquire Transelec in 2006.

Our Teams

Prepared to Pivot

BCI's board, leadership, and management teams have been preparing for a business disruption for years.

What we could not know was exactly what we were preparing for. As the pandemic began, and our entire corporation needed to rapidly move to a fully virtual work environment, our robust business continuity planning paid off. Building our people, processes, and networks in advance allowed our teams to pivot and immediately continue their work remotely.

ENSURING WELLNESS AND SAFETY

We say that our people are our greatest asset, and never was this clearer than during the past year. As they quickly transitioned to working from home, our teams demonstrated their commitment to our clients, their adaptability, and their resilience. In order to support employees working under very different circumstances, constraints, and challenges, we prioritized employee health, safety, and wellness. We leveraged capabilities developed over the past several years in order to support staff in setting up home workspaces, ensuring teams had the technology they needed to seamlessly continue their work, and adapting our wellness practices to support both the physical and mental health of our people.

"The impact of the pandemic on BCI's business operations has tested our collective preparedness, adaptability, endurance, and team spirit. Together, we have demonstrated our resilience like never before."

Tom Peerless, director, enterprise risk management

Engaged a virtual mental health service provider to **prioritize employee wellness**

Supported 590 employees in remote and hybrid work environments

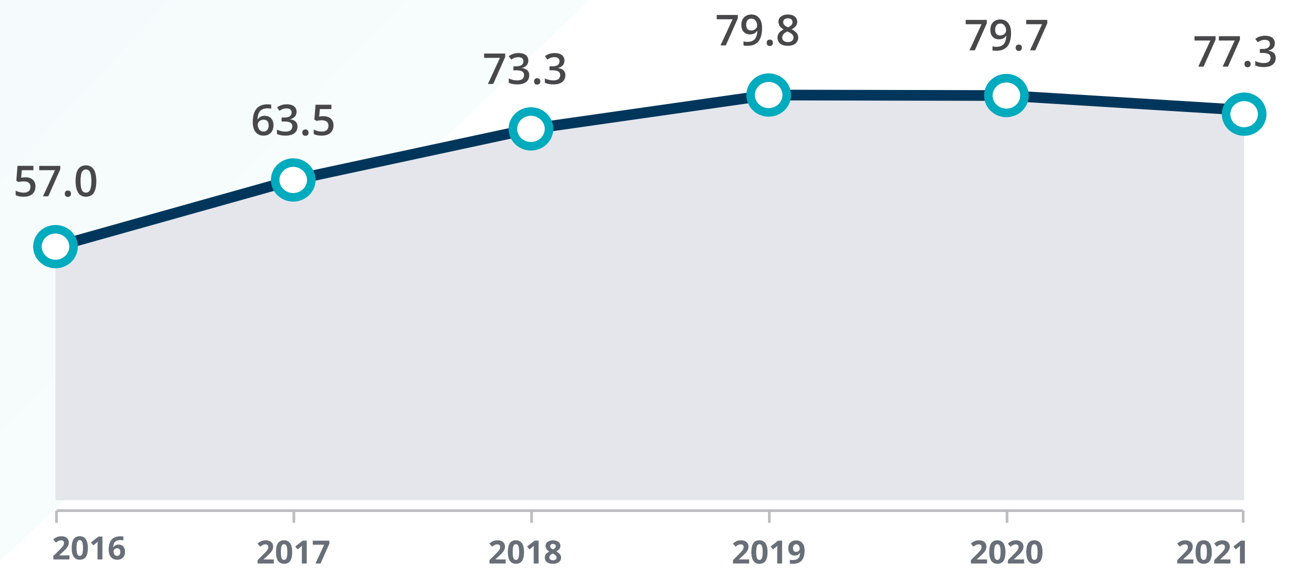
Transitioned 78% of our training and development programs **to a virtual format**

At a Glance

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

ASSETS MANAGED IN-HOUSE (%)

For the periods ended March 31

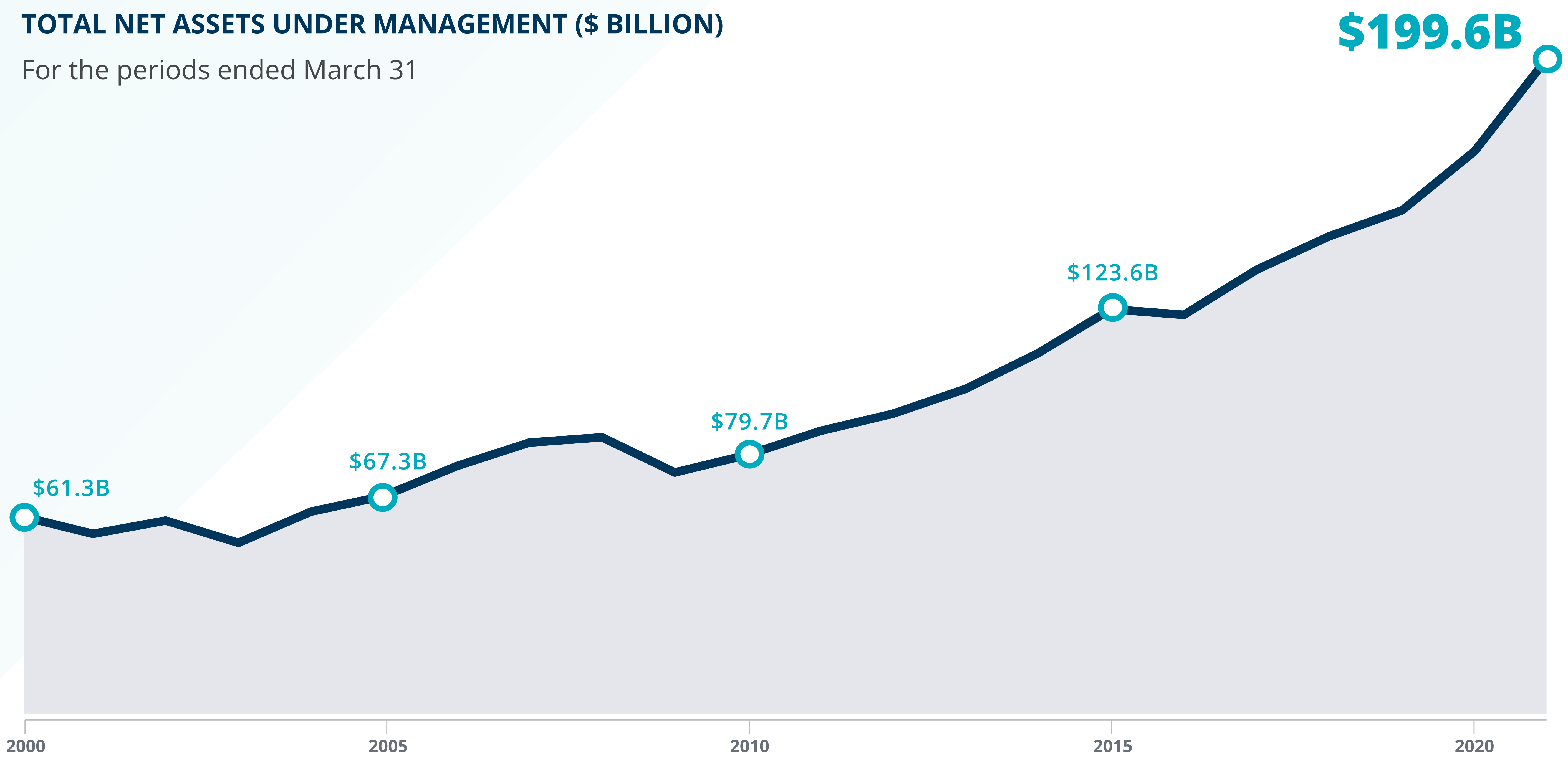


ANNUALIZED PENSION RETURNS[1] (%)

For the periods ended March 31, 2021

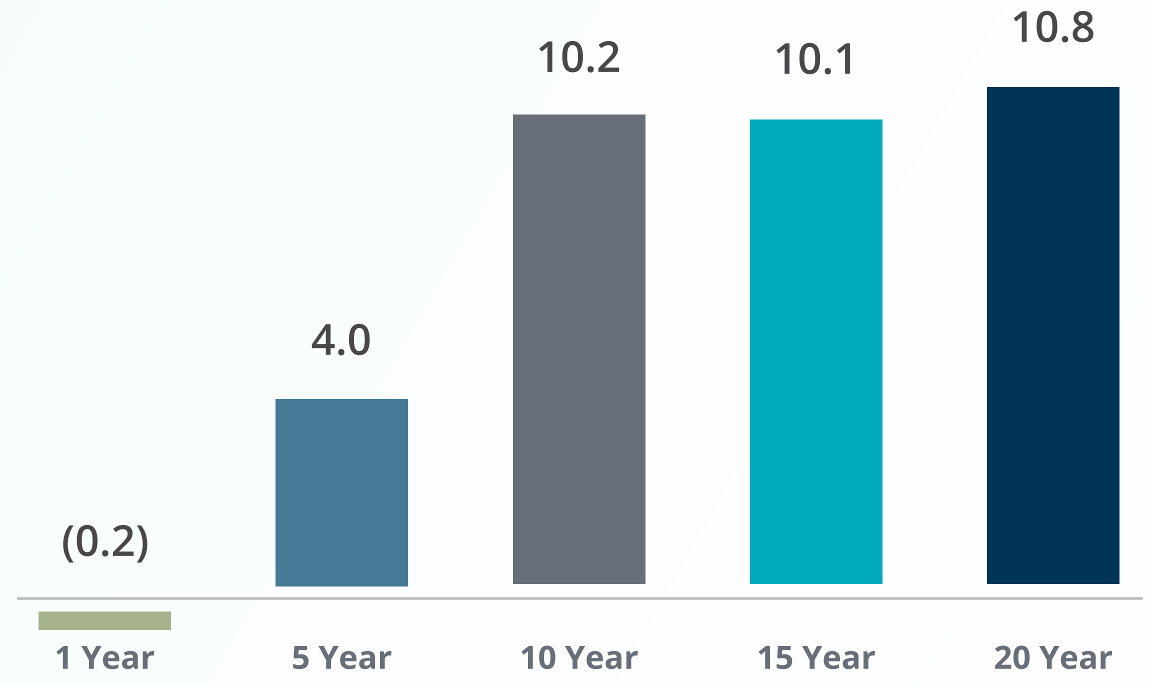
TOTAL NET ASSETS UNDER MANAGEMENT ($ BILLION)

For the periods ended March 31



CUMULATIVE VALUE ADD[1] ($ BILLION)

For the periods ended March 31, 2021



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

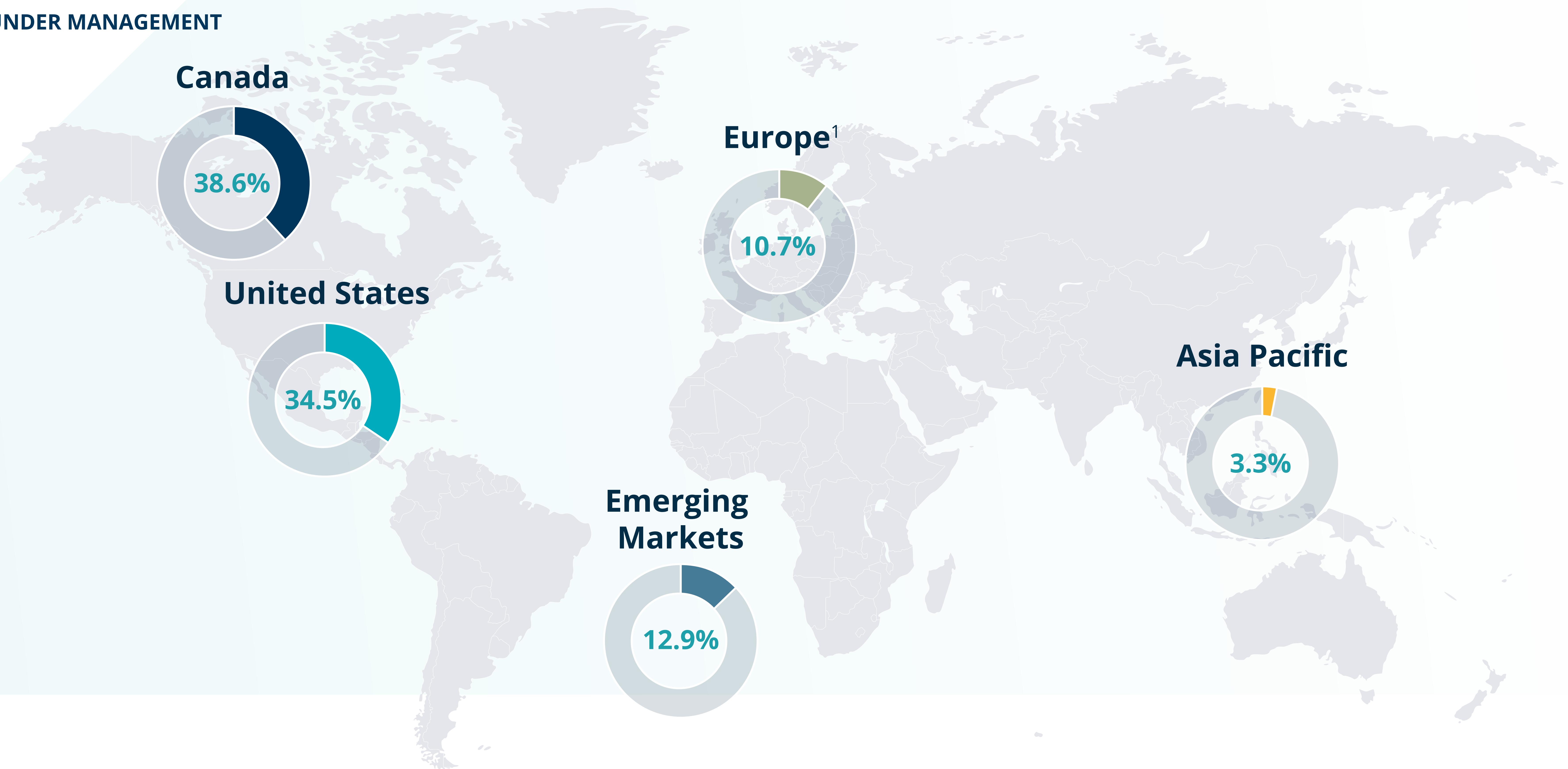
[1] Reflects the investments of BCI's six largest pension clients, namely: BC Hydro Pension Plan; College Pension Plan; Municipal Pension Plan; Public Service Pension Plan; Teachers' Pension Plan; and WorkSafeBC Pension Plan.

[2] Includes the impact of clients' currency hedging policies, where set. See page 20 for more details.

GLOBAL DISTRIBUTION OF ASSETS UNDER MANAGEMENT

As at March 31, 2021

We **invest globally** across a range of asset classes



ASSETS UNDER MANAGEMENT[2]

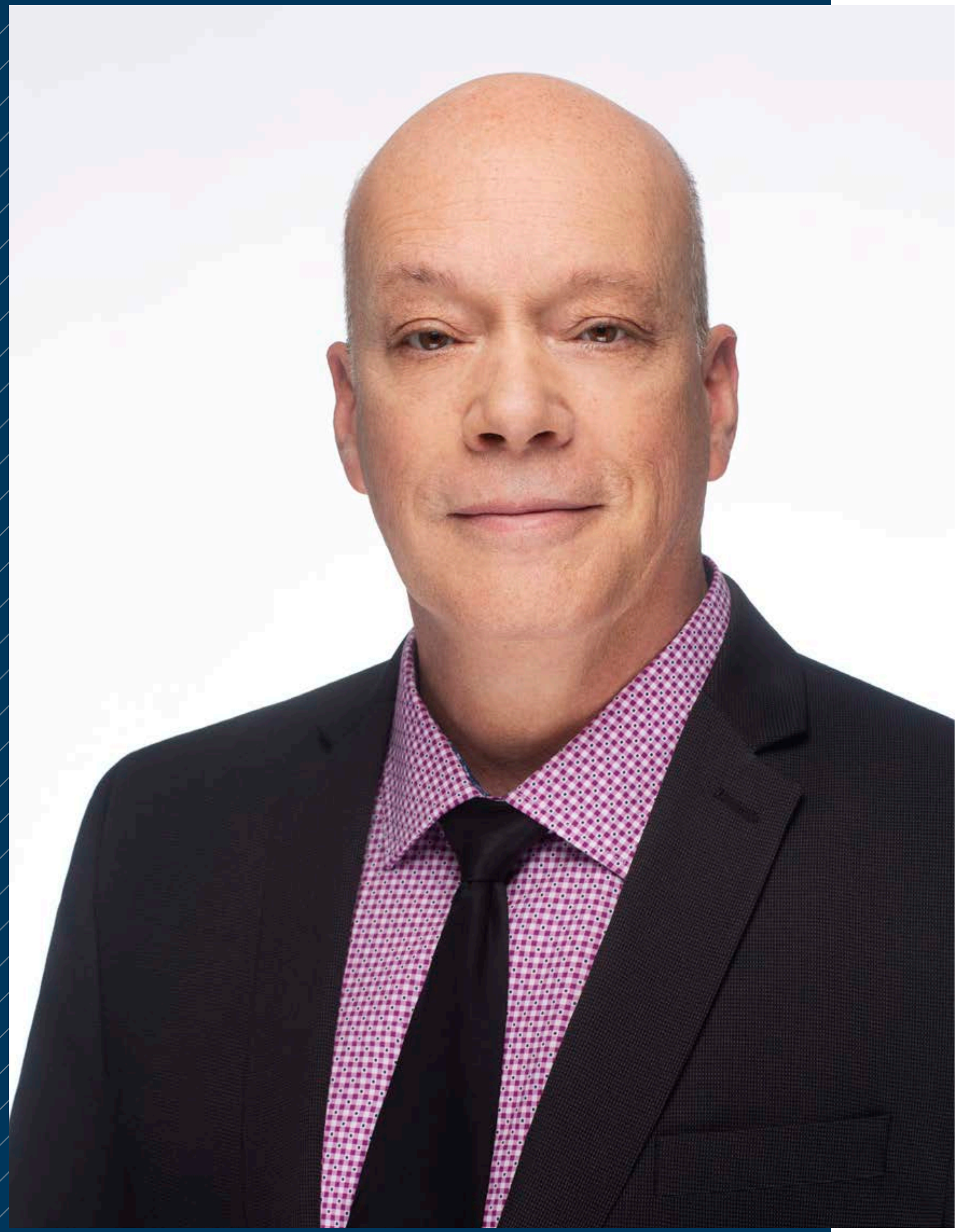
For the year ended March 31, 2021

Fixed Income	Public Equities	Real Estate	Private Equity	Infrastructure & Renewable Resources	Mortgages[3]
$71.2 billion	$66.6 billion	$28.5 billion	$20.7 billion	$20.0 billion	$7.0 billion

[1] Europe includes the United Kingdom.

[2] Assets under management include other strategies, such as leverage liabilities and clients' currency hedging policies, accounting for ($14.4) billion or (7.3) per cent.

[3] On January 1, 2021, the Construction Mortgage, Fixed Term Mortgage, Mezzanine Mortgage, and U.S. Mortgage Opportunity funds were consolidated into the BCI QuadReal Mortgage Program. The AUM for fiscal 2021 is combined under the new program.



“BCI was well prepared. Management and the board had planned how to handle crises and business disruptions.”

Message from Our Chair

Peter Milburn

In Canada and around the world, the COVID-19 pandemic continues to be a challenge for individuals, businesses, and society as a whole. Although the situation is improving, the consequences of this pandemic are likely to be felt for years.

The past year has been unlike anything we have experienced. Despite the upheaval to normal routines, BCI's highly talented employees continued to perform essential services for our clients — organizations that depend on BCI for investment returns to provide pensions and other important financial supports to British Columbians. This ability to successfully operate through significant disruption did not come about by chance.

PREPARATION WAS KEY TO SUCCESS BCI was well prepared. Management and the board had planned how to handle crises and business disruptions. Over the past six years, we have participated in table-top exercises and role-played different crisis scenarios as part of our enterprise risk management activities. The board also provided input into the approaches BCI would follow to engage with stakeholders during a crisis. That preparation, and our expectation that a market downturn at some point was inevitable, allowed us to adapt quickly to extraordinary circumstances.

With board support, BCI protected employees by shifting them to a virtual work environment at the start of the pandemic. Management deliberately increased communication with clients, staff, and other stakeholders throughout the pandemic, while continuing to provide a full portfolio of investment and asset management services.

The board shifted to virtual meetings and received updates from BCI's asset class leaders to understand market developments and BCI activities in an unprecedented environment. Operational stability was only made possible by recent investments in technology, such as the investment management platform.

DIVERSITY AND INCLUSION STRATEGY For the past three years, diversity and inclusion (D&I) has been an active topic on the board's strategic agenda. The board and executive management team are strong proponents for greater D&I, especially gender diversity in the investment roles.

As a global organization, BCI must be representative of our clients and the international markets in which we invest. Diversity also leads to better business performance. When you have a variety of views and experiences around the table, you can find better solutions to problems than if you had a homogeneous team. Diverse talent drives broader insights and deeper understanding of our clients' needs and perspectives.

BCI's strategic plan to improve D&I was fully supported by the board this year, and focuses on:

- Improving staff engagement, performance, and innovation, and developing more inclusive teams and corporate culture
- Attracting top talent and strengthening BCI's employer value proposition and addressing potential bias within our recruitment processes
- Accelerating diverse talent at BCI and broadening opportunities for career development, strengthening retention, and opening pathways for promotions
- Maintaining an ongoing focus and accountability for diversity and inclusion by measuring our performance, ensuring consistency in our approach, and ensuring the commitment of our senior leadership

The strategy contains priorities and concrete plans to promote diversity and foster an inclusive culture. The latter is essential in enabling employees to reach their full potential and will help BCI to attract and retain top talent. The board will continue to monitor and communicate the progress of this important initiative.

ESG GOVERNANCE AND ACTIVITIES As a long-term investor, BCI must proactively address environmental, social, and governance (ESG) risks and opportunities as part of our investment strategy. We have long believed that considering ESG factors is part of our fiduciary duty to clients and will help us to achieve stronger investment returns. Building on the foundation set in recent years, the board approved the *ESG Governance Policy* in June 2020. The policy establishes the governance framework and articulates the general approach and ESG-related roles and responsibilities at BCI. It notes that BCI must have a CEO/CIO-approved strategy on ESG matters.

My board colleagues and I also reviewed the *ESG Risk and Opportunity Framework* during the year, which expands BCI's lens to encompass total-portfolio investment opportunities, not just risks. In addition, the board reviewed the *ESG Evaluation Framework for External Managers*, which aligns the evaluation process across asset classes — one of the key goals of BCI's asset-wide ESG strategy.

THREE-YEAR BUSINESS PLAN The board is required to ensure a strategic planning process is in place and to approve the corporation's business plan. We provided input on the approach, timeline, and draft of BCI's F2022-F2024 business plan, including our views on the strategic ambitions in the plan. The business plan, approved by the board in April 2021, charts our direction for the next three years and focuses on partnering with clients to secure their financial futures in a changing world.

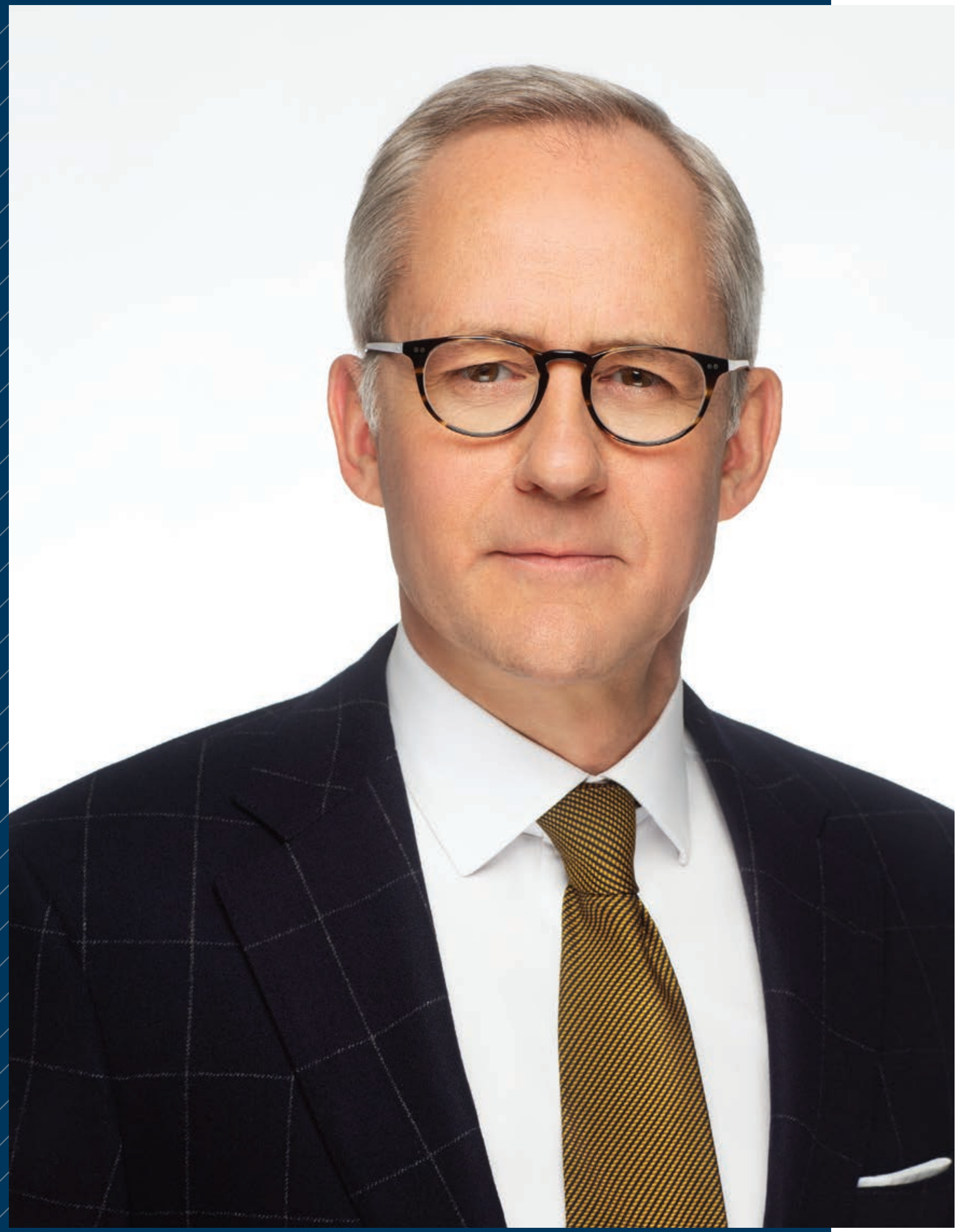
PREPARING FOR FUTURE CHALLENGES We, like other organizations, have learned a number of lessons from the pandemic. For one, it confirmed the vital importance of BCI's years-long transformation into an active, in-house manager, and the value of preparedness. Management, with input from the board, will use recent experiences to tweak future business continuity and crisis management plans. It also underscored the importance of ramping up communication in a crisis, with our clients and other external stakeholders. In addition, it verified that a long-term view is essential in our business.

The full implications of COVID-19 on society and the economy are not yet known. We do know, however, that investors face a competitive, low-return environment, and our clients' financial considerations are shifting. There are fewer active members contributing to defined benefit pension plans, while the number of plan members receiving benefits is growing. Returns provide stability for insurance premiums charged to employers and policy holders and help finance an array of government programs offered to British Columbians. As our clients' investment manager, BCI must earn sustainable returns over the long term to bridge any gaps. We plan to address these known challenges. As the pandemic has shown what BCI's experienced team of professionals can do, I have confidence that BCI will address them head on. Guided by the new business plan, the board and executive management team will work to make BCI an even more resilient, diverse, and nimble corporation.

I would like to express my gratitude to all BCI staff and fellow board members for your diligence and special efforts in this difficult but ultimately rewarding year. I am proud of BCI's pandemic response.

Peter Milburn

Chair of the BCI Board of Directors



“Our pension plan clients entered the pandemic fully funded, and remain so.”

Report from our CEO/CIO

Gordon J. Fyfe

Reflecting on another extraordinary year, I am proud that we overcame the pressures caused by the COVID-19 pandemic.

As multiple waves of the virus swept British Columbia and the world, we were inspired by the dedication of front-line workers, many of them in the public sector, who gave so much to serve and support their communities.

We too sought to go above and beyond our normal routines and duties. As markets reacted swiftly to pandemic and geopolitical developments, we engaged with our clients more frequently to reassure them their assets were in steady hands. BCI also offered additional support to our employees, who were dealing with the professional and personal challenges of remote work.

Our mandate serving public-sector clients helped us to rally — by generating reliable investment returns, our work supports pension benefits for British Columbians, provides for stability in insurance premiums, and helps finance government programs. Our teams successfully took care of assets around the world, deployed capital into new investments, and kept our clients well informed — all while working from home.

It would have been unimaginable and impossible a few short years ago.

ACCELERATING CHANGE The substantial portfolio shifts and internal changes we made starting in 2015 — what we call our transformation — proved invaluable. Recognizing that the investment landscape was shifting, we decided different strategies and expertise were required to become an active investor and to diversify the sources of client returns. We embraced innovation and stretched our boundaries so that we could continue meeting our clients’ expectations.

BCI embarked on a path to:

- diversify our clients’ portfolios by adding new asset classes and becoming more global
- grow our internal direct-investing capabilities, to implement cost-effective strategies and strengthen our influence over assets
- invest in new systems and processes to manage investment and enterprise risks

Crucially, we completed major updates of our accounting, risk and IT systems before the pandemic took hold. All told, six years of reshaping and retooling the corporation for future needs allowed the 590-member BCI team to pivot, almost overnight, to a remote working environment.

By investing in more sophisticated enterprise and investment risk management processes, and frequently testing scenarios, we were ready for the shift to remote operations. However, restrictions that protected our physical health and safety, such as stay-at-home orders, led to concerns about mental health issues. Our employees grappled with the isolation of remote work, often shouldering family responsibilities at the same time, yet our teams demonstrated their commitment to delivering on strategic projects.

We responded by placing greater emphasis on health and wellbeing, and adapted recruitment, training and development programs to the online work environment. And we were honoured to be named once again as one of Canada's Top 100 Employers.

ROBUST RESULTS FOR CLIENTS Our job is to navigate dynamic markets while staying true to our discipline. We must always prepare for market shocks, and ensure clients are well-positioned for them. In this tumultuous year, we deliberately ramped up engagement with our clients. We had prepared them for a downturn after years of strong gains, and leaders across BCI spent more time ensuring clients were informed. It was important to communicate clearly and often, to maintain trust and confidence.

That is one lesson I took from the global financial crisis; another is that having sufficient liquidity on hand is critical. Our investment teams were able to consider and act on attractive opportunities last year because BCI had ample liquidity. We found high-quality opportunities, without having to sell assets we did not want to give up.

With this diversified, resilient and disciplined approach to investing, the combined pension plan portfolio returned 16.5 per cent for the year, net of all fees. Every asset class contributed positively to the return, led by significant gains in private and public equity.

Prioritizing our clients' long-term objectives prevents overreactions to temporary market movements. We avoided the short-term trends, high-risk gains, and riskier bonds that drove the rapid market recovery in the fiscal first quarter. Consequently, the return for the combined pension plan clients was slightly behind the benchmark. On a relative basis, most of BCI's investment strategies met or exceeded their one-year benchmarks. We saw notable excess returns in private equity, while real estate and fixed income performance lagged their benchmarks.

CAPTURING OPPORTUNITIES Through our decisions over the past six years, we have reached a significant milestone in BCI's history, ending the year with $199.6 billion in assets. We have developed the mindset, the skill sets and the reputation to manage funds internally and partner with major global investors. These strategic changes benefit our clients through better access to investment opportunities and economies of scale.

A clear example of this is our real estate company, QuadReal Property Group. Created in 2016, it has taken on the management of our clients' real estate and mortgage investment needs and grown to more than 1,200 employees. Since inception, QuadReal diversified the portfolio by expanding non-Canadian assets, maintaining minimal exposure to shopping centres and hotels, which were hurt by pandemic closures, and increasing exposure to logistics and data centres that benefited from online shopping trends. It continues to support an allocation to high-quality office properties and deploy capital into residential properties and assets outside Canada. QuadReal also capitalized on low interest rates and investor demand for ESG-focused assets by issuing $750.0 million in green bonds.

Our in-house asset class teams likewise took advantage of favourable conditions. BCI's credit team had the courage to wade into markets early in the pandemic turmoil by investing in heavily discounted, high-quality corporate debt.

In recent years, we recruited senior investment professionals who brought new networks and contacts to BCI. This bore fruit when pandemic-related travel restrictions curtailed in-person meetings and we drew on our global relationships to source new private market opportunities. We also closed our first direct infrastructure investment in India, the largest private market transaction ever in that country. As these companies grow, we expect they will provide the returns our clients seek.

Our two largest internally managed active public equity funds, Thematic and Global Quantitative ESG, delivered strong performance throughout the pandemic-related volatility. The Global Partnership Fund also delivered strong performance in its absolute return investments, demonstrating low correlation with the equity markets and providing our clients with positive diversified returns during the market decline.

ESG considerations are important to our clients and integrated in our decisions across all asset classes. Our new ESG strategy views ESG factors as a way to create long-term, sustainable value while managing risk. Social factors were prominent during the year — health, safety, diversity and inclusion in particular. As for the urgent matter of climate change, we expanded our carbon footprint disclosure and plan to increase investments in sustainable bonds. I invite you to read our *2020 ESG Annual Report* for more.

LONG-TERM FINANCIAL HEALTH Our clients have obligations that span decades, and multi-year results are the best measure of our performance.

Over a 10-year period, BCI has generated an annualized return of 9.0 per cent against a benchmark of 7.9 per cent. This outperformance represents $10.2 billion of value-added activity. Our pension plan clients entered the pandemic fully funded, and remain so. BCI's longer-term returns exceed the required actuarial rates of return for all clients.

Our close collaboration with clients in the past year reinforced the mutual importance of strong relationships. I would like to thank clients for their trust in BCI — it is something we take very seriously.

PREPARING FOR THE FUTURE Our strong foundation stood the test of a global pandemic. To ensure that BCI maintains our edge in increasingly competitive markets, we are working with our clients to anticipate requirements and trends. Our long-term vision is partnering with clients to secure financial futures in a changing world.

The executive and senior leadership, with input from the BCI board and clients, developed our business plan and priorities for the next three years. We are building on our transformation with four strategic ambitions: strengthening our value to clients; optimizing risk-adjusted returns; leveraging technology; and developing our talent.

When it comes to people, the board and executive management team are strong proponents for greater diversity and inclusion. It is the right thing to do as a responsible investor and employer, and a diverse and inclusive ethos leads to better outcomes. Diversity drives broader business insights and a deeper understanding of our clients' needs, while an inclusive culture attracts and retains the best. Our diversity and inclusion strategy sets out guiding principles as well as planned changes in hiring, promotion, and retention. My team and I are fully committed to championing and implementing this strategy.

We have considered employee feedback on the remote work experience, and BCI intends to adopt a hybrid working model when COVID-19 restrictions are lifted. This model offers flexibility while fostering the connections and collaboration that help to generate innovative ideas and inspire employees.

The pandemic has significantly altered markets and businesses. It accelerated the uptake of technology and made us look at a broader range of risks and opportunities. Economic recovery will vary across industries and countries. And in a complex and uncertain world, our fundamental principles remain sound: diversifying the sources of returns; increasing allocations to private markets; and actively managing assets in-house to reduce costs and ensure a closer alignment of interests.

After leading BCI's investment strategy and risk program since 2017, Stefan Dunatov resigned to join the Abu Dhabi Investment Council and I thank him for his contributions. Ramy Rayes steps in as acting executive vice president, investment strategy & risk while we complete our search to fill the role. Ramy joined BCI in 2016 to advise clients on their strategic asset allocations and investment strategies.

This year demonstrated the success of BCI's transformation, the strength of the portfolio, and the skill and commitment of the team. I am grateful for the board's guidance on key initiatives that will make BCI even stronger. And I express my deep appreciation to all BCI employees — what you did this year, in tense circumstances, was exceptional!

Gordon J. Fyfe

Chief Executive Officer /
Chief Investment Officer

Executive Management Team

Gordon J. Fyfe

Chief Executive Officer /
Chief Investment Officer

Shauna Lukaitis

Chief Operating Officer

Daniel Garant

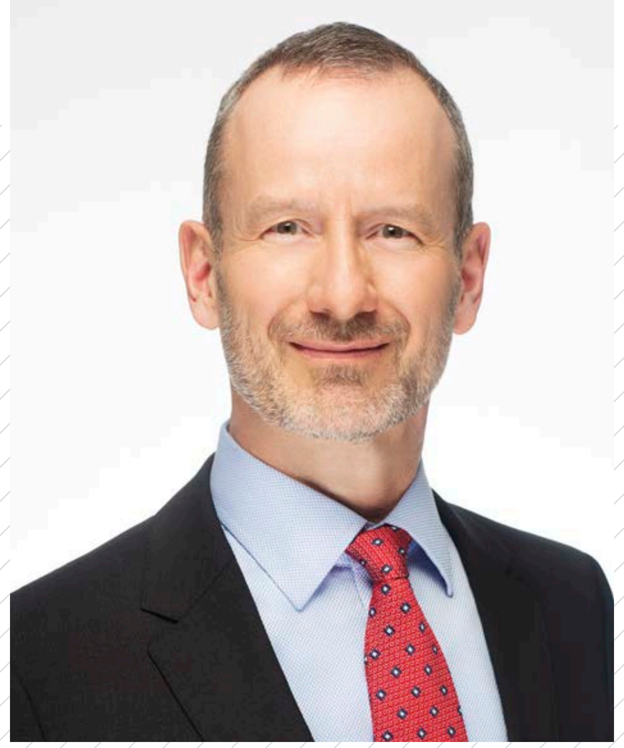
Executive Vice President
& Global Head, Public Markets

Norine Hale

Executive Vice President,
Human Resources

David Morhart

Executive Vice President,
Corporate & Investor Relations



Jim Pittman

Executive Vice President
& Global Head, Private Equity

Ramy Rayes

Acting Executive Vice President,
Investment Strategy & Risk

Lincoln Webb

Executive Vice President
& Global Head, Infrastructure
& Renewable Resources

Management's Discussion and Analysis

BCI in Brief

OUR INVESTMENT DISCIPLINE We are legally and contractually required to invest our clients' funds in their best financial interests — it is our fiduciary responsibility. We invest for the long term, utilizing the scale of the assets under management to our advantage. Maintaining our discipline, while focusing on due diligence and diversification, allows us to generate sustainable value while managing market risks of a global portfolio. We are an active, in-house asset manager that uses sophisticated strategies to deliver the returns our clients require.

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

INVESTMENT BELIEFS Our investment beliefs provide a clear and transparent structure for how we work to achieve our clients' investment goals. These beliefs influence our views on capital markets, our investment processes, investment strategies, and overall approach to managing our clients' funds. We believe:

Having a strategic investment discipline is key: We work with our clients to develop a strategic asset mix that is appropriate for their long-term return objectives. We vary investment holdings and manage investment risk, utilizing financial tools, strategies, and products. We seek investment opportunities that convert savings into productive capital that will meet our clients' risk and return requirements over time.

Environmental, social, and governance (ESG) matters make a difference: BCI brings more than capital to our investments. Our clients share our belief that responsible investing allows us to manage material ESG risks and improve long-term returns. We expect our portfolio companies to create long-term value and focus on strong stewardship.

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

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

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

OUR INVESTMENT MANAGEMENT SERVICES BCI provides clients with a full range of services that include strategic investment consulting, investment management of our public markets and illiquid asset programs, risk management, investment management administration, responsible investing, and investment education. Our clients' real estate and mortgages programs are managed by QuadReal Property Group, an independently operated company owned by BCI and created in 2016.

OUR VISION

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

OUR VALUES

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

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

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

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

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

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

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

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

In fiscal 2021, our board approved investment policies for the Government Bond Fund. This is an actively managed pooled fund that, in addition to being a source of liquidity, provides increased diversification and downside protection benefits. Its performance is benchmarked against the FTSE Canada Universe All Government Bond Index.

Where there are opportunities to reduce complexity, streamline investment accounting and reporting processes, and ultimately increase returns, we consolidate funds. In the past year, we consolidated the Construction Mortgage, Fixed Term Mortgage, Mezzanine Mortgage and U.S. Mortgage Opportunity funds into the combined BCI QuadReal Mortgage Program, effective January 2021. Its performance is benchmarked against the ICE Bank of America Merrill Lynch 1-3 Year Canada Government Index + Custom Spread.

We also converted our infrastructure & renewable resources program from a closed-ended, fixed participation model to an open-ended structure. This allows clients to adjust their portfolio mix every six months rather than annually, provides flexibility for new clients to enter the program, and allows all clients to enjoy the diversification benefits of the program by providing access to all investments.

CENTRALIZED CURRENCY MANAGEMENT In January 2021, we launched centralized currency management, which allows clients to tailor their overall currency hedging to meet their unique preferences. Clients can select a currency hedging policy as part of the regular asset-liability review process. As a result of the timing of these reviews, it will take some time for all clients to determine and set their currency hedging policies. Where clients' currency hedging policies were set prior to March 31, 2021, the impacts of these policies have been included as part of the combined pension plan returns.

OPERATING COSTS Our key objective is to meet or exceed our clients' return expectations. Our investment strategy, client-driven changes to asset mix, and the types of assets under management all affect costs and client fees. Our clients require long-term actuarial rates of return. To continue generating returns for our clients, we focus on diversifying the sources of returns, including increasing our allocations to private markets, and securing greater direct control over investment activities. All of these factors drive changes in long-term cost trends.

Our active, in-house asset management model requires robust systems and processes, and a growing complement of specialized expertise. Cost advantages arise from the economies of scale of managing $199.6 billion, pooling assets, and managing 77.3 per cent of assets in-house.

This fiscal year, our total costs were $1.6 billion or 88.5 cents per $100 of assets under management (2019–2020: $1.3 billion or 79.0 cents per $100), consisting of internal, external direct, and external indirect costs, all of which are netted against investment returns.

Internal costs are operating costs over which BCI has direct control and include salaries, rent, technology, and consulting fees. They represent 15.7 per cent (13.9 cents per $100) of costs. External direct and external indirect costs are incurred when BCI uses outside partners to execute specific investment strategies. Commonly, external partners earn performance fees when their investment decisions outperform pre-established benchmarks, so while returns are better, we also pay higher performance fees.

External direct costs are investment management and performance fees that BCI pays to third parties to manage assets, including fees to asset managers, auditors and custodians, where BCI has discretion over the buy and sell decision of the asset, representing an estimated 28.8 per cent (25.5 cents per $100) for the fiscal year.

External indirect costs are investment management and performance fees incurred by BCI pooled investment portfolios to general partners, who have discretion over the buy and sell decision of a specific asset. These costs are disclosed for transparency based on underlying reports provided by these third parties and are 55.5 per cent (49.1 cents per $100) of costs.

We operate on a cost-recovery model and do not receive subsidies or financial aid from any third party. We are accountable to our clients for the costs involved in managing their funds.

Our Clients

Created by the *Public Sector Pension Plans Act* in 2000, BCI provides investment services to British Columbia's public sector pension plans, insurance funds, and other government entities. "Clients first" is a core value and we work in our clients' best financial interests at all times. Our clients are not mandated to use BCI and have voluntarily chosen us as their investment manager.

We invest in line with our clients' investment objectives and policies, as well as applicable legislation and regulations.

BCI is accountable to clients for generating long-term returns that meet or exceed their actuarial targets and benchmarks, net of all operating costs, without taking on unnecessary risk.

We focus on understanding our clients' investment needs — whether managing funds on behalf of pension boards, growing capital reserves for insurance funds, or generating income for trust funds. We learn about their investment objectives, risk tolerance, liability profiles, liquidity needs, taxable status, and investment horizons. We use our pooled funds to construct well-diversified and tailored portfolios that align with our clients' return expectations, risk appetite, and investment beliefs.

BCI also works closely with trustees to expand their knowledge and understanding of capital markets.

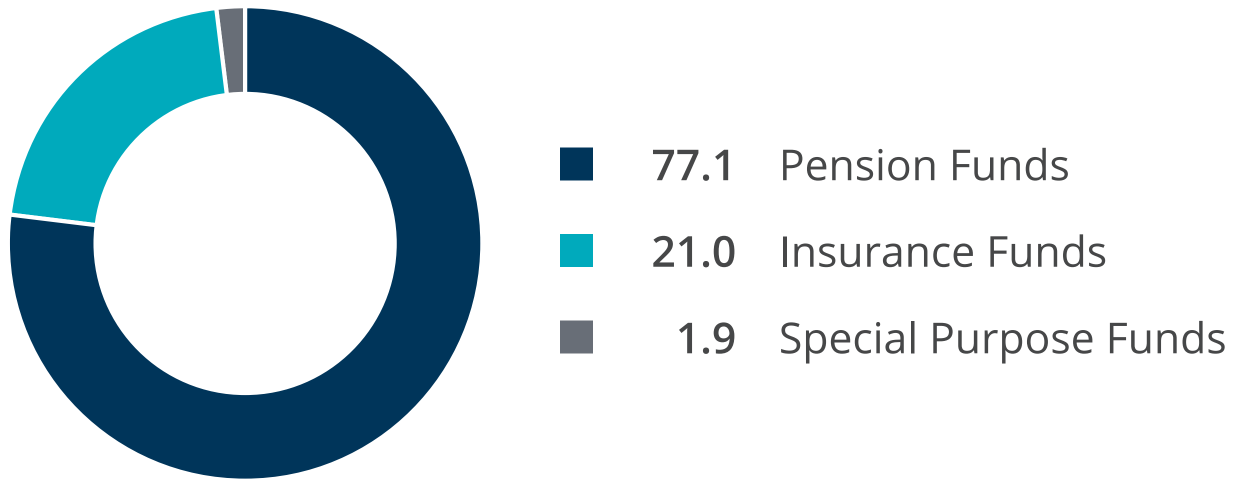
In addition to generating long-term returns, BCI disbursed $8.6 billion in client distributions in fiscal 2021. These distributions are used to pay the pensions to retirees within British Columbia, as well as provide a range of benefits such as financing government programs that focus on arts and culture, sports development, training, and skills development within British Columbia.

As of March 31, 2021, BCI has 30 clients in three separate classifications:

- Pension Funds
- Insurance Funds
- Special Purpose Funds

CLIENT PROFILE (%)

As at March 31, 2021[1]



PENSION FUNDS We invest on behalf of 12 public sector pensions plans. As our largest client group, pension funds account for 77.1 per cent (or $153.8 billion) of the assets under management. BCI's investment activities help our clients secure the pensions and post-retirement group benefits of more than 690,000 plan members. Clients establish the investment policies and set the performance targets for their pension funds. They also define their unique long-term strategic asset allocations, based on their plans' characteristics, circumstances, objectives, and risk tolerances.

Our objective is to capitalize on our well-constructed, diversified portfolio to create value — aiming to meet or exceed clients' return objectives without taking on unnecessary risk. Returns are important — for every $100 a pension plan member receives in retirement benefits, on average $75 is provided by BCI's investment activities.

[1] Percentage based on net assets.

INSURANCE FUNDS Insurance funds account for 21.0 per cent (or $42.0 billion) of our assets. Our purpose is to help ensure the long-term financial sustainability of these funds while generating additional income by exceeding benchmark returns. BCI's ability to deliver required investment returns helps our clients provide stability in the insurance premiums charged to employers and auto owners/drivers.

Our insurance fund clients include:

- **Credit Union Deposit Insurance Corporation of British Columbia (CUDIC)**, a statutory corporation that guarantees all deposits and non-equity shares of British Columbia credit unions as set out in the *Financial Institutions Act.* CUDIC administers and operates a deposit insurance fund on behalf of 40 credit unions.
- **Insurance Corporation of British Columbia (ICBC)**, a provincial Crown corporation that provides universal auto insurance, driver licensing, and vehicle licensing and registration to British Columbian motorists. ICBC provides more than three million Autoplan insurance policies each year. ICBC's investment income helps provide for stability in insurance premiums charged to employers and policy holders. BCI welcomed ICBC as a client in fiscal 2020 and worked together to ensure the seamless transition of funds and responsibilities. This was completed in fiscal 2021.
- **WorkSafeBC**, a provincial statutory agency that serves approximately 2.5 million workers and 249,000 registered employers in British Columbia. The WorkSafeBC Accident Fund provides compensation and support to workers in their recovery, rehabilitation, and safe return to work. It also allows WorkSafeBC to engage with workers and employers in injury and disease prevention through education, consultation, and enforcement.

SPECIAL PURPOSE FUNDS Special purpose funds include public trusts, endowments, and government bodies that have funds and investments requiring professional management. They represent 1.9 per cent (or $3.8 billion) of our assets.

Our special purpose clients include:

- **2010 Games Operating Trust**, established to promote high performance amateur sport in Canada, ensures that funds are available to support the maintenance and operation of legacy facilities from the 2010 Olympic and Paralympic Winter Games. The beneficiaries of the fund at the present time are the Richmond Olympic Oval located in Richmond, British Columbia, and the Whistler Legacies Society, which operates the Whistler Olympic Park in the Callaghan Valley and the Whistler Sliding Centre located at Blackcomb Mountain, in British Columbia.
- **Healthcare Investment Unit Trust**, an investment vehicle of four trusts, the largest of which is Healthcare Benefits Trust (HBT). HBT is a not-for-profit that provides employee benefits on behalf of participating employers for nearly 100,000 eligible employees and their eligible dependents, and beneficiaries employed in health care and social services in British Columbia and Yukon.
- **Province of British Columbia** has more than 35 portfolios managed by BCI across a broad range of mandates that include treasury accounts, trust funds, and sinking funds.

SIX LARGEST PENSION PLANS

The **Municipal Pension Plan** has over 379,000 active, inactive, and retired members in B.C. Members come from a variety of sectors across the province, including health, municipalities, and school districts.

The **Public Service Pension Plan** serves nearly 138,000 active, inactive, and retired plan members from B.C.'s public sector, including the provincial government, transportation, healthcare, and others.

The **Teachers' Pension Plan** has more than 100,000 active, inactive, and retired plan members, including teachers, vice-principals, principals, and superintendents from school boards across the province.

The **College Pension Plan** has more than 30,000 active, inactive, and retired plan members, including employees and senior administrators at 23 public post-secondary institutions across B.C.

The **BC Hydro Pension Plan** is a single-employer plan that serves eligible employees of BC Hydro. The plan has nearly 15,000 members.

The **WorkSafeBC Pension Plan** is a single-employer plan that serves eligible employees of WorkSafeBC. The plan has more than 6,200 active, inactive, and retired members.

Our Clients

as at March 31, 2021

Our clients are unique and have different investment needs — whether managing pension funds, growing capital reserves for insurance funds, or generating income for trust funds. Our clients[1] are categorized into the following groups.

PENSION FUNDS

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

INSURANCE FUNDS

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

SPECIAL PURPOSE FUNDS

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

[1] Two clients have chosen not to be disclosed.

Corporate Accomplishments

2020 – 2021

Manage BCI through a market downturn and global pandemic	**Guide BCI, our employees, and our clients' portfolios through a global pandemic and unprecedented market volatility**
Ensure the health and safety of all employees and equip them to perform in a remote work environment	• Implemented comprehensive health and safety protocols aligned with British Columbia's provincial health orders and WorkSafeBC guidelines • Offered technological support and ergonomic information to assist employees in setting up their remote and hybrid workspaces • Worked with a healthcare provider to offer on-demand, virtual care appointments for employees and their immediate families • Engaged a virtual mental health service provider to support employees
Increase communication with key stakeholders to provide a clear and consistent flow of information about BCI's activities during the pandemic	• Informed clients about our pandemic response and approach over the fiscal year through 275 client meetings and 65 client communications • Ensured employees were well-informed and engaged by increasing communication using multiple channels and media • Maintained open lines of communication and engagement with key stakeholders
Focus on liquidity management to ensure that BCI has additional capacity to respond to either market stresses or opportunities and, if required, to support our portfolio companies	• Increased frequency of liquidity reporting during the pandemic moving from weekly to daily liquidity reports and analysis • Maintained sufficient liquidity throughout the downturn, enabling BCI to support certain portfolio companies as needed, while also allowing BCI to capture many opportunities that arose within dislocated markets

Corporate Accomplishments

2020 – 2021

Expanding and diversifying investment strategies	Manage the probability of achieving our clients' actuarial rates of return
Expand funding desk and liquidity management capabilities to additional clients	• Added contributions from two clients to the Leveraged Bond Fund, bringing total funding to $14.0 billion — an increase of $4.8 billion
Strengthen our investment risk capability including frequency and clarity of reporting	• Advanced work on client risk reporting such as integrating funding and contribution risks for pension clients, and increased frequency of reporting, when requested • Increased frequency of liquidity risk reporting during the pandemic
Obtain board approval for the *ESG Governance Policy*, and continue implementation of the ESG strategy	• Approved by the board of directors, the *ESG Governance Policy* establishes the governance framework, the general approach, and related roles and responsibilities • Expanded our ESG focus from a predominantly risk-mitigation approach to one that includes ESG as a source of value creation. We increased our cumulative participation in sustainable bonds to $1.4 billion from $439.0 million in fiscal 2020. • Expanded the metrics used to track climate-related exposures within our portfolios. BCI now measures the exposure of the public equity program to carbon intensive companies using the weighted average carbon intensity methodology. This is in addition to measuring and reporting the carbon footprint of our public equity, fixed income, real estate, infrastructure & renewable resources, and private equity programs. • Established the Sustainable Development Investments Asset Owner Platform, along with APG, AustralianSuper, and PGGM, to provide a globally consistent framework and standard for investing in the UN Sustainable Development Goals.

Corporate Accomplishments

2020 – 2021

Strengthening the base	Continue to build on our highly skilled and talented investment and business professionals supported by technology and processes aligned with industry standards
Work towards implementing a new order management system to strengthen BCI's portfolio management capabilities, investment operations, and compliance workflows	• Progressed the implementation of a new order management system that will provide sophisticated portfolio management functionality, including real-time analytics and modeling, order management, electronic trading and execution capabilities, and compliance checks throughout the trade lifecycle • Designed, developed, and launched a proprietary technology tool to support portfolio management and trading activity and to provide comprehensive reporting analytics
Expand diversity and inclusion awareness and training across BCI	• Developed a three-year diversity and inclusion strategy and hired a manager of diversity and inclusion • Conducted training sessions with all people managers
Finalize and launch a client portal to provide a secure, central resource for all clients to access information	• Launched an online portal for all clients that modernizes the client experience by improving and simplifying access to materials and information

Internalizing asset management	Transition away from external active management and fund investing to more cost-effective investment styles that include internal active management
Continue to expand actively managed public equity funds such as the Global Fundamental and the U.S. Small Cap funds	• Increased active internally managed public equities by transitioning more than $3.0 billion from external managers, including deployments in the global fundamental portfolio and U.S. Small Cap pooled funds
Work towards the multi-year objective of increasing direct investment for private equity	• Committed $1.1 billion in nine direct investments • Increased the ratio of direct investments to total private equity assets under management to approximately 37.0 per cent from 20.0 per cent since 2016.

Corporate Focus

2021 – 2022

Over the past six years, BCI transformed with the singular purpose of meeting our clients' long-term return requirements. We partnered with clients to diversify their asset mixes and sources of returns, decrease our reliance on expensive asset managers, and move away from a primarily passive investment approach.

With the transformation largely complete, guided by our vision of partnering with clients to secure financial futures in a changing world, BCI evolved our corporate strategy. Our F2022-F2024 business plan charts our direction for the next three years and is intended to optimize our ability to generate long-term financial sustainability for our clients. We will sharpen our competitive edge through four strategic ambitions: Strengthening the client value proposition; Optimizing risk-adjusted returns; Leveraging digital technology; and Focusing on our talent.

The business plan is prepared in accordance with Section 20(2)(e)(v) of the *Public Sector Pension Plans Act* for the Honourable Minister of Finance and the BCI Board of Directors. A summarized version of the business plan is available on BCI.ca

Strengthening the client value proposition

Continue to strengthen ways in which we communicate and consult with our clients, addressing their evolving needs holistically

- Create new client engagement opportunities
- Strengthen our focus on the client's total portfolio
- Position BCI as a premier partner in enabling clients' decision-making

Optimizing risk-adjusted returns

Capitalize on our well-constructed, diversified portfolio to continue creating value — aiming to meet or exceed clients' return objectives without taking on unnecessary risk

- Optimize each client's total investment portfolio
- Improve deal access
- Magnify shared insights across departments

Leveraging digital technology

Integrate technology that enables improved collaboration, analysis, and decision-making — fostering a culture of innovation throughout the organization

- Deepen business and technology alignment
- Accelerate digital transformation
- Further BCI's data and analytics capabilities
- Strategically develop and source technical talent to drive value-add

Focusing on our talent

Strengthen our strategic people practices and maximize the effectiveness of current and future employees

- Strategically source talent
- Strategically invest in our people
- Leverage BCI's culture and values

Investment Returns

BCI's assets under management grew by $28.3 billion during the year to $199.6 billion, reflecting investment gains of $27.4 billion and $900.0 million of client net contributions.

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

In the fiscal year ending March 31, 2021, the combined pension plan portfolio (representing BCI's six largest pension plan clients) had an annual return of 16.5 per cent, net of all fees. All asset classes contributed positively to the return led by significant gains in private and public equity. The six-year transformation of BCI positioned our corporation and our clients' portfolios for the market volatility and operating challenges of the COVID-19 pandemic.

ASSETS UNDER MANAGEMENT

A comparison of the combined pension plan clients[1] AUM versus BCI's total AUM for the year ended March 31, 2021

	COMBINED PENSION ($ BILLION)	BCI TOTAL ($ BILLION)
PUBLIC MARKETS		
Fixed Income	51.5	71.2
Public Equities	51.2	66.6
Other Strategies[2]	(14.4)	(14.4)
PRIVATE MARKETS		
Private Equity	18.8	20.7
Infrastructure & Renewable Resources	17.1	20.0
QUADREAL PROPERTY GROUP		
Real Estate	23.0	28.5
Mortgages[3]	5.4	7.0
TOTAL	**152.6**	**199.6**

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

[2] Other Strategies include leverage liabilities and clients' currency hedging policies. See page 20 for more details.

[3] On January 1, 2021, the Construction Mortgage, Fixed Term Mortgage, Mezzanine Mortgage, and U.S. Mortgage Opportunity funds were consolidated into the BCI QuadReal Mortgage Program. The AUM for fiscal 2021 is combined under the new program.

On a relative basis, most of BCI's investment strategies met or exceeded their one-year benchmarks, with notable excess returns in private equity. Performance lagged the benchmarks in real estate and fixed income.

Our clients have long-term obligations and multi-year results are the best measure of BCI's performance. Over a 10-year period, BCI has generated an annualized return of 9.0 per cent against a benchmark of 7.9 per cent. This outperformance represents $10.2 billion of value-added activity.

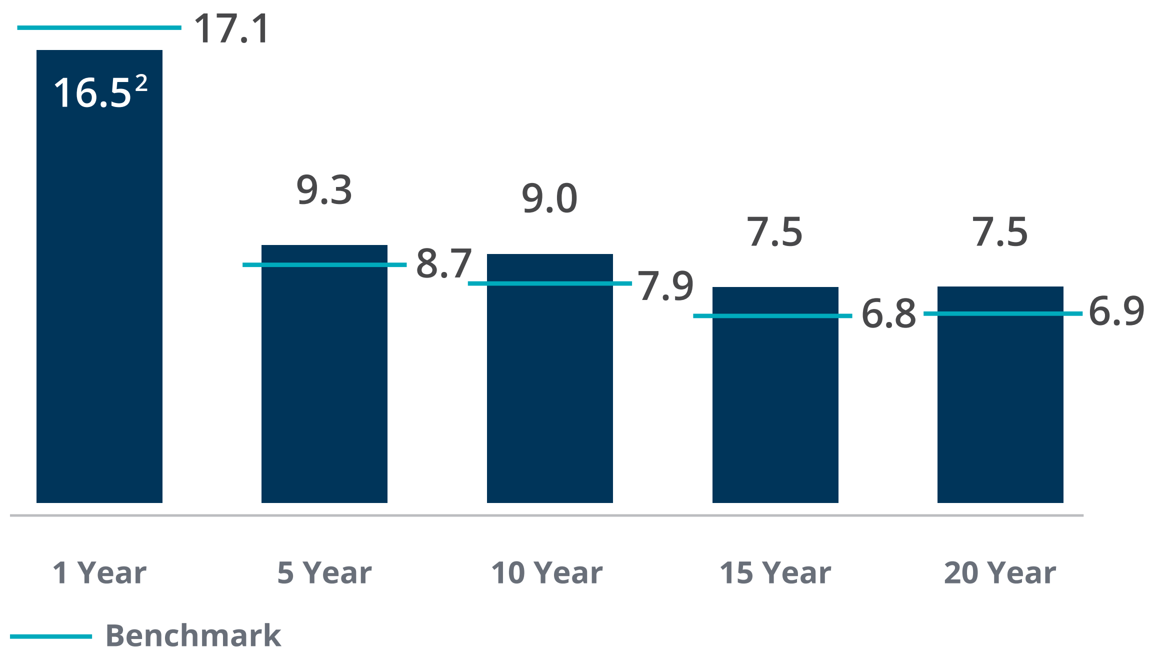
Over the 20-year period, BCI has generated an annualized return of 7.5 per cent against a benchmark of 6.9 per cent. In a period characterized by market volatility and a changing investment landscape, BCI outperformed the benchmark by 0.6 per cent, representing $10.8 billion of value-added activity.

BCI's longer-term returns exceed the required actuarial rates of returns for all major pension plan clients. As a result, our pension clients' most recent funding ratios vary from 103 per cent to 128 per cent.

Return Summary for the Combined Pension Plan Clients[1]

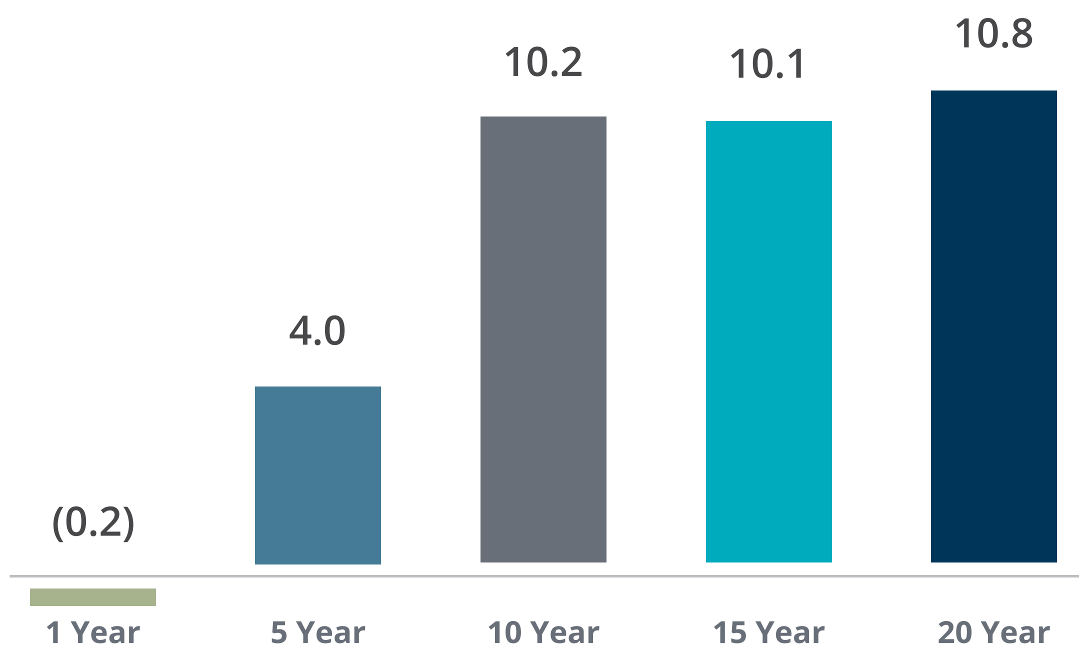
ANNUALIZED PENSION RETURNS[1] (%)

For the periods ended March 31, 2021



CUMULATIVE VALUE ADD[1] ($ BILLION)

For the periods ended March 31, 2021



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

ANNUALIZED RETURNS (%)

	1 YEAR	5 YEAR	10 YEAR	15 YEAR
PUBLIC MARKETS				
Public Equities				
Canadian Public Equity	44.5	9.9	6.3	6.2
Benchmark	44.2	10.0	5.9	5.9
Global Public Equity	39.1	13.8	13.4	8.3
Benchmark	36.1	12.8	13.0	8.3
Emerging Markets Public Equity	42.4	10.7	7.3	-
Benchmark	39.9	11.4	6.4	-
Fixed Income				
Short-Term	(4.7)	0.8	1.4	2.1
Benchmark	(2.3)	0.6	0.8	1.4
Nominal Bonds	3.0	3.6	4.5	4.8
Benchmark	3.2	3.0	4.1	4.5
Private Debt[3]	10.9	-	-	-
Benchmark	14.9	-	-	-
Other Strategies	0.3	-	-	-

Except as otherwise indicated, returns are time-weighted rates of return (TWRR) as at March 31, 2021. All returns are net of all costs and fees.
Investments are reported by program within the asset classes as set out in the clients' Statement of Investment Policies & Procedures (SIPP). Benchmarks represent a weighted combination of multiple indices as specified in the clients' SIPP. The indices may vary over time.

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

[2] Includes the impact of clients' currency hedging policies, where set. See page 20 for more details.

[3] Includes a combination of both public and private assets.

Return Summary for the Combined Pension Plan Clients[1]

	ANNUALIZED RETURNS (%)			
	1 YEAR	**5 YEAR**	**10 YEAR**	**15 YEAR**
PRIVATE MARKETS				
Infrastructure & Renewable Resources[2]	7.9	8.9	9.8	9.9
Benchmark	7.0	7.0	7.4	7.6
Historical Infrastructure[3]	-	9.8	10.4	10.5
Benchmark	-	7.2	7.6	7.7
Historical Renewable Resources[4]	-	7.6	-	-
Benchmark	-	7.0	-	-
Private Equity[2]	24.3	17.5	17.7	14.4
Benchmark	16.2	12.3	13.9	13.5
QUADREAL PROPERTY GROUP				
Mortgages	4.1	4.3	4.7	5.3
Benchmark	3.7	3.1	3.3	4.1
Real Estate[2]	0.2	-	-	-
Benchmark	6.5	-	-	-
Historical Domestic Real Estate[5]	-	6.4	7.8	9.5
Benchmark	-	5.6	5.7	5.8
Historical Global Real Estate[6]	-	11.5	7.1	7.9
Benchmark	-	5.7	5.6	5.7

Except as otherwise indicated, returns are time-weighted rates of return (TWRR) as at March 31, 2021. All returns are net of all costs and fees.

Investments are reported by program within the asset classes as set out in the clients' Statement of Investment Policies & Procedures (SIPP). Benchmarks represent a weighted combination of multiple indices as specified in the clients' SIPP. The indices may vary over time.

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

[2] An internal rate of return (IRR) methodology is used to calculate returns for infrastructure & renewable resources, private equity, and real estate assets. The assets and benchmarks are as at December 31, 2020. Benchmarks are presented on a TWRR basis.

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

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

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

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

Capital Markets Overview

Fiscal year April 1, 2020 – March 31, 2021

Governments around the world imposed tight restrictions over the year to attempt to control the spread of multiple waves of COVID-19. To minimize the economic damage caused by the pandemic, governments introduced unprecedented fiscal measures to support income, help small businesses survive, and reduce job losses. These actions, along with accelerated vaccine development, helped support a robust recovery in global equity and credit markets. By August 2020, the MSCI All Country World Index, which represents global stocks, had recovered its losses from the March 2020 sell-off.

In August 2020, the U.S. Federal Reserve shifted its monetary policy framework to allow for a temporary overshoot of its 2.0 per cent inflation target. This was done to allow the economy to make up for lost ground. The signal that the U.S. Federal Reserve could keep its policy rate lower for longer than it would otherwise bolstered equities, particularly growth stocks that are sensitive to changes in interest rates.

In the fall of 2020, bond yields began rising due to an upgrade in growth projections and inflation expectations. While the rise in yields impacted growth stocks, broad equity market indexes continued to improve, as the U.S. Federal Reserve tempered expectations of an early move to increase rates.

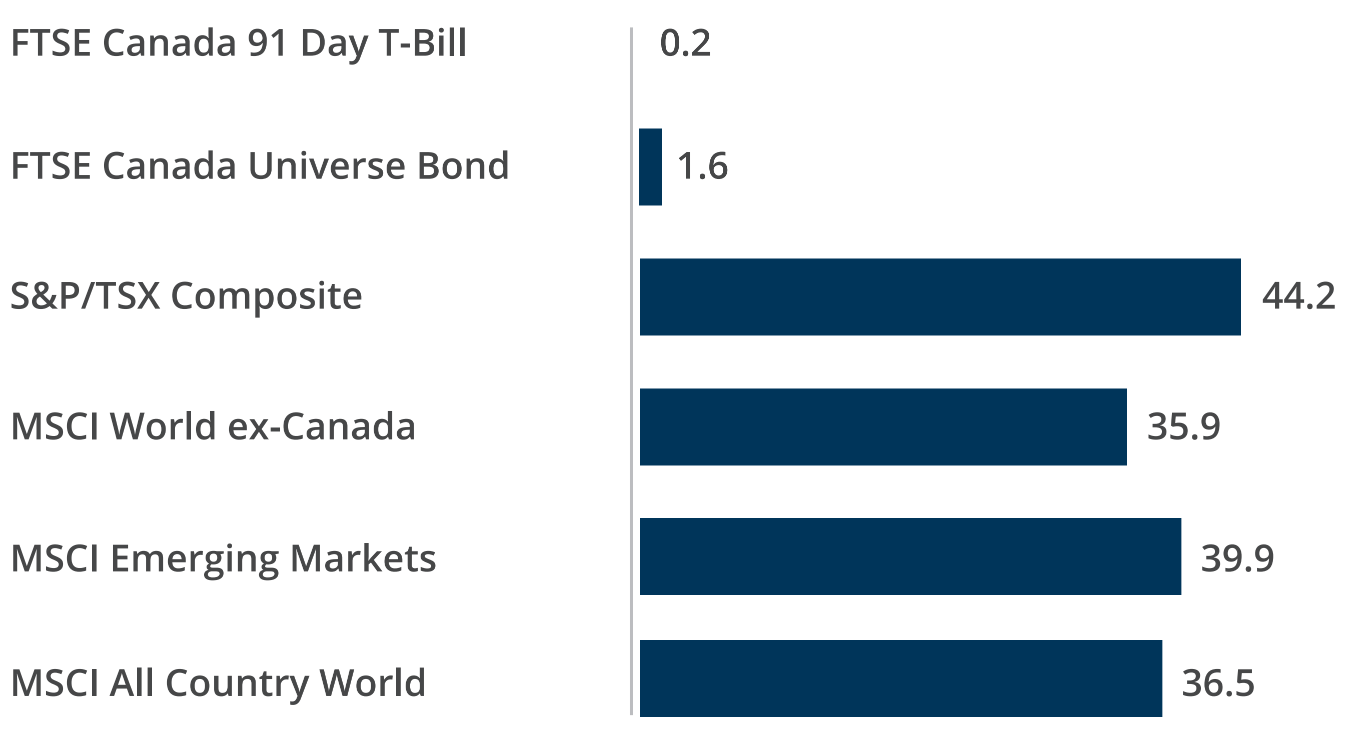
The United States election in the fall of 2020 introduced a period of political uncertainty, with the potential for volatility in stock markets, which factored into market pricing. While the results of the election were contested, the margin of victory was sufficient to ease some of the market uncertainty. Positive news on vaccine development also helped support equities through this period of political ambiguity, as did prospects of further fiscal support from the incoming administration.

Oil prices were volatile over the year. Oversupply, caused by lack of demand, and storage concerns caused prices to fall into negative territory by mid-April 2020. In June, as concerns eased, the impact of the gradual re-opening of economies worldwide began to drive up commodity prices. The price of spot West Texas Intermediate crude rose from US$19.45/barrel on March 31, 2020 to US$59.16/barrel on March 31, 2021.

The gradual increase in economic optimism over the year meant:

- The Canadian dollar steadily appreciated due to an increase in risk appetite and the rebound in commodity prices. The Canadian dollar rose 11.9 per cent against the U.S. dollar (to 79.0 U.S. cents, from 71.0 U.S. cents) and also gained against other major currencies.
- The MSCI World ex-Canada Index rose 35.9 per cent, led by U.S. markets. Returns in Canadian-dollar terms were dampened by the rally in the Canadian currency.
- The MSCI Emerging Markets Index gained 39.9 per cent due to the early and robust recovery of the Chinese economy and the rebound in commodity prices.
- The S&P/TSX Composite Index rose 44.2 per cent, with the consumer discretionary and information technology sectors leading the way, both posting gains of over 85.0 per cent. The energy sector lagged despite the rebound in energy prices, gaining only 33.0 per cent.
- Government of Canada 10-year bond yields rose 86 basis points to 1.6 per cent. The rise in long-term Canadian yields was mostly due to a rise in inflation expectations, as optimism on the economic outlook continued to improve. The FTSE Canada Universe Bond Index rose 1.6 per cent, as gains from corporate bonds were offset by losses from government bonds.

INDEX RETURNS[1]



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

Public Markets

BCI manages a public markets portfolio of fixed income and public equity investments representing $137.8 billion and 69.1 per cent of total assets under management. Assets are managed internally (79.5 per cent) and by external managers using a diverse mix of financial instruments, including derivatives.

This year was dominated by the equity markets' strong rebound from the pandemic-induced sell-off at the end of fiscal 2020. While COVID-19 continued to spread, unprecedented fiscal and monetary stimulus from governments worldwide, along with the rapid development of vaccines, led to increasingly positive investor sentiment. Equity and credit markets responded by recovering at a record pace, led by growth stocks, particularly technology stocks, which were seen as benefiting from both the shift to a pandemic-driven online economy and extremely low interest rates. The rally in stocks boosted valuations, as investors looked past the pandemic to future earnings when economic activity recovers, leading to elevated valuations for cyclical higher-growth, lower-quality companies by fiscal year end.

Throughout this year's elevated volatility, we managed our clients' assets with the mindset of preserving capital and staying true to our investment process of buying quality assets. Our portfolios were created to protect capital in a downturn, and because of this, we were able to outperform significantly when the pandemic hit at the end of fiscal 2020 and markets plummeted. We have since continued to navigate volatile markets by staying focused on our investment process, as price dislocations created favourable conditions to buy quality assets at attractive prices.

We also maintained our global trading desk 24 hours a day, seven days a week, processing complex transactions and increased trading volume. Our most important priority remains to create value for our clients by adding strategies that will benefit their portfolios such as credit in fixed income, active internal strategies in equities, and our absolute return strategy in our Global Partnership Fund. These strategies help ensure we capitalize on opportunities and consistently protect our clients' assets.

Fixed Income

Optimizing $71.2 billion of global bond and private credit allocations to **meet client objectives**

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

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

We continue to strengthen our internal fixed income capabilities for managing credit strategies and increase allocations to strategies that offer higher risk-adjusted returns.

In the past few years, BCI has significantly expanded access to fixed income credit products and capabilities, notably through the Corporate Bond Fund and the Principal Credit Fund. We also facilitated the use of leverage by some of our clients in their long-term strategic asset allocation through the launch of the Leveraged Bond Fund.

Our clients have begun to make explicit strategic asset mix allocations to government bonds and corporate credit. These changes allow clients to consider risk and liquidity separately when deciding on their strategic asset mix, so that allocation decisions are directly aligned with the characteristics of each asset class.

To facilitate this new approach, we launched the Government Bond Fund in February 2021, which provides clients with exposure to high quality, liquid government bonds. The fund will operate in parallel with the Leveraged Bond Fund and when these funds are paired with the Corporate Bond Fund and/or the Principal Credit Fund, our clients' exposures will align more closely with their liquidity needs and fixed income risk and return objectives.

PERFORMANCE ANALYSIS The strong relative and absolute performance of the funds reflects the defensive positioning of the portfolio prior to the pandemic, and BCI acting on the opportunities that arose during the market sell-off.

The Corporate Bond Fund primarily holds investment grade and high-yield corporate bonds issued in the United States and Canada. The fund aims to deliver strong absolute and relative returns over the long term through disciplined credit selection. Since inception in April 2018, the fund has generated an annualized return of 7.1 per cent against the benchmark of 5.4 per cent. The team delivered strong returns while deploying almost $2.7 billion of new capital. Lower U.S. Treasury yields led to a one-year return of 15.1 per cent against a benchmark of 14.5 per cent. The outperformance resulted from defensive positioning heading into the pandemic, combined with the team's ability to recognize and capture investment opportunities as the crisis unfolded.

The Principal Credit Fund has delivered strong performance since inception in April 2018. With 95.0 per cent of the portfolio invested in secured first lien loans and with limited exposure to cyclical credits, the fund was well-positioned for the market downturn resulting from the pandemic. We added a fourth strategic partnership during the year and continue to strengthen our investment sourcing efforts. Following a very strong relative performance in fiscal 2020, the fund returned (1.1) per cent against a benchmark of 1.8 per cent for the one-year period. Valuation lags and volatility in publicly traded benchmarks will cause the fund's yearly performance to significantly vary.

The Canadian Universe Bond Fund's strong relative performance was generated by credit positioning as spreads significantly tightened from April 2020 onward. As yields fell, we invested in longer-term bonds, contributing to the performance of the fund. The fund invests in high-quality Canadian government and corporate debt. It returned 3.2 per cent against a five-year benchmark of 2.8 per cent and 4.3 per cent compared to a 10-year benchmark of 4.0 per cent. Duration and credit positioning remain key long-term value drivers. Despite the volatility in interest rates and credit markets, the fund outperformed its one-year benchmark, returning 2.0 per cent against a benchmark of 1.6 per cent.

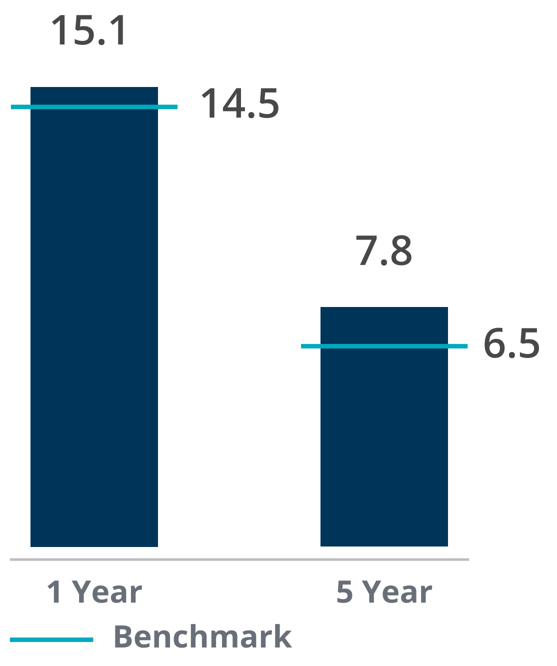
EXPANDED our participation in sustainable bonds by actively seeking and sourcing opportunities for our clients. We increased our cumulative participation in sustainable bonds to $1.4 billion from $439.0 million in fiscal 2020.

DEPLOYED almost $2.7 billion in the Corporate Bond Fund and $2.0 billion in the Principal Credit Fund.

DESIGNED, developed, and launched proprietary technology to support portfolio management and trading activity, as well as provide comprehensive reporting analytics.

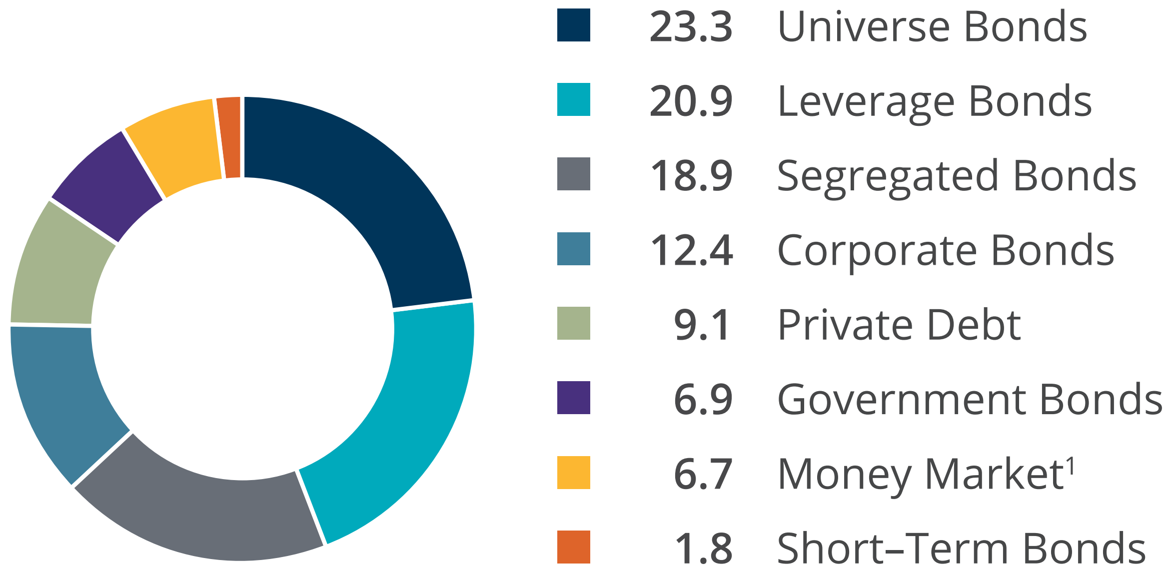
CORPORATE BOND FUND PERFORMANCE (%)

Annualized returns for the periods ended March 31, 2021



FIXED INCOME PORTFOLIO ASSETS (%)

At as March 31, 2021



[1] The values presented above do not reflect certain pool funds held within other asset classes. As at March 31, 2021 this amounted to approximately $1.3 billion in money market funds and $17.8 billion in floating rate funds.

35.7% of assets under management

A year-over-year increase of $14.1 billion

Public Equities

Capitalizing on and **contributing to sustainability** with a $66.6 billion global portfolio

OUR APPROACH Our internally managed programs include actively managed portfolios that seek to outperform their benchmarks, as well as cost-effective indexing strategies designed to track the performance of well-diversified equity indexes. Since 2018, we have developed new, diversified investment strategies that are more cost-effective for clients while improving prospects for risk-adjusted returns and delivering sustainable value. We continue internalizing active equities for the benefit of our clients, having increased the amount of actively managed internal equities by $10.5 billion since fiscal 2018, and will focus on opportunities to invest directly in public companies. Our diverse investment and risk management strategies and long-term investment horizon give us the flexibility to take advantage of opportunities in volatile markets. We use external managers where appropriate.

PERFORMANCE ANALYSIS Public equities delivered strong performance in fiscal 2021 in an unprecedented volatile market environment. After a sharp plunge in March 2020, the S&P 500 Index posted a rapid recovery just five months after bottoming. We remained focused on our investment process and took advantage of the price dislocations and favourable conditions to buy quality assets at attractive prices for our clients.

The Global Partnership Fund, launched in April 2019, provides exposure to global equities and absolute return strategies. We deploy these strategies through both direct investments and co-investment opportunities, with an inherently low correlation with equity markets. Over a one-year period, the fund returned a strong absolute performance of 35.8 per cent and a relative performance aligned with the benchmark[1] of 35.9 per cent. The absolute return provided strong performance to add to the fund. During the year, we took advantage of market dislocation opportunities, investing in six new funds and adding six co-investments in absolute return. In late 2020, the absolute return portion of the fund exceeded $1.5 billion in invested capital, with a further $1.2 billion in unfunded commitments.

The Global Quantitative ESG Equity Fund uses proprietary factors based on measures from four different ESG data providers to identify the attractiveness of securities from an ESG perspective. The signals in the model include traditional sources and artificial intelligence techniques. The fund has outperformed its benchmark since its inception in November 2019 and generated a one-year return of 38.0 per cent, against its benchmark of 35.9 per cent. Notably, environmental- and governance-related factors were positive drivers.

[1] MSCI World ex-Canada Index

The Thematic Public Equity Fund invests in areas of the economy that are expected to benefit from long-term global trends and, in turn, outperform the broader market as the trends play out. The fund has performed strongly in both absolute and relative terms over the past three years, with five of nine themes outperforming the benchmark. It delivered an annualized return of 16.4 per cent over five years, compared to a benchmark of 12.8 per cent. The pandemic has accelerated some trends that were present prior, such as investments in green initiatives. This acceleration, along with strong stock selection, drove performance for the year. The fund returned 40.3 per cent versus its one-year benchmark of 35.9 per cent. Assets in the fund increased to $5.3 billion from the previous year of $2.6 billion, due to the strong returns as well as $1.5 billion of capital inflows.

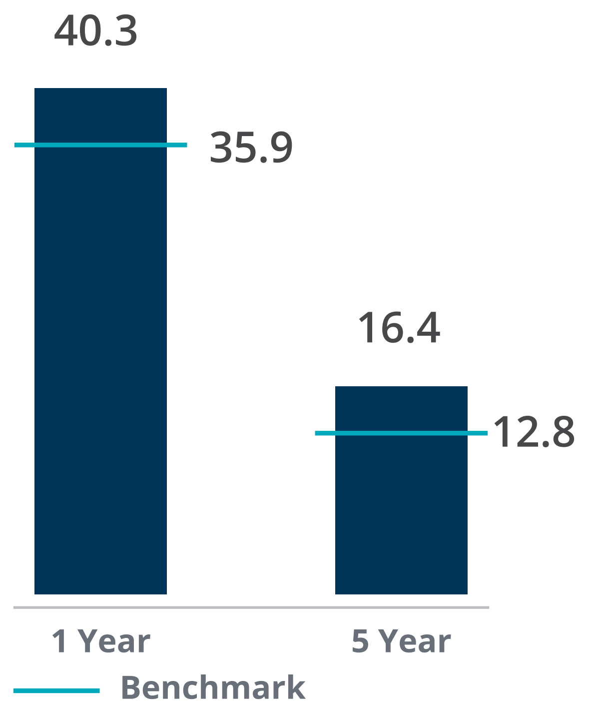
EXCEEDED $1.5 billion in invested capital and $1.2 billion in unfunded commitments in the Global Partnership Fund.

STARTED using the weighted average carbon intensity calculation to disclose the exposure of the public equity program to carbon intensive companies. We have been measuring and reporting the carbon footprint of our public equity program (including our external managers) since 2017 and fixed income since 2018. BCI integrates ESG considerations, including our carbon exposure, in the capital allocation between our different portfolios and strategies, and in the stock selection of our active equity portfolios, as it improves the risk-adjusted returns for our clients.

REACHED $5.1 billion in assets in the Global Quantitative ESG Equity Fund.

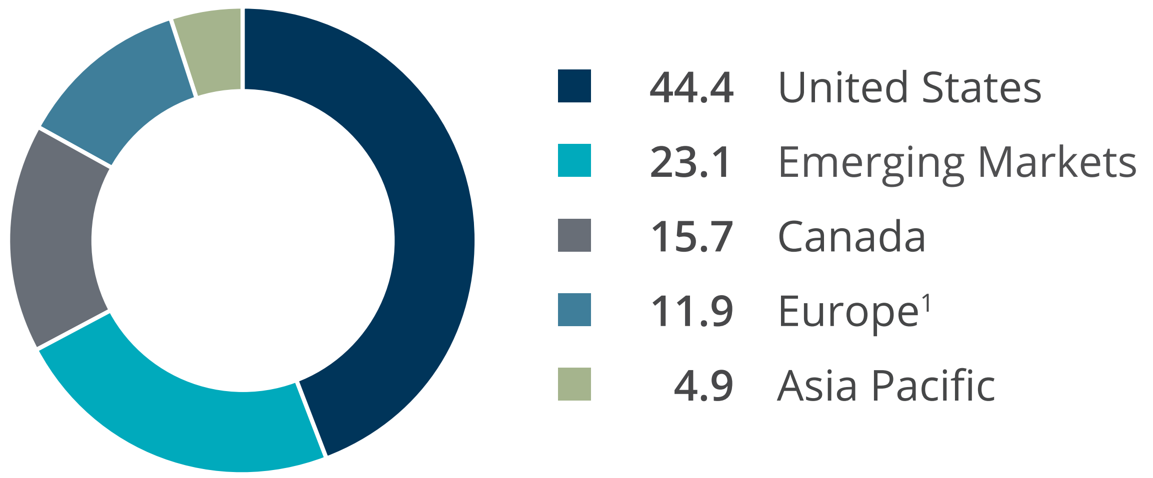
THEMATIC PUBLIC EQUITY FUND PERFORMANCE (%)

Annualized returns for the periods ended March 31, 2021



GLOBAL DISTRIBUTION OF PUBLIC EQUITIES (%)

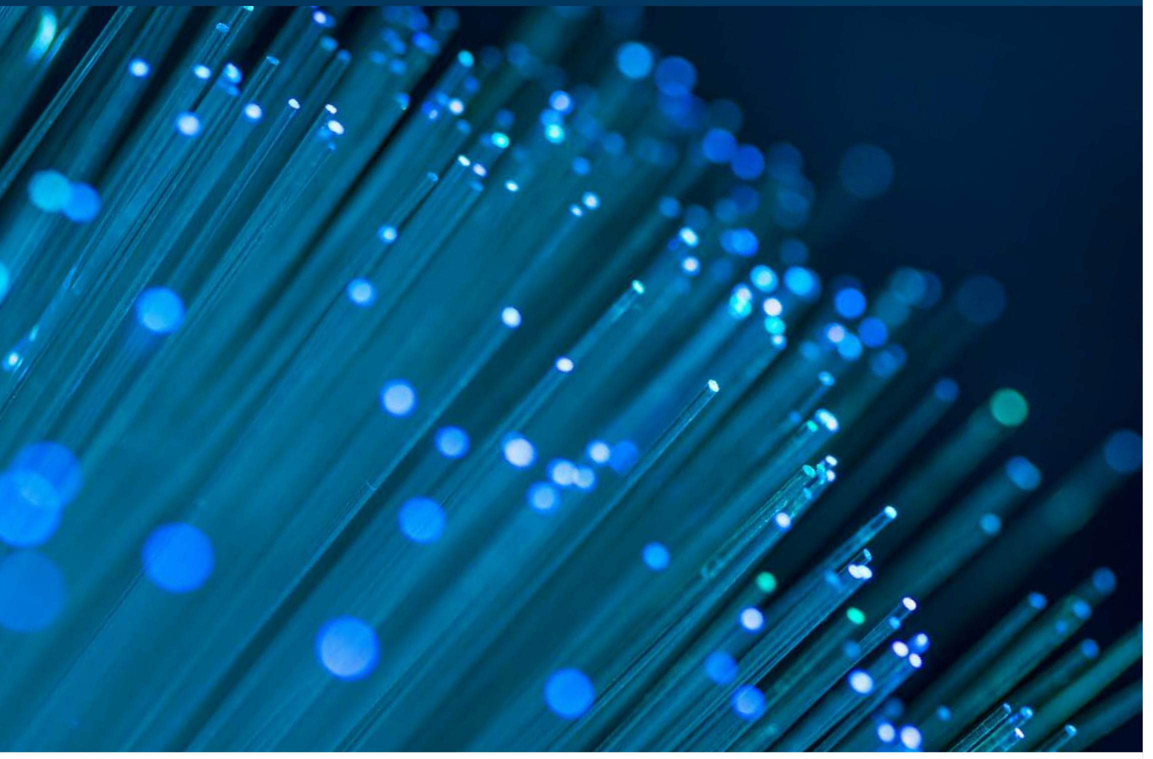
As at March 31, 2021



[1] Europe includes the United Kingdom.

33.4% of assets under management

A year-over-year increase of **$10.9 billion**



Private Markets

Infrastructure & Renewable Resources

Managing $20.0 billion in long-life assets essential to **global growth**

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

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

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

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

PERFORMANCE ANALYSIS In its first year as a combined program, infrastructure & renewable resources returned 7.8 per cent[1] compared to the benchmark of 6.7 per cent. Outperformance is attributable in part to direct investments in regulated utilities, which delivered solid cash yields and capital appreciation during the period.

Our investments in regulated assets performed well in the global pandemic with strong operational results and in some cases growing demand for their services. Solid annual performance from our agriculture and timber holdings also benefited the portfolio, as a rebound in commodity prices led to considerable outperformance in the second half of 2020. Distributions exceeded our expectations at the onset of the pandemic, reflecting the operational resiliency of our portfolio companies and their ability to maintain and manage cash flows and liquidity.

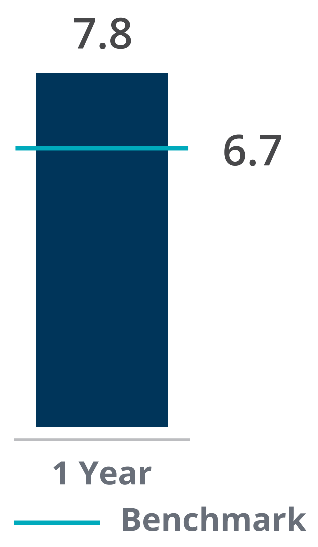
Our portfolio companies continued to operate and provide essential services to their local communities, while prioritizing the health and safety of their staff. For example, during the peak of the pandemic, Puget Sound Energy, a Washington state-based energy utility, committed to continue providing services to all customers, including those who could not afford to make payments at the time. In general, the portfolio navigated the pandemic exceptionally well, although the appreciation of the Canadian dollar relative to some emerging market currencies affected portfolio returns.

Investment sourcing and execution were challenging due to pandemic-related travel restrictions; however by collaborating closely with our advisors, and global partners, we were able to mitigate most of these impacts.

[1] Assets in the infrastructure & renewable resources program are valued annually at December 31. Returns for the program are calculated on an internal rate of return basis and benchmarks are presented on a time-weighted rate of return basis.

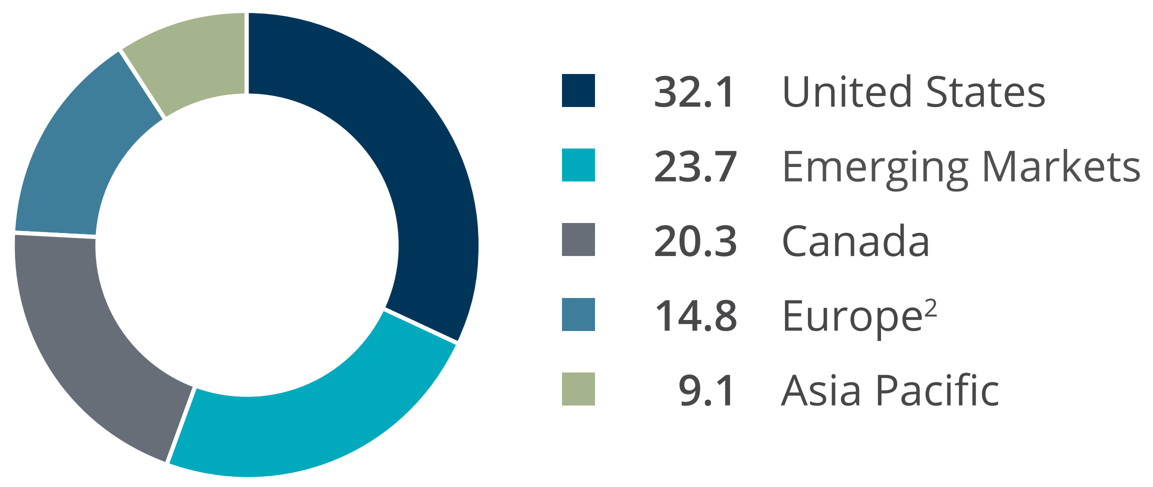
INFRASTRUCTURE & RENEWABLE RESOURCES PROGRAM PERFORMANCE (%)

Annualized return for the period ended December 31, 2020[1]



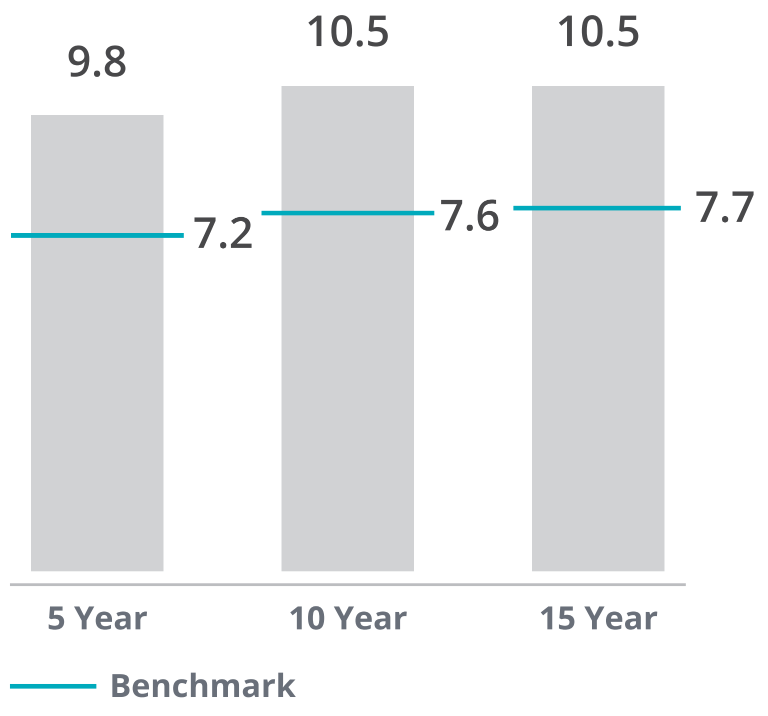
GLOBAL DISTRIBUTION OF INFRASTRUCTURE & RENEWABLE RESOURCES PROGRAM PERFORMANCE (%)

As at December 31, 2020[1]



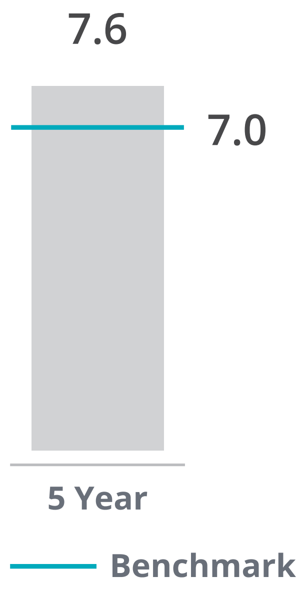
HISTORICAL INFRASTRUCTURE PROGRAM RETURNS (%)

Annualized returns for the periods ended December 31, 2019[3]



HISTORICAL RENEWABLE RESOURCES PROGRAM RETURNS (%)

Annualized return for the period ended December 31, 2019[4]



[1] Assets in the infrastructure & renewable resources program are valued annually at December 31. Returns for the program are calculated on an internal rate of return basis and benchmarks are presented on a time-weighted rate of return basis.

[2] Europe includes the United Kingdom.

[3] Historical returns for the infrastructure program are presented on an internal rate of return basis. Returns presented are final audited.

[4] Historical returns for the renewable resources program are presented on an internal rate of return basis. Returns presented are final audited.

COMPLETED our first direct investment in India. BCI, alongside other institutional partners, acquired a 100 per cent stake in a portfolio of telecom tower assets for a total equity commitment of approximately US$3.4 billion. The tower company, now called Summit DigiTel Infrastructure, is one of the largest telecom infrastructure providers in India. The towers are strategically located across India and offer a secure, long-term source of revenue.

INCREASED our investment in Teays River Investments LLC (Teays), a U.S.-based company with interests in industry-leading food and agricultural-focused businesses. Teays is part of our strategy to establish investment platforms in specific sectors to enhance our access to attractive long-term investments.

DEPLOYED $1.6 billion across the program.

10.0% of assets under management

Year-over-year increase of **$1.7 billion**

Private Equity

Investing $20.7 billion of long-term capital in **high-quality private company equity opportunities** around the globe

OUR APPROACH BCI has invested in private equity for over 20 years. Our program is well diversified by both geography and sector, and invests directly in companies and indirectly via funds. We make significant minority and control investments across a variety of industry sectors. Additionally, we invest in a diverse array of primary funds, syndicated co-investments, and participate in the secondary market.

In April 2016, under a new strategy and leadership team, we began restructuring the program to allocate a greater proportion of capital to direct investments. As a result, the portfolio ratio has shifted from under 20.0 per cent to approximately 37.0 per cent in direct investments, producing substantial returns for our clients and delivering significant fee savings. However, fund investments remain critical in diversifying the portfolio, generating consistent risk-adjusted returns, and providing the network to source co-investments and other direct opportunities. Collectively since 2015, the program has committed approximately $15.0 billion in fund investments and has directly invested in over 20 operating companies, which offer significant governance rights and board seats.

We approach the market by sector, with specializations in business services, consumer, financial services, healthcare, industrials, and technology, media and telecommunications. Investment opportunities primarily originate and are managed in collaboration with strategic investment partners with specific sector and geographical expertise and drive attractive risk-adjusted returns. We place considerable emphasis on the alignment of interests between shareholders and management teams, a long-term investment horizon to fully capture value creation opportunities, and active governance to effect change. This allows greater oversight of our portfolio companies and provides opportunities to collaborate with management teams on strategic, operational, and financial matters. Our hands-on approach to portfolio management establishes greater alignment with BCI's ESG principles, responsible investing approach, and commitment to diversity and inclusion.

The private equity program continues to focus on building the diversity of our team to support the upward trajectory of the program. Developing key performance indicators and ESG principles, as well as integrating diversity, inclusion, and equality into our investment strategy, remains a focus as we manage and grow the portfolio. The team is also focused on opening the first international office in New York City in fiscal 2022.

PERFORMANCE ANALYSIS Given the extended holding periods for private equity investments, results are more meaningful over a longer time frame. On a five-year basis, the private equity program returned 17.4 per cent[1], compared to a benchmark of 11.4 per cent. Outperformance is attributed to our relationships with best-in-class strategic partners. This represents over $10.2 billion of value created[2] for our clients.

The effects of the pandemic made 2020 an unusual year in the capital markets. During a time of economic turbulence, the program delivered a one-year return of 24.4 per cent, outperforming the program benchmark of 13.9 per cent. This represents over $4.2 billion of value created[2].

The resiliency of our diversified portfolio, which has been significantly developed over the past five years, was evident during the pandemic disruption. The first half of the year saw declining transaction activity, and operating performance and valuations suffered amid the uncertain economic outlook. However, as countries and companies adapted to the changing environment, supported by unprecedented monetary and fiscal stimulus, the second half of 2020 saw a broad and sharp economic recovery. Better than expected operating performance, robust public market valuations, and accelerated transaction activity drove higher valuations during the latter half of 2020. BCI worked diligently with our portfolio companies' management teams and investment partners to mitigate risks.

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

[2] Value creation refers to the dollars earned on private equity assets and is not relative to the benchmark.

During the disruption, we focused on the health and safety of employees, liquidity, supply chain disruptions, debt covenants, and operational readiness for the many designated essential-service companies in our portfolio. We remained diligent on ESG matters, working closely with our portfolio companies' boards and management teams to express BCI's priorities. We observed and guided efforts to preserve value and position the companies for an eventual recovery.

As the year continued, we pivoted from defensive to proactive strategies to improve the portfolio, including investing in management talent, growth capital expenditures, and accretive acquisitions. Certain sectors, such as industrials and consumer, were more heavily impacted by the dislocation, but the portfolio remained resilient overall. The total equity support required for the direct investments amounted to less than 1.0 per cent of the direct investment portfolio's market value.

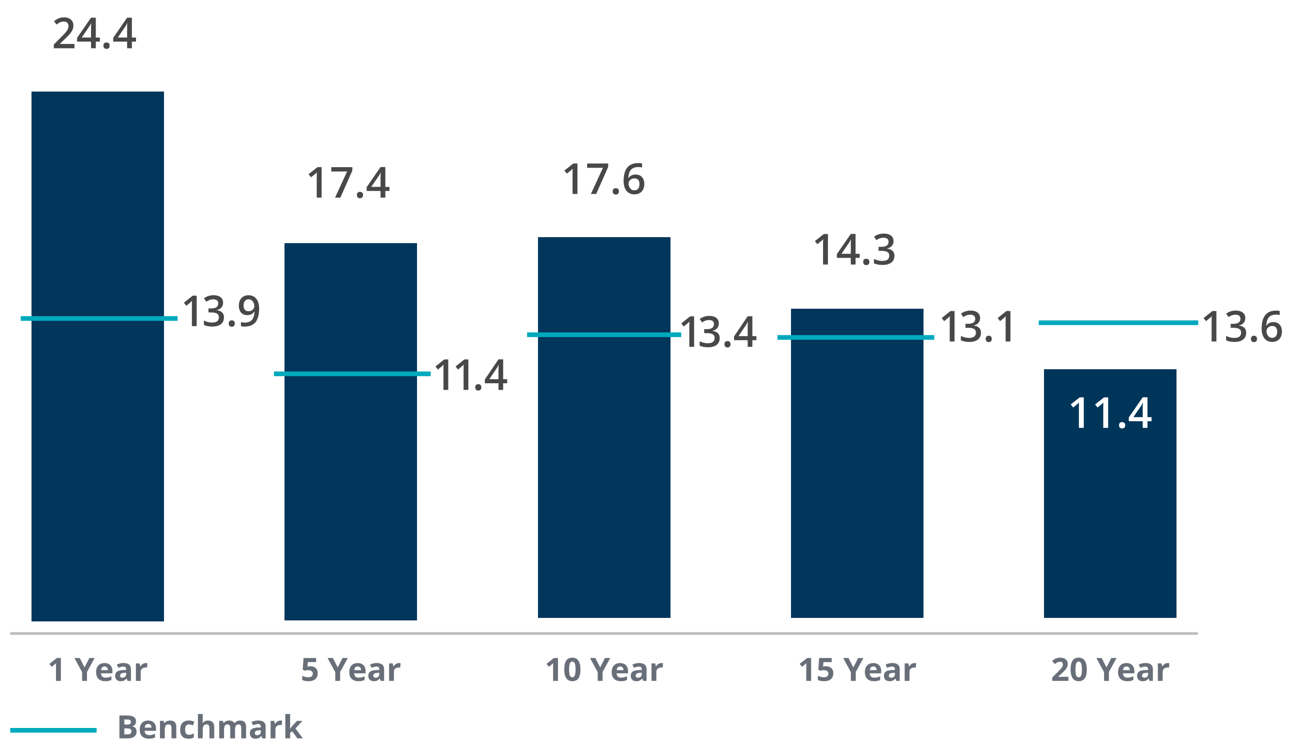
COMMITTED $1.7 billion across 13 funds and $900.0 million in six direct investments, totalling $2.6 billion, maintaining deployment goals for the year amid repeated lockdowns, work-from-home protocols, and strict travel restrictions.

COMPLETED the partial sale of a direct investment to a like-minded investor, providing BCI with realized cash proceeds of approximately $500.0 million. We have retained a significant interest in the company given that it continues to increase its market share.

EXPANDED the team to over 40 diverse and skilled professionals since 2016.

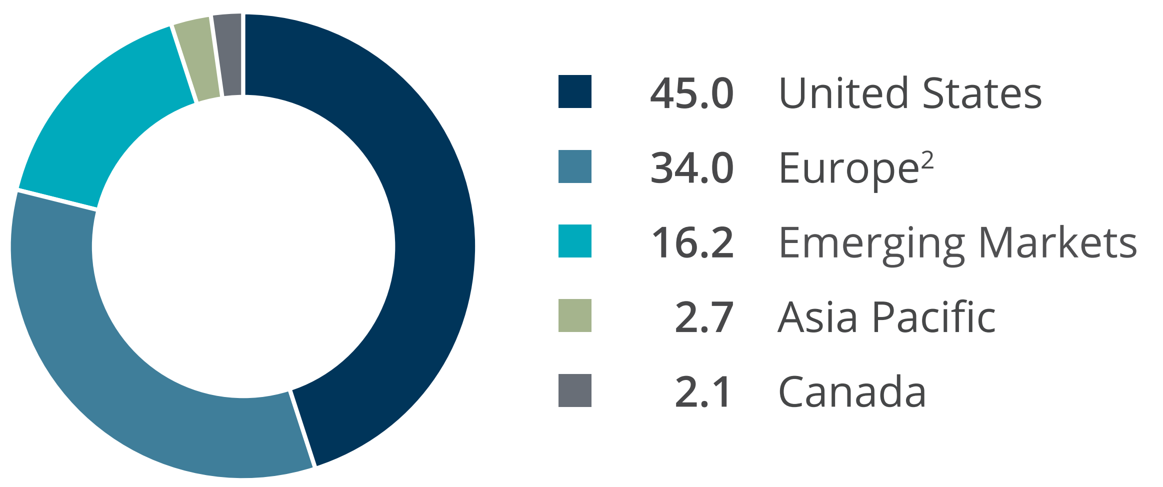
PRIVATE EQUITY PROGRAM PERFORMANCE (%)

Annualized returns for the periods ended December 31, 2020[1]



GLOBAL DISTRIBUTION OF PRIVATE EQUITY PROGRAM (%)

As at December 31, 2020[1]



10.4% of assets under management

Year-over-year increase of **$2.8 billion**

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

[2] Europe includes the United Kingdom.

See QuadReal Property Group's (QuadReal) **Inaugural Activity Report** for more detail about recent growth and accomplishments.

QuadReal Property Group

QuadReal, independently operated and owned by BCI, is a global real estate investment, operating, and development company headquartered in Vancouver, British Columbia. BCI established QuadReal in 2016 to manage our clients' real estate portfolios, and, in mid-2019, they began managing our clients' mortgage programs. These two programs represent $35.5 billion, or 17.8 per cent, of total assets under management.

QuadReal is also an investment for our clients. This year, they issued their inaugural cash distribution to BCI and, beginning in fiscal 2022, will establish a regular distribution program. This return of QuadReal's profit to the pools effectively reduces the total fund costs — a realized benefit for our clients in addition to the investment value of QuadReal.

We maintain corporate oversight through QuadReal's board of directors, who are appointed by BCI's CEO/CIO. The seven-member board consists of two BCI executives, COO and executive vice president & global head, public markets and five independent real estate professionals, all supporting the goal to maximize performance of the real estate and mortgages portfolios. BCI oversees QuadReal's compliance with their obligations as the asset manager by approving key plans, reviewing performance and investments, and monitoring investment risks.

QuadReal has a mandate to deliver prudent growth and strong investment returns. Their global networks accelerate capital deployment to meet our clients' allocation targets and provide greater access to commercial financing opportunities. QuadReal's capabilities include investing in public and private debt and equity markets, and investing across the lifecycle of properties, from pre-development through to stabilization. They invest directly, via partnerships, and through operating companies in which they hold an ownership interest.

This year's macroeconomic environment created a divergence of performance in global real estate markets. Sectors such as industrial, life sciences, and data centres thrived from the accelerated demand for technology and e-commerce; other sectors suffered due to travel restrictions and stay-at-home orders. The downside impacts were most acute for office and retail properties. In the last quarter of 2020, asset values began to stabilize and marginally rebounded in certain sectors and locations as economies began to re-open.

For mortgages, the onset of the pandemic caused many lenders to pause new lending, constraining capital availability for construction loans and assets in transition. Institutional lenders held back on new loans or lent only to top-tier borrowers at reduced loan-to-value ratios and higher pricing. As the year advanced and governments implemented relief efforts, lending spreads narrowed as lenders resumed competing for lower-risk loans. In the second half of the year, spreads narrowed further as lending appetite rebounded.

Mortgages

Delivering **positive returns** from a diverse $7.0 billion portfolio

OUR APPROACH Since fiscal 2020, QuadReal has served as the manager of BCI's mortgage program. As a significant lender to the commercial real estate industry, QuadReal focuses on direct mortgage investments with strong-yielding and attractive risk-return profiles.

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

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

Effective January 2021, BCI and QuadReal, in collaboration with our clients, consolidated the four mortgage pooled funds — Construction Mortgage Fund, Mezzanine Mortgage Fund, Fixed Term Mortgage Fund, and U.S. Mortgage Opportunity Fund — into one program, the BCI QuadReal Mortgage Program. By combining separate mortgage pools with similar investment objectives and characteristics, QuadReal will realize efficiencies and increase potential returns through diversification.

The consolidated pooled fund allows QuadReal to:

- expand the breadth of permissible investment products and geographies to increase diversification
- improve their ability to participate in more investment opportunities
- leverage and obtain favourable credit terms when liquidity is needed or beneficial in the future

PERFORMANCE ANALYSIS Many of QuadReal's borrowers were impacted by the pandemic, particularly those with retail, hospitality, or service-related tenants. Some borrowers requested payment deferrals due to loss or expected loss of rental income during the period of heightened uncertainty. Most construction loans were also impacted by delays and increased costs, due to virus safety protocols, site shut-downs, staff availability, supply chain delays, and cost increases. The team assessed all loans to determine repayment ability and risk in the circumstances. For some loans, QuadReal worked with borrowers to allow payment deferrals and loan extensions, as well as to structure enhanced loan security and reporting where applicable.

The Construction Mortgage Fund, which finances commercial and multi-residential developments, returned 5.3 per cent[1] against its benchmark of 2.2 per cent. The outperformance is attributed to a number of interest rate floors established within the existing loans that created an increased return in a falling interest rate environment.

The Mezzanine Mortgage Fund finances high loan-to-value loans offered to commercial developers and property owners. The fund returned 4.7 per cent[1] against a benchmark of 4.0 per cent. Outperformance is attributed to the resolution of several mortgages in mid to late 2020 with no principal loss to which valuation adjustments had previously been applied.

[1] The Construction Mortgage, Mezzanine Mortgage, and Fixed Term Mortgage funds are reported for the nine-month period of April 1 to December 31, 2020.

The Fixed Term Mortgage Fund provides first secured financing for income-producing commercial real estate. The fund returned 5.7 per cent[1] against a benchmark of 1.9 per cent. The outperformance is due to a combination of higher bond yields from historic lows in August 2020 and some valuation increases as risk parameters adjusted over the period.

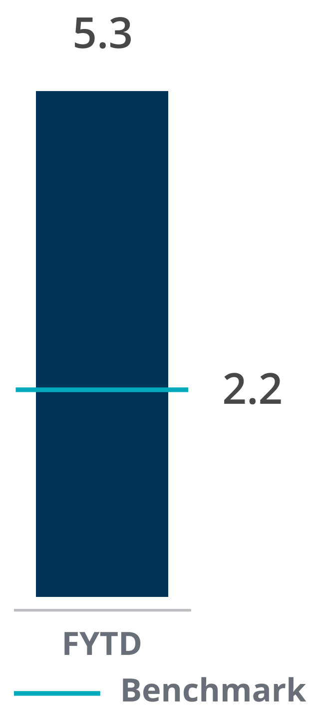
The U.S. Mortgage Opportunity Fund finances commercial and multi-residential properties. The fund returned (1.9) per cent[2] against its one-year benchmark of 0.9 per cent. Relative performance was influenced by some investments that were subject to loan interest payment deferrals and downward valuation adjustments during the calendar year to reflect increased credit risk resulting from the economic impact of the pandemic.

DEVELOPED new lending relationships while aligning resources within QuadReal to benefit from broader market participation in more investment opportunities.

COMMITTED $688.0 million to the U.S. portfolio and $422.0 million to the Canadian portfolio.

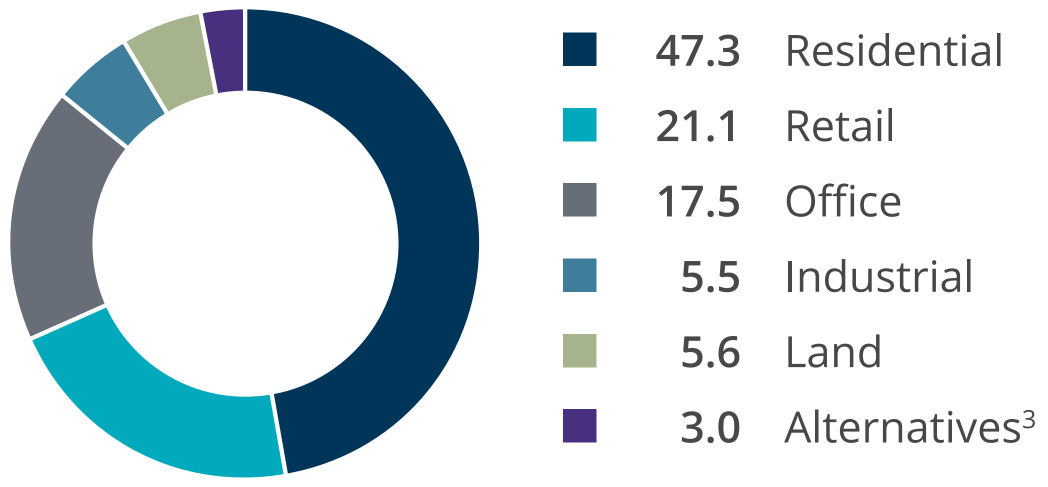
CONSTRUCTION MORTGAGE FUND PERFORMANCE (%)

Partial return for the period ended December 31, 2020[1]



MORTGAGE HOLDINGS BY PROPERTY TYPE (%)

As at March 31, 2021



3.5% of assets under management

Year-over-year increase of $500 million

[1] The Construction Mortgage, Mezzanine Mortgage, and Fixed Term Mortgage funds are reported for the nine-month period of April 1 to December 31, 2020.

[2] The U.S. Mortgage Opportunity Fund returns are reported unhedged, on an internal rate of return basis as at December 31, 2020.

[3] Alternatives include hospitality, farmland, and various property types.

Real Estate

Managing and growing our $28.5 billion global real estate portfolio

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

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

PERFORMANCE ANALYSIS Real estate assets reached $28.5 billion, representing 14.3 per cent of total assets under management. Despite the challenges of investing during a global pandemic, the portfolio is closer to reaching the objective of a 50/50 allocation between the Canadian and international real estate portfolios. After early-year volatility led to lingering uncertainty through much of the year, asset values stabilized and marginally rebounded in certain sectors and geographies late in the calendar year. There was a broadening rebound in both tenant and investment activity in the second half of 2020, with sizeable new commitments and acquisitions in Canada and internationally.

The real estate program returned 0.1 per cent against its one-year benchmark of 6.8 per cent. The underperformance is attributed to the pandemic's negative impact on asset valuations at the start of 2020. Overweight positions in industrial and residential, combined with a very limited allocation to retail properties and an office portfolio centrally located in global cities, helped to buffer overall performance from negative returns for the calendar year.

Tenants and residents are key stakeholders for QuadReal, along with their employees, communities, and clients. During the pandemic, ensuring the health, wellness, and safety of all stakeholders continued to be a top priority, and included implementing support systems for tenants to access government programs. Empathy for the situations of tenants and residents was balanced with the company's responsibilities to ensure contractual obligations were met or new agreements negotiated.

A differentiating factor in 2020 was access to liquidity and highly cost-effective borrowing. QuadReal was able to take advantage of new opportunities that, without sufficient liquidity, would not have been as easily accessible.

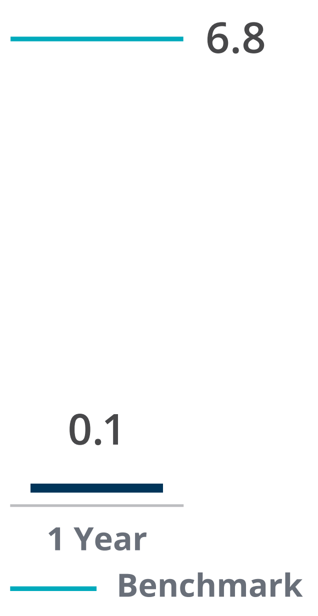
While maintaining low leverage levels, QuadReal accessed debt markets to capitalize on the low interest rate environment, including an inaugural $350.0 million green bond 10-year senior note offering. The bond, issued by BCI QuadReal Realty (BQR), has a coupon rate of 1.75 per cent, and is rated AA (low) with a stable trend by DBRS Limited. BQR is a QuadReal-managed entity in the real estate investment portfolio.

A second green bond offering of a $400.0 million senior note with a coupon rate of 1.06 per cent, rated AA (low) with a stable trend by DBRS Limited, was issued by BQR in the fiscal fourth quarter. Proceeds of QuadReal's issuance of green bonds support qualifying expenditures on green buildings, renewable energy, resource and energy efficiency, pollution prevention, clean transportation, and climate change adaptation. QuadReal is one of the top three Canadian issuers of green bonds.

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

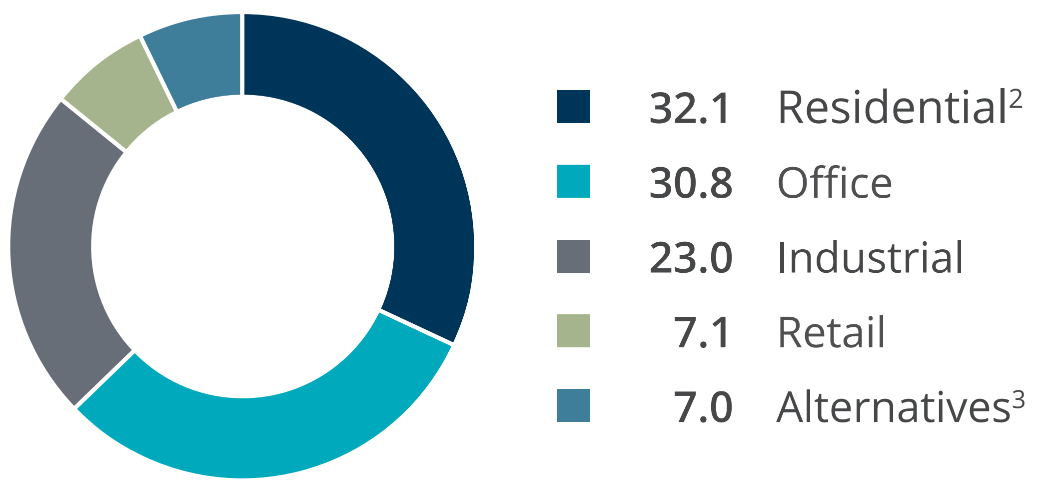
REALPOOL PROGRAM PERFORMANCE (%)

Annualized return for the period ended December 31, 2020[1]



REALPOOL REAL ESTATE ASSETS BY PROPERTY TYPE (%)

As at December 31, 2020

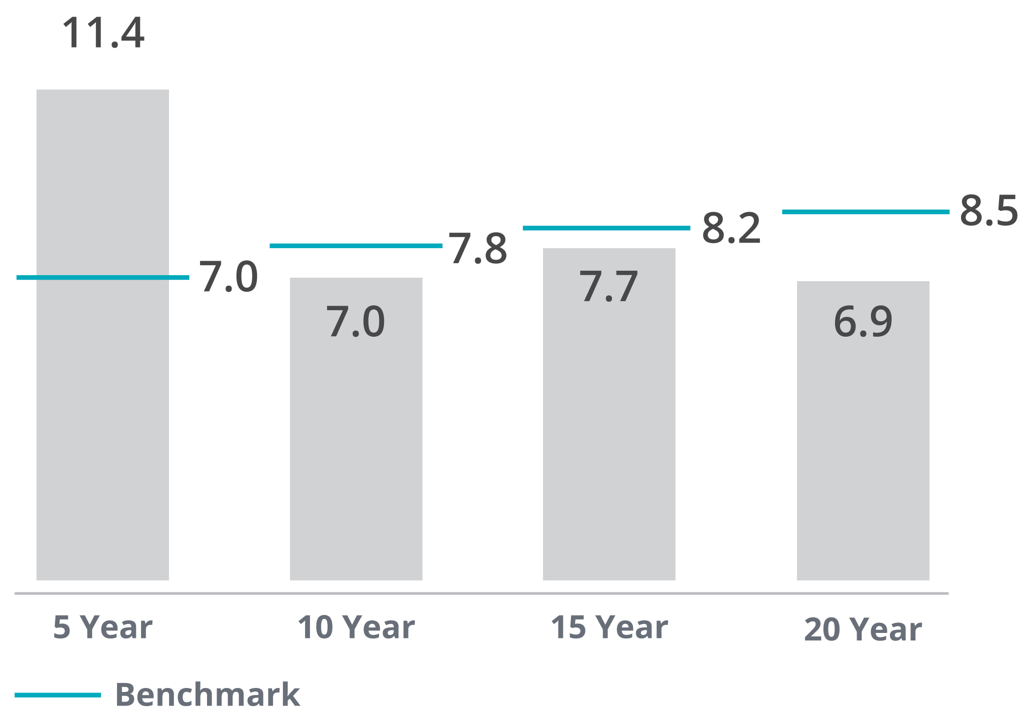


HISTORICAL DOMESTIC REAL ESTATE RETURNS (%)

Annualized returns for the periods ended March 31, 2019[4]

HISTORICAL REALPOOL GLOBAL RETURNS (%)

Annualized returns for the periods ended December 31, 2018[5]



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

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

[3] Alternatives includes manufactured housing/land lease communities, data centres, hotels, and other.

[4] Historical returns for the domestic real estate program are presented on a time-weighted rate of return basis. Returns presented are final audited.

[5] Historical assets for the global real estate program are presented on an internal rate of return basis. Benchmarks are presented on a time-weighted rate of return basis. Returns presented are final audited.

EXPANDED the real estate portfolio by investing in CA Student Living (student accommodations at select universities) in the United States, Parkbridge Lifestyle Communities (land lease communities) in Canada, T5 (data centres) in the United States, and UNCLE (a residential rental brand) in the United Kingdom.

COMPLETED QuadReal's first investment in the life sciences sector through a leading private real estate investment trust whose mandate is to acquire, develop, and redevelop well-located, transit-oriented life science assets in leading global innovation centres. This highly specialized property type, alongside other alternative asset classes, offers significant opportunity in a growing industry.

14.3% of assets under management

Year-over-year increase of $3.0 billion

Risk Management

Risk management is integral to BCI's fiduciary role in **managing our clients' funds** and BCI's operations

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

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

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

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

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

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

The framework formalizes the structure for a consistent and aligned system of risk governance and establishes some of the accountabilities for the investment risk committee and the enterprise risk management committee. To ensure the integration of risk between these committees, the chief operating officer (COO) and the executive vice president, investment strategy & risk are mandatory members of both committees.

The mandate and membership of BCI's risk-related committees are as follows:

- The **investment risk committee** consists of the chief executive officer/chief investment officer (CEO/CIO), COO, and the executive vice presidents of each asset class, corporate & investor relations, and investment strategy & risk, and is facilitated by the vice president of investment risk. The committee meets at least quarterly and oversees BCI's investment risks by ensuring that appropriate investment risk governance, management, measurement, and reporting are in place. It reviews all matters related to benchmarks and performance objectives, approves investment risk directives, and considers investment risk-related matters including new and amended products and related descriptions.
- The **enterprise risk management committee (ERM committee)** consists of the COO, senior vice president of finance/chief financial officer, the executive vice presidents of each asset class, corporate & investor relations, human resources, and investment strategy & risk, and the senior vice presidents of investment operations, and legal affairs & general counsel. It ensures appropriate tools are in place to manage non-investment enterprise risk in areas such as governance, management, measurement, and reporting processes. The committee reports to the COO.

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

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

Our investment risk management framework covers:

- **Concentration risk:** BCI manages concentration risk by diversifying holdings including across sectors, countries/regions, currencies, individual companies and assets, investment types, counterparties, investment partners, and funding sources.
- **Counterparty risk:** BCI manages counterparty risk by engaging only with high-quality counterparties and maintaining robust legal documents, such as International Swaps and Derivatives Association master agreements, global master repurchase agreements, and credit support annexes. The quality of approved counterparties is monitored regularly to detect any potential deterioration in a timely manner.
- **Credit risk:** BCI uses reliable tools to monitor credit risk, including: credit ratings assigned by S&P Global Ratings, Moody's, DBRS, and other external agencies; historical default and recovery rates; credit outlooks per sector and geography; and potential changes in the credit cycle. BCI manages credit risk at the pooled fund level by setting sound investment criteria, including the lowest acceptable credit ratings and single name concentration limits. BCI regularly monitors these criteria and reports any breaches to the BCI board and clients.
- **ESG risk:** BCI measures and manages material ESG risks for individual investments and for the total portfolio using a variety of tools and practices appropriate for each investment. In fiscal 2021, BCI developed an in-house *ESG Risk and Opportunity Framework* to measure and monitor the potential implications of systemic ESG risks and opportunities at the total portfolio level. We use it to understand the current exposure to systemic ESG risks and opportunities in the portfolio, and to monitor how this exposure changes as investment strategies and new investment decisions are considered.
- **Leverage:** BCI considers four classifications of leverage: core, financial, economic, and extended. Depending on the source of leverage, additional market, counterparty, and/or liquidity risk may also be taken on. To capture risks associated with the use of leverage, multiple measures are used in conjunction with the current frameworks for measuring and monitoring market, counterparty, and liquidity risks.
- **Liquidity risk:** BCI ensures sufficient liquid assets are available to meet potential financial obligations under stressed market conditions. BCI's liquidity is managed on a continuous basis to allow for opportunistic deployment of capital during adverse market conditions. Liquidity management relies partly on maintaining a sufficient level of highly liquid assets to meet obligations over various time periods, above minimum thresholds set by the investment risk committee. A liquidity contingency plan is also in place to ensure the readiness of BCI during a liquidity crisis.
- **Market risk:** BCI uses tools to measure, monitor, and manage market risk, such as Value at Risk (VaR), sensitivity analysis, drawdown analysis, and stress testing. These metrics are also monitored at the client level. BCI considers the historical VaR to measure exposure to market risk.

BCI has a dedicated investment risk team that supports our mandate by working with clients, our board, and the asset class teams to help inform key investment decisions.

While the global pandemic continued through fiscal 2021, the investment risk team focused on executing on BCI's investment risk framework for all funds. This was successfully accomplished in the work-from-home environment, requiring our people to be agile in adapting established risk processes and systems.

Our liquidity management framework worked as it was intended, and ensured we had ample funds available to fulfill our obligations and seize appealing investment opportunities. We seamlessly introduced daily liquidity reporting — a capability made possible as a result of our transformation in recent years. Through recruitment, governance, and analytics and advisory efforts, BCI has built a strong investment risk management team using leading approaches, which served the corporation well through the pandemic.

ENTERPRISE RISK MANAGEMENT The enterprise risk management (ERM) program provides BCI with a better understanding of risks and their potential impact on our non-investment activities, enabling better preparation for and management of events should they occur. We embed ERM in all strategic planning, operational management, project, and internal control decisions to support better decision-making. This corporate-wide view ensures we take the appropriate amount of non-investment risk and allocate resources to the areas of highest risk, opportunity, or corporate priority.

BCI's ERM framework guides all aspects of our program. It comprises five principles:

- **Risk governance and culture:** The foundation for all components of ERM. The ERM committee ensures appropriate governance, management, measurement, and reporting processes are in place to adequately manage non-investment risk.
- **Risk, strategy, and objective setting:** BCI integrates ERM into the process of setting strategy and business objectives.
- **Risk in execution:** BCI identifies and assesses non-investment risks that may affect our ability to achieve our strategic objectives.
- **Risk information, communication, and reporting:** BCI leverages information systems to capture, process and manage risk data and information.
- **Monitoring performance:** BCI evaluates risk management capabilities and practices to determine if activities have increased value and helped us achieve our objectives.

Our board of directors provides oversight through our ERM policy, and reviews enterprise risks quarterly. Our ERM committee meets monthly to set acceptable risk tolerances, identify emerging risks, and ensure completion of mitigation activities. Business units and staff manage risks based on tolerances set by our board and management.

The ERM team actively applies this framework to identify, evaluate, monitor, and report key risks to objectives at all levels in our business and report the results to management and the board. The objectives include:

- ensuring a strategic view of risk, informed by both external and internal perspectives, is incorporated
- bridging organizational silos by embedding risk into strategic planning processes and initiatives
- advocating for risk-based conversations and facilitating informed decision-making
- adopting risk-based decision-making approaches, applied to strategy setting and execution
- ongoing monitoring of existing, new, and emerging risks
- educating staff on terms, approaches, and tools to identify, manage and monitor risks

BCI prepares a report annually for clients to provide assurance that we are actively managing non-investment risk.

BUSINESS CONTINUITY BCI maintains a dynamic business continuity program (BCP) to prepare us for various business disruptions. To achieve our BCP goals, BCI identifies, evaluates, and selects appropriate recovery strategies, considering financial objectives and priorities, suitability, reliability, and availability. BCI conducts regular table-top exercises to test the resilience of the team and the processes to address different crisis scenarios, some of which are observed by an independent third party. During the year, BCI successfully completed table-top exercises to test our resiliency.

ADDRESSING THE IMPLICATIONS OF THE COVID-19 PANDEMIC ON BCI'S OPERATIONS With the onset of COVID-19 and the declaration of the global pandemic in March 2020, BCI enacted our crisis response framework. This included mobilizing the core team, which is responsible for analyzing business continuity events or crises, including assessing enterprise and employee risks, scenario planning, and assigning roles and responsibilities during a crisis. The team for the pandemic response included the COO, executive vice president, human resources, senior vice president, legal affairs & general counsel, and vice president, corporate stakeholder engagement, supported by the director, enterprise risk management. Regular reports were provided to the executive management team and BCI board of directors.

A return-to-office working group consisting of senior staff from corporate & investor relations, corporate operations, enterprise risk management, human resources, legal affairs, and technology supported the core team with the detailed planning, communication requirements, and the logistical considerations required to support a remote and hybrid working environment. Together, these teams ensured adherence to all provincial health officer orders and requirements of the WorkSafeBC guidelines to protect people and continue safe operations.

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

Benchmarks and Performance Objectives

Our transparent framework for setting benchmarks and performance objectives

Benchmarks and performance objectives are used to measure progress towards achieving our clients' goals. They represent an integral part of our investment strategies and risk management and are also used in determining incentive compensation.

The board's Benchmark Governance Policy enables the development of a coherent, transparent, and structured framework for setting benchmarks and performance objectives.

The policy applies to all pooled funds, asset classes, and other investment-related benchmarks within BCI. It follows a principles-based approach towards setting benchmarks and performance objectives and adopts industry best practices. The triennial policy review planned for this fiscal year was deferred to fiscal 2022 to align with an internal audit of the policy.

Benchmarks and performance objectives aim to reflect the nature of the investment mandate and the sources of value creation. Further, potential excessive risk taking or suboptimal investment choices are prevented through risk-based controls and processes: specifically, risk-adjusted performance evaluation for public markets and internal risk ratings for private markets.

Risk-adjusted performance objectives are the cornerstone of the public markets program and consider the risk taken by BCI's public markets portfolio managers to obtain investment returns. In private markets, internal risk ratings are used to monitor risk taking and enable benchmark changes, where appropriate. For both public and private markets, transparency is achieved through continuous monitoring and reporting of these risk measures as part of formal discussions and reviews at dedicated committees.

All matters relating to benchmarks and performance objectives are overseen by a robust governance structure comprising the board, the CEO/CIO, the executive talent and compensation committee, and the investment risk committee.

The board reviewed and approved benchmarks for fiscal 2021. The review resulted in approved changes to the benchmarks for the following pooled funds: combined infrastructure & renewable resources; Construction Mortgage; U.S. Mortgage Opportunity; and the BCI QuadReal Mortgage Program. The updated benchmarks were driven by changes in the long-term expected returns of these pooled funds. All other benchmarks remained unchanged. The board also approved target and maximum performance objectives for the total fund.

Effective January 2021, the Construction Mortgage, Fixed Term Mortgage, Mezzanine Mortgage, and U.S. Mortgage Opportunity funds were consolidated into the BCI QuadReal Mortgage Program, and a new benchmark[1,2] was established for the consolidated fund.

[1] The previous mortgage benchmarks are as follows: Fixed Term Mortgage Fund: ICE BofA 1-10 Year Canada Government Index + Custom Spread; Construction Mortgage Fund: 3 Month CDOR + Custom Spread; Mezzanine Mortgage Fund: FTSE Canada 365 Day T-Bill Index + Custom Spread; U.S. Mortgage Opportunity Fund: 30 Day USD LIBOR + Custom Spread.

[2] Private market and mortgage benchmarks are revised on an annual basis. The benchmarks are derived using several inputs including risk-adjusted cost of capital and long-term asset class expected returns and are also aligned to the appropriate valuation cycles. As well, BCI's internal risk ratings are used to ensure the benchmarks are adjusted to reflect the risk taken by the private market and mortgage asset class.

Pooled Fund Benchmarks

All benchmarks are unhedged, total return, unless otherwise specified, and as at March 31, 2021.

Pooled Fund	Benchmark
SHORT TERM FUNDS	
Canadian Money Market Fund (ST1)	Financial Times Stock Exchange (FTSE) Canada 30 Day T-Bill Index
Canadian Money Market Fund (ST2)	FTSE Canada 91 Day T-Bill Index
U.S. Dollar Money Market Fund (ST3)	FTSE/Citigroup 30 Day T-Bill Index
BOND FUNDS	
Short Term Bond Fund	FTSE Canada Short Term Government Bond Index
Canadian Universe Bond Fund	FTSE Canada Universe Bond Index
Government Bond Fund	FTSE Canada Universe All Government Bond Index
Corporate Bond Fund	Custom Benchmark[1]
Principal Credit Fund	Standard & Poor's (S&P) / Loan Syndications and Trading Association (LSTA) U.S. Leveraged Loan 100 Index
Leveraged Bond Fund	FTSE Canada Universe All Government Bond Index[2]
CANADIAN PUBLIC EQUITIES	
Indexed Canadian Equity Fund	S&P/Toronto Stock Exchange (TSX) Composite Index
Canadian Quantitative Active Equity Fund	S&P/TSX Capped Composite Index
Active Canadian Equity Fund	S&P/TSX Capped Composite Index
Active Canadian Small Cap Equity Fund	S&P/TSX SmallCap Index

[1] The custom benchmark is an equal weighting of ICE Bank of America (BofA) U.S. Corporate Index plus ICE BofA BB-B U.S. Cash Pay High Yield Constrained Index, hedged to the Canadian dollar.

[2] Adjusted for realized cost of financing.

Pooled Fund Benchmarks

All benchmarks are unhedged, total return, unless otherwise specified, and as at March 31, 2021.

Pooled Fund	Benchmark
GLOBAL PUBLIC EQUITIES	
Indexed Global Equity Fund	Morgan Stanley Capital International (MSCI) World ex-Canada Index
Indexed Global ESG Equity Fund	MSCI World ESG Leaders Index
Global Quantitative ESG Equity Fund	MSCI World ex-Canada Index
Global Partnership Fund	MSCI World ex-Canada Index
Global Quantitative Active Equity Fund	MSCI World ex-Canada Index
Active Global Equity Fund	MSCI World ex-Canada Index
Thematic Public Equity Fund	MSCI World ex-Canada Index
Indexed U.S. Equity Fund	MSCI USA Index
Active U.S. Small Cap Equity Fund	Russell 2000 Index
Active European Equity Fund	MSCI Europe Index
Active Asian Equity Fund	MSCI AC Asia Pacific ex-Japan Index
EMERGING MARKETS PUBLIC EQUITIES	
Indexed Emerging Markets Equity Fund	MSCI Emerging Markets Index
Active Emerging Markets Equity Fund	MSCI Emerging Markets Index
PRIVATE MARKETS[1]	
Private Equity Program	Custom Benchmark[2]
Infrastructure & Renewable Resources Program	Cost of Capital
Realpool Program	Cost of Capital
MORTGAGES[1]	
BCI QuadReal Mortgage Program	ICE BofA 1-3 Year Canada Government Index + Custom Spread

[1] Private market and mortgage benchmarks are revised on an annual basis. The benchmarks are derived using several inputs including risk-adjusted cost of capital and long-term asset class expected returns and are also aligned to the appropriate valuation cycles. As well, BCI's internal risk ratings are used to ensure the benchmarks are adjusted to reflect the risk taken by the private market and mortgage asset class.

[2] The custom private equity benchmark consists of two components, the private equity cost of capital, and an equity market benchmark, the MSCI All Country World Index (ACWI) plus a risk premium. The weighting between the two components reflects the private equity allocation to direct/co-investments, funds, mezzanine, and strategic opportunities.

Environmental, Social, and Governance

Recognizing the importance of ESG factors in fulfilling the **long-term financial interests of our clients**

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

Our approach to ESG is guided by our corporate-wide strategy and reflects our investment beliefs and ESG principles. Designed to ensure consistency in approach across all asset classes, the strategy is based on four pillars: integrate; influence; invest; and insight.

Our *ESG Governance Policy*, approved by the BCI Board of Directors in 2020, formalizes the responsibilities for ESG oversight, evaluation, and integration across the corporation. The policy assists the board and the CEO/CIO in fulfilling their responsibilities for the governance and oversight of risk, as specified in the *Public Sector Pension Plans Act*, and outlined in BCI's Board of Directors Mandate.

As a founding signatory of the Principles for Responsible Investment (PRI), BCI is committed to reporting our responsible investing activities and participates in the annual reporting and assessment process. We received our best scores (A or A+ in all categories) to date in the 2020 PRI assessment results, reflecting 2019 activities, and continue to outperform global signatories in most assessment areas. Our complete PRI Assessment Report and our RI Transparency Report are available and linked to the assessment methodology on bci.ca/principles-responsible-investing

We continue to make progress on the priorities identified in our 2018 Climate Action Plan. Climate change is a focus of long-term investment opportunity and risk at BCI. While opportunities vary in the level of maturity, as well as the number and size of companies engaged in areas that will benefit from the transition to a low-carbon economy, we expect to increase our investments in such assets that align with our clients' return requirements.

Within our fixed income program, sustainable bonds provide clients with further opportunities to generate returns. BCI increased our cumulative participation in sustainable bonds to $1.4 billion at March 31, 2021, from $439.0 million in the previous fiscal year. We expect that continuation of our strategies will lead to $5.0 billion in cumulative participation in sustainable bonds by 2025.

This year, we also implemented an in-house total portfolio *ESG Risk and Opportunity Framework* to measure and monitor the potential implications of systemic ESG matters at the total portfolio level. The framework is unique in its combination of financial and ESG inputs across all industries. It uses long-term scenarios to understand the impacts of technological, physical, economic, and regulatory ESG changes or risks, and integrate that knowledge into our investment processes.

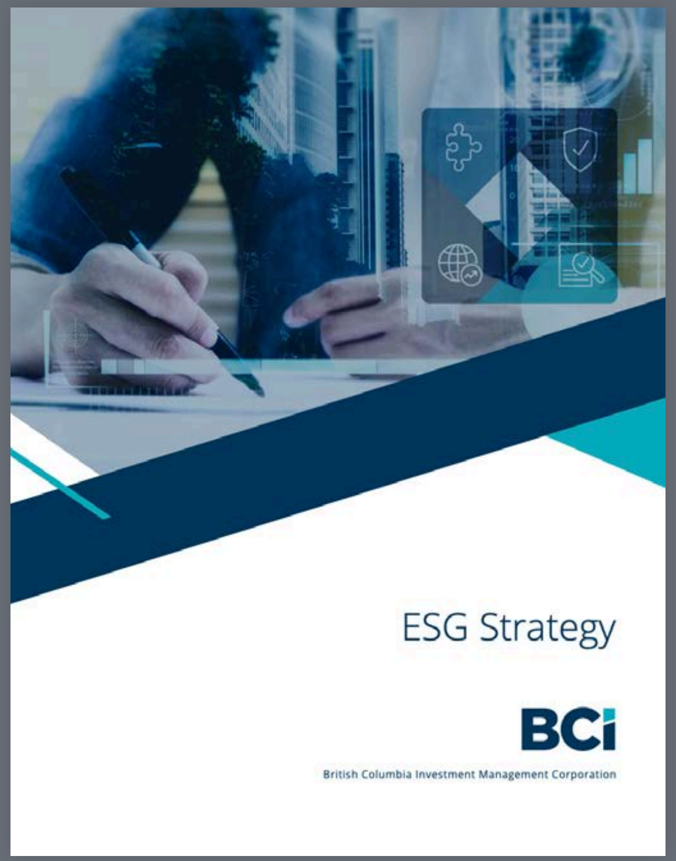
We published new proxy voting guidelines in February 2021 and raised our expectations of companies within our public equity program, specifically on matters relating to increasing board diversity, addressing climate change oversight, and reviewing executive compensation in the context of the COVID-19 pandemic and its impact on human capital.

BCI also collaborates with like-minded investors and organizations to strengthen our collective leadership and advance priority ESG matters, including through direct work with Climate Action 100+ and the 30% Club of Canada.

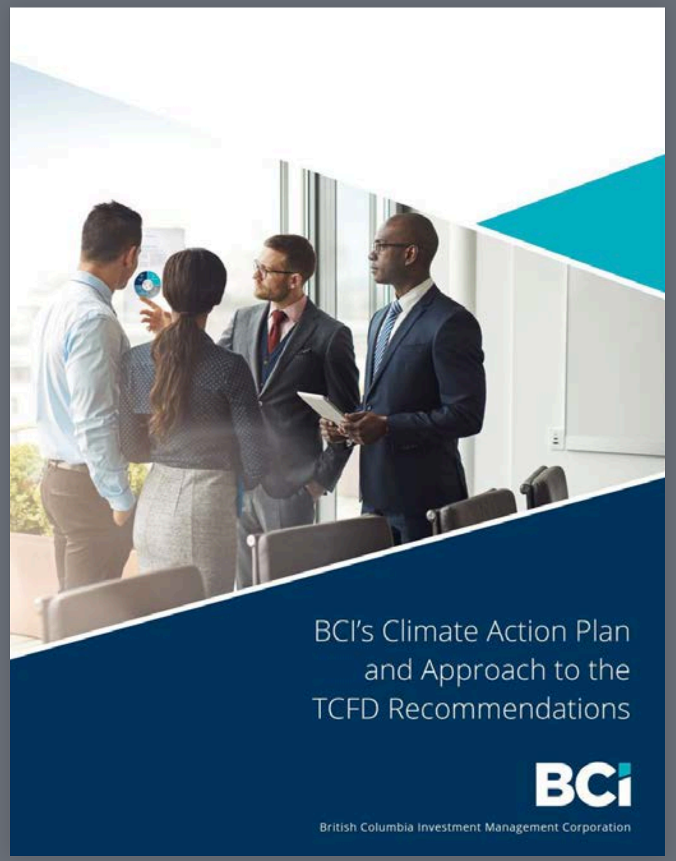
We work with global peers to advocate for advances on important investment-related issues. Notably, we joined seven other leading Canadian pension plans in November 2020 to call on companies and investment partners to place sustainability at the centre of their planning, operations, and reporting. This includes promoting the Sustainability Accounting Standards Board (SASB) standards and Task Force on Climate-related Financial Disclosures (TCFD) framework to standardize ESG-related reporting. The signatories further commit to strengthening ESG disclosure within their own organizations and to allocate capital to investments best placed to deliver long-term sustainable value.

BCI along with global peers APG, AustralianSuper, and PGGM jointly established the Sustainable Development Investments Asset Owner Platform in July 2020. The platform's standardized and artificial intelligence-driven data enables investors to assess companies on their contribution to the UN Sustainable Development Goals (SDGs). As an increasing number of global investors are using the SDGs as an investment framework, BCI felt the need to support a global standard around SDG measurement and reporting.

OUR RESPONSIBLE INVESTING PUBLICATIONS



ESG Strategy
READ REPORT



Climate Action Plan
READ REPORT

2020 ESG Annual Report
READ REPORT

For more information on our engagement and proxy voting activities, visit BCI.ca/esg

Stakeholder Engagement

Building relationships aligned with our values and long-term view

Developing and maintaining relationships with our stakeholders, built on integrity and transparency, is important to BCI and supports our mandate. Ongoing engagement is also critical to our vision of partnering with clients to secure financial futures in a changing world. Beyond clients, we work with governments, portfolio companies, business partners, industry peers, associations and special interest groups, and academic and community partners, while maintaining our broader public presence through digital platforms, social media, and traditional media.

In an unprecedented and unpredictable year, we preserved trust and fortified relationships with an expanded communication program that kept all stakeholders apprised of the impacts and our response to the global pandemic. BCI expanded stakeholder and public awareness, while demonstrating thought leadership, through an increase in collaborative initiatives, virtual speaking engagements, media relations and LinkedIn content. We continued to work with associations and special interest groups to address and respond to queries and advance matters of mutual interest.

Clients are at the heart of our stakeholder engagement activities. In fiscal 2021, BCI participated in 275 client meetings and produced over 65 communiqués and news articles keeping clients informed of our pandemic response, investments, transactions, and operational updates. We held 13 client webcasts, an increase from four the previous year, covering various corporate and educational topics. All content is leveraged on The Exchange — BCI's digital client portal, launched in 2020, that acts as a secure centralized source of information. In our most recent biennial client satisfaction survey, BCI received an "excellent" rating for integrity and professionalism and overall satisfaction remained strong.

Our shift to virtual-only client engagement made our events overall more accessible to clients, reducing travel coordination and logistics. Highlights of our activities included introduction of a spotlight webcast series to showcase our asset classes and other topics of interest, quarterly updates on major macroeconomic and geopolitical events, and ongoing trustee orientation sessions. BCI also hosted our Investor Day in January 2021, bringing together more than 100 trustees, investment professionals, and client representatives with BCI's leadership team and global partners.

Building relationships and awareness with key government decision makers, including within the Province of British Columbia, is paramount to meeting and exceeding the expectations of our clients. In fiscal 2021, we continued to build our government relations program to deepen relationships with government stakeholders and strengthen understanding of BCI's capabilities. This included more frequent interactions and coordination on BCI's response to the pandemic and impact on our investment approach, and progress on our multi-year business transformation. We acted as a trusted source of information to British Columbia's Ministry of Finance and proactively shared advice, experience, and expertise with varying levels of government.

BCI's reputation is key to attracting talent and accessing investment opportunities for our clients. In fiscal 2021, we engaged an external firm to conduct reputation benchmarking surveys to better understand how BCI is perceived by key stakeholders. The results will inform a long-term strategy to continue to build our profile. We are committed to further exploring and understanding the perceptions and attitudes of our key stakeholders to better manage our strengths and opportunities for improvement going forward.

Our People

Attracting and retaining top talent is foundational to our success as an active, in-house investment manager. We rely on our people to meet our clients' investment goals.

We focus on cultivating a workplace that empowers employees in the continuous pursuit of excellence and achieves sustainable success for our clients. Our core values, people practices, and workplace environment underpin this culture — and enabled us to thrive through the volatility of the past year.

Despite pandemic-related constraints, we added people to strengthen our internal capabilities and expertise. As of March 31, 2021, BCI's employee complement was 590, a net increase of 45 employees from the previous year. Although increasing bench strength adds to internal costs, our in-house active management model significantly lowers external manager fees and is a more cost-effective approach over the longer term.

An inclusive workplace culture that **empowers our people** to deliver

DIVERSITY AND INCLUSION To best serve our clients, BCI must reflect the markets in which we work and invest. Diversity and inclusion (D&I) is critical to our ability to access great talent, retain our highly skilled people, drive business insight, and ultimately deliver better long-term returns. Our people are our most important asset and we want to foster an environment that allows our employees to excel.

BCI established a diversity & inclusion council in 2018 with employee representation from varying seniority levels, departments, and backgrounds. The council supports the execution of our D&I strategy, which was developed in collaboration with the executive management team. With a three-year mandate, the strategy aims to intentionally build diversity and promote an inclusive culture within BCI.

Our strategic priorities were determined through the assistance of an external consultant, who analyzed BCI's gender balance and conducted focus groups with employees and leaders. The strategy, approved by the executives and supported by BCI's board, addresses four priorities:

- **Improve staff engagement, performance, and innovation** — develop a more inclusive team and organizational culture
- **Attract top talent** — strengthen our employer value proposition and address potential bias in our recruitment process
- **Accelerate diverse talent at BCI** — focus on broadening opportunities for career development, strengthen staff retention, and open promotion pathways
- **Maintain ongoing focus and accountability** — measure our performance, ensure consistency in our D&I approach, and ensure commitment of senior leadership

Employees are at the heart of our D&I efforts and we increased the resources by establishing a D&I manager position in fiscal 2021 to provide strategic guidance and specialized expertise to our executive management team, diversity & inclusion council and the broader corporation.

As an institutional investor, we believe we can contribute to addressing systemic inequities by taking intentional steps to promote D&I across our portfolios and organization. In October 2020, we joined institutional investors managing more than $2.3 trillion in assets in signing the Responsible Investment Association's Canadian Investor Statement on Diversity and Inclusion. This commitment and our ongoing strategy work are the foundation for growing our diversity and creating an inclusive work environment.

TRAINING We offer employees a range of educational opportunities. In fiscal 2021, we transitioned 78 per cent of our training and development programs to a virtual format. We provided online workshops dedicated to mental health and wellness, culture and values, management and leadership development, team effectiveness, and change management. We also offered self-directed learning, enabling employees to develop skills in a flexible environment.

We recognize our people have diverse learning styles, and our training and development strategy is continuously evolving to support business and employee needs.

CO-OP/INTERNSHIP PROGRAM Now in its sixth year, our co-op and internship program identifies up-and-coming industry professionals, and contributes to corporate citizenship by supporting post-secondary institutions.

Students are hired year-round, typically for four-month work terms. Despite the limitations of the pandemic, we welcomed our highest number of students ever this year, with over 100 co-ops and interns joining BCI remotely from across Canada. We adapted to continue offering participants valuable work experience in a virtual environment. For example, we introduced a student mentoring program to increase engagement. In our end-of-term surveys, 95 per cent of students 'strongly' or 'mostly' agreed that the remote work term was a worthwhile experience.

Students enrolled in an undergraduate or graduate program as well as new graduates can apply to our co-op and internship opportunities.

BCI was recognized for a second consecutive year as one of Canada's Top 100 Employers, Top Family-Friendly Employers, and B.C.'s Top Employers by Mediacorp Canada Inc. These awards highlight BCI's commitment to creating a people-centric culture and a work environment that supports excellence.

Corporate Social Responsibility

Making a positive impact in our local communities

Our values are more than just words, they are a way of life, and the principles that guide our business actions extend to our local communities. We want to make a positive contribution — one that aligns with our corporate values. BCI is committed to corporate social responsibility and our people have long been contributors to various community and philanthropic initiatives.

Giving back to communities is ingrained in our work culture. Employees can use one day of paid time off each calendar year to volunteer for a non-profit organization of their choice. This allows our staff to help improve the quality of life within our communities by engaging with local non-profit organizations. In response to the pandemic, BCI encouraged employees to volunteer virtually, which allowed flexibility in how and when they could participate.

Examples of our community outreach activities include:

- **BC Tech for Learning Society:** Our COO, technology department, and workplace services teams championed the donation of gently used computer hardware, including 27 desktops and 25 laptops, to the BC Tech for Learning Society in January 2021. The registered charity collects used technology equipment and hires and trains youth to refurbish the donations for distribution to schools, non-profits, libraries, Indigenous groups, and students across B.C. This benefits our communities and promotes sustainability through digital inclusiveness and reduced electronic waste.
- **Junior Achievement British Columbia:** BCI partners with and encourages our employees to volunteer with Junior Achievement British Columbia (JABC) to empower British Columbia's youth to build foundational skills related to financial literacy and share our passion and knowledge related to the work we do every day. The organization offers programs relating to work readiness, financial literacy, and entrepreneurship for more than 42,000 students in B.C. in grades four to 12. BCI has an internal organizing committee consisting of five staff members. The vice president, partnership portfolio and vice president, active portfolio management in public markets serve as the senior sponsors.

  Since 2014, BCI employees and senior leaders, including portfolio managers, investment strategists and financial analysts, have delivered more than 50 JABC programs in Greater Victoria, representing more than 220 hours of education and engagement with students. In addition to regular programming, BCI and JABC are collaborating to develop special program content aligned with our investing expertise.
- **United Way of Southern Vancouver Island:** For more than two decades, BCI has built a strong relationship with the United Way of Southern Vancouver Island (United Way). This year, the organization recognized BCI for our 20-year record of giving. Since 2000, our colleagues have raised more than $1.1 million for the United Way. With many employees working remotely, our employee-led committee, championed by our COO, adapted our campaign to be virtual and adopted new approaches, such as podcasts and fundraising, to raise awareness of the need in our community. Our 2020 fundraising efforts resulted in two United Way Spirit Awards for BCI in the categories of Outstanding Workplace Campaign and the Triple Crown Award.

  In fiscal 2021, employee donations contributed to the United Way's work to help local communities cope, recover, and rebuild from the economic and social impacts of the pandemic. The organization's areas of focus included isolated seniors, families in need, and mental health and addictions.

Corporate Governance

Our Board of Directors

COMPOSITION OF THE BOARD

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

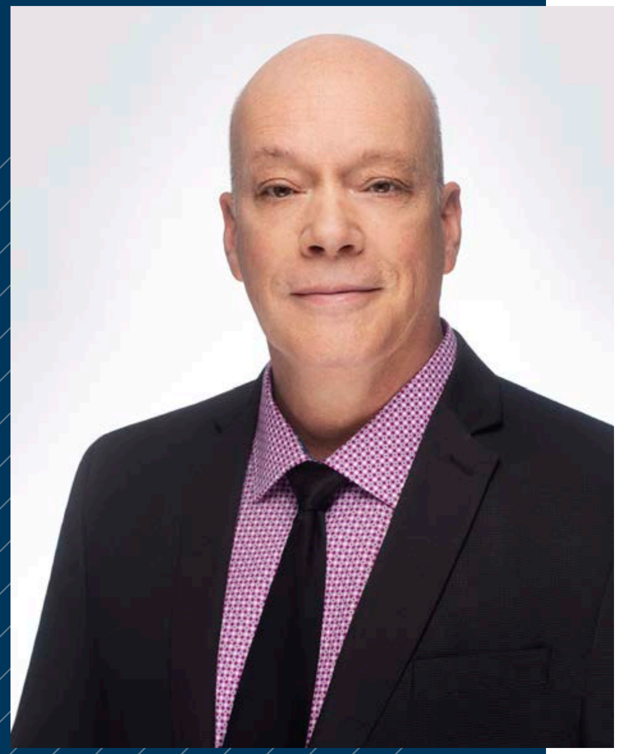
- One director appointed by the College Pension Board from among its members
- One director appointed by the Municipal Pension Board from among its members
- One director appointed by the Public Service Pension Board from among its members
- One director appointed by the Teachers' Pension Board from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

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

BOARD INDEPENDENCE

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

PHOTO FROM LEFT TO RIGHT: Gayle Gorrill; Peter Milburn; Donna Lommer; Ken Tannar; Sheila Taylor; Karen Maynes; and Paul Finch.
This photograph was taken prior to the COVID-19 pandemic.



Peter Milburn

Vancouver, British Columbia

Peter retired in 2016 after a 33-year career with the provincial government. Most recently, he fulfilled the role of deputy minister of finance and secretary to Treasury Board. In this role he oversaw three consecutive balanced budgets and more than $15.0 billion in capital expenditures. Prior to this appointment, Peter held several senior positions with the Ministry of Transportation and Infrastructure, including deputy minister, chief operating officer and executive project director for the Sea to Sky Highway Improvement Project. During his career he was appointed chair of the board for two Crown corporations (Transportation Investment Corporation and BC Rail) and three hospital capital boards (Women and Children's Hospital Redevelopment, Interior Heart and Surgical Centre, and the Surrey Memorial Hospital Critical Care Tower). In addition, he was responsible for the BC Transportation Finance Authority. Peter is currently acting as special advisor to the B.C. ministers of finance and energy, mines and low-carbon innovation. Peter has a degree in civil engineering from the University of British Columbia.

BCI BOARD AND COMMITTEE APPOINTMENTS		2020 – 2021 ATTENDANCE	
• Director since December 31, 2016 • Current term to December 31, 2021 • Appointed by B.C.'s Minister of Finance • Independent	Chair, BCI Board of Directors (2016–Present)	5/5	100%

BCI DIRECTOR REMUNERATION 2020–2021	ANNUAL RETAINER	BOARD MEETING FEE	COMMITTEE CHAIR FEE	COMMITTEE MEETING FEE	TOTAL
	$33,214	$6,633	–	–	$42,339[1]

OTHER BOARD DIRECTORSHIPS/ TRUSTEESHIPS DURING THE LAST FIVE YEARS	TERM	BOARD CHAIR & TERM		COMMITTEE APPOINTMENTS
Lucas Solutions Ltd.	2017–Present	Y	2017–Present	–

[1] Includes remuneration for representing BCI at other meetings.

Paul Finch

Vancouver, British Columbia

Paul was elected treasurer and chief financial and administrative officer of the British Columbia Government and Service Employees' Union (BCGEU) in 2014 and re-elected in 2017. He is responsible for the BCGEU's investment and shareholder engagement program, and policy on housing affordability and land economics. Prior to this, Paul served as the BCGEU's executive vice president for three years. Paul is a plan partner representative for the public service and college pension plans, and a trustee on the Public Service Pension Plan Board of Trustees. Paul completed the Directors Education Program at the University of Toronto's Rotman School of Management in 2019.

BCI BOARD AND COMMITTEE APPOINTMENTS		2020 – 2021 ATTENDANCE	
• Director since April 1, 2019 • Current term to March 31, 2022 • Appointed by the Public Service Pension Board of Trustees • Independent	Director, BCI Board of Directors	5/5	100%
	Member, Human Resources and Governance Committee (2019–Present)	5/5	100%
	Member, Risk Committee (2020–2021)	3/3	100%
	Guest, Audit Committee	3/3	100%

BCI DIRECTOR REMUNERATION 2020–2021	ANNUAL RETAINER	BOARD MEETING FEE	COMMITTEE CHAIR FEE	COMMITTEE MEETING FEE	TOTAL
$348.60 of the meeting fees is paid to BCGEU	$16,607	$6,633[1]	–	$6,637[1]	$29,877

OTHER BOARD DIRECTORSHIPS/ TRUSTEESHIPS DURING THE LAST FIVE YEARS	TERM	BOARD CHAIR & TERM		COMMITTEE APPOINTMENTS
Affordable BC Housing Society	2020–Present	N	–	–
Autism Canada	2020–Present	N	–	–
BC College and Public Service Pension Plans Plan Partner Representative BCGEU	2014–Present	N	–	–
BC Federation of Labour	2014–Present	N	–	–
BC Target Benefit Pension Plan (Chair)	2014–Present	Y	2017–Present	–
BCGEU	2011–Present	N	–	–
Canada Capital Stewardship Network	2020–Present	N	–	–
Canadian Centre for Policy Alternatives (BC CCPA)	2014–2016	N	–	–
Constellation Media Society	2020–Present	N	–	–
National Union of Public and General Employees	2014–Present	N	–	–
Public Service Pension Plan (Trustee)	2014–Present	N	–	Communications Committee Benefits Committee
Solidarity Holdings Ltd.	2011–Present	N	–	–
The Union Protein Project	2014–2017	N	–	–
Workers Capital Holding Society	2020–Present	N	–	–

[1] Meeting fee remuneration to be adjusted in fiscal 2022.

Gayle Gorrill

Victoria, British Columbia

Gayle joined the University of Victoria on September 1, 2006 as vice-president finance and operations. Prior to this, she was associate vice-president administration for the University of Calgary for three years and in various executive positions with the Calgary Health Region. She began her career at Ernst and Young. Gayle has a Bachelor of Business Administration and is a Chartered Professional Accountant (CPA, CA). She was named a Fellow of the CPA in 2016. She holds the director designation from the Institute of Corporate Directors (ICD.D).

BCI BOARD AND COMMITTEE APPOINTMENTS		2020 – 2021 ATTENDANCE	
• Director since June 18, 2018 • Current term to June 18, 2022 • Appointed by B.C.'s Minister of Finance • Independent	Director, BCI Board of Directors	5/5	100%
	Member, Audit Committee (2018 – Present)	4/4	100%
	Co-Chair, Project Oversight Committee (2018 – Present)	4/4	100%
	Guest, Human Resources and Governance Committee	4/4	100%
	Guest, Risk Committee	3/3	100%

BCI DIRECTOR REMUNERATION 2020 – 2021	ANNUAL RETAINER	BOARD MEETING FEE	COMMITTEE CHAIR FEE	COMMITTEE MEETING FEE	TOTAL
50 per cent of the meeting fees are paid to the University of Victoria	$16,607	$6,633	$2,768	$9,953	$35,961

OTHER BOARD DIRECTORSHIPS/ TRUSTEESHIPS DURING THE LAST FIVE YEARS	TERM	BOARD CHAIR & TERM		COMMITTEE APPOINTMENTS
BCNet (Chair)	2015 – Present	Y	2019 – Present	Governance and HR Committee Finance Committee
Canadian Association of University Business Officers	2011 – 2019	Y	2016 – 2017	–
Heritage Realty Properties	2006 – Present	N	–	–
Ocean Networks Canada	2008 – Present	N	–	Finance and Audit Committee Governance and Human Resources Committee
University of Victoria Foundation	2006 – Present	N	–	–
University of Victoria Properties Investments Inc. (Vice Chair)	2006 – Present	N	–	–

Donna Lommer

Kelowna, British Columbia

Donna joined the Interior Health Authority more than 30 years ago and serves as the vice president clinical & corporate services. She leads a team of more than 4,500 people; provides executive oversight to capital projects totalling more than $1.2 billion; and has accountability for a $500 million annual operating budget. As the former chief financial officer she had financial stewardship over a $2.5 billion annual operating budget. Donna holds an executive master's degree in business administration and is a Chartered Professional Accountant (CPA, CGA).

BCI BOARD AND COMMITTEE APPOINTMENTS		2020 – 2021 ATTENDANCE	
• Director since January 1, 2019 • Current term to December 31, 2021 • Appointed by the Municipal Pension Board of Trustees • Independent	Director, BCI Board of Directors	4/5	80%
	Member, Audit Committee (2019 – Present)	4/4	100%

BCI DIRECTOR REMUNERATION 2020 – 2021	ANNUAL RETAINER	BOARD MEETING FEE	COMMITTEE CHAIR FEE	COMMITTEE MEETING FEE	TOTAL
100 per cent of the remuneration is paid to the Interior Health Authority	$16,607	$5,805	–	$3,313	$25,725

OTHER BOARD DIRECTORSHIPS/ TRUSTEESHIPS DURING THE LAST FIVE YEARS	TERM	BOARD CHAIR & TERM		COMMITTEE APPOINTMENTS
Healthcare Benefits Trust (Trustee)	2014 – 2019	N	–	Audit Committee Finance Committee
Municipal Pension Plan (Trustee)	2017 – Present	N	–	Benefits Committee

Karen Maynes

Maple Ridge, British Columbia

Now retired, Karen was 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. She is also past post-secondary sector representative of the Chartered Professional Accountants of BC's Government Organizations' Accounting & Auditing Forum. Karen has served on numerous Douglas College and provincial committees dealing with issues such as technology planning, faculty negotiations and data definitions and standards. Karen is a Chartered Professional Accountant (CPA, CA).

BCI BOARD AND COMMITTEE APPOINTMENTS		2020 – 2021 ATTENDANCE	
• Director since September 18, 2014 • Current term to August 31, 2022 • Appointed by the College Pension Board of Trustees • Independent	Director, BCI Board of Directors	5/5	100%
	Chair, Audit Committee (2018 – Present)	4/4	100%
	Guest, Human Resources and Governance Committee	5/5	100%
	Guest, Project Oversight Committee	3/3	100%
	Guest, Risk Committee	2/2	100%

BCI DIRECTOR REMUNERATION 2020 – 2021	ANNUAL RETAINER	BOARD MEETING FEE	COMMITTEE CHAIR FEE	COMMITTEE MEETING FEE	TOTAL
	$16,607	$6,633	$5,536	$9,539	$39,985[1]

OTHER BOARD DIRECTORSHIPS/ TRUSTEESHIPS DURING THE LAST FIVE YEARS	TERM	BOARD CHAIR & TERM		COMMITTEE APPOINTMENTS
College Pension Board (Trustee)	2006 – Present	N	–	Benefits Committee Governance Committee Interplan Audit Committee Interplan Post-Retirement Group Benefits

[1] Includes remuneration for representing BCI at other meetings.

Ken Tannar

Langley, British Columbia

Ken retired in 2017 after a 34-year career teaching in British Columbia, most recently as a physics and senior math teacher in Surrey. He was appointed to the Teachers' Pension Plan Board of Trustees (TPP) by the BC Teachers' Federation (BCTF) in 2008, serving as chair from 2018 to 2019 and vice-chair in 2017 and 2020. For the past 10 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.

BCI BOARD AND COMMITTEE APPOINTMENTS		2020 – 2021 ATTENDANCE	
• Director since January 1, 2015 • Current term to December 31, 2023 • Appointed by the Teachers' Pension Plan Board of Trustees • Independent	Director, BCI Board of Directors	5/5	100%
	Member, Human Resources and Governance Committee (2015–Present)	5/5	100%
	Member, Audit Committee (2018–Present)	4/4	100%
	Chair, Risk Committee (2020–2021)	3/3	100%

BCI DIRECTOR REMUNERATION 2020–2021	ANNUAL RETAINER	BOARD MEETING FEE	COMMITTEE CHAIR FEE	COMMITTEE MEETING FEE	TOTAL
	$16,607	$6,633	$2,773	$8,293	$35,976[1]

OTHER BOARD DIRECTORSHIPS/ TRUSTEESHIPS DURING THE LAST FIVE YEARS	TERM	BOARD CHAIR & TERM		COMMITTEE APPOINTMENTS
BC Teachers' Federation	2005–Present	N	–	Pensions Committee (Past Chair) Teachers' Pension Plan Advisory Committee (Past Chair)
Teachers' Pension Plan (Trustee)	2008–Present	N	–	Benefits and Communications Committee (Chair)

[1] Includes remuneration for representing BCI at other meetings.

Sheila Taylor

North Saanich, British Columbia

Now retired, Sheila was deputy minister of the Ministry of Social Development. Prior to that, Sheila was an associate deputy minister and chief operating officer with the Ministry of Finance. During her 32-year career with the BC Public Service, she also held other executive and senior financial positions with the ministries of health, transportation, environment and finance. Sheila has a degree in finance from the Marriott School of Management, Brigham Young University.

BCI BOARD AND COMMITTEE APPOINTMENTS		2020 – 2021 ATTENDANCE	
• Director since April 9, 2018	Director, BCI Board of Directors	5/5	100%
• Current term to December 31, 2021	Chair, Human Resources and Governance Committee (2019–Present)	5/5	100%
• Appointed by B.C.'s Minister of Finance	Co-Chair, Project Oversight Committee (2018–Present)	4/4	100%
• Independent	Member, Risk Committee (2020–2021)	3/3	100%

BCI DIRECTOR REMUNERATION 2020–2021	ANNUAL RETAINER	BOARD MEETING FEE	COMMITTEE CHAIR FEE	COMMITTEE MEETING FEE	TOTAL
	$16,607	$6,633	$8,304	$8,281	$39,825

OTHER BOARD DIRECTORSHIPS/ TRUSTEESHIPS DURING THE LAST FIVE YEARS	TERM	BOARD CHAIR & TERM		COMMITTEE APPOINTMENTS
BC Medical Services Commission	2010–2017	N	–	–
Labour Market Priorities Board	2014–2017	N	–	–

Our Corporate Governance

Our board of directors is committed to the **highest governance standards** in the oversight of BCI's accountability to clients and its operations

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

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

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

ROLE AND ACCOUNTABILITY OF THE CHIEF INVESTMENT OFFICER The Act defines BCI's chief investment officer as the chief executive officer with responsibility for supervising day-to-day operations and for carrying out duties relating to the management of the invested funds, including a determination of which assets to buy and sell. The CEO/CIO is accountable to the board for the efficiency and effectiveness of the corporation in carrying out BCI's mandate. The CEO/CIO is also responsible for reporting to each client with respect to the management and investment performance of their funds.

Among other responsibilities, the CEO/CIO (or delegate) hires staff and external managers, prepares the annual business plan and budget, and establishes policies and procedures to meet operational objectives. The CEO/CIO ensures that funds are managed in a prudent and appropriate fashion.

BOARD ACTIVITY AND COMMITTEES The board meets on a quarterly basis. Meetings are scheduled in advance. Additional meetings are arranged when issues arise that require immediate board attention. A strategic retreat is also planned annually; in fiscal 2021 a condensed virtual retreat was held due to COVID-19 restrictions.

The board has two standing committees:

- The **audit committee**, consisting of a minimum of two directors, meets at least three times a year and oversees the audit programs, financial management controls, financial reporting, and compliance matters.
- The **human resources and governance committee** (HRGC), consisting of a minimum of two directors, meets at least twice a year and reviews human resource strategies, compensation philosophy, succession management, performance incentive plans, employee classification systems, and board governance.

In fiscal 2021 the board had two ad hoc committees:

- The **project oversight committee** (formerly the investment management platform program committee), formed in 2018 and consisting of two directors, provides oversight over specific corporate projects.
- The **risk committee**, formed in September 2020 and consisting of three directors, provided oversight over the assessment of specific risks. The risk committee was dissolved in February 2021.

The CEO/CIO attends all board and HRGC meetings and the COO attends all audit committee, project oversight committee, and risk committee meetings on behalf of the CEO/CIO (although neither the CEO/CIO nor COO are a director). The executive vice president, human resources attends all HRGC meetings.

DIRECTOR ORIENTATION PROGRAM Senior management leads 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. Details on key operational functions are also addressed.

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

There was 100 per cent attendance for most of the meetings held in fiscal 2021. Details for individual directors are included in their profiles on pages 61 to 67.

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

DIRECTOR CODE OF CONDUCT The Board of Directors Code of Conduct (last updated April 2018) outlines the minimum standard of conduct. Directors must make timely disclosure of direct or indirect interest, material or not, in any proposed or completed BCI contract, transaction, or investment. Directors must also abstain from voting on matters in which they have a personal interest.

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

BCI maintains an Institute of Corporate Directors membership for all directors and budgets an amount to enable directors to benefit from courses and conferences offered by third parties. In addition, directors provide feedback for key areas of the business they require further information on, and arrangements are made for management or external consultants to present in these areas.

The board and its committees received a number of presentations during regular meetings to enrich the directors' knowledge of the business.

DIRECTOR REMUNERATION The Act provides that BCI may pay directors remuneration that has been set by the board and is consistent with the Province of British Columbia's Treasury Board guidelines. Board members are paid an annual retainer and per diem (meeting fee) for their service on the board and its committees.

A director is also compensated for attending meetings or conferences as a representative of BCI. If a director receives remuneration from their employer for board or committee service, a component of their fees is paid to their employer.

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

For the fiscal year, total remuneration for the board was $249,687.86 (2019–2020: $242,057.44). Details for individual directors are included in their profiles on pages 61 to 67.

POSITION	YEAR	ANNUAL RETAINER ($)	PER DIEM ($)
Board Chair	2021[1]	$33,401.00	$835.00
	2020	$33,152.62	$828.31
Director	2021[1]	$16,700.00	$835.00
	2020	$16,575.79	$828.31
Audit Committee Chair	2021[1]	$5,567.00	$835.00
	2020	$5,525.27	$828.31
HRGC Chair	2021[1]	$5,567.00	$835.00
	2020	$5,525.27	$828.31
Project Oversight Chair[2]	2021[1]	$5,567.00	$835.00
	2020	$5,525.27	$828.31
Risk Committee Chair	2021[1]	$5,567.00	$835.00
	2020	$5,525.27	$828.31
Committee Member	2021[1]		$835.00
	2020		$828.31

[1] Annual adjustment to align with the average percentage that the British Columbia pension plan grants to retired members of the College Pension Plan, Municipal Pension Plan, Public Service Pension Plan, and Teachers' Pension Plan (our four largest pension plan clients).

[2] Formerly the investment management platform program committee.

Compensation Discussion and Analysis

Generating the returns our clients need to grow and protect their **long-term financial stability** requires talented and motivated employees with unique, specialized skills

As an in-house asset manager, BCI recruits and retains staff with the skills and expertise to fulfill our primary mandate of growing and protecting the long-term value of our clients' funds, and to provide leadership in a dynamic investment environment to meet our clients' investment objectives. BCI offers rewarding work opportunities, supports continued professional development, and pays competitive base salaries and incentive pay in order to be competitive with our Canadian peers for the required expertise.

BCI operates on a cost-recovery model, and investment management fees are charged to the investment pools and clients. We are accountable to our clients for investment returns and the costs involved in managing their funds.

HRGC MANDATE

The human resources and governance committee (HRGC) assists the board in ensuring BCI retains a highly effective and engaged team, and that human resource practices align employee performance with client expectations.

The HRGC monitors and makes recommendations to the board on the following areas:

- trends and external market practices for compensation, benefits, and terms and conditions of employment
- BCI's job classification system and compensation scale
- comparators and competitive positioning of compensation
- salary and performance assessment of the CEO/CIO
- BCI's performance incentive plans
- oversight of risks associated with human resources activities
- employee code of conduct provisions
- BCI'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. Sheila Taylor is chair; Paul Finch and Ken Tannar are committee members. Other directors may also attend committee meetings as guests. The CEO/CIO and executive vice president, human resources attend the meetings.

The HRGC meets at least twice a year. In fiscal 2021, the committee met on five occasions and in-camera sessions were held at each meeting.

COMPENSATION CONSULTANTS AND EXTERNAL SOURCES

As part of its governance responsibility, the board conducts a comprehensive review of BCI's philosophy and compensation structure every three years.

In fiscal 2020, a new triennial review and assessment of BCI's compensation, philosophy, and structure was introduced.

The board engaged Willis Towers Watson to conduct the in-depth review of market comparison of compensation levels and the job classification system. No structural changes to compensation design were made as a result of the review.

For investment professional roles, the board looks at similar and/or equivalent positions within BCI's peer group, which consists of the Alberta Investment Management Corporation, Caisse de dépôt et placement du Québec, the Canada Pension Plan Investment Board, the Ontario Municipal Employees Retirement System, the Ontario Teachers' Pension Plan, and the Public Sector Pension Investment Board. The survey includes positions ranging in seniority and responsibilities.

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

For non-investment roles, the board approves the compensation framework based on equivalent positions within the B.C. public sector as identified in a custom survey, most recently undertaken in fiscal 2020. This survey included BC Assessment Authority, BC Hydro, BC Lottery Corporation, BC Transit, Insurance Corporation of British Columbia, and WorkSafeBC. The positions are also benchmarked against surveys by Willis Towers Watson, which include the Investment Management Compensation Survey, the Financial Services Executive Compensation Survey and Financial Services Middle Management, Professional & Support Compensation Survey, which includes additional positions such as audit, communications, and facilities.

Willis Towers Watson conducts formal market surveys in which BCI participates annually. Throughout the year, BCI also participated in ad hoc or custom surveys sponsored by different market providers and/or peer organizations.

COMPENSATION PHILOSOPHY

BCI's compensation philosophy is principles-based and emphasizes pay-for-performance, long-term results, and meeting clients' expectations. It provides the framework for all compensation-related decisions and practices.

BCI is committed to providing employees with total compensation opportunities that are competitive and equitable. Total compensation includes base salary and incentive pay, as well as benefits, pension contributions, and perquisites.

BCI's compensation practices are guided by the following principles:

- aligned to and support BCI's short and long-term strategies and objectives to ensure value for money
- responsive to the different markets in which we compete for talent
- managed on a total compensation basis
- value cost effectiveness and ease of administration
- recognize differences in individual performance and reinforce desired behaviours
- communicated clearly and consistently
- provide a level of base salary, incentives, and benefits that is sufficiently competitive to the relevant markets
- maintain consistency, equity, and establish internal job hierarchy

COMPENSATION GOVERNANCE

BCI's governance framework outlines the roles and responsibilities related to compensation and aligns with industry best practices.

The framework includes the following governance authorities:

- The **board of directors** makes all structural and strategic decisions including: BCI's compensation philosophy; annual incentive plan (AIP) and long-term incentive plan (LTIP) policies; measures of return within the AIP and LTIP policies; and the inclusion of multi-year and annual returns for asset classes. They approve the total fund long-term absolute return benchmark and the individual pooled funds benchmarks; and the overall investment and return performance objectives (target and maximums).
- The **executive talent and compensation committee** (ETCC) makes administrative and performance measurement decisions related to: AIP calculation criteria, including value driver weightings for AIP and multiyear timeframe for department and portfolio returns. The ETCC reviews all benchmark and performance objective recommendations, including the overall investment return and absolute return benchmark, for further approval by the CEO/CIO of BCI, as appropriate. The committee comprises the executive management team and is chaired by the executive vice president, human resources. The chair may invite participants outside of the executive management team, as appropriate.
- The **investment risk committee** (IRC) reviews all benchmark and performance objective recommendations for further consideration by the ETCC. This includes required performance objectives (target and maximums) for each pooled fund, asset class, and overall investment return; and all pooled fund benchmarks and related governance and implementation requirements. The committee comprises key members of the executive management team as well as BCI's investment risk professionals.

The framework allows the board to focus on aligning strategic decisions with the compensation philosophy. It also formalizes the decisions under board discretion and those which are delegated to BCI management.

JOB EVALUATION AND CLASSIFICATION PLAN

BCI's job evaluation and classification plan is based on external benchmarking and a "job family" system comprising four categories. The plan brings greater internal consistency and measures knowledge, complexity, responsibility, and working relationships required of all positions. The plan's four job categories are:

- **Investment:** actively involved in the financial management and/or support of an asset portfolio or investment activities requiring an investment professional.
- **Management/Leadership:** works at a high operational and/or strategic level where decisions generally influence corporate policy and performance, and leadership of employees represents a significant portion of overall responsibilities.
- **Professional/Technical:** provides advanced knowledge in area of expertise to give technical direction and leadership for a process, system, and/or functional area to protect the company and minimize risk.
- **Enterprise Support:** provides information and/or support for various operations and processes.

COMPENSATION STRUCTURE

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

Our compensation structure includes a base salary, benefits, and performance-based remuneration through the AIP and LTIP for senior roles. As a statutory corporation with one share with a par value of $10, BCI does not issue share options to our employees.

Base Salary: Salary ranges are aligned with the results of custom and published surveys. Salaries are evaluated annually, and increases are based on the employee's performance.

AIP: To achieve the objectives set out in our business plan, we must attract, retain, and motivate skilled professionals. As BCI's compensation structure emphasizes pay for performance, all employees are evaluated on an annual basis. Assessments are based on the individual's accountabilities and their specific contribution to BCI's business plan.

All permanent employees are eligible to participate in the AIP. The plan provides employees the opportunity to receive additional compensation based on the achievements of the corporate objectives, investment performance, and individual efforts.

The AIP includes three value drivers for the asset classes and two value drivers for the non-asset-class departments. AIP payments are conditional on performance that, in aggregate and on a weighted basis, adds value relative to client benchmarks. The weighting assigned to each of the value drivers may differ by position depending on the role and its impact on corporate performance.

Driver 1: Overall Investment Return Performance: Overall investment return performance is measured 70 per cent against relative industry benchmarks and 30 per cent against clients' absolute return objectives. The value-added component for relative returns is assessed net of investment management fees and expenses. This driver is intended to align overall investment performance with client expectations and requirements.

To reinforce that long-term investment returns matter and to ensure alignment with BCI's long-term investment horizon, relative returns are measured on a multi-year basis (five-year timeframe) and absolute return is measured over a 10-year time horizon.

Driver 2: Individual Contribution: The employee's performance is measured against the accountabilities assigned to their role as outlined in their individual scorecards. This is intended to encourage and reward high performance.

Driver 3: Investment Department Performance: Performance is measured against the asset class' respective market benchmarks with a 75 per cent weighting on multi-year asset class performance and a 25 per cent weighting on annual performance. Depending on the role, a greater weighting of total incentive pay is placed on the results of department and portfolio returns.

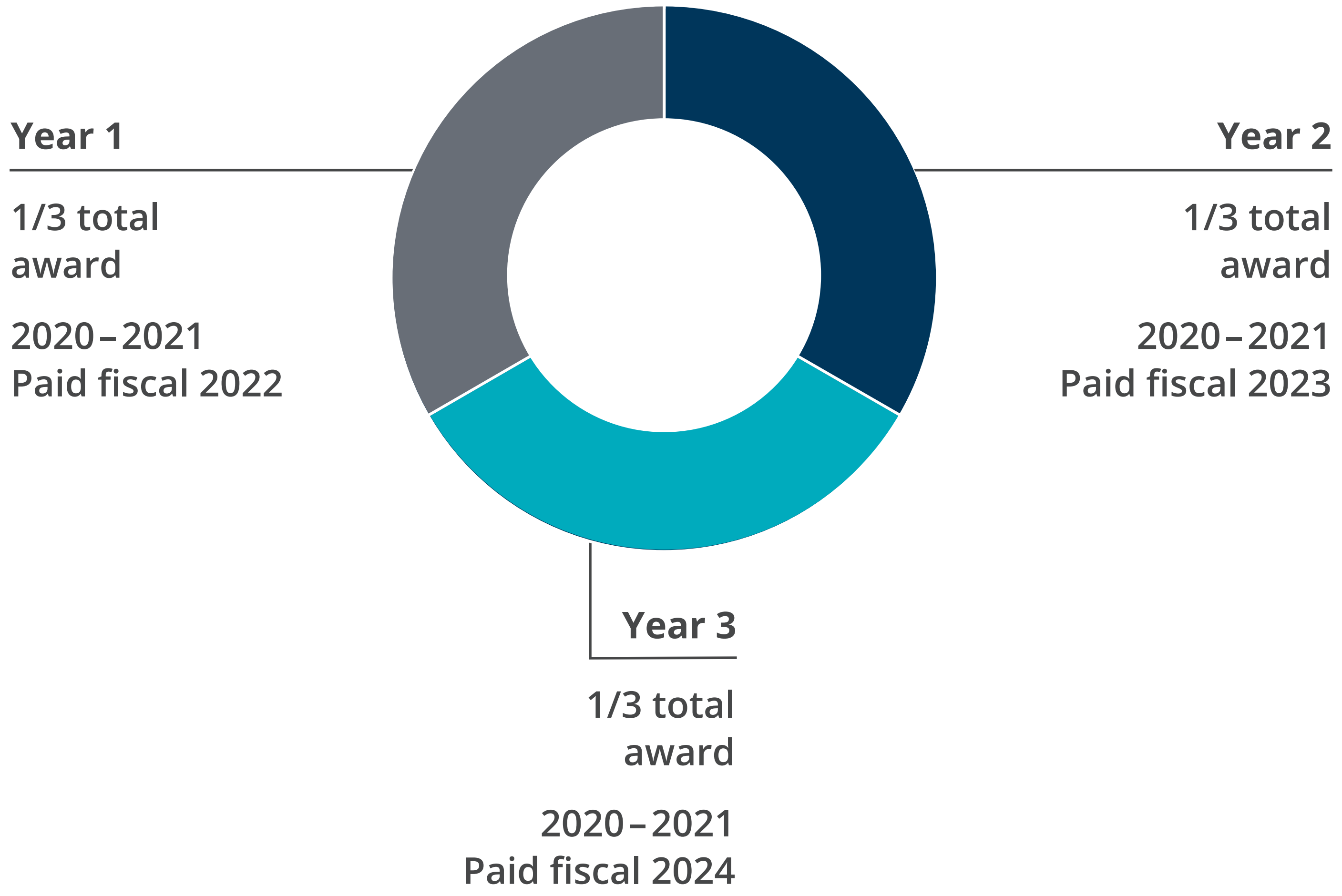
The maximum value-added objectives are consistent with client mandates and BCI's investment approach. These are designed to discourage excessive risk taking consistent with BCI's investment philosophy of focusing on long-term results.

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

LONG-TERM INCENTIVE PLAN CALCULATION

TEN-YEAR CLIENT ABSOLUTE RETURN 30% + FIVE-YEAR CLIENT RELATIVE RETURN 70% = TOTAL AWARD %

Total award payment disbursement (3 equal payments)



Since April 1, 2017, the long-term, value-add measure in AIP has been used in LTIP. This ensures that a single measure is used for both plans. This provides further emphasis on long-term returns. The LTIP total award is disbursed over a three-year period with a maximum award of 100.0 per cent for each year. New employees participating in LTIP are eligible to receive the first payment after completing the first fiscal year of employment.

BENCHMARKS AND COMPENSATION

BCI pursues a principles-based approach to asset class and portfolio benchmark selection. All benchmarks for fiscal 2021, and the value-add performance objectives (excess return targets and maximum) associated with each benchmark for incentive compensation calculations were reviewed in accordance with BCI's benchmarking policy. The provisions apply to all pooled funds, asset class, and other investment related benchmarks, and address the overall investment return performance used as the value driver 1 for AIP and LTIP programs. By establishing BCI's overall investment return performance — both in the context of relative returns and our clients' absolute return objectives — our incentive programs ensure alignment of interest between management and clients.

PERFORMANCE ASSESSMENT FOR FISCAL 2021

BCI's assets under management grew by $28.3 billion in fiscal 2021, reflecting investment gains of $27.4 billion and $900.0 million of client net contributions.

As our clients have long-term financial obligations, we focus on meeting and exceeding their return expectations. Returns are important — for every $100 a pension plan member receives in retirement benefits, on average $75 is provided by BCI's investment activity.

In the fiscal year ending March 31, 2021, the combined pension plan portfolio had an annual return of 16.5 per cent, net of all fees. All asset classes contributed positively to the return led by significant gains in private and public equity.

On a relative basis, most of BCI's investment strategies met or exceeded their one-year benchmarks, with notable excess returns in private equity. Performance lagged the benchmarks in real estate and fixed income.

Multi-year results are the best measure of BCI's performance. Over a 10-year period, BCI has generated an annualized return of 9.0 per cent against a benchmark of 7.9 per cent. This outperformance represents $10.2 billion of value-added activity.

Over the 20-year period, BCI has generated an annualized return of 7.5 per cent against a benchmark of 6.9 per cent. In a period characterized by market volatility and a changing investment landscape, BCI outperformed the benchmark by 0.6 per cent, representing $10.8 billion of value-added activity.

BCI's longer-term returns exceed the required actuarial rates of return for all major pension plan clients. As a result, our pension clients' most recent funding ratios vary from 103 per cent to 128 per cent.

The value-added performance is calculated as the clients' total portfolio return (net of all costs and fees) minus the benchmark return multiplied by the opening market value.

LONG-TERM INCENTIVE PLAN CREDITS AND PAYMENTS

Over the April 2016 to March 2021 period, BCI's investment performance added value in three of the years. This performance generated a total award for 2020-2021 of 87.7 per cent, with 100.0 per cent being the maximum towards a current and future long-term incentive plan grant.

The value-added performance in the five-year period is shown in the table below.

YEAR	BCI'S VALUE-ADDED PERFORMANCE ($)	TOTAL AWARD (MAXIMUM OF 100%)
2016–2017	$688.0 MILLION	84.9
2017–2018	$1.9 BILLION	91.5[1]
2018–2019	$2.0 BILLION	91.5
2019–2020	($364.0) MILLION	82.7
2020–2021	($213.0) MILLION	87.7

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

LTIP total awards and instalments are derived from the past five and 10 years of returns related to relative industry benchmarks and absolute client return objectives, respectively. Total awards are deferred and disbursed in three equal instalments over three fiscal years.

Based on the performance delivered over the five- and 10-year periods, LTIP payments for 2020-2021 reflect 87.7 per cent of the maximum opportunity. Over the five-year period, BCI generated over $4.0 billion in cumulative value-add. Over a 10-year period, we generated $10.2 billion in cumulative value-add.

EXECUTIVE COMPENSATION

The total compensation of the five most highly remunerated officers in place at fiscal year end, with comparable amounts for 2019-2020 and 2018-2019, is disclosed in the Summary Compensation Table on page 76.

The AIP and LTIP payments for the CEO/CIO and the other named executive officers reflect investment performance for the fiscal year. These payments also recognize their respective department's contribution to performance, as well as their individual contribution. Total compensation for BCI's named executive officers was $13.5 million in 2020-2021 ($13.2 million in 2019-2020).

TOTAL COMPENSATION

Total cost of salaries and benefits for our entire employee complement was $159.8 million in 2020-2021 (8.6 cents per $100 of net assets under management) compared to $141.1 million in 2019-2020 (8.7 cents per $100 of net assets under management).

As of March 31, 2021, BCI's employee complement was 590 compared to 545 at the end of fiscal 2020. We continued to build our expertise in the areas of portfolio and asset management, investment risk, accounting, and information technology. The depth of expertise supports the requirements of an active, in-house asset manager that is strategic and risk aware. In addition to deploying more capital into the illiquid markets, our industry-aligned strategies and products across asset classes allow clients to capitalize on opportunities within the global markets and meet their actuarial returns.

SUMMARY COMPENSATION TABLE

NAME AND PRINCIPAL POSITION	YEAR	BASE SALARY	ANNUAL INCENTIVE[1, 2]	LONG-TERM INCENTIVE PLAN[1, 2]	PENSION CONTRIBUTIONS[3]	OTHER BENEFITS[4]	TOTAL COMPENSATION[5]
Gordon J. Fyfe Chief Executive Officer / Chief Investment Officer	**2020–2021**	**$611,082**	**$1,417,673**	**$1,307,698**	**$63,292**	**$187,008**	**$3,586,753**
	2019–2020	$598,564	$1,330,000	$1,302,988	$61,857	$180,110	$3,473,519
	2018–2019	$588,286	$1,364,501	$1,132,816	$60,695	$169,338	$3,315,636
Daniel Garant Executive Vice President & Global Head, Public Markets	**2020–2021**	**$475,403**	**$758,445**	**$669,691**	**$49,928**	**$75,060**	**$2,028,528**
	2019–2020	$462,320	$884,462	$667,037	$48,701	$78,711	$2,141,231
	2018–2019[6]	$454,904	$858,107	$665,569	$47,557	$75,476	$2,101,613
Lincoln Webb Executive Vice President & Global Head, Infrastructure & Renewable Resources	**2020–2021**	**$400,398**	**$760,640**	**$561,567**	**$42,540**	**$99,108**	**$1,864,252**
	2019–2020	$389,808	$709,395	$557,345	$41,294	$95,416	$1,793,258
	2018–2019	$379,904	$718,960	$481,834	$40,169	$89,745	$1,710,612
Jim Pittman Executive Vice President & Global Head, Private Equity	**2020–2021**	**$400,398**	**$760,640**	**$561,567**	**$42,540**	**$98,629**	**$1,863,773**
	2019–2020	$389,808	$726,024	$557,345	$41,294	$70,721	$1,785,192
	2018–2019	$379,904	$718,960	$481,834	$40,169	$66,323	$1,687,190
Stefan Dunatov Executive Vice President, Investment Strategy & Risk	**2020–2021**	**$345,533**	**$561,315**	**$479,584**	**$37,136**	**$59,859**	**$1,483,426**
	2019–2020	$339,519	$587,180	$403,782	$36,341	$57,757	$1,424,579
	2018–2019[7]	$314,904	$571,725	$249,133	$33,767	$49,230	$1,218,759

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

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

[3] These values represent the contributions paid by BCI on behalf of the named individuals to the Public Service Pension Plan and the Canada Pension Plan.

[4] These values include BCI-funded group health and welfare benefits and illness wage-loss provisions, parking, professional dues, and contributions paid by BCI on behalf of the named individuals for legislated benefits such as Employment Insurance and Workers' Compensation. Vacation pay is calculated on incentive compensation in line with applicable employment standards.

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

[6] Daniel Garant joined BCI on September 5, 2017.

[7] Stephen Dunatov joined BCI on September 1, 2017.

Our External Managers and Partners

As at March 31, 2021

AUDITORS

Ernst & Young LLP
KPMG LLP

GLOBAL CUSTODIAN

Northern Trust

FIXED INCOME

Ares Capital Advisers LLC
Antares Capital Management LLC
Hayfin Capital Management

INFRASTRUCTURE & RENEWABLE RESOURCES

Actis Capital
ArcLight Capital Partners, LLC
Azimuth Capital Management
Bonnefield Financial Inc.
Brookfield Asset Management Inc.
Energy Capital Partners
First Reserve Corporation
Macquarie Infrastructure and Real Assets
Oaktree Capital Management
Paine Schwartz Partners
Nuveen Alternative Advisors, LLC
John Hancock Investments

MORTGAGE

QuadReal Property Group

PRIVATE EQUITY

Adams Street Partners, LLC
Advent International Corporation
AEA Investors LP
Affinity Equity Partners
Apax Partners
Apollo Global Management, Inc.
Asia Alternatives Management LLC
AsiaVest Partners TCW/YFY (Taiwan) Ltd.
ATL Partners
Avista Capital Partners
Azimuth Capital Management
Bain Capital, LLC
Banyan Capital Partners
Baring Asset Management
Baring Private Equity Asia
BC Partners
BCMC Capital LP
BGH Capital
Birch Hill Equity Partners Management Inc.
Blackstone Group
Boyu Capital
Bridgepoint Capital Ltd.
Brookfield Asset Management Inc.
CAI Capital Partners
Canaan Partners
Carlyle Group
Cartesian Capital Group, LLC
Castik Capital Partners
Castlelake, L.P.
Celtic House Venture Partners Inc.
Cinven Limited
Corsair Capital
CVC Capital Partners
FountainVest Partners
Francisco Partners, L.P.
Gamut Capital Management
Glenmount International
Greenstone Venture Partners
GTCR, LLC
H&Q Asia Pacific
HarbourVest Partners, LLC
Hayfin Capital Management LLP
Hellman & Friedman LLC
Hg Capital
Hosen Capital
IK Investment Partners
Jasper Ridge Partners
Leonard Green & Partners, L.P.
Lone Star Funds
MBK Partners
McLean Watson Capital Inc.
New Mountain Capital, LLC
Newstone Capital Partners, LLC
Nexus Point Partners
Northstar Advisors Pte. Ltd.
Oaktree Capital Management, L.P.
Orchid Asia Group Management, Ltd.
PAI Partners SAS
Pantheon Ventures (UK) LLP
Penfund Management Limited
PineBridge Investments Partners LLC
Polaris Partners
Preservation Capital Partners
RRJ Capital
Searchlight Capital Partners
Spring Lane Management, LLC
TA Associates Management, L.P.
Thomas H. Lee Company
TorQuest Partners
TPG Capital
TriWest Capital Partners
True North Managers LLP
Turkven
Vanedge Capital
Ventures West Capital Ltd.
Wayzata Investment Partners
Yaletown Venture Partners

PUBLIC EQUITIES

Acadian Asset Management Inc.
APS Asset Management Pte. Ltd.
ARGA Investment Management LP
Fidelity Investments Canada ULC
Green Court Capital Management Limited
GQG Partners LLC
J.P. Morgan Asset Management (Canada) Inc.
Pier 21 Asset Management Inc./ C Worldwide
Quantum Advisors Private Limited, India
Schroder Investment Management (Hong Kong) Limited
Van Berkom and Associates Inc.
Walter Scott & Partners Limited
Wasatch Advisors Limited

REAL ESTATE

The Jawl Group
QuadReal Property Group

With Thanks

WITH SPECIAL THANKS to our employees who appear in this year's corporate annual report:

Codie B	administrative assistant, legal
Hayley C	administrative assistant, corporate operations
Sarah D	associate, partnership portfolio
Douglas E	analyst, forecasting and reconciliation
Carmen F	manager, client relations
Dena F	senior investment accountant
Chelsea G	administrative assistant, workplace services
April H	senior analyst, cash operations
Michelle L	senior manager, talent acquisition
David M	executive vice president, corporate & investor relations
Zinnia P	executive assistant, infrastructure & renewable resources
Alyshia S	communications administrative assistant, corporate stakeholder engagement
Jenny T	manager, derivatives accounting
Candice W	executive assistant, corporate & investor relations
Godfrey W	facilities services assistant
Ian W	portfolio manager, private equity

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Shutterstock, Inc.
Summit DigiTel Infrastructure
Transelec S.A.
Waterlogic

Corporate Financial Statements

Management's Responsibility for Financial Statements

Responsibility for the integrity and objectivity of the accompanying consolidated financial statements of the British Columbia Investment Management Corporation (the "Corporation") rests with management. The consolidated financial statements, which by necessity include some amounts that are based on management's best estimates and judgments, are prepared in accordance with International Financial Reporting Standards. In management's opinion, the consolidated financial statements have been properly prepared within the framework of the significant accounting policies summarized in the consolidated financial statements and present fairly the Corporation's financial position, financial performance and cash flows.

Systems of internal control and supporting procedures are maintained to provide reasonable assurance that transactions are authorized, assets are safeguarded and proper records maintained. The internal accounting control process includes management's communication to employees of the Corporation's policies that govern ethical business conduct.

The Board of Directors oversees management's responsibilities for financial reporting through an Audit Committee, which is comprised entirely of independent directors. The Audit Committee reviews the consolidated financial statements of the Corporation and recommends them to the Board for approval. The consolidated financial statements have been reviewed and approved by the Corporation's Board of Directors.

KPMG LLP, an independent auditor, has performed an audit of the consolidated financial statements, and its report follows. KPMG LLP has full and unrestricted access to the Audit Committee to discuss their audit and related findings.

Gordon J. Fyfe
Chief Executive Officer/
Chief Investment Officer

Umar Malik
Senior Vice President, Finance/
Chief Financial Officer

July 9, 2021

Independent Auditors’ Report

KPMG

To the Shareholder of British Columbia Investment Management Corporation

OPINION

We have audited the consolidated financial statements of British Columbia Investment Management Corporation (the “Corporation”), which comprise:

- the consolidated statement of financial position as at March 31, 2021
- the consolidated statement of income and comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies.

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Corporation as at March 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (“IFRS”).

BASIS FOR OPINION

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *“Auditors’ Responsibilities for the Audit of the Financial Statements”* section of our auditors’ report.

We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

OTHER INFORMATION

Management is responsible for the other information. Other information comprises the information, other than the financial statements and the auditors’ report thereon, included in the Corporate Annual Report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditors’ report thereon, included in the Corporate Annual Report as at the date of this auditors’ report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors’ report.

We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

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

In preparing the financial statements, management is responsible for assessing the Corporation’s ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

KPMG LLP

Chartered Professional Accountants
Vancouver, Canada

July 9, 2021

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION

Consolidated Statement of Financial Position

(Expressed in thousands of dollars)

As at March 31, 2021, with comparative information for 2020

ASSETS	NOTES	2021	2020
Current assets:			
Cash and cash equivalents	4	$ 64,103	$ 56,715
Trade and other receivables	5	97,157	235,822
Prepaid expenses		10,210	5,185
Lease receivables	6(b)	2,074	2,026
Total current assets		173,544	299,748
Premises and equipment	7	107,447	115,858
Lease receivables	6(b)	6,331	8,405
Total assets		$ 287,322	$ 424,011

LIABILITIES AND SHAREHOLDER'S EQUITY			
Current liabilities:			
Trade and other payables	5	$ 70,653	$ 214,650
Employee benefits	8	70,710	61,034
Term loan facility	9	1,958	1,911
Contract liabilities	10	12,922	10,949
Lease liabilities	6(a)	5,622	5,474
Total current liabilities		161,865	294,018
Trade and other payables	5	742	1,569
Employee benefits	8	19,155	15,284
Term loan facility	9	11,114	13,072
Lease liabilities	6(a)	94,446	100,068
Total non-current liabilities		125,457	129,993
Total liabilities		287,322	424,011
Shareholder's equity:			
Retained earnings		-	-
Total equity		-	-
Total liabilities and shareholder's equity		$ 287,322	$ 424,011

Commitments	11
Derivatives	12
Uncertainties related to COVID-19	17

See accompanying notes to consolidated financial statements.

Approved on behalf of the Board:

Peter Milburn,
Chair, Board of Directors

K Maynes

Karen Maynes,
Chair, Audit Committee

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION

Consolidated Statement of Income and Comprehensive Income

(Expressed in thousands of dollars)

Year ended March 31, 2021, with comparative information for 2020

REVENUE	NOTES	2021	2020
Recoveries of costs	5	$ 728,755	$ 605,761
Investment income		629	1,172
		729,384	606,933

EXPENSES	NOTES	2021	2020
Internal:			
Salaries and benefits	5, 13	159,821	141,053
Information systems	5	38,944	33,759
Professional services		32,064	38,343
Depreciation	7	9,069	9,130
Premises operations		5,115	5,195
Office and business	5	4,994	7,926
Recruitment and training		3,882	6,986
Financing interest		3,085	3,255
External:			
Investment management	5	416,011	311,472
Professional services		50,942	44,693
Custodial		5,457	5,121
		729,384	606,933
Net income and comprehensive income		$ -	$ -

See accompanying notes to consolidated financial statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION

Consolidated Statement of Changes in Equity

(Expressed in thousands of dollars)

Year ended March 31, 2021, with comparative information for 2020

	RETAINED EARNINGS	TOTAL EQUITY
Balance, March 31, 2019	$ -	$ -
Net income and comprehensive income	-	-
Balance, March 31, 2020	-	-
Net income and comprehensive income	-	-
Balance, March 31, 2021	$ -	$ -

See accompanying notes to consolidated financial statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION

Consolidated Statement of Cash Flows

(Expressed in thousands of dollars)

Year ended March 31, 2021, with comparative information for 2020

	NOTES	2021	2020
Cash flows provided by (used in):			
Operations:			
Net income and comprehensive income		$ -	$ -
Items not involving cash:			
Depreciation		9,069	9,130
		9,069	9,130
Changes in non-cash items:			
Trade receivables		138,665	(25,084)
Prepaid expenses		(5,025)	(413)
Trade payables and employee benefits		(131,277)	27,589
Contract liabilities		1,973	(2,710)
Net cash provided by operating activities		13,405	8,512
Investments:			
Premises and equipment additions		(658)	(4,126)
Net cash used in investing activities		(658)	(4,126)
Financing:			
Repayment of term loan facility		(1,911)	(1,864)
Proceeds from lease liabilities		-	3,167
Repayment of lease liabilities		(3,448)	(3,184)
Net cash used in financing activities		(5,359)	(1,881)
Increase in cash and cash equivalents		7,388	2,505
Cash and cash equivalents, beginning of year		56,715	54,210
Cash and cash equivalents, end of year	4	$ 64,103	$ 56,715

See accompanying notes to consolidated financial statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION

Notes to Consolidated Financial Statements

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

Year ended March 31, 2021

1. REPORTING ENTITY:

The British Columbia Investment Management Corporation (the "Corporation" or "BCI") is a statutory corporation incorporated under section 16 of the *Public Sector Pension Plans Act*, SBC 1999 c44 (the "Act") domiciled in Canada. The address of the Corporation's office is 750 Pandora Avenue, Victoria, BC. The consolidated financial statements of BCI include the Corporation and its subsidiaries.

In accordance with the Act, the Corporation invests the money or securities of various public sector pension funds, the Province of British Columbia (the "Province"), provincial government bodies (Crown corporations and institutions) and publicly-administered trust funds.

The estimated market value of assets managed by the Corporation as of March 31, 2021 was $200 billion (2020 - $171 billion). Of that, approximately $154 billion (2020 - $133 billion) is invested on behalf of pension funds and $46 billion (2020 - $38 billion) on behalf of various publicly-administered trust funds and clients. These assets are held by BCI as an agent for investment for its clients and may consist of units in one or more pooled investment portfolios whose assets are held in trust by BCI. BCI annually prepares separate audited financial statements for each pooled investment portfolio with more than one unitholder. Neither assets held by BCI as trustee of the pooled investment portfolios, nor assets held by BCI as agent for investment for its clients, are consolidated in these financial statements.

2. BASIS OF PREPARATION:

(A) STATEMENT OF COMPLIANCE: The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and were authorized for issue by the Board of Directors on July 9, 2021.

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

(C) FUNCTIONAL AND PRESENTATION CURRENCY: The consolidated financial statements are presented in Canadian dollars, which is the Corporation's functional currency. All financial information presented has been rounded to the nearest thousand dollars, unless otherwise indicated.

(D) USE OF ESTIMATES AND JUDGMENTS: The preparation of consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The Corporation applies judgement to determine whether an arrangement contains a lease. The evaluation requires the Corporation to determine whether a contract conveys the right to direct the use of an identified asset, the supplier has a substantive substitution right, the Corporation has the right to obtain substantially all of the economic benefits from use of the asset throughout the period and whether renewal options are reasonably certain of being exercised. For those arrangements considered to be a lease, further judgement is required to determine the lease term and the rate implicit in the lease.

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

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3. SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

(A) BASIS OF CONSOLIDATION: Subsidiaries are consolidated in the Corporation's financial statements from the date that control commences until the date that control ceases.

The Corporation consolidates entities when all three of the following characteristics are present:

- Where the Corporation exerts power over the relevant activities of the entity. Power exists if the Corporation has decision making authority over those activities that significantly influence the entity's returns.
- Where the Corporation has exposure or rights to variability of returns of the entity. Exposure exists if the Corporation's returns vary as a result of the performance of the entity.
- Where there exists a linkage between power and returns as described above. A linkage exists when the Corporation can use its power over the activities of the entity to generate returns for itself.

In the normal course of operations, the Corporation utilizes subsidiary and structured entities to facilitate the management of investment assets:

(i) Subsidiary entities: The Corporation establishes subsidiary entities as part of its investment strategy. In all cases, the Corporation holds 100% of the voting shares of these subsidiary entities. The Corporation has power over the relevant activities of these entities, is exposed to variability in returns from these entities, and uses its power to generate these returns. Accordingly, these entities are consolidated into the Corporation. However, in all cases, these subsidiaries earn nominal income that is not material to the operations of the Corporation.

(ii) Structured entities: In the normal course of its operations, the Corporation establishes various structured entities, such as pooled investment portfolios and their subsidiary entities, through its role as investment manager. The Corporation's control over these entities is established either by regulation, or ownership of voting shares, or both. The Corporation has power over the relevant activities of the structured entities; however, in all cases, the Corporation has no exposure or rights to variability of returns in these structured entities. Accordingly, these entities do not meet the criteria for control and are not consolidated.

(B) CASH AND CASH EQUIVALENTS: Cash and cash equivalents include cash and money market funds with original maturities of three months or less. Cash and cash equivalents are held at amortized cost on the consolidated statement of financial position. .

(C) FINANCIAL INSTRUMENTS:

(i) Recognition and measurement: Financial instruments are required to be classified into one of the following categories: amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). All financial instruments are measured at fair value on initial recognition. Measurement in subsequent periods depends on the classification of the financial instrument. Transaction costs are included in the initial carrying amount of financial instruments except for financial instruments classified as FVTPL in which case transaction costs are expensed as incurred.

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Year ended March 31, 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

(C) FINANCIAL INSTRUMENTS (CONTINUED):

(i) Recognition and measurement (continued): Financial assets and financial liabilities are recognized initially on the trade date, which is the date on which the Corporation becomes a party to the contractual provisions of the instrument. The Corporation derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position only when the Corporation has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

A financial asset is measured at amortized cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition the Corporation may irrevocably elect to measure financial assets that otherwise meet the requirements to be measured at amortized cost or at FVOCI as at FVTPL when doing so results in more relevant information.

Financial assets are not reclassified subsequent to their initial recognition, unless the Corporation changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Corporation has not classified any of its financial assets as FVTPL or FVOCI.

A financial liability is generally measured at amortized cost, with exceptions that may allow for classification as FVTPL. These exceptions include financial liabilities that are mandatorily measured at fair value through profit or loss, such as derivatives liabilities. The Corporation may also, at initial recognition, irrevocably designate a financial liability as measured at FVTPL when doing so results in more relevant information.

The Corporation has not classified any of its financial liabilities as FVTPL.

(ii) Amortized cost: Financial assets and liabilities classified as amortized cost are recognized initially at fair value plus any directly attributable transaction costs. Subsequent measurement is at amortized cost using the effective interest method, less any impairment losses. The Corporation classifies cash and cash equivalents, trade and other receivables, trade and other payables and term loan facility as amortized cost.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

(D) PREMISES AND EQUIPMENT INCLUDING RIGHT-OF-USE ASSETS:

(i) Measurement: Items of premises and equipment, including right-of-use assets, are measured at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset.

Gains and losses on disposal of an item of premises and equipment are determined by comparing the proceeds from disposal with the carrying amount of premises and equipment, and are recognized within the statement of income and comprehensive income.

(ii) Depreciation: Depreciation is calculated over the depreciable amount, which is the cost of an asset less its residual value.

Depreciation is recognized in the statement of income and comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of premises and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

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

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

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

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

(E) LEASES: When the Corporation is a lessee, at the inception of a contract, the Corporation assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Corporation assesses whether:

- the supplier has a substantive substitution right;
- the Corporation has the right to obtain substantially all of the economic benefits from use of the asset throughout the period; and
- the Corporation has the right to direct the use of the asset. The Corporation has the right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

For contracts that contain a lease the Corporation recognizes a right-of-use asset, presented under premises and equipment in the consolidated statement of financial position, and a lease liability at the lease

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

(E) LEASES (CONTINUED):

commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of premises and equipment.

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Corporation's incremental borrowing rate. The lease liability is subsequently measured at amortized cost using the effective interest rate method. It is remeasured when there is a change in the Corporation's estimate of the amount expected to be payable under a residual value guarantee, when there is a change in future lease payments arising from a change in a rate used to determine those payments, or if the Corporation changes its assessment of whether it will exercise a purchase, extension or termination option. The Corporation recognizes interest expense, using the effective interest rate method, as financing interest.

The Corporation does not recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Corporation recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

When the Corporation is a lessor, it determines at lease inception whether each lease is a finance lease or operating lease. The Corporation recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of investment income.

To classify each lease, the Corporation makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset, if this is the case, the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Corporation considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Corporation is an intermediate lessor, it accounts for its interest in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Corporation applies the exemption described above, then it classifies the sub-lease as an operating lease.

(F) SHARE CAPITAL: The capital of the Corporation is one share with a par value of ten dollars and is classified as equity. The share is issued to and registered in the name of the Minister of Finance and must be held by that Minister on behalf of the Government of British Columbia.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

(G) REVENUE: The Corporation's revenues comprise the following:

(i) Recoveries of costs: The Corporation provides investment management services to pooled investment portfolios as defined and legislated under the Act and to its clients as contracted under funds investment management agreements (collectively, the "Management Contracts"). The Corporation's performance obligations in connection with investment management services are satisfied over time through the rendering of services that have the same pattern of transfer to pooled investment portfolios and clients as costs are incurred. As set forth in the Management Contracts, the transaction prices allocated to performance obligations are equal to costs incurred. Contract liabilities recorded in the consolidated statement of financial position relate to the Corporation's future period performance obligations and are recognized in the statement of income and comprehensive income in the period when the performance obligations have been satisfied.

(ii) Investment income: Investment income is recorded on an accrual basis and includes interest income on cash and cash equivalents and lease receivables.

(H) EMPLOYEE BENEFITS:

(i) Defined benefit plans: TThe Corporation and its employees contribute to the Public Service Pension Plan (the "Plan") which is a multi-employer defined benefit pension plan in accordance with the Act. The British Columbia Pension Corporation administers the Plan, including payment of pension benefits to employees to whom the Act applies. Due to insufficient information relating to the Corporation's share of the Plan's assets and liabilities, the Corporation accounts for the Plan as if it were a defined contribution plan. The Corporation's annual cost is represented by contributions required for the respective year.

The Plan operates under joint trusteeship between the employers and the Plan members, who share in the risks and rewards associated with the Plan's unfunded liability or surplus. The most recent actuarial valuation as of March 31, 2020 indicated that the Plan was 110% funded

(ii) Annual incentive plan: The Corporation provides an incentive to employees through an annual incentive plan ("AIP"). At the end of each fiscal year, eligible employees are entitled to an AIP Award. AIP is accrued for eligible employees based on the achievement of corporate objectives, investment performance and individual efforts. The estimated payments relating to the current year, which will be paid out in the next fiscal year, are recorded as a current liability.

(iii) Long term incentive plan: The Corporation provides a retention incentive to employees in senior staff positions through a long-term incentive plan ("LTIP"). At the end of each fiscal year, eligible employees are entitled to an LTIP Total Award. Each Total Award vests in three equal installments over a three-year period. LTIP is accrued for eligible employees at an amount equal to one third of the estimated aggregate pay-out for the current year and each of the following two years. The estimated payments relating to current and previous years, which will be paid out in years beyond the next fiscal year, are recorded as a long-term liability.

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Year ended March 31, 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

(H) EMPLOYEE BENEFITS (CONTINUED):

(iv) Long service retiring allowance: Employees hired prior to October 31, 2007 are entitled to a long service retiring allowance ("LSRA") as provided for under their terms of employment. As employees render the services necessary to earn the benefit, the Corporation estimates and accrues the future obligation for retiring allowances.

(I) FOREIGN CURRENCY TRANSACTIONS: Transactions denominated in foreign currencies are translated by applying the exchange rate prevailing on the date of the transaction. At each reporting date, all monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the closing exchange rate. Any resulting translation adjustments are recorded in net income or loss.

(J) TAXATION: The Corporation is an agent of the government of British Columbia, and is, accordingly, immune from income taxes.

4. CASH AND CASH EQUIVALENTS:

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

2020	CANADIAN DOLLARS	US DOLLARS	TOTAL
Cash in bank	$ 7,544	$ 1,509	$ 9,053
Short-term money market instruments	45,833	1,829	47,662
	$ 53,377	$ 3,338	$ 56,715

Short-term money market instruments consist of units in pooled investment portfolios managed by the Corporation, specifically the Canadian Money Market Fund ST2 and the US Money Market Fund ST3.

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5. RELATED PARTY TRANSACTIONS:

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

	2021	2020
Recoveries of costs	$ 850	$ 938
Salaries and benefits	75	14
Information systems expenses	70	149
Office and business expenses	4	6
Trade and other payables	25	11

Pension Plans: The Corporation is related to the College, Municipal, Public Service and Teachers' pension plans and the British Columbia Pension Corporation. The pension plan boards appoint members to the BCI board and BCI provides investment management services to various public sector pension funds, the Province of British Columbia, provincial government bodies and publicly administered trust funds. Transactions with these entities are in the normal course of operations and consist of the recovery of costs that are recorded at the exchange amounts.

For the year ended March 31, 2021, the Corporation received $1,055,584 (2020 - $1,029,294) in recoveries of costs from sub-lease of offices to British Columbia Pension Corporation.

QuadReal Property Group Limited Partnership ("QuadReal LP"): QuadReal LP provides asset management, property management and investment advisory services to real estate and mortgage pooled investment portfolios. BCI provides administrative services to QuadReal LP on a cost recovery basis. Transactions with QuadReal LP are in the normal course of operations and are recorded at the exchange amounts as follows:

	2021	2020
Recoveries of costs	$ 22,514	$ 21,421
Investment management	316,601	233,406
Trade and other receivables	2,536	10,756

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Year ended March 31, 2021

5. RELATED PARTY TRANSACTIONS (CONTINUED):

Key Management Personnel Compensation: Included in salaries and benefits are the following amounts related to key management personnel compensation:

	2021	2020
Base salary	$ 3,222	$ 3,132
Annual incentive plan	5,400	5,373
Long-term incentive plan	3,902	3,765
Other short-term benefits	646	676
Post-employment benefits — pension contributions	342	335
	$ 13,512	$ 13,281

6. LEASES:

(A) LEASES AS A LESSEE:

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

During the year ended March 31, 2016, the Corporation entered into an arm's length lease agreement to rent office space in a head office building at 750 Pandora Avenue, Victoria, BC. The lease took effect in March 2018, following completion of construction of the new building.

Subsequent to the execution of the lease, bcIMC Realty Corporation invested in the 750 Pandora Avenue office development project, becoming a 50% co-owner. bcIMC Realty Corporation is wholly owned through a pooled investment portfolio managed by the Corporation.

The initial term of the building lease is for twenty years, with three renewal options of five years each.

The Corporation discounted lease payments related to the office leases using the incremental borrowing rate determined for each lease. At March 31, 2021, the weighted average rate applied is 2.67% (2020 - 2.67%).

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6. LEASES (CONTINUED):

(A) LEASES AS A LESSEE (CONTINUED):

Continuity of liabilities arising from leases:

	2021	2020
Balance, beginning of year	$ 105,542	$ 107,337
Additions	-	3,167
Payments	(5,474)	(4,962)
Balance, end of year	100,068	105,542
Current portion	5,622	5,474
Non-current portion	$ 94,446	$ 100,068

Lease liabilities are payable as follows:

	2021	2020
Less than 1 year	$ 8,212	$ 8,206
Between 1 and 5 years	32,192	33,858
More than 5 years	83,363	89,909
Total undiscounted lease liabilities	123,767	131,973
Less future interest expense	(23,699)	(26,431)
Total lease liabilities	$ 100,068	$ 105,542

During the year ended March 31, 2021, the Corporation recognized $2,731,681 (2020 - $2,854,829) of interest expense related to lease liabilities.

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

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

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6. LEASES (CONTINUED):

(B) LEASES AS A LESSOR (CONTINUED):

Continuity of receivables arising from sub-leases:

	2021	2020
Balance, beginning of year	$ 10,431	$ 12,209
Additions	-	-
Payments	(2,026)	(1,778)
Balance, end of year	8,405	10,431
Current portion	2,074	2,026
Non-current portion	$ 6,331	$ 8,405

Sub-lease assets are receivable as follows:

	2021	2020
Less than 1 year	$ 2,243	$ 2,243
Between 1 and 5 years	6,542	8,785
More than 5 years	-	-
Total undiscounted lease receivables	8,785	11,023
Less unearned interest income	(380)	(597)
Total lease receivables	$ 8,405	$ 10,431

During the year ended March 31, 2021, the Corporation recognized $217,129 (2020 - $261,791) of interest income related to lease receivables.

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7. PREMISES AND EQUIPMENT:

	FURNITURE AND EQUIPMENT	COMPUTER AND RELATED SOFTWARE	LEASEHOLD IMPROVEMENTS AND INTERESTS	RIGHT-OF USE ASSETS – BUILDINGS	TOTAL
Cost:					
Balance, April 1, 2019	$ 5,457	$ 8,203	$ 19,974	$ 95,128	$ 128,762
Additions	346	311	352	3,167	4,176
Rebates	(50)	-	-	-	(50)
Balance, March 31, 2020	5,753	8,514	20,326	98,295	132,888
Additions	-	658	-	-	658
Balance, March 31, 2021	$ 5,753	$ 9,172	$ 20,326	$ 98,295	$ 133,546
Accumulated depreciation:					
Balance, April 1, 2019	$ 864	$ 5,035	$ 2,001	$ -	$ 7,900
Depreciation for the year	563	1,252	2,022	5,293	9,130
Balance, March 31, 2020	1,427	6,287	4,023	5,293	17,030
Depreciation for the year	575	1,116	2,033	5,345	9,069
Balance, March 31, 2021	$ 2,002	$ 7,403	$ 6,056	$ 10,638	$ 26,099
Carrying amounts:					
March 31, 2020	$ 4,326	$ 2,227	$ 16,303	$ 93,002	$ 115,858
March 31, 2021	3,751	1,769	14,270	87,657	107,447

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8. EMPLOYEE BENEFITS:

CURRENT:

	2021	2020
Employee benefits	$ 9,952	$ 7,508
Annual incentive plan (AIP)	44,900	39,902
Long term incentive plan (LTIP)	15,708	13,520
Long service retiring allowance (LSRA)	150	104
	$ 70,710	$ 61,034

NON-CURRENT:

	2021	2020
Long term incentive plan (LTIP)	$ 18,448	$ 14,576
Long service retiring allowance (LSRA)	707	708
	$ 19,155	$ 15,284

9. TERM LOAN FACILITY:

In July 2017, the Corporation secured a bank term loan facility to fund tenant leasehold improvements at the Corporation's new head office located at 750 Pandora Avenue, Victoria, BC.

Interest is charged at a fixed rate of 2.5% per annum, payable quarterly in arrears. The loan principal and interest are payable in equal quarterly instalments of $566,000 until completion of the loan repayment at June 30, 2027.

At March 31, 2021, the fair value of the term loan facility is $13,145,234 (2020 - $15,548,666). There have been no defaults or breaches of the loan terms during the year. Movements in the carrying amount of the term loan facility are presented below:

	2021	2020
Carrying amount, beginning of year	$ 14,983	$ 16,847
Repayment	(1,911)	(1,864)
Carrying amount, end of year	13,072	14,983
Current portion	1,958	1,911
Non-current portion	$ 11,114	$ 13,072

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10. CONTRACT LIABILITIES:

	2021	2020
Balance, beginning of year	$ 10,949	$ 13,659
Net change in performance obligations during the period	1,973	(2,710)
Balance, end of year	$ 12,922	$ 10,949

11. COMMITMENTS:

PREMISES: Future minimum payments for operating costs which are variable in nature, based on total rentable area of the lease agreements for office space, are as follows:

	2021	2020
Less than 1 year	$ 5,692	$ 5,641
Between 1 and 5 years	23,607	24,211
More than 5 years	73,416	78,331
	$ 102,715	$ 108,183

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

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

2020	GROSS	ASSIGNED	NET
Less than 1 year	$ 5,641	$ 1,547	$ 4,094
Between 1 and 5 years	24,211	6,239	17,972
More than 5 years	78,331	-	78,331
	$ 108,183	$ 7,786	$ 100,397

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11. COMMITMENTS (CONTINUED):

SOFTWARE AGREEMENT: During the year ended March 31, 2018, the Corporation entered into a subscription agreement for a software system. The initial term of the subscription agreement expires on September 30, 2024 and is automatically renewed for an additional three years unless either party terminates the agreement. The Corporation also has the option to purchase additional modules of the software system.

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

	2021	2020
Less than 1 year	$ 3,857	$ 3,708
Between 1 and 5 years	9,429	12,872
More than 5 years	-	-
	$ 13,286	$ 16,580

12. DERIVATIVES:

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

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

As at March 31, 2021, the various forward currency, equity and fixed income contracts entered into on behalf of clients or pooled investment portfolios had an unrealized gain of $1,283,357,906 on a notional value of $83,430,164,641 (2020 - an unrealized loss of $5,020,925,356 on a notional value of $96,865,101,189).

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12. DERIVATIVES (CONTINUED):

Notional values under the current agreements are as follows:

	2021	2020
Equity derivatives:		
Listed:		
Futures	$ 16,695	$ 10,585
OTC:		
Swaps	35,887,855	38,217,859
Options	5,250,909	2,845,863
Currency derivatives:		
OTC:		
Forwards:		
US dollar	24,867,972	25,087,003
British pound	1,867,383	1,985,631
Australian dollar	1,085,269	1,291,450
Euro	1,728,772	1,505,017
Other currencies	1,331,270	1,491,181
Interest rate derivatives:		
Listed:		
Futures	1,011,638	737,596
OTC:		
Swaps	10,382,402	23,692,916
Total	$ 83,430,165	$ 96,865,101

There were no OTC-cleared contracts outstanding at March 31, 2021 or March 31, 2020.

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

The outstanding derivative contracts were entered into with sixteen (2020 - sixteen) counterparties. The terms of the agreements provide for right of offset with each counterparty. Net counterparty receivables and payables at March 31 are:

	2021	2020
Receivables	$ 1,365,593	$ 12,892
Payables	(82,235)	(5,033,817)
	$ 1,283,358	$ (5,020,925)

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12. DERIVATIVES (CONTINUED):

The Corporation posted collateral of $48,689,278 (2020 - $3,658,267,809) to secure the payable position. The counterparties for swap contracts are limited to those with at least an "A-" credit rating.

13. SALARIES AND BENEFITS:

	2021	2020
Salaries	$ 78,529	$ 71,079
Annual incentive plan	44,800	39,902
Long term incentive plan	19,272	14,549
Benefits:		
Health	5,345	5,973
Pension	6,951	6,192
Insurance and other	4,924	3,358
	$ 159,821	$ 141,053

14. FAIR VALUE OF FINANCIAL INSTRUMENTS:

The fair value of the Corporation's financial instruments which includes cash and cash equivalents, trade and other receivables, and trade and other payables, approximates their carrying value due to the short-term to maturity of these instruments. The fair value of the Corporation's outstanding term loan facility is disclosed in Note 9.

Fair value measurements are classified into a three level hierarchy based on the significance of the inputs used in making the fair value measurements. Level 1 measurements are determined by reference to quoted prices in active markets for identical assets and liabilities. Level 2 measurements include those measured using inputs that are based on observable market data, either directly or indirectly. Level 3 measurements are based on unobservable inputs

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

15. FINANCIAL RISK MANAGEMENT:

In the ordinary course of operations, the Corporation may be exposed to risk arising from its financial instruments as follows:

(A) CREDIT RISK: Credit risk is the risk of financial loss to the Corporation if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Corporation's cash equivalents and trade and other receivables.

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15. FINANCIAL RISK MANAGEMENT (CONTINUED):

(A) CREDIT RISK (CONTINUED): The Corporation's cash and 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.

Due to the Corporation's role as fund manager for the pooled investment portfolios and the highly liquid nature of the Corporation's cash and cash equivalents, 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 on a timely basis. Accordingly, management does not believe that the Corporation is exposed to significant liquidity risk.

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

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

MARCH 31, 2020	WITHIN 1 YEAR	1 TO 5 YEARS	5 TO 10 YEARS	OVER 10 YEARS	TOTAL
Trade and other payables	$ 214,650	$ 1,569	$ -	$ -	$ 216,219
Employee benefits	7,508	-	-	-	7,508
AIP /LTIP	53,422	14,576	-	-	67,998
LSRA	104	261	281	166	812
Term loan facility	1,911	8,132	4,940	-	14,983
Contract liabilities	10,949	-	-	-	10,949
Lease liabilities	5,474	24,416	19,684	55,968	105,542
	$ 294,018	$ 48,954	$ 24,905	$ 56,134	$ 424,011

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15. FINANCIAL RISK MANAGEMENT (CONTINUED):

(C) CURRENCY RISK: Currency risk is the risk that the Corporation's financial instruments will fluctuate in value from changes in value of foreign currencies in relation to the Canadian dollar. The Corporation does not hold significant net financial assets nor have significant net financial obligations denominated in currencies other than Canadian dollars. Accordingly, management does not believe the Corporation is exposed to significant currency risk. Cash and cash equivalents denominated in US dollars are disclosed in Note 4.

(D) INTEREST RATE RISK: Interest rate risk refers to the effect on the fair value or future cash flows of financial instruments of fluctuations in both long-term and short-term nominal and real interest rates. The Corporation's cash equivalents are in units of money market investment portfolios that are interest rate sensitive; however, the underlying financial instruments re-price on a frequent basis. Other financial assets and liabilities have a short term to maturity. 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.

16. CAPITAL MANAGEMENT:

The Corporation's objectives in managing capital are to ensure compliance with the Act, whereby the Corporation must recover its operating costs and capital expenditures from amounts charged to the funds, persons, organizations and other clients or from investment income. The Corporation is not subject to any internal or external restrictions on its capital.

17. UNCERTAINTIES RELATED TO COVID-19:

On March 11, 2020, the outbreak of the novel strain of the coronavirus ("COVID-19") was declared a pandemic by the World Health Organization ("WHO") prompting many national, regional, and local governments to implement preventative or protective measures. As a result, COVID-19 and the related restrictive measures have had a significant financial and market impact including significant volatility in equity prices, interest rates, bond yields, and foreign exchange rates. The situation is dynamic with various cities and countries around the world responding in different ways to address the outbreak. Government and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. BCI is closely monitoring its operations, liquidity and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. The duration and impact of COVID-19 is unknown at this time; as such, it is not reasonably possible to evaluate the impact of the pandemic on the Corporation in future periods.

We welcome your comments and suggestions on our report.

Please contact: Ben O'Hara-Byrne
Senior Manager, External Stakeholder Engagement
Tel: 778-410-7310 | Email: communication@bci.ca

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
750 Pandora Ave, Victoria B.C. V8W 0E4 CANADA / **BCI.ca**