2024

WorkSafeBC Pension Plan

Annual Report

A pension for life.

worksafe.pensionsbc.ca

Contents

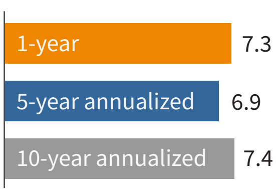
Executive summary

Investments

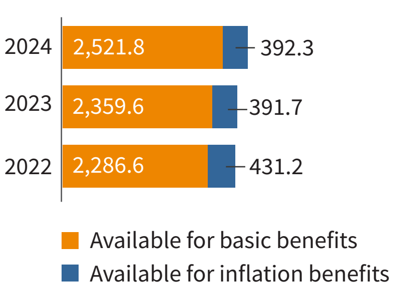
The WorkSafeBC Pension Plan continues to perform well. The plan had an investment return of 7.3 per cent, reaching more than $2.9 billion in net assets at March 31, 2024.

NET ASSETS ($ MILLIONS)

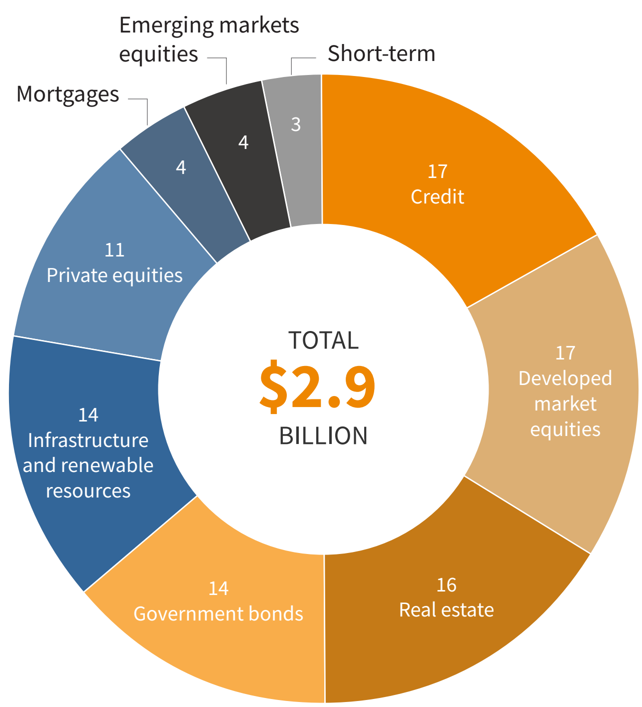
RATE OF RETURN ON INVESTMENT (%)



NET ASSETS AVAILABLE FOR BENEFITS ($ MILLIONS)



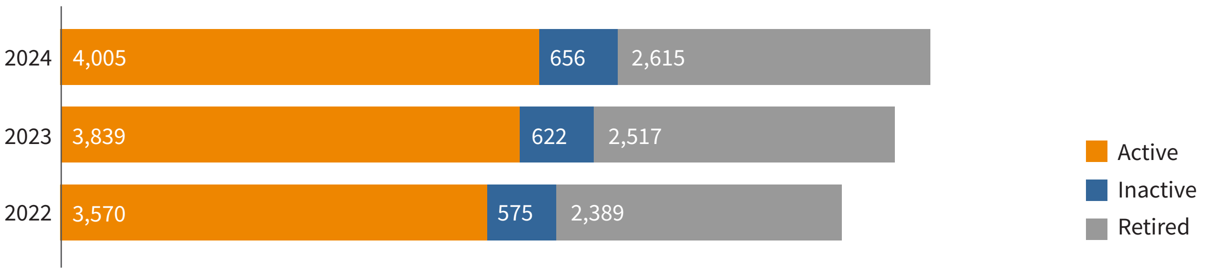
INVESTMENT HOLDINGS (%)
as at March 31, 2024



Membership

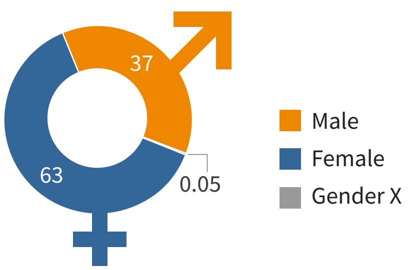
NUMBER OF MEMBERS

as at March 31, 2024



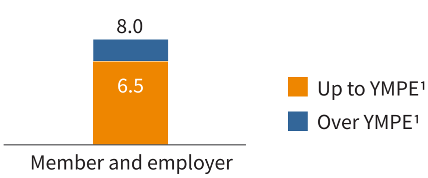
ACTIVE MEMBERS, BY GENDER (%)

as at March 31, 2024



CONTRIBUTION RATES AS A PERCENTAGE OF SALARIES (%)

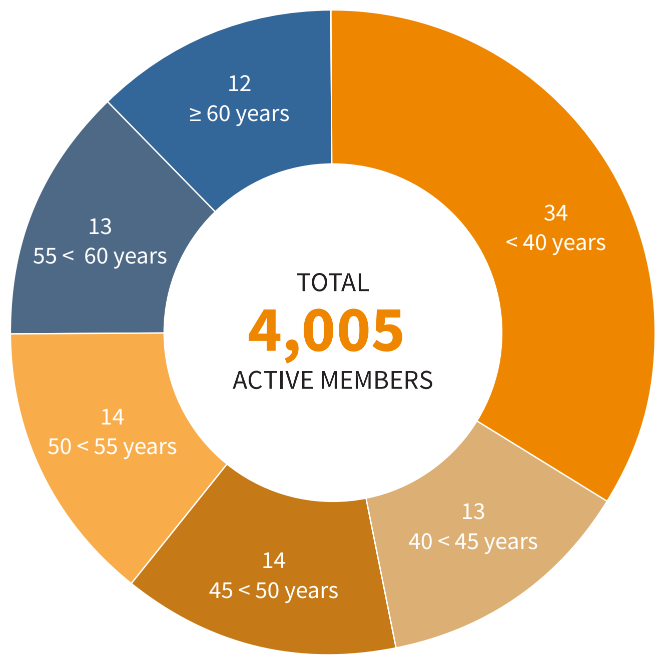
effective since January 1, 2016



1 Yearly maximum pensionable earnings

ACTIVE MEMBERS, BY AGE (%)

as at March 31, 2024



THE PLAN PAID OUT

as at March 31, 2024

$86.7 million in benefits in 2024

2,615 members receiving a pension

$33,138 Average annual pension

$28,704 Median annual pension

A message from your Pension Committee

A pension for life

The WorkSafeBC Pension Plan Pension Committee is proud of its work to provide plan members with a secure and predictable retirement income.

This *2024 Annual Report* contains updates on plan investments, membership and more. It also shows how the plan continues to grow and meet the diverse needs of its membership.

Plan members can count on their pension to be there—for life.

A welcome to Alan Cooke and appreciation for Paul Martin

The Pension Committee assists the WorkSafeBC Board of Directors with the plan's administration. The board appoints three Pension Committee members. There is one committee member to represent members and another to represent WorkSafeBC.

The board also selects a third member to provide an independent perspective. Alan Cooke is now the committee's independent representative.

Alan is a retired actuary with decades of experience, including more than 20 years as a consultant with Mercer. He is already familiar with WorkSafeBC and its pension plan from serving as an actuary on our board of directors. Alan was also chair of the audit committee and a member of the investment committee from 2012 to 2018. Earlier this year, Alan received the 2024 Award of Distinction from the Canadian Institute of Actuaries.

We want to extend our gratitude to Paul Martin. He provided more than 11 years of invaluable service as the plan's previous independent representative. His deep knowledge of pensions and enthusiasm for his work contributed to the success of the WorkSafeBC Pension Plan.

New video content on the plan website

It is now even easier for members to learn about their pensions. We invite you to discover new educational videos on the plan website.

These video modules supplement existing online learning courses, including courses like *Approaching Retirement* and *Getting to Know Your Pension.* Members can now learn about these important pension subjects in a short and accessible format. The videos are only a few minutes long, and they address one specific topic at a time. Access the videos at **worksafe.pensionsbc.ca/videos**.

My Account enhancements

Members can use My Account to access personalized information about their pensions. This convenient service is available at **myaccount.pensionsbc.ca**. My Account makes it easier for members to interact with their pension. Members can get personalized pension estimates and paper-free statements. They can also update their profile, manage beneficiaries and more.

We continue to improve My Account to empower members to conduct their pension business quickly and securely. Recent improvements include:

- Updates to Message Centre that allow members to review the progress of service requests
- Enhancements to personalized pension estimates and online retirement
- Two-factor authentication to further improve the security of My Account

Keep reading to learn more about the plan.

Territorial acknowledgment

The Pension Committee respectfully acknowledges that the WorkSafeBC head office operates on the traditional, ancestral and unceded or treaty territory of the Coast Salish Peoples, including the Musqueam, Tsleil-Waututh and Tsawwassen Nations.

Membership

A look at the numbers

Who's in the plan

Membership in the WorkSafeBC Pension Plan is categorized into four groups:

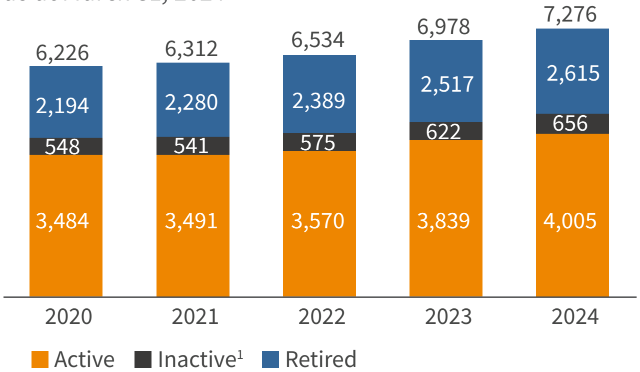
Active	Currently contributing to the plan, on an approved leave of absence or receiving benefits from an approved long-term disability plan—there are 4,005 active members in the plan.
Inactive	Not currently contributing; those who have ended their employment but left their contributions in the plan—there are 656 inactive members in the plan.
Retired	Currently receiving a pension; this includes those receiving a survivor's pension—there are 2,615 retired members in the plan.
Limited	A plan member's former spouse who has the right to a portion of the plan member's pension and applies to become a limited member after a separation or divorce—these members are included in the retired member total if they are receiving a pension.

Knowing how many plan members are approaching retirement helps the Pension Committee understand how retired membership numbers might change in coming years. The ratio of active to retired members has declined over the past five years. This trend is expected to continue due to various external factors, such as more members reaching retirement age.

The gender makeup of active members is also important, as the average female has a longer life expectancy than the average male so will likely draw their pension for longer.

NUMBER OF MEMBERS

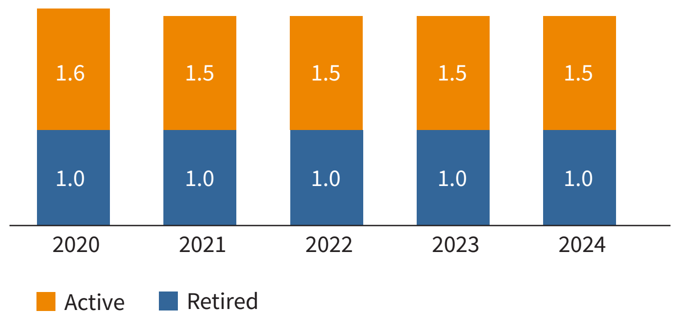
as at March 31, 2024



1 Members no longer employed by WorkSafeBC but contributing to the plan

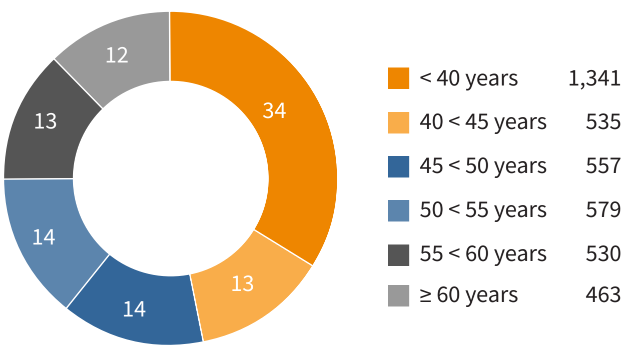
RATIO OF ACTIVE TO RETIRED MEMBERS

as at March 31, 2024



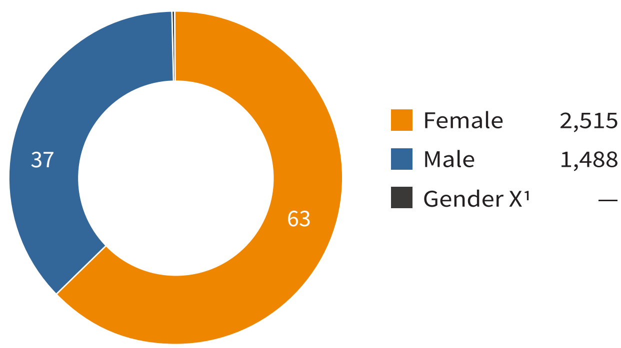
ACTIVE MEMBERS BY AGE (%)

as at March 31, 2024



ACTIVE MEMBERS BY GENDER (%)

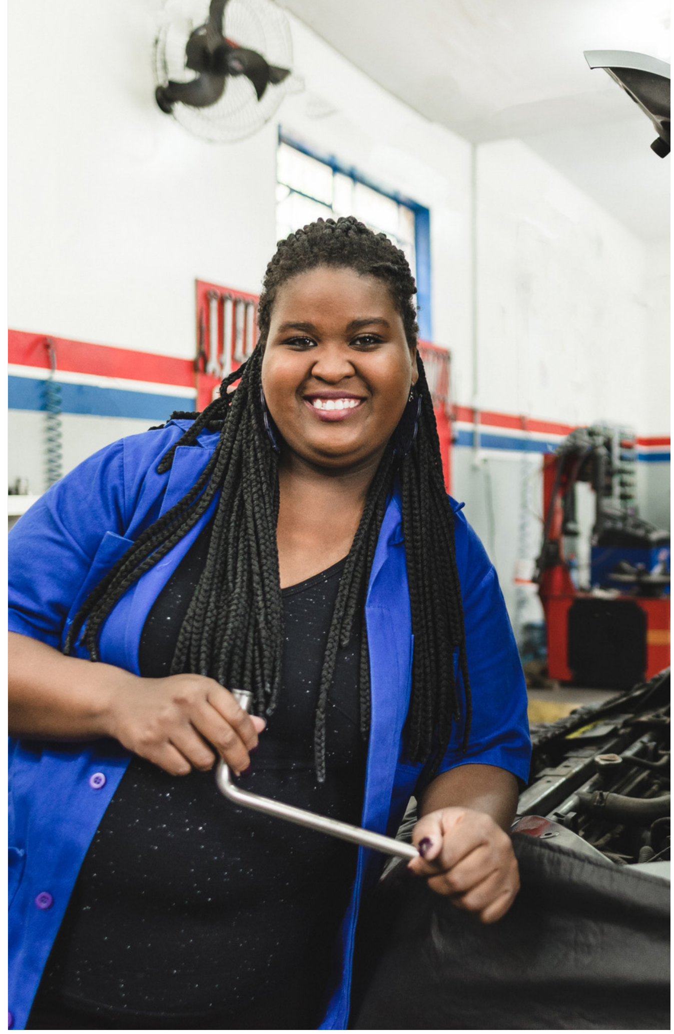
as at March 31, 2024



1 Redacted to prevent member reidentification

Plan details

How plan benefits work



Basic lifetime pension

The basic lifetime pension is based on a formula that uses a member's years of pensionable service in the plan, the average of their highest five years of pensionable salary and their age at retirement. The basic lifetime pension is paid from the plan's Basic Account. The plan is pre-funded, which means enough money is set aside through contributions and investments to pay the lifetime pension now and into the future. Once a member makes their first contribution, they are entitled to a pension at the earliest retirement age. The plan provides the option of a survivor's benefit.

Cost-of-living adjustments

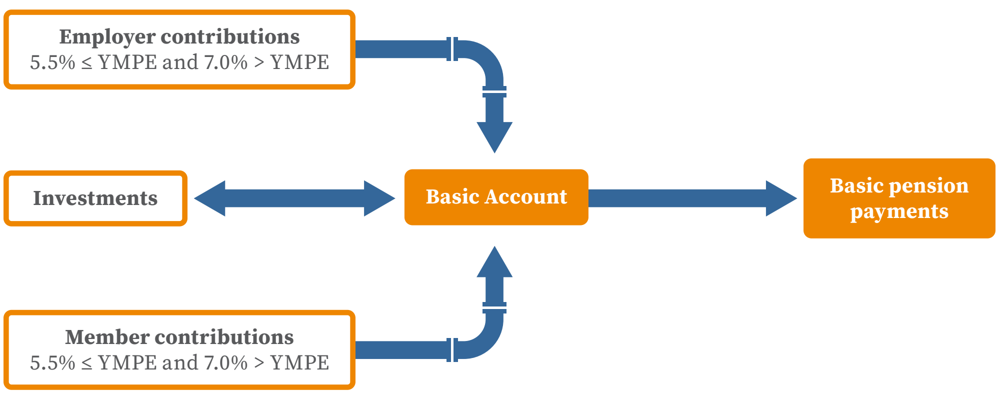
Cost-of-living adjustments (COLAs) are designed to help maintain the value of retired members' pensions against the rising cost of living. COLAs are granted only if sufficient money is available in the Inflation Adjustment Account (which is funded by member and WorkSafeBC contributions). If sufficient money is available, a COLA may be applied to retired members' pensions each year.

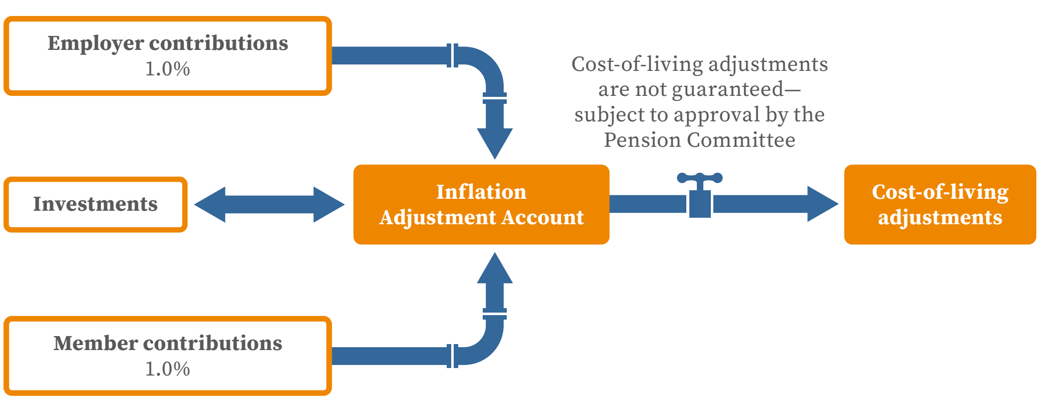
The amount of the adjustment is based on changes in the Canadian consumer price index. In 2024, retired members received a COLA of 3.8 per cent. We regularly monitor the plan's ability to continue providing COLAs. While future increases are not guaranteed, once provided, they become part of retired members' basic lifetime pension.

How contributions work

Both members and WorkSafeBC pay contributions to fund future pensions. Members contribute through automatic salary deductions. When members end employment, retire or reach 35 years of pensionable service, they no longer contribute. The plan also provides pensionable and contributory service for members receiving long-term disability benefits; these members will continue to accumulate service as if they were still working and are not required to pay their monthly pension contributions to the plan.

Both members and WorkSafeBC currently contribute 6.5 per cent of salary up to and including the year's maximum pensionable earnings (YMPE)—which is $68,500 in 2024—and 8.0 per cent of salary above that amount. The YMPE is set annually by the federal government and determines the maximum salary for which Canada Pension Plan contributions must be made. These rates include contributions to the Basic Account (which pays pension benefits) and the Inflation Adjustment Account (which pays non-guaranteed COLAs).





Benefits and contributions

By the numbers

PENSIONS OVERVIEW

year ended March 31, 2024

	New pensions	Pension terminations	Pensions at end of year	($ millions) Basic pensions paid	Inflation supplements paid	Total
2024	**130**	**32**	**2,615**	**$66.9**	**$16.3**	**$83.2**
2023	164	36	2,517	63.5	12.2	75.7
2022	153	44	2,389	58.8	9.1	67.9
2021	116	30	2,280	56.2	8.5	64.7
2020	122	47	2,194	53.7	8.0	61.7

AVERAGE AND MEDIAN PENSIONS IN PAY

as at March 31, 2024

Average	$33,138
Median	$28,704

NEW PENSIONS BY AGE AND YEARS OF SERVICE

year ended March 31, 2024

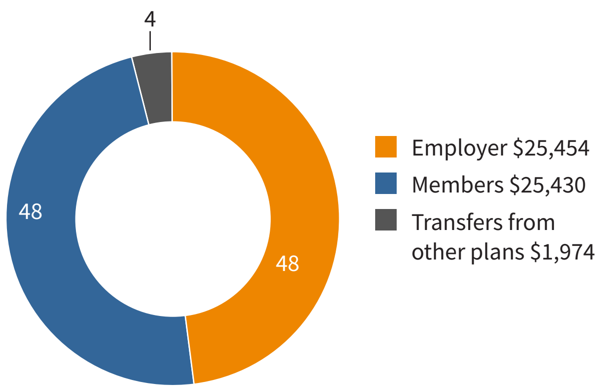
	Age at retirement					Average annual		Median annual pension	Present value of pensions	
Years of service	< 55	55 < 60	60 < 65	≥ 65	Total	Salary base	Pension		Average	Total ($ millions)
< 10	1	10	9	10	**30**	$111,500	$ 10,700	$ 8,400	$ 169,000	$ 5.1
10 < 15	—	4	6	8	**18**	94,400	21,400	22,500	318,000	5.7
15 < 20	—	5	4	4	**13**	96,500	26,800	29,600	402,000	5.2
20 < 25	—	5	9	8	**22**	105,600	43,200	40,100	628,000	13.8
25 < 30	—	3	5	2	**10**	93,300	43,200	44,100	679,000	6.8
30 < 35	—	11	7	11	**29**	94,600	53,700	54,000	851,000	24.7
≥ 35	—	3	1	4	**8**	88,200	44,900	42,100	713,000	5.7
Total	**1**	**41**	**41**	**47**	**130**					**$67.0**
Average						**$ 99,900**	**$33,500**	**$29,600**	**$517,000**	
Average years of service	**5**	**21**	**19**	**20**	**20**					
Average age	**53**	**57**	**62**	**67**	**62**					

NEW PENSIONS BY TYPE

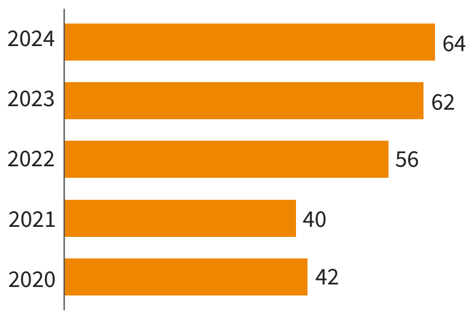
year ended March 31, 2024

	Regular	Pre-retirement limited member	Post-retirement limited member	Long-term disability	Deferred	Survivor	Total
2024	**82**	**4**	**0**	**9**	**32**	**3**	**130**
2023	124	6	0	14	19	1	164
2022	121	2	0	9	20	1	153
2021	88	3	2	11	10	2	116
2020	96	0	0	14	11	1	122

CONTRIBUTION REVENUE (%) ($ THOUSANDS)
year ended March 31, 2024

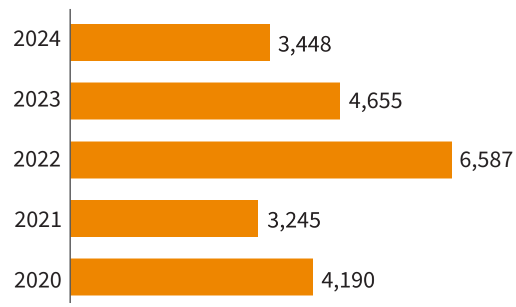


NUMBER OF TERMINATION AND REFUND BENEFITS PAID[1]
year ended March 31, 2024

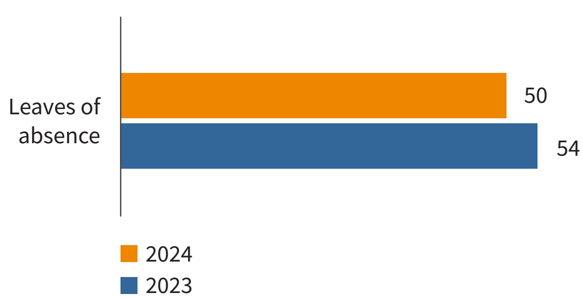


1 Termination and refund benefits paid include refunds of contributions and commuted value payments; deferred pensions are included in pension statistics.

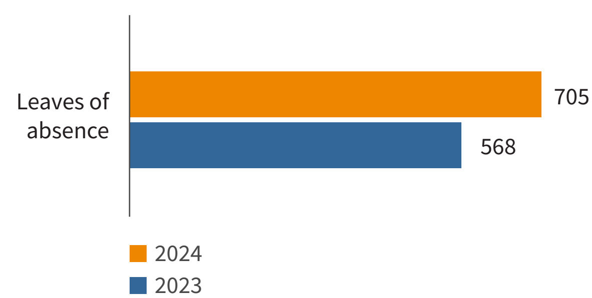
VALUE OF TERMINATION AND REFUND BENEFITS PAID ($ THOUSANDS)
year ended March 31, 2024



NUMBER OF PURCHASES OF SERVICE
year ended March 31, 2024



VALUE OF PURCHASES OF SERVICE ($ THOUSANDS)
year ended March 31, 2024



Investment results

An update on the plan's performance

In 2023, Canada's and Europe's macroeconomic environments were marked by multiple quarters of flat or negative growth. Persistent inflation and geopolitical risks also impacted plan performance. Despite these challenges, the plan achieved solid returns as a result of its diversified portfolio, sound investment strategies and well-funded position. Astute and prudent management by BCI, the plan's investment agent, has enabled the plan to respond effectively to market challenges.

For the fiscal year ended March 31, 2024, the plan delivered a strong absolute one-year return of 7.3 per cent—exceeding our 5.6 per cent return objective, which is needed to fulfil pension payments and other obligations in the long term. However, the plan underperformed relative to the one-year benchmark of 10.9 per cent. On a five-year basis, the plan returned 6.9 per cent, exceeding both the 5.6 per cent return objective and 6.6 per cent benchmark.

Public markets

Within public markets, the plan is invested in fixed income (e.g., government and corporate bonds) and public equities (e.g., publicly traded stocks). Public equities performed very well over the year and continued their steady rise, which started in October 2022. The public equity portfolio returned 21.8 per cent over the year, compared with the benchmark of 20.3 per cent. This robust performance was largely driven by equities in the development markets. Long-term results were strong as well, achieving 11.3 per cent over five years and exceeding the corresponding 10.6 per cent benchmark.

On a one-year basis, fixed income generated a return of 5.4 per cent against the 5.2 per cent benchmark. All fixed-income asset classes contributed positively to the total fund return, despite the surge in government bond yields that reduced bond values. The main driver of fixed-income returns was BCI's Principal Credit Fund. Over five years, fixed income outperformed the benchmark, returning 2.3 per cent relative to the benchmark of 1.7 per cent.

Private equity

It was a challenging year for private equity, as it underperformed due to slowing industry activity. The asset class returned 5.1 per cent, well below the 25.2 per cent benchmark, which rose due to the unprecedented gains of the magnificent seven—a group of mega-cap technology companies consisting of Microsoft, Apple, Alphabet, Amazon, Nvidia, Meta Platforms and Tesla. In addition, high interest rates, inflation and macroeconomic uncertainty continued to negatively impact private equity returns.

Private equity's five-year annualized return of 15.6 per cent exceeded the 13.2 per cent benchmark. Over the past five years, BCI's private equity program has created nearly $5.1 billion of value in excess of the benchmark. BCI remains focused on creating value within the portfolio through well-established investment strategies and careful assessment of economic conditions.

Real estate

The real estate equity market has experienced ongoing volatility since 2020, and the returns over the past year reflect those challenges. The program generated a one-year return of −3.7 per cent against the benchmark of 6.8 per cent. The impact of high interest rates in many countries drove decreased demand and contributed to underperformance. All property sectors and regions were affected, especially the office sector, as it adjusted to the long-term effect of remote work. The portfolio did, however, benefit from having a relatively small exposure to the office sector and larger allocations to the industrial and multi-family sectors, where values were less volatile. On a five-year basis, real estate equity has generated a positive annualized rate of return of 4.5 per cent against the 6.8 per cent benchmark.

In contrast to real estate equity, real estate debt benefited from higher interest rates that increased the income and value generated through real estate loans (e.g., mortgages). On a one-year basis, real estate debt returned 7.0 per cent, outperforming the 5.8 per cent benchmark. The strong credit performance of the portfolio drove program returns. Over five years, the real estate debt program has generated an annualized return of 4.9 per cent, exceeding the 3.1 per cent benchmark.

Performance results (%)

Five-year performance (2019–2024)

	Overall performance	Public equity	Private equity	Real estate equity
Return	6.9	11.3	15.6	4.5
Benchmark	6.6	10.6	13.2	6.8

Infrastructure and renewable resources

Infrastructure and renewable resources (IRR) continues to perform well on a relative basis, as it offers some protection against the impact of inflation. IRR returned 6.0 per cent over the last year, slightly below the 6.3 per cent benchmark. IRR's renewable energy investments, particularly utility investments, drove outperformance in the portfolio. The portfolio's five-year annualized rate of return was 8.8 per cent, exceeding the 6.7 per cent benchmark. These results reflect the strong investment appetite for infrastructure assets, and BCI remains focused on adding value through the pursuit of more opportunities in energy transition, digital infrastructure and food security.

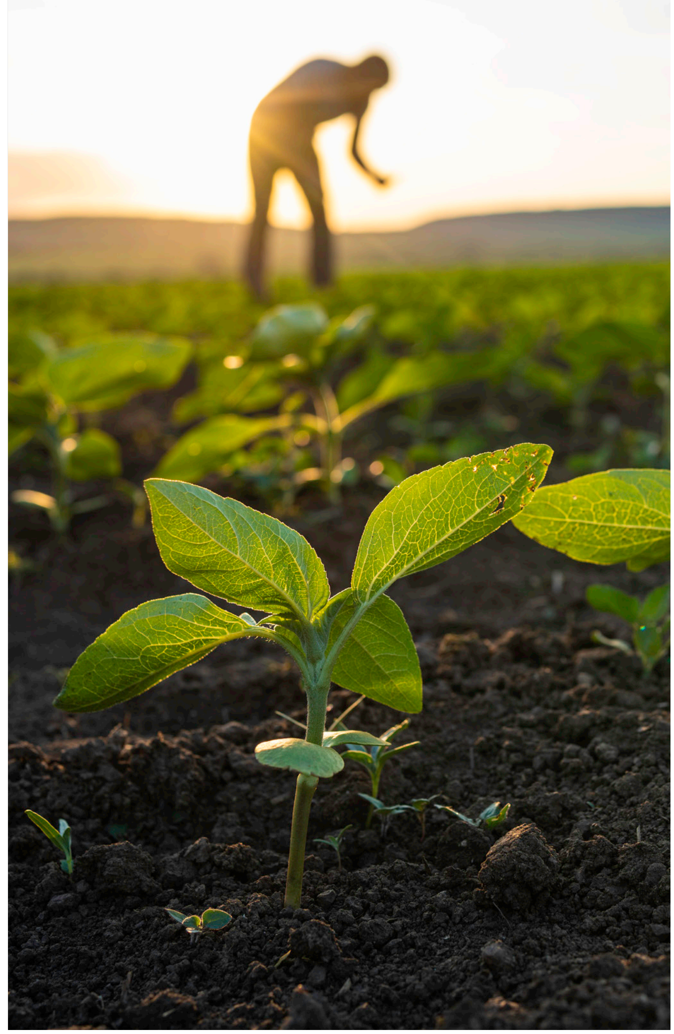
IRR RETURNS VS. BENCHMARK (%)

6.0
One-year

Benchmark
6.3

Responsible investing

Protecting the value of the plan



Responsible investing is a key component of the plan's investment approach. It involves integrating environmental, social and governance (ESG) factors into investment decisions. The Pension Committee and BCI agree that ESG integration is fundamental to growing and protecting the value of the plan. ESG factors range from being company-specific, such as board compensation or employee safety, to being widespread systemic factors like climate change. Our shared belief is that companies that have strong ESG practices are better positioned to generate long-term, sustainable investment returns.

BCI's corporate-wide ESG Strategy ensures consistency across all asset classes in addressing the issues most material to the plan's investments. This is accomplished through a focus on four key areas:

- ESG analysis and risk management are integrated into all investment processes and decisions.
- BCI actively seeks opportunities to invest in ESG-themed investments that contribute to improved long-term outcomes.
- Through engagement and advocacy, BCI applies its influence on companies it invests in, its partners and other capital market participants.
- BCI uses its learnings across all ESG activities, as well as its understanding of emerging trends, to generate insights that help continually adapt and improve its strategies, processes and approaches.

Climate change continues to be a significant social and economic risk and remains a priority for the board, plan members and global investors. BCI is committed to supporting the global goal of achieving net-zero greenhouse gas emissions by 2050. BCI's Climate Action Plan provides a road map for fulfilling this commitment while creating and preserving financial value for the plan. This is done by managing climate change risk across all asset classes and pursuing meaningful opportunities in climate solutions.

For example, BCI actively seeks investments associated with the global energy transition. Sustainable bonds provide strong risk-adjusted returns as well as exposure to positive environmental and social outcomes. As of March 31, 2024, BCI had achieved $5.2 billion in cumulative sustainable bond participation, surpassing its planned target of $5.0 billion, to be met by 2025.

As a large, global investor, BCI uses its influence on behalf of the plan to encourage companies and partners to adopt best practices in ESG. To improve investment outcomes, BCI may exercise shareholder voting rights, engage with companies directly, make policy submissions or sit on the boards of companies.

BCI is actively engaged in responsible investing initiatives around the world. As a founding signatory of the Principles for Responsible Investment, a United Nations–supported network of investors, BCI participates in regular assessments of its responsible investing activities and progress. Through participating in Climate Action 100+, BCI engages with some of the world's largest greenhouse gas emitters to take necessary action on climate change. BCI is also a member of the steering committee for the 30% Club Canada, which promotes greater board diversity and inclusion in addition to increased transparency in ESG reporting. BCI also follows best practices for climate-related disclosures and has been reporting in alignment with the Task Force on Climate-Related Financial Disclosures. BCI will continue to enhance its climate-related reporting in line with emerging best practices, such as the IFRS Sustainability Disclosure Standards, which have been developed by the International Sustainability Standards Board.

To learn more about BCI's ESG and Climate Action Plan activities, visit **bci.ca/esg**.

We are committed to supporting the global goal of achieving net-zero greenhouse gas emissions by 2050.

Sunnyside Acres Urban Forest Park, Surrey, BC

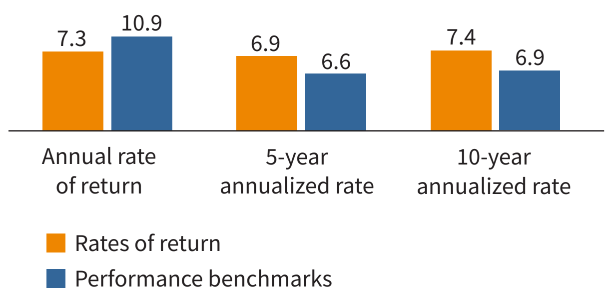
Plan investment details

INVESTMENT PERFORMANCE (%)
year ended March 31, 2024

	Investment returns	Performance benchmark[1]
Annual rates		
2024	**7.3**	**10.9**
2023	2.5	1.7
2022	7.4	3.9
2021	13.9	16.1
2020	3.6	1.3
5-year annualized rates		
2024	**6.9**	**6.6**
2023	6.7	5.7
10-year annualized rates		
2024	**7.4**	**6.9**
2023	7.9	6.8

1 Benchmarks are standards to compare against actual investment returns.

ANNUALIZED RATES OF RETURN VS. BENCHMARKS (%)
year ended March 31, 2024



ASSET MIX AND PERFORMANCE (%)
as at March 31, 2024

	Approved range	Target asset mix	Actual asset mix	Rate of return	Performance benchmark
Short-term	0–7	2	2.6	5.1	4.9
Mortgages	0–8	5	4.3	7.0	5.8
Government bonds	9–26	14	14.5	0.8	1.0
Credit	7–23	17	17.0	9.6	9.0
Combined fixed income	**27–48**	**38**	**38.4**	**5.4**	**5.2**
Developed markets equities	5–30	15	16.6	24.4	23.1
Emerging markets equities	0–8	4	4.0	10.4	8.1
Private equity	7–15	11	11.3	5.1	25.2
Combined equities	**20–45**	**30**	**31.9**	**15.9**	**22.0**
Real estate	11–20	17	15.7	(3.7)	6.8
IRR[1]	9–18	15	14.0	6.0	6.3
Combined real assets	**20–38**	**32**	**29.7**	**0.5**	**6.6**
Other	**0–5**	—	—	**n/a**	**n/a**
Total portfolio		**100**	**100.0**	**7.3**	**10.9**

1 Infrastructure and renewable resources

INVESTMENT PORTFOLIO[1] ($ THOUSANDS) (%)

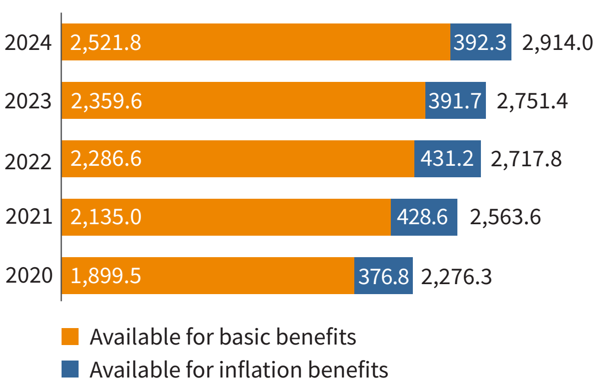
as at March 31, 2024

	Market value	Asset mix (%)
Short-term	$ 75,029	2.6
Government bonds	423,249	14.5
Mortgages	125,112	4.3
Credit	496,562	17.0
Developed market equities	485,598	16.6
Emerging markets equities	116,671	4.0
Private equity	328,408	11.3
Real estate	456,978	15.7
IRR[2]	407,942	14.0
Cash and unsettled trades	(19)	0.0
Currency-hedge overlay	7	0.0
Total investments	**$ 2,915,537**	**100.0**
2023 comparison	$ 2,752,536	

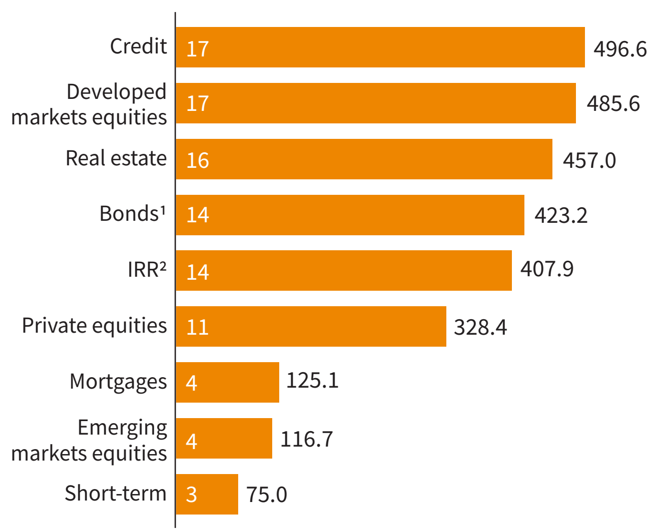
1 Asset classifications vary from the financial statements for the purpose of performance reporting.
2 Infrastructure and renewable resources.

NET ASSETS AVAILABLE FOR BENEFITS ($ MILLIONS)

as at March 31, 2024



INVESTMENT HOLDINGS—MARKET VALUE (%) ($ MILLIONS) *as at March 31, 2024*



1 Government bonds
2 Infrastructure and renewable resources

FIVE-YEAR FINANCIAL SUMMARY ($ THOUSANDS)

year ended March 31, 2024

	2024	2023	2022	2021	2020
Increase in assets					
Investment income	**$ 205,677**	$ 72,615	$ 190,103	$ 321,176	$ 82,131
Contributions					
Members	**25,430**	22,056	20,578	20,109	19,039
Employers	**25,454**	22,043	20,562	20,118	19,042
Transfers from other plans	**1,974**	4,219	1,741	2,401	4,854
Total increase in assets	**258,535**	120,933	232,984	363,804	125,066
Decrease in assets					
Pension, termination and refund benefits	**86,678**	80,338	74,522	67,984	65,858
Transfers to other plans	**1,716**	462	796	1,685	1,038
Investment and administration costs	**7,501**	6,547	3,485	6,879	5,065
Total decrease in assets	**95,895**	87,347	78,803	76,548	71,961
Increase in net assets	**162,640**	33,586	154,181	287,256	53,105
Net assets available for benefits at beginning of year	**2,751,367**	2,717,781	2,563,600	2,276,344	2,223,239
Net assets available for benefits at end of year	**$2,914,007**	$2,751,367	$2,717,781	$2,563,600	$2,276,344
Investment and administration costs as a percentage of net assets (%)[1]					
Investment management[1]	**0.36**	0.35	0.26	0.35	0.37
Benefits administration	**0.06**	0.06	0.05	0.06	0.05

1 Investment costs as a percentage of net assets include certain external investment management costs totalling $4.4 million (2023: $4.6 million; 2022: $5.1 million; 2021: $3.3 million; 2020: $4.6 million) that are netted against investment income. They are not included in investment and administration costs in the financial statements. Investment costs as a percentage of net assets exclude external indirect investment management costs netted against investment income on the statement of changes in net assets available for benefits. This is consistent with current industry practice; including these costs using the budgeted amount would have increased investment management costs as a percentage of net assets by 39.4 basis points in the 2024 fiscal year. External indirect investment management costs include limited partnership management fees and other fees principally incurred within investments held in the private equity, infrastructure and real estate asset classes.

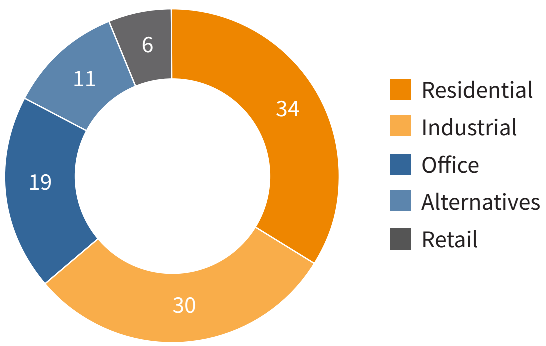
TOP 25 COMPANY HOLDINGS
TOTAL PUBLIC EQUITY EXPOSURE—WORLDWIDE

as at March 31, 2024

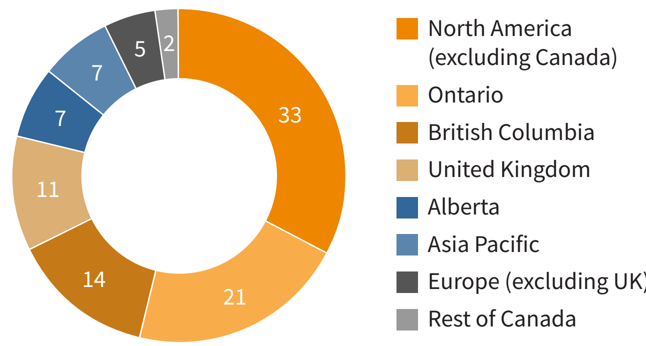
Company	Percentage of portfolio (%)	Total exposure ($ millions)
Microsoft Corp.	0.7	20.2
Nvidia Corp.	0.5	15.9
Amazon.com, Inc.	0.4	12.0
Taiwan Semiconductor Manufacturing Company Limited	0.4	11.7
Apple Inc.	0.4	10.5
Alphabet Inc.	0.3	7.8
Royal Bank of Canada	0.2	6.7
Samsung Electronics Co., Ltd.	0.2	6.5
Meta Platforms, Inc.	0.2	6.1
Toronto-Dominion Bank	0.2	5.6
UnitedHealth Group Inc.	0.2	5.4
Mastercard Inc.	0.1	4.2
Constellation Software	0.1	4.1
Bank of Montreal	0.1	4.0
AstraZeneca PLC	0.1	3.9
Shopify Inc.	0.1	3.8
Alibaba Group Holding Ltd.	0.1	3.6
Broadcom Inc.	0.1	3.6
Tencent Holdings Ltd.	0.1	3.4
WSP Global Inc.	0.1	2.9
Rogers Communications Inc.	0.1	2.9
Siemens AG	0.1	2.8
Eli Lilly and Company	0.1	2.6
Novo Nordisk A/S	0.1	2.6
Brookfield Renewable Partners L.P.	0.1	2.5

Note that this includes inventory for all of BCI's clients, not just the WorkSafeBC Pension Plan.

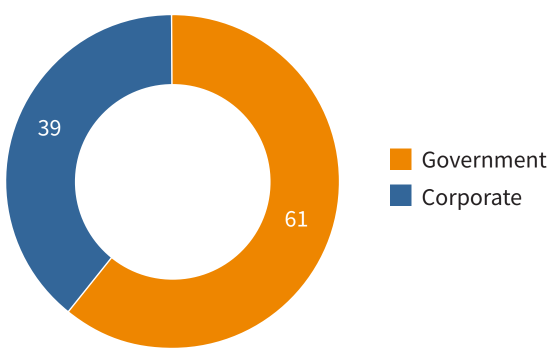
REAL ESTATE BY TYPE (%)
as at March 31, 2024



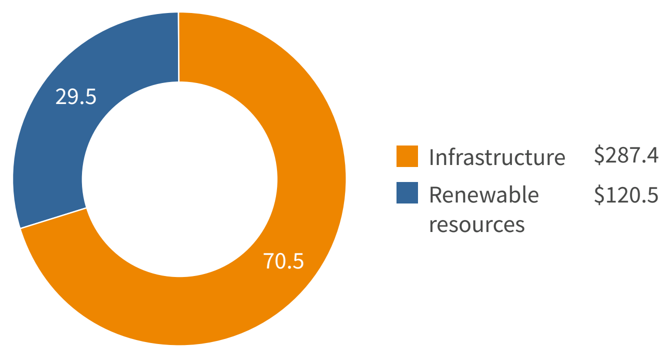
REAL ESTATE BY LOCATION (%)
as at March 31, 2024



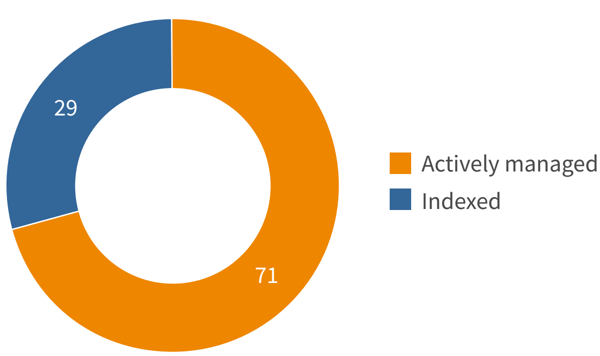
BONDS—MARKET VALUE (%)
as at March 31, 2024



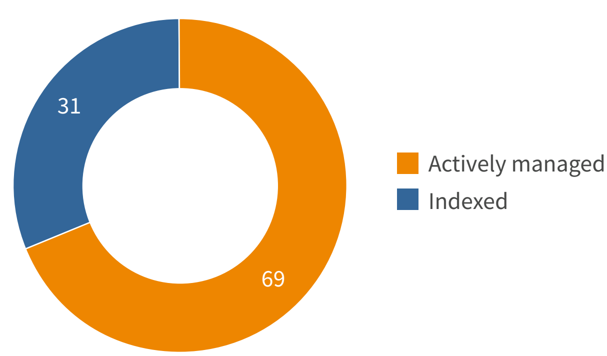
INFRASTRUCTURE AND RENEWABLE RESOURCES (%) ($ MILLIONS)
as at March 31, 2024



CANADIAN EQUITIES—MARKET VALUE (%)
as at March 31, 2024



GLOBAL EQUITIES—MARKET VALUE (%)
as at March 31, 2024



Valuation

The plan is in a healthy position

At least once every three years, an independent actuary assesses the financial position of the plan. An actuary is a specialist in financial modelling, the principles of probability and risk management. Our next valuation will examine the plan as at December 31, 2024. The results will be available in 2025. The last actuarial valuation, completed as at December 31, 2021, confirmed the plan to be in a strong and healthy position.

For the WorkSafeBC Pension Plan, BC's *Pension Benefits Standards Act* prescribes the valuation of the plan's assets from two perspectives: going concern and solvency.

The going-concern valuation (which assumes the plan will continue at least as long as the lifetime of all current members) showed the plan's funded ratio as at December 31, 2021, was 132.8 per cent, with an actuarial surplus of $529 million in the Basic Account.

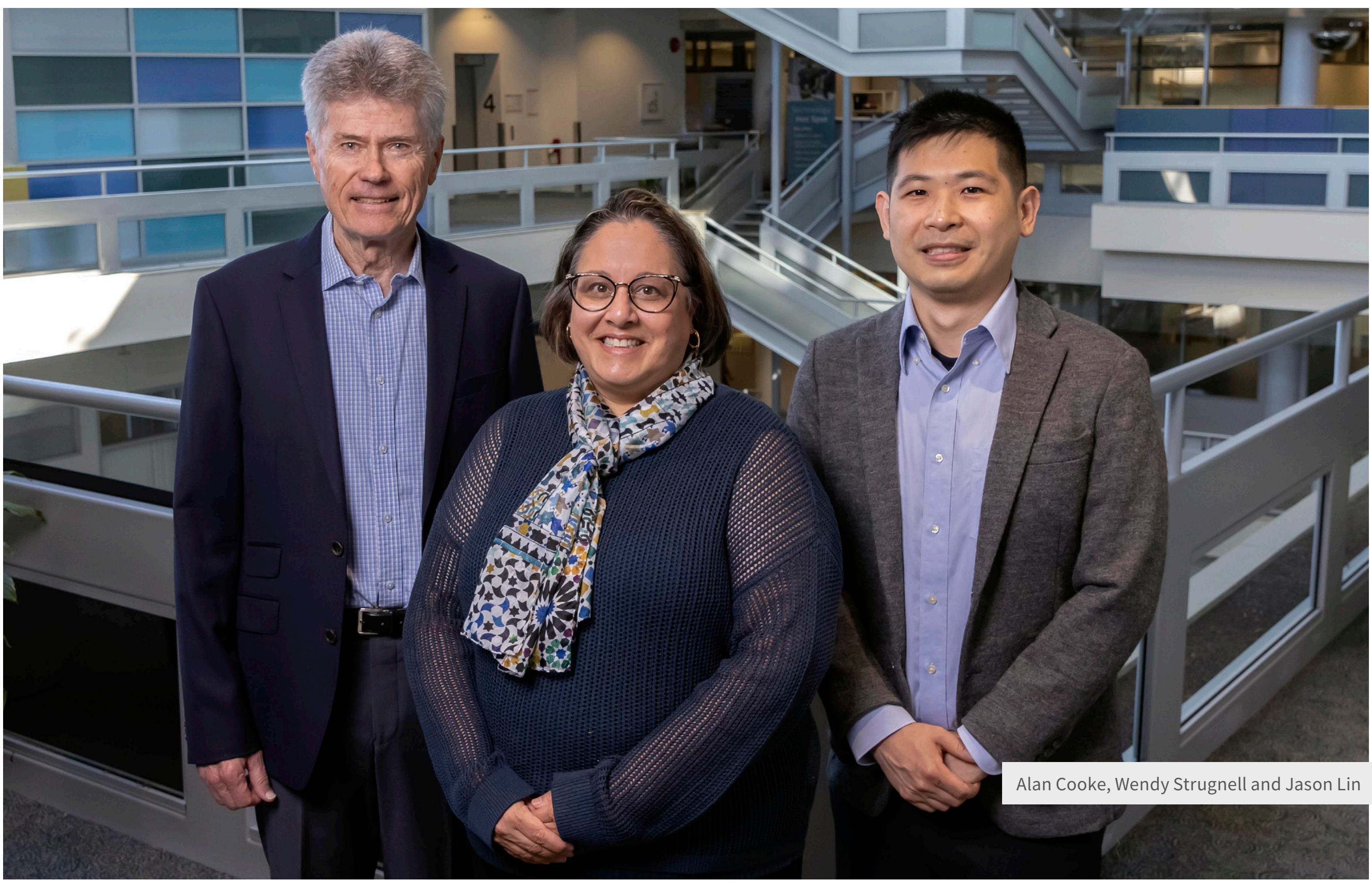
The solvency valuation (which measures the plan's ability to pay out pensions in the unlikely event it is shut down on the valuation date) showed the plan's funded ratio was 116.3 per cent.

Governance, agents and plan updates

Who we are

Pension Committee

The WorkSafeBC Board of Directors is responsible for appointing members of the Pension Committee. Among other duties, the Pension Committee assists WorkSafeBC in administering the plan, with a particular focus on investment and fund management. The plan has three committee members: Wendy Strugnell (employer representative), Jason Lin (member representative) and Alan Cooke (independent representative).



Alan Cooke, Wendy Strugnell and Jason Lin

Agents

BCI

BCI is a leading provider of investment management services to British Columbia's public sector and is one of the largest asset managers in Canada. With its global outlook, BCI seeks investment opportunities that convert savings into productive capital to meet its clients' risk and return requirements over time. BCI offers investment options across a range of asset classes: fixed income, mortgages, public and private equity, real estate, and infrastructure and renewable resources.

BC Pension Corporation

BC Pension Corporation is one of the largest pension benefit administrators in Canada, serving public sector pension plans in BC. It provides plan information to members and employers, manages contributions and member records, and pays pension benefits. Pension Corporation also provides policy, financial and communications services to the Pension Committee.

Eckler Ltd.

Serving as the plan's independent actuary, Eckler Ltd. conducts an actuarial valuation of the plan's funding every three years and supports the Pension Committee and the WorkSafeBC Board of Directors in their decision making, as appropriate.

Plan rule changes

Contribution remittance date

Remittance provisions establish when WorkSafeBC contributions must be received by the plan. The plan rules have been amended to align with WorkSafeBC's current monthly payment schedule. Contribution payments must be made to the pension fund after the end date of the last complete payroll period in each month. Members will not see changes to their pension contribution payment dates.

Repeal of reinstatement provisions

Reinstatement provisions in the plan rules applied to a particular group of individuals who ended their employment before September 30, 2015. These individuals received a refund of contributions and became plan members again before January 1, 2017. These members had a five-year eligibility deadline to reinstate the prior period of service. The provisions expired after December 31, 2021, and have been repealed.

References to the *Workers Compensation Act*

Applicable sections of the plan rules have been amended to align with the current version of the *Workers Compensation Act,* effective April 6, 2020.

Financial statements

WorkSafeBC Pension Plan 2024

BC PENSION CORPORATION

September 12, 2024

Re: WorkSafeBC Pension Plan

Administrative Agent's Responsibility for Financial Reporting

The financial statements of the WorkSafeBC Pension Plan were prepared by British Columbia Pension Corporation, the Plan's administrative agent, in accordance with Canadian accounting standards for pension plans. The WorkSafeBC Pension Plan Pension Committee is responsible for approving the financial statements of the Plan.

Pension Corporation prepares the financial statements and is responsible for the integrity and fairness of the data presented, including significant accounting judgments and estimates. This responsibility includes selecting appropriate accounting policies consistent with Canadian accounting standards for pension plans. In discharging its responsibility, Pension Corporation maintains a system of internal controls designed to provide reasonable assurance that transactions are properly authorized, reliable financial records are maintained, and assets are adequately safeguarded, ensuring the fair presentation of the financial statements. Pension Corporation has assessed that the Plan will continue as a going concern and ensured that other financial information contained in the *WorkSafeBC Pension Plan Annual Report* is consistent with these financial statements.

The WorkSafeBC Board of Directors appointed Eckler Ltd. as the independent consulting actuary for the Plan. The role of the actuary is to complete an actuarial valuation of the Plan in accordance with accepted actuarial practice. The results of the valuation are included in the financial statements.

WorkSafeBC pension management, by the authority provided by the Board of Directors, appointed KPMG LLP as the independent auditor to perform an independent audit of the Plan's financial statements in accordance with Canadian generally accepted auditing standards. The resulting audit opinion is set out in the independent auditor's report attached to these financial statements.

Trevor Fedyna, CPA, CGA, C. Dir.	**Allan Chen, CPA, CA**
Vice-President, Strategy, Insights and Chief Financial Officer	Controller, Financial Services
British Columbia Pension Corporation	British Columbia Pension Corporation

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Phone: 250 387-8201
Fax: 250 953-0429
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KPMG LLP
PO Box 10426 777 Dunsmuir Street
Vancouver BC V7Y 1K3
Canada
Telephone 604 691 3000
Fax 604 691 3031

INDEPENDENT AUDITOR'S REPORT

To the Members of the WorkSafeBC Pension Plan

Opinion

We have audited the financial statements of the WorkSafeBC Pension Plan (the "Plan"), which comprise:

- the statement of financial position as at March 31, 2024
- the statement of changes in net assets available for benefits for the year then ended
- the statement of changes in accrued pension obligations for the year then ended
- and notes to the 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 financial position of the Plan as at March 31, 2024, and its changes in net assets available for benefits and its changes in accrued pension obligations for the year then ended in accordance with Canadian accounting standards for pension plans.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Plan 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 auditor's report thereon, included in the 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.

KPMG

WorkSafeBC Pension Plan
Page 2

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 auditor's report thereon, included in the annual report as at the date of this auditor's 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 auditor's 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 Canadian accounting standards for pension plans, 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 Plan'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 Plan or to cease operations, or has no realistic alternative but to do so.

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

Auditor's 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 auditor's 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.

KPMG

WorkSafeBC Pension Plan
Page 3

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 Plan'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 Plan's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Plan 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 audit.

KPMG LLP

Chartered Professional Accountants

Vancouver, Canada
September 12, 2024

WORKSAFEBC PENSION PLAN

Statement of financial position

($ thousands)

As at March 31	Note		2024		2023
Assets					
Investments	3a	$	**2,917,010**	$	2,766,662
Directly held derivatives	3b		**2,379**		2,086
Interest and dividends receivable			**431**		291
Prepaid			**80**		79
Contributions receivable			**42**		11
Other			**22**		21
Cash			**13**		16
Total assets			**2,919,977**		**2,769,166**
Liabilities					
Directly held derivatives	3b		**4,249**		16,476
Taxes payable			**1,201**		930
Accounts payable and accrued expenses			**520**		393
Total liabilities			**5,970**		17,799
Net assets available for benefits		**$**	**2,914,007**	**$**	**2,751,367**
Accrued pension obligations					
Accrued basic pension obligations	4a	$	**1,920,470**	$	1,810,006
Non-guaranteed pension obligations	4b		**392,255**		391,731
Accrued pension obligations			**2,312,725**		2,201,737
Surplus					
Funding surplus	5a		**625,836**		603,792
Measurement differences between funding and accounting positions	5a		**(24,554)**		(54,162)
Surplus			**601,282**		549,630
Accrued pension obligations and surplus		**$**	**2,914,007**	**$**	**2,751,367**

All accompanying notes are an integral part of the financial statements including:
Commitments (note 14)

Approved by the WorkSafeBC Pension Plan:

Wendy Strugnell
Committee member
WorkSafeBC Pension Plan Pension Committee

Jason Lin
Committee member
WorkSafeBC Pension Plan Pension Committee

Alan Cooke
Committee member
WorkSafeBC Pension Plan Pension Committee

WORKSAFEBC PENSION PLAN

Statement of changes in net assets available for benefits

($ thousands)

For the year ended March 31	Note	Basic account	Inflation adjustment account	Supplemental benefits account	Totals 2024	2023
Increase in assets						
Investment income	8	$ 176,132	$ 29,545	$ -	$ **205,677**	$ 72,615
Contributions						
Member	9	21,772	3,644	14	**25,430**	22,056
Employer	9	20,606	3,647	1,201	**25,454**	22,043
		42,378	7,291	1,215	**50,884**	44,099
Transfers from other plans		1,564	410	-	**1,974**	4,219
Total increase in assets		220,074	37,246	1,215	**258,535**	120,933
Decrease in assets						
Benefits	10	84,252	1,211	1,215	**86,678**	80,338
Investment and administration	11	6,693	808	-	**7,501**	6,547
Transfers to other plans		1,301	415	-	**1,716**	462
Total decrease in assets		92,246	2,434	1,215	**95,895**	87,347
Increase in net assets before transfers		127,828	34,812	-	**162,640**	33,586
Account transfers	12	34,288	(34,288)	-	-	-
Increase in net assets		**$ 162,116**	**$ 524**	**$ -**	**$ 162,640**	**$ 33,586**
Net assets available for benefits at beginning of year		$ 2,359,636	$ 391,731	$ -	$ **2,751,367**	$ 2,717,781
Net assets available for benefits at end of year		**$ 2,521,752**	**$ 392,255**	**$ -**	**$ 2,914,007**	**$ 2,751,367**

The accompanying notes are an integral part of the financial statements.

WORKSAFEBC PENSION PLAN

Statement of changes in accrued pension obligations

($ thousands)

For the year ended March 31	Note	2024	2023
Increase in accrued pension obligations			
Interest on accrued pension obligations		$ 92,923	$ 86,671
Benefits accrued		62,770	56,408
Provision for adverse deviations	4a	8,934	17,800
Changes in actuarial assumptions	4a	-	19,308
Account transfers	12	34,288	54,707
Total increase in accrued pension obligations		198,915	234,894
Decrease in accrued pension obligations			
Experience gains	4a	-	13,584
Benefits paid		88,451	79,995
Total decrease in accrued pension obligations		88,451	93,579
Net increase in accrued pension obligations		110,464	141,315
Accrued basic pension obligations at beginning of year		1,810,006	1,668,691
Accrued basic pension obligations at end of year	4a	1,920,470	1,810,006
Non-guaranteed pension obligations			
Increase (decrease) in non-guaranteed pension obligations	4b	524	(39,457)
Non-guaranteed pension obligations at beginning of year		391,731	431,188
Non-guaranteed pension obligations at end of year	4b	392,255	391,731
Total accrued pension obligations		$ 2,312,725	$ 2,201,737

The accompanying notes are an integral part of the financial statements.

WORKSAFEBC PENSION PLAN

Notes to the financial statements for the year ended March 31, 2024

($ thousands except as otherwise noted)

1. DESCRIPTION OF THE WORKSAFEBC PENSION PLAN

The following description of the WorkSafeBC Pension Plan (Plan) is a summary provided for general information only. For more information, please refer to the WorkSafeBC Pension Plan Rules.

a) General

The Plan is a contributory defined benefit pension plan, established in 1941 under the authority of the *Workmen's Compensation Act Amendment Act*.

The Plan is registered with the Superintendent of Pensions, who administers and enforces the *Pension Benefits Standards Act* (PBSA). PBSA governs employment pension plans registered in British Columbia that have active, inactive and retired members.

Membership in the Plan is open to all eligible employees of WorkSafeBC.

b) Roles and responsibilities

WorkSafeBC is fully responsible for the management of the Plan, including the investment of assets and administration of the Plan. The WorkSafeBC Board of Directors appoints members to the WorkSafeBC Pension Plan Pension Committee (Pension Committee). There are three committee members, one representing WorkSafeBC as the employer, one representing plan members and one to provide an independent perspective.

British Columbia Pension Corporation (Pension Corporation) provides benefit administration services as an agent of WorkSafeBC.

British Columbia Investment Management Corporation (BCI) provides investment management services, including the valuation of investments, as an agent of WorkSafeBC.

c) Funding

Contributions and investment earnings fund plan benefits. Contributions are made by active members of the Plan and WorkSafeBC. The determination of the value of the benefits and required contributions is based on periodic actuarial valuations for funding purposes.

WorkSafeBC's funding policy is intended to secure the pension benefit obligation and achieve long-term stability in contribution rates for both WorkSafeBC and members.

WORKSAFEBC PENSION PLAN

Notes to the financial statements for the year ended March 31, 2024

($ thousands except as otherwise noted)

1. DESCRIPTION OF THE WORKSAFEBC PENSION PLAN (CONTINUED)

d) Contributions

Basic Account

Members contribute to the Basic Account 5.5% of salaries, up to and including the Canada Pension Plan (CPP) Year's Maximum Pensionable Earnings (YMPE) (2024: $68,500 dollars; 2023: $66,600 dollars), and 7.0% of salaries above the YMPE, less amounts allocated to the Supplemental Benefits Account.

WorkSafeBC contributes to the Basic Account 5.5% of salaries, up to and including YMPE, and 7.0% of salaries above YMPE, less amounts allocated to the Supplemental Benefits Account.

Inflation Adjustment Account (IAA)

Members and WorkSafeBC each contribute 1.0% of salaries to the IAA.

e) Pension benefits

All members are eligible for a pension benefit.

Members are eligible for unreduced pension benefits

- at age 65;
- at age 60, with at least two years contributory service; or
- at age 55 or older, with age plus years of contributory service totalling 90 or more.

Other retiring members have a reduction formula applied to their pensions.

The defined basic plan benefit is integrated with the CPP. As a result, the Plan provides an unreduced benefit of 1.3% of pensionable earnings up to YMPE and 2.0% of pensionable earnings over YMPE, for each year of pensionable service (to a maximum of 35 years). Pensionable earnings are based on the member's highest five-year average annual salary (HAS).

The Plan provides a bridge benefit payable to age 65 (or the date of death, if earlier). The bridge benefit is 0.7% of the lesser of YMPE or HAS for each year of pensionable service.

Future cost-of-living adjustments are not guaranteed but may be provided each January 1 according to the cost-of-living adjustment provisions of the Plan. These cost-of-living adjustments are based on the annual increase in the Canada consumer price index (CPI) as at the previous September 30, subject to the availability of funds in the IAA, and reduced for the CPI decrease, if any, in the prior years.

WORKSAFEBC PENSION PLAN

Notes to the financial statements for the year ended March 31, 2024

($ thousands except as otherwise noted)

1. DESCRIPTION OF THE WORKSAFEBC PENSION PLAN (CONTINUED)

f) Termination and portability benefits

Terminating members who have not yet reached the earliest retirement age may choose

- a deferred pension, or
- a transfer of the commuted value of the pension benefit (the minimum value is the member's contributions with interest) to a locked-in retirement vehicle or similar tax-sheltered plan.

Terminating members may also choose to leave their benefit on deposit in anticipation of future re-employment with WorkSafeBC.

Where there is a reciprocal transfer agreement between the Plan and other pension plans, members may be able to transfer service to another pension plan.

g) Other benefits

All WorkSafeBC employees are covered by the WorkSafeBC long-term disability plan; therefore, members are not eligible for a disability benefit under the Plan.

A death benefit may be available to a surviving spouse or designated beneficiary upon the death of an active member. Depending on eligibility requirements, the benefit may be paid in the form of a survivor pension or lump-sum payment.

Supplemental benefits are funded from the Supplemental Benefits Account.

h) Tax registration

The Plan is a Registered Pension Plan (RPP) as defined in the *Income Tax Act* (Canada) (Tax Act) (registration number 0314146), except for any supplemental benefits, which are funded in addition to the RPP. The Plan is not subject to income taxes but is subject to indirect taxes, including British Columbia provincial sales tax (PST) and Canadian federal goods and services tax (GST). The Plan receives a 33% rebate of GST paid.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of presentation

These financial statements are prepared on the going-concern basis in accordance with Canadian accounting standards for pension plans, Part IV of the *Chartered Professional Accountants of Canada Handbook* (CPA Canada Handbook), and present the Plan as a separate financial reporting entity, independent of the Plan's contributing employer and members.

Accounting standards for private enterprises in Part II of the CPA Canada Handbook have been chosen for accounting policies that do not relate to the Plan's investment portfolio or accrued pension obligations.

WORKSAFEBC PENSION PLAN

Notes to the financial statements for the year ended March 31, 2024

($ thousands except as otherwise noted)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Investments

Investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Investment purchases and sales are recorded on the trade date (the date on which the substantial risks and rewards of ownership have been transferred).

c) Accrued pension obligations

Accrued pension obligations are determined based on an actuarial valuation prepared by an independent actuarial consulting firm. The Plan actuary is Eckler Ltd. The valuation of accrued pension obligations is based on data extrapolated to the financial statement date. The valuation uses the projected benefit method pro-rated on service, which incorporates the independent actuary's estimate of various economic and demographic non-economic assumptions. These assumptions are the same as those used in the determination of the actuarial position of the Plan for funding purposes.

d) Investment income

Income from investments is recorded on an accrual basis and represents pooled investment portfolio income attributable to the Plan as a unit holder and income from directly held investments. The change in fair value includes realized and unrealized gains and losses that are included in investment income.

Within the pools, dividends are accrued on the ex-dividend date, and interest is recognized on an accrual basis. Gains and losses on derivative contracts are recognized concurrently with changes in their fair values.

e) Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the prevailing exchange rates on the year-end date. Income and expenses are translated into Canadian dollars at the prevailing exchange rates on the dates of the transactions. The realized and unrealized gains and losses arising from these translations are included in the current period change in fair value in investment income.

f) Use of estimates

The preparation of financial statements, in conformity with Canadian accounting standards for pension plans, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of increases and decreases in assets and liabilities during the period. Significant areas requiring the use of management estimates relate to the valuation of investments based on unobservable inputs, as further described in note 7, and the calculation of the accrued pension obligation of the Basic Account for accounting and funding purposes, as further described in notes 4 and 5. Actual results could differ materially from these estimates.

WORKSAFEBC PENSION PLAN

Notes to the financial statements for the year ended March 31, 2024

($ thousands except as otherwise noted)

3. INVESTMENTS

a) Investments

Fair value of investment holdings	2024	2023
Short-term	$ 75,029	$ 83,340
Bonds	688,493	618,515
Canadian equities	88,916	97,431
Global equities	396,681	431,175
Emerging markets equities	116,671	108,430
Mortgages	125,473	110,575
Real estate	457,745	473,920
Private debt and equity	559,726	505,649
Infrastructure and renewable resources	408,276	337,627
	$ 2,917,010	$ 2,766,662

Plan investments consist primarily of direct ownership in units of pooled investment portfolios. Each unit gives its holder a proportionate share in the value of the net assets of the pooled investment fund. The Basic Account and IAA are combined for investment management purposes.

One or more pooled investment portfolios exist for different types of investments, such as short-term investments; bonds; Canadian, global and emerging markets equities; mortgages; real estate; private debt and equity; and infrastructure and renewable resources. While the purpose of each fund is to invest in a particular type of investment, at any time, given the timing of trading activities, the fund may hold a certain amount of cash, short-term investments, accrued interest income and net accounts receivable or payable from outstanding sales and purchases of investments.

Short-term investments consist of Canadian and U.S. money market securities, such as treasury bills with maturities of 15 months or less, and short-term bonds with one- to five-year terms. Short-term investments are valued using current market yields.

Bonds consist of government bonds, investment grade and non-investment grade corporate bonds, and debentures. Bonds are valued based on current market yields and, in some cases, quoted market prices.

Equities consist primarily of publicly traded shares and are valued based on quoted market prices on the primary exchanges on which they are traded.

Mortgages consist mainly of Canadian construction, commercial and multi-family residential mortgages. The mortgages are secured by real estate and are valued using current market yields.

Real estate investments consist mainly of diversified Canadian and U.S. income-producing properties. Real estate investments are valued quarterly by external investment managers, and at least once every 10 to 18 months by accredited independent appraisers to establish current market values.

WORKSAFEBC PENSION PLAN

Notes to the financial statements for the year ended March 31, 2024

($ thousands except as otherwise noted)

3. INVESTMENTS (CONTINUED)

a) Investments (continued)

Private debt consists of private debt instruments and private debt investee funds and are valued using discounted cash flows on current market yields and comparable securities, as applicable.

Private equity consists mainly of equity investments made outside the structure of public markets. Private equity investments are valued either quarterly or annually based on audited financial statements from external investment managers using a market based approach.

Infrastructure and renewable resources consist of privately owned and managed infrastructure assets, as well as timber, agriculture and other renewable assets. Infrastructure and renewable resources investments are valued annually using a market-based approach or net asset value method.

b) Derivatives

Derivatives contracts are directly and indirectly held by the Plan. The details of these contracts are as follows:

Fair value of derivative contracts	2024		2023	
	Positive fair value	Negative fair value	Positive fair value	Negative fair value
Directly held				
Foreign currency forwards	$ 2,379	$ (4,249)	$ 2,086	$ (16,476)
Indirectly held in pooled investment portfolios				
Foreign currency forwards	$ 1,695	$ (2,732)	$ 782	$ (11,636)
Options	1,462	(1,254)	-	(3)
Interest rate swaps	340	(273)	1,634	(250)
Total return swaps	11,241	(1,486)	6,225	(1,125)
	$ 14,738	$ (5,745)	$ 8,641	$ (13,014)
Total derivatives	$ 17,117	$ (9,994)	$ 10,727	$ (29,490)
Derivatives by investment asset classification				
Short-term	$ 6	$ (20)	-	-
Bonds	$ 471	(1,101)	$ 254	$ (4,093)
Canadian equities	568	(75)	335	(158)
Global equities	12,151	(3,381)	6,934	(2,728)
Emerging markets equities	717	(141)	720	(657)
Mortgages	233	(594)	190	(1,406)
Real estate	1,082	(1,852)	1,268	(6,536)
Private debt and equity	825	(1,021)	342	(5,316)
Infrastructure and renewable resources	1,064	(1,809)	684	(8,596)
Total derivatives	$ 17,117	$ (9,994)	$ 10,727	$ (29,490)

WORKSAFEBC PENSION PLAN

Notes to the financial statements for the year ended March 31, 2024

($ thousands except as otherwise noted)

3. INVESTMENTS (CONTINUED)

b) Derivatives (continued)

Derivative contracts consist of foreign currency forward contracts, options, futures, interest rate swaps and total return swaps held directly by the Plan or indirectly through various pooled investment portfolios. Directly held and indirectly held derivative contracts are reflected at fair value based on expected settlement amounts at the date of the Statement of Financial Position. Directly held derivatives are disclosed on the face of the Statement of Financial Position, while indirectly held derivatives are included in investments.

A foreign currency forward contract is a privately negotiated contractual obligation to exchange one currency for another at a specified price for settlement on a predetermined date in the future. Foreign currency forward contracts are held by the Plan to manage exposure to foreign currency risk.

Options are contracts that give the buyer the right, but not the obligation, to buy or sell a certain security or index at an agreed-upon price on or before a specified date. Options are held for synthetic indexing, a modern technique used to replicate the performance of a security or index without directly purchasing or selling the underlying assets and for risk control.

An interest rate swap is an agreement between two counterparties in which one stream of future interest payments is exchanged for another based on a specified principal amount. Interest rate swaps usually involve the exchange of a fixed interest rate for a floating interest rate, or vice versa, to reduce or increase exposure to fluctuations in interest rates or to obtain a marginally better interest rate than would have been possible without the swap.

A total return swap is a swap agreement in which one party makes payments based on a set rate, either fixed or variable, while the other party makes payments based on the return of an underlying asset, including both the income it generates and any capital gains. In total return swaps, the underlying asset, referred to as the reference asset, is usually an equity index or basket of equity securities. Interest rate swaps and total return swaps are held indirectly through various pooled investment portfolios for synthetic indexing purposes.

Derivative transactions are supported with collateral to mitigate counterparty credit risk. A single net fair value amount is used to determine the value of collateral with each counterparty. Collateral approximately equal to the positive fair value of each derivative contract has been provided by counterparties, and collateral approximately equal to the negative fair value of each derivative contract has been delivered to counterparties. Acceptable forms of collateral are Canadian federal or provincial bonds and U.S. federal government treasury bills and bonds.

The notional value of derivatives is the total value of a position, how much value a position controls or an agreed-upon amount in a contract.

WORKSAFEBC PENSION PLAN

Notes to the financial statements for the year ended March 31, 2024

($ thousands except as otherwise noted)

3. INVESTMENTS (CONTINUED)

b) Derivatives (continued)

Absolute notional value of the Canadian denominated portion of derivatives is disclosed in the table below.

Notional value of derivatives			2024	2023
Term to maturity	Within 1 year	1 to 5 years	Total	Total
Directly held				
Foreign currency forwards	$ 621,846	$ -	$ 621,846	$ 616,062
Indirectly held in pooled investment portfolios				
Foreign currency forwards	$ 555,094	$ -	$ 555,094	$ 427,514
Options	61,122	39,104	100,226	100
Interest rate swaps	32,103	71,393	103,496	158,705
Total return swaps	291,318	61,398	352,716	346,586
	$ 1,561,483	$ 171,895	$ 1,733,378	$ 1,548,967
Derivatives by investment asset classification				
Short-term	$ 8,624	$ -	$ 8,624	$ -
Bonds	229,476	-	229,476	173,246
Canadian equities	22,920	8,581	31,501	30,800
Global equities	420,237	149,991	570,228	472,228
Emerging markets equities	41,482	13,323	54,805	80,857
Mortgages	77,140	-	77,140	68,066
Real estate	266,385	-	266,385	300,985
Private debt and equity	215,213	-	215,213	175,585
Infrastructure and renewable resources	280,006	-	280,006	247,200
	$ 1,561,483	$ 171,895	$ 1,733,378	$ 1,548,967

4. ACTUARIAL VALUATION OF THE BASIC ACCOUNT FOR ACCOUNTING PURPOSES

a) Basic Account

In accordance with PBSA, an actuarial valuation is performed at least every three years. Its primary objective is to assess the financial position and adequacy of funding for the Basic Account of the Plan as described in note 5a.

WORKSAFEBC PENSION PLAN

Notes to the financial statements for the year ended March 31, 2024

($ thousands except as otherwise noted)

4. ACTUARIAL VALUATION OF THE BASIC ACCOUNT FOR ACCOUNTING PURPOSES (CONTINUED)

a) Basic Account (continued)

Canada Revenue Agency (CRA) sets maximum limits on the amount of pension plan income that can be paid to a pension recipient from the registered funds of a pension plan. Any portion of a pension that exceeds the CRA limits is called a supplemental benefit. As part of the actuarial valuation, the actuary calculates values for accounting purposes for Basic Account assets as at the financial statement date and for pension liabilities accrued to the financial statement date. For this purpose, supplemental benefits are recognized, in contrast to their exclusion in the valuation for funding purposes as described in note 5a.

Also for accounting purposes, the full impact of investment fair value changes is reflected in the financial statements as at the financial statement date, compared with the deferral and amortization of fair value gains or losses in the valuation for funding purposes. The liability for accrued basic pension obligations at the valuation date is determined using the projected benefit method pro-rated on service.

The latest full actuarial valuation was prepared as at December 31, 2021, by Eckler Ltd. This valuation calculated the liability for accrued basic pension obligations for financial statement purposes to be $1,633,138 thousands.

Between valuations, an estimate of the actuarial position is required. This estimate, called an extrapolation, has been made to March 31, 2024, using the following long-term actuarial assumptions:

- Annual investment return 5.60%
- Explicit provision for adverse deviation 8.80%
- Annual salary escalation rate 3.25%

The extrapolation calculated the liability for accrued basic obligations to be $1,920,470 thousand (2023: $1,810,006 thousand).

The PfAD included in the extrapolated accrued basic obligation as at March 31, 2024, is $155,332 thousand (2023: $146,398 thousand), an increase of $8,934 thousand.

Extrapolations may not be reliable indicators of the next valuation results, nor do they necessarily reflect the overall trend of results. Between valuations, actual wage increases, investment earnings, changes in the PfAD, and the incidence of retirements, withdrawals and changes in other factors may vary significantly from the long-term assumptions used in the extrapolation. In the event of a major change to the Plan, a new valuation or review of assumptions may be required.

The next full actuarial valuation will be carried out at the latest as at December 31, 2024, with the results included in the March 31, 2026, financial statements.

Actuarial liabilities are also affected by changes in the assumed investment return. Based on the actuarial valuation completed as at December 31, 2021, a reduction in the investment return assumption from 5.60% to 5.35% would have increased the March 31, 2024, liability for accrued basic pension obligations of $1,920,470 thousand by $55,807 thousand or 2.91%, and the impact of a 1% change would be approximately four times the amount. Changes to assumptions included in the actuarial valuation are interrelated, and the cumulative impact of changed assumptions may be offsetting.

WORKSAFEBC PENSION PLAN

Notes to the financial statements for the year ended March 31, 2024

($ thousands except as otherwise noted)

4. ACTUARIAL VALUATION OF THE BASIC ACCOUNT FOR ACCOUNTING PURPOSES (CONTINUED)

b) Inflation Adjustment Account, non-guaranteed pension obligations

No unfunded liability exists for the IAA since the obligation for future cost-of-living adjustments is limited to the amount of the available assets in the account. There is no minimum level of inflation adjustment required to be paid under the pension plan rules, nor is there any plan provision to fund the IAA to any minimum level of future potential inflation adjustments (note 5b). The accrued non-guaranteed pension obligations are therefore equal to the net assets available for benefits in the IAA, $392,255 thousand (2023: $391,731 thousand). The net increase of $524 thousand (2023: $39,457 thousand decrease) in the IAA balance consists of employee and employer contributions, investment income and net transfers reduced by payments out of the account. (See note 12 for details on amounts transferred.)

5. ACTUARIAL VALUATION OF THE BASIC ACCOUNT FOR FUNDING PURPOSES

a) Basic Account

The Basic Account is the account from which the defined basic benefits of the Plan are paid. In accordance with PBSA, an actuarial valuation of the Plan's assets and pension obligations is performed at least every three years by an independent actuary. Its primary objective is to assess the financial position and adequacy of funding for the Basic Account of the Plan. For this purpose, the Plan's actuary values both accrued assets and accrued pension obligations to the financial statement date. The actuary assesses the adequacy of the current funding using the projected benefit method pro-rated on service.

The Basic Account is also the account from which any cost-of-living adjustments granted to retired members are paid. Future cost-of-living adjustments are not guaranteed within the Plan provisions and are granted to retired members only to the extent that sufficient assets are available from the IAA to fund those benefits (note 5b). As cost-of-living adjustments are granted, the Basic Account receives from the IAA the present value funding necessary for the cost-of-living adjustments granted. Therefore, accrued basic pension obligations for valuation purposes include the liability for all cost-of-living adjustments granted to the date of the valuation, but not for as-yet-unknown future cost-of-living adjustments.

Under PBSA, a solvency valuation is required as part of the full actuarial valuation. As at December 31, 2021, the Plan solvency valuation, as calculated by the actuary and based on the market value of assets, resulted in a solvency surplus of $326,396 thousand.

Actuarial valuation

As at December 31, 2021, the actuarial valuation for funding purposes on a going-concern basis indicated an actuarial surplus of $529,416 thousand.

An estimate of the actuarial position of the Plan for funding purposes has been made to March 31, 2024, using the following long-term actuarial assumptions:

- Annual investment return 5.60%
- Explicit provision for adverse deviation 8.80%
- Annual salary escalation rate 3.25%

WORKSAFEBC PENSION PLAN

Notes to the financial statements for the year ended March 31, 2024

($ thousands except as otherwise noted)

5. ACTUARIAL VALUATION OF THE BASIC ACCOUNT FOR FUNDING PURPOSES (CONTINUED)

a) Basic Account (continued)

This estimate, called an extrapolation, produced an estimated funding surplus of $625,836 thousand at March 31, 2024 (2023: $603,792 thousand) as follows:

Funding extrapolation	2024	2023
Net assets available for basic pension benefits	$ 2,521,752	$ 2,359,636
Actuarial asset value adjustment	3,438	33,373
Smoothed assets for basic pension benefits	2,525,190	2,393,009
Actuarial liability for accrued basic pension benefits	(1,899,354)	(1,789,217)
Actuarial surplus	**$ 625,836**	**$ 603,792**

Changes in the extrapolated actuarial surplus	2024	2023
Actuarial surplus, beginning of year	$ 603,792	$ 593,450
Change in liability for accrued basic pension benefits	(110,137)	(139,607)
Change in smoothed assets for basic pension benefits	132,181	149,949
Actuarial surplus, end of year	**$ 625,836**	**$ 603,792**

Extrapolations may not be reliable indicators of the next valuation results, nor do they necessarily reflect the overall trend of results. Between valuations, various factors, including actual wage increases, investment earnings and the incidence of retirements and withdrawals, may vary significantly from the long-term assumptions used in the extrapolation.

Measurement difference between funding and accounting positions

The primary components of the measurement differences between the extrapolated actuarial surplus and the financial statement accounting surplus are as follows:

Measurement difference between funding and accounting positions	2024	2023
Actuarial funding surplus	$ 625,836	$ 603,792
Actuarial asset value adjustment	(3,438)	(33,373)
Difference in CRA maximums	(21,116)	(20,789)
Measurement difference between funding and accounting positions	(24,554)	(54,162)
Surplus for financial statement purposes	**$ 601,282**	**$ 549,630**

WORKSAFEBC PENSION PLAN

Notes to the financial statements for the year ended March 31, 2024

($ thousands except as otherwise noted)

5. ACTUARIAL VALUATION OF THE BASIC ACCOUNT FOR FUNDING PURPOSES (CONTINUED)

a) Basic Account (continued)

Actuarial asset value adjustment

To determine the actuarial funding surplus, the actuarial value of net assets available for benefits is determined on an adjusted value basis that smooths the difference between the actual investment return and the expected return based on a long-term real return rate over a five-year period.

The funding policy requires that the value of the assets be smoothed within a certain corridor such that the smoothed value is no more than 110% and no less than 90% of the market value of the assets. The smoothed value of the assets at March 31, 2024, was 100.1% of the market value of the assets (2023: 101.4%).

The following schedule indicates the year the components of the actuarial asset value adjustment will be recognized in the actuarial position on a funding basis. The amounts are based on that proportion of the total fund related to the Basic Account assets.

Actuarial asset value adjustment	2024	2023
2024	$ -	$ 2,161
2025	13,569	5,415
2026	(18,763)	(26,626)
2027	(6,348)	(14,323)
2028	8,104	-
Total adjustment	$ (3,438)	$ (33,373)

Difference in Canada Revenue Agency maximums

CRA sets maximum limits on the amount of pension plan income that can be paid to a pension recipient from the registered funds of a pension plan. Any portion of a pension that exceeds the CRA limits is called a supplemental benefit. The calculation of the accrued pension obligation liability for financial statement purposes recognizes supplemental benefits, but they are excluded in the calculation of the pension liability for funding purposes.

b) Inflation Adjustment Account

No unfunded liability exists for the IAA since the obligation for future cost-of-living adjustments is limited to the amount of the available assets in the account. As cost-of-living adjustments are granted to retired members, full funding for the granted cost-of-living adjustment, on a net present value basis, is transferred from the IAA to the Basic Account, from which the pensions are paid. There is no minimum level of cost-of-living adjustment required to be paid under the pension plan rules, nor is there any Plan provision to fund the IAA to any minimum level for future potential cost-of-living adjustments.

The Pension Committee monitors the performance of the IAA.

WORKSAFEBC PENSION PLAN

Notes to the financial statements for the year ended March 31, 2024

($ thousands except as otherwise noted)

6. FINANCIAL RISK MANAGEMENT

The WorkSafeBC Board of Directors approves the long-term asset mix policy for investment assets through its Statement of Investment Policies and Procedures (SIPP) and oversees the management of these assets through BCI, the investment management agent for the WorkSafeBC Board of Directors. The SIPP requires diversification of investments among asset classes, sets guidelines on investment categories and limits the exposure to individual investments and counterparties.

Significant risks are regularly monitored and managed by BCI, and actions are taken when appropriate, according to the Plan's SIPP. In addition, these risks are reviewed periodically with the WorkSafeBC Board of Directors. Such risks include liquidity risk, as well as other financial risks, which comprise currency risk, interest rate risk, other price risk and credit risk.

Financial risks are disclosed on a unit-of-account basis (note 6b), which represents the legal ownership of securities held, and at the underlying securities level (note 6c), which provides additional insight to other risks that may impact the financial instruments of the Plan. Both forms of disclosure provide valuable perspectives on financial risks that may directly or indirectly impact the financial statements and the funded status of the Plan. These two forms of risk disclosure are not additive to each other.

a) Liquidity risk

Liquidity risk is the risk of not being able to meet the Plan's cash requirements in a timely and cost-effective manner. Expenditures relate primarily to pensions, termination and refund benefits, and investment and administration costs. The Plan's approach to mitigating liquidity risk is to forecast its cash requirements over the near and long term to determine whether sufficient funds are available.

The Plan's primary source of liquidity is income generated from the Plan's investments, and employer and employee contributions. Investments are primarily held in pooled fund; the securities held are traded in active markets and can be readily sold; and the pooled fund units can thereby be redeemed to fund cash requirements. Accounts payable of $520 thousand (2023: $393 thousand) are generally due within one month. Derivatives payable of $4,249 thousand (2023: $16,476 thousand) are due within the next fiscal year.

b) Financial risks on a unit-of-account basis

Plan investments consist primarily of direct ownership in units of pooled investment portfolios. Each unit gives its holder a proportionate interest in the value of the net assets of the respective pooled investment fund. The unit-of-account for the majority of the Plan's investments is the units of the pooled investment funds.

Market risk

Market risk is the risk that the fair value of an investment will fluctuate as a result of changes in market conditions, whether those changes are caused by factors specific to the individual investment or factors affecting all securities traded in the market. Market risk consists of currency, interest rate and other price risk.

WORKSAFEBC PENSION PLAN

Notes to the financial statements for the year ended March 31, 2024

($ thousands except as otherwise noted)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

b) Financial risks on a unit-of-account basis (continued)

Currency risk

Currency risk is the risk that the value of financial instruments denominated in currencies other than the functional currency of the fund will fluctuate due to changes in foreign exchange rates. The Plan holds primarily Canadian dollar denominated investment pooled fund units and is exposed to currency risk through holdings of small amounts of foreign currency denominated investments. See note 6c for currency exposure related to underlying securities.

Foreign denominated investments held by the plan are $34,010 thousand United States (US), 1.2% of total investments (2023: $44,531 thousand US, 1.6% of total investments).

As at March 31, 2024, if the Canadian dollar strengthened or weakened by 10% in relation to all foreign currencies, with all other factors remaining constant, net assets available for benefits would have decreased or increased by approximately $3,388 thousand (2023: $4,448 thousand).

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of plan investments will change as a result of future fluctuations in market interest rates. The majority of the Plan's investment assets are non-interest bearing and not subject to interest rate risk. See note 6c for interest rate risk related to underlying securities.

Other price risk

Other price risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Plan's investments are subject to other price risk through its public equity investments and private market investments, including equity in real estate companies, held directly and through pooled investment portfolios. This risk is managed by diversifying investments across asset classes based on criteria established in the SIPP.

As at March 31, 2024, if the pooled investment fund unit prices increased or decreased by 10%, with all other factors remaining constant, net assets available for benefits would have increased or decreased by approximately $291,677 thousand (2023: $276,600 thousand).

In February 2022, events concerning Russia and Ukraine resulted in sanctions being levied against Russian interests by numerous countries. As a result of this ongoing situation, the price and liquidity of securities connected to Russia have declined significantly and were written down to zero. The duration and extent of the impact of this situation on the Plan's other investments remain unclear.

Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment it has entered into, resulting in a financial loss to the Plan. The majority of the Plan's investments are held in securities that are not subject to credit risk. See note 6c for credit risk related to underlying securities.

Credit exposure exists for contributions receivable $42 thousand (2023: $11 thousand), interest and dividends receivable $431 thousand (2023: $291 thousand), for the derivatives $2,379 thousand (2023: $2,086 thousand) and other $22 thousand (2023: $21 thousand).

WORKSAFEBC PENSION PLAN

Notes to the financial statements for the year ended March 31, 2024

($ thousands except as otherwise noted)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

c) Financial risks of underlying securities held through pooled investment funds

Pooled investment funds exist for different types of investments, such as short-term investments; bonds; Canadian, global and emerging markets equities; mortgages; real estate; private debt and equity; and infrastructure and renewable resources. Examining the risks of the underlying securities contained in pooled investment funds provides additional disclosure to assess the overall financial risks of the plan investments. Viewing the financial risks of underlying securities is an alternative way of disclosing financial risks from the unit-of-account basis in note 6b. These risks are not considered additive to the financial risks already disclosed in note 6b.

Market risks are reduced through asset class diversification, diversification within each asset class and credit quality requirements on investments.

Currency risk

Currency exposure arises from foreign currency denominated investments held directly and from underlying investments held indirectly in pooled investment funds. BCI has currency exposure management programs under which it enters into economic hedges of foreign currency exposure through the use of forward foreign currency contracts.

The Plan's total currency exposure, the impact of economic hedging activities and its net notional exposure, as at March 31, are as follows:

Fair value of foreign denominated investment holdings

(Cdn dollar equivalent)	Total exposure	Economic hedging	Net exposure	% of total
		2024		
United States	$ 1,366,863	$ 840,207	$ 526,656	52%
Other	123,042	-	123,042	12%
Asia-Pacific, excluding Japan	170,229	51,601	118,628	12%
Euro countries	185,309	92,306	93,003	9%
United Kingdom	153,011	74,274	78,737	8%
Other Europe	46,500	9,533	36,967	4%
Japan	26,560	-	26,560	3%
	$ 2,071,514	$ 1,067,921	$ 1,003,593	100%
		2023		
United States	$ 1,343,039	$ 755,854	$ 587,185	64%
Euro countries	223,582	73,910	149,672	16%
Asia-Pacific, excluding Japan	122,837	41,906	80,931	9%
Other	41,729	3	41,726	5%
United Kingdom	91,414	68,571	22,843	2%
Other Europe	24,495	8,255	16,240	2%
Japan	20,099	935	19,164	2%
	$ 1,867,195	$ 949,434	$ 917,761	100%

WORKSAFEBC PENSION PLAN

Notes to the financial statements for the year ended March 31, 2024

($ thousands except as otherwise noted)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

c) Financial risks of underlying securities held through pooled investment funds (continued)

The net foreign currency exposure of the Plan's underlying investments represents 34% (2023: 33%) of its total investments.

Interest rate risk

The Plan's pooled investment funds hold interest-bearing financial instruments in short-term investments, bonds, mortgages and private debt. The risk of adverse changes in interest rates is reduced within the underlying investment pools through management of duration in exposure to fixed income securities, the use of floating rate notes and interest rate swaps, and general diversification by security type and geographic region.

The terms to contractual maturity of interest-bearing financial instruments held directly and through pooled investment portfolios, as at March 31, are as follows:

Terms to maturity of interest-bearing financial instruments

	Within 1 year	1 to 5 years	6 to 10 years	Over 10 years	Total	Effective yield to maturity
2024						
Short-term	$ 73,287	$ 381	$ 1,361	$ -	$ 75,029	5.20%
Bonds[1]	23,304	224,490	230,679	194,755	673,228	4.62%
Mortgages[2]	17,952	105,296	1,063	1,162	125,473	7.37%
Debt[3]	-	196	43	-	239	4.80%
Private Debt[2]	13,026	69,068	21,117	1,507	104,718	10.69%
	$ 127,569	$ 399,431	$ 254,263	$ 197,424	$ 978,687	
2023						
Short-term	$ 83,340	$ -	$ -	$ -	$ 83,340	4.75%
Bonds[1]	16,280	187,635	191,743	214,086	609,744	4.38%
Mortgages[2]	30,899	79,381	295	-	110,575	6.77%
Debt[3]	-	85	89	-	174	4.80%
Private debt[2]	574	78,559	17,447	1,637	98,217	10.49%
	$ 131,093	$ 345,660	$ 209,574	$ 215,723	$ 902,050	

[1] Excludes bonds with no maturity date

[2] Effective yield to maturity includes both fixed and variable interest rates

[3] Grouped with real estate investment category

As at March 31, 2024, if the prevailing interest rates increased or decreased by 1%, assuming a parallel shift in the yield curve, with all other variables remaining constant, the fair value of interest-bearing financial instruments and net assets available for benefits would have decreased or increased by approximately $48,050 thousand (2023: $44,258 thousand).

WORKSAFEBC PENSION PLAN

Notes to the financial statements for the year ended March 31, 2024

($ thousands except as otherwise noted)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

c) Financial risks of underlying securities held through pooled investment funds (continued)

Other price risk

Other price risk associated with the underlying investments held in pooled investment funds is consistent with that described earlier in note 6b, which describes financial risks on a unit-of-account basis.

Credit risk

The Plan's underlying investment assets held in pooled investment funds attract credit risk. This is the risk that a loss may occur from the failure of another party to perform according to the terms of a contract. It is also the risk of losses when issuers and debtors are downgraded by credit rating agencies, usually leading to a fall in the market value of the debtors' obligations. Credit risk is managed by establishing specific investment criteria, such as minimum credit ratings for investees and counterparties, and maximum concentration limits with given counterparties.

Credit risk ratings on financial instruments (short-term investments, bonds, mortgages and debt) held directly and through pooled investment portfolios are as follows:

Credit rating of financial instruments

	AAA/AA	A	BBB	Non-investment grade	Unrated	Total
			2024			
Short-term	$ 29,878	$ 32,257	$ -	$ -	$ 12,894	$ 75,029
Bonds	399,427	113,558	55,899	93,177	26,432	688,493
Mortgages	-	-	-	-	125,473	125,473
Debt*	-	-	-	-	239	239
Private debt	544	20	-	13,095	217,659	231,318
	$ 429,849	$ 145,835	$ 55,899	$ 106,272	$ 382,697	$ 1,120,552
	38%	13%	5%	10%	34%	100%
			2023			
Short-term	$ 31,140	$ 37,574	$ -	$ -	$ 14,626	$ 83,340
Bonds	343,904	121,690	56,159	67,139	29,623	618,515
Mortgages	-	-	-	-	110,575	110,575
Debt*	-	-	-	-	174	174
Private debt	1,682	-	606	16,584	174,872	193,744
	$ 376,726	$ 159,264	$ 56,765	$ 83,723	$ 329,870	$ 1,006,348
	37%	16%	6%	8%	33%	100%

* Grouped with real estate investment category

The ratings used are defined by Standard & Poor's rating agency. Obligations rated AAA/AA have the highest rating assigned. The counterparty's capacity to meet its financial commitment on the obligation is very strong. Bonds rated A, BBB or non-investment grade are weaker. A BBB rating denotes an obligation with adequate protection parameters. A non-investment grade rating denotes major ongoing uncertainties or exposure to adverse business, financial or economic conditions that could lead to the debtor's inability to meet its financial commitment on the obligation.

WORKSAFEBC PENSION PLAN

Notes to the financial statements for the year ended March 31, 2024

($ thousands except as otherwise noted)

7. FAIR VALUE OF FINANCIAL INSTRUMENTS

a) Fair value hierarchy

Fair value measurements of the investment assets and liabilities are based on inputs from one or more levels of a fair value hierarchy. Each level is based on the transparency of the inputs used to measure the fair values of assets and liabilities. The three levels of the fair value hierarchy are as follows:

Level 1

Inputs that are unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2

Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly.

Level 3

Inputs that are not based on observable market data.

Plan investments are carried at fair value in the financial statements. The following table details the classification of the Plan's investments based on the fair value hierarchy as at March 31.

Fair value hierarchy	Level 1	Level 2	Level 3	Total
		2024		
Pooled investments	$ 64,996	$ 1,444,639	$ 1,407,136	$ 2,916,771
Directly held debt	-	-	239	239
Investments	**$ 64,996**	**$ 1,444,639**	**$ 1,407,375**	**$ 2,917,010**
Directly held derivatives	**$ -**	**$ (1,870)**	**$ -**	**$ (1,870)**
		2023		
Pooled investments	$ 83,401	$ 1,472,171	$ 1,210,916	$ 2,766,488
Directly held debt	-	-	174	174
Investments	**$ 83,401**	**$ 1,472,171**	**$ 1,211,090**	**$ 2,766,662**
Directly held derivatives	**$ -**	**$ (14,390)**	**$ -**	**$ (14,390)**

During 2024 and 2023, there were no significant transfers of investments between levels.

WORKSAFEBC PENSION PLAN

Notes to the financial statements for the year ended March 31, 2024

($ thousands except as otherwise noted)

7. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

a) Fair value hierarchy (continued)

The following table reconciles the Plan's level 3 fair value measurements.

Level 3 fair value hierarchy	Pooled investments	Direct debt	Total
		2024	
Balance, beginning of year	$ 1,210,916	$ 174	$ 1,211,090
Net gain included in investment income	48,224	12	48,236
Purchases	349,227	53	349,280
Sales	(201,231)	-	(201,231)
Balance, end of year	**$ 1,407,136**	**$ 239**	**$ 1,407,375**
Total unrealized gain included in investment income	$ 17,993	$ 12	$ 18,005
		2023	
Balance, beginning of year	$ 972,687	$ 198	$ 972,885
Net gain (loss) included in investment income	53,474	(24)	53,450
Purchases	390,660	-	390,660
Sales	(205,905)	-	(205,905)
Balance, end of year	**$ 1,210,916**	**$ 174**	**$ 1,211,090**
Total unrealized gain included in investment income	$ -	$ -	$ -

b) Valuation models

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

BCI uses widely recognized valuation methods for determining the fair value of common and less complex financial instruments such as investments in pooled funds, where fair value is based on the underlying net asset value of the respective pooled fund as determined by the underlying fund manager. Observable prices and model inputs are usually available in the market for listed equity and debt securities, simple derivatives such as forward or future currency contracts, and pooled funds.

The availability of observable market prices and model inputs reduces the need for management judgment and estimation, and reduces the uncertainty associated with the determination of fair values. The availability of observable market prices and inputs varies depending on the financial instrument and is subject to change based on specific events and general conditions in the financial markets.

WORKSAFEBC PENSION PLAN

Notes to the financial statements for the year ended March 31, 2024

($ thousands except as otherwise noted)

7. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

b) Valuation models (continued)

For more complex financial instruments, such as direct private debt investments held by the Plan, BCI uses proprietary valuation models, which are usually developed from recognized valuation models. Some or all of the significant inputs into these models may not be observable in the market and are derived from market prices or rates, or estimated based on assumptions. Valuation models that employ significant unobservable inputs require a higher degree of judgment and estimation in the determination of fair value. BCI's judgment and estimation are usually required to select the appropriate valuation model to be used, to determine future cash flows of the financial instrument being valued, to determine the probability of counterparty default and prepayments, and to select appropriate discount rates.

Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties, to the extent that BCI believes that a third-party market participant would take them into account in pricing a transaction. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Plan and the counterparties where appropriate.

c) Valuation framework

BCI has an established framework with respect to the measurement of fair values of financial instruments. Where possible, for direct private debt investments held by the Plan, external independent valuation specialists are engaged annually to assist in the determination of fair value. In those circumstances where BCI relies on the third-party manager for the determination of fair value, BCI reviews the appropriateness of such valuations using audited financial statements of the underlying investments, where available, and other information from the underlying third-party manager or other sources.

In addition, BCI applies the following specific controls in relation to the determination of fair values:

- Verification of observable pricing inputs
- Appraisal of domestic real estate properties once every 10 to 18 months by accredited independent appraisers
- Analysis and investigation of significant valuation movements
- Review of unobservable inputs and valuation adjustments

When third-party information such as broker quotes or pricing services is used to measure fair value, BCI assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations are appropriate. This includes:

- Verifying that the broker or pricing service is approved by BCI for use in pricing the relevant type of financial instrument
- Understanding how the fair value has been arrived at and the extent to which it represents actual market transactions
- Understanding how fair value has been determined using quotes when a number of quotes for the same financial instruments have been obtained
- Understanding how prices for similar financial instruments used to measure fair value have been adjusted to reflect the characteristics of the financial instrument subject to measurement

WORKSAFEBC PENSION PLAN

Notes to the financial statements for the year ended March 31, 2024

($ thousands except as otherwise noted)

7. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

d) Significant unobservable inputs used in measuring fair value

The following table sets out information about significant unobservable inputs used at year-end in measuring financial instruments categorized as level 3 in the fair value hierarchy.

Significant unobservable inputs used in measuring fair value

Description	Fair value	Valuation technique	Unobservable input	Amount / range	Sensitivity to change in significant unobservable input
			2024		
					The estimated fair value would increase if:
Pooled investments	**$ 1,407,136**	**Net asset value**	**Net asset value**	**$ 1,407,136**	**The net asset value increased**
Direct debt	**239**	**Discounted cash flows**	**Discount rate**	**4.8%**	**The discount rate decreased**
			2023		
					The estimated fair value would increase if:
Pooled investments	$ 1,210,916	Net asset value	Net asset value	$ 1,210,916	The net asset value increased
Direct debt	174	Discounted cash flows	Discount rate	4.8%	The discount rate decreased

Net asset value

Net asset value is determined by BCI based on the fair value of assets less liabilities. Such investments are closed funds with significant restrictions on redemptions. Accordingly, BCI is unable to dispose of the pooled fund investment until the maturity, or wind-up and liquidation, of the respective pooled fund. In such cases, it is the Plan’s policy to categorize the pooled fund investment as level 3 in the fair value hierarchy.

WORKSAFEBC PENSION PLAN

Notes to the financial statements for the year ended March 31, 2024

($ thousands except as otherwise noted)

7. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

d) Significant unobservable inputs used in measuring fair value (continued)

Discount rate

This represents the discount rate applied to the expected future cash flows of the direct debt investments. For the discount rates used, the underlying investment manager assesses both the risk premium and the appropriate risk-free rate based on the economic environment in which the investee entity operates. The discount rate is adjusted for such matters as liquidity differences, credit and market factors. The estimated future cash flows are then discounted using the discount rate determined. Cash flows used in the discounted cash flow model are based on projected cash flows or earnings of the respective investee entity.

e) Effects of unobservable input on fair value measurement

The use of different methodologies or assumptions could lead to different measurements of fair value. For fair value measurements in level 3, changing one or more of the assumptions used for a reasonable alternative assumption could have the following effects on net assets attributable to holders of redeemable units.

The pooled investments and direct debt investments were valued based on information received from BCI, the manager of the respective investments. The fair value of these investments fluctuates in response to changes to specific assumptions for these particular investments, as determined by BCI. The favourable and unfavourable effects of reasonable alternative assumptions for the valuation of pooled investments and direct debt investments have been calculated by adjusting the respective underlying net asset value by 10%.

Effects of unobservable input on level 3 fair value measurements

	2024		2023	
	Favourable	Unfavourable	Favourable	Unfavourable
Pooled investments	$ 140,714	$ (140,714)	$ 121,092	$ (121,092)
Direct debt	24	(24)	17	(17)
	$ 140,738	$ (140,738)	$ 121,109	$ (121,109)

WORKSAFEBC PENSION PLAN

Notes to the financial statements for the year ended March 31, 2024

($ thousands except as otherwise noted)

7. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

f) Financial instruments not measured at fair value

The carrying value of members' contributions receivable, employer contributions receivable, due from sale of investments, accounts payable, accrued expenses and payable for purchase of investments approximate their fair value given their short-term nature. These financial instruments are classified as level 2 in the fair value hierarchy because, while prices are available, there is no active market for these instruments.

8. INVESTMENT INCOME

			2024			2023
	Income allocation	Change in fair value	Total	Income allocation	Change in fair value	Total
Short-term	$ 4,113	$ 313	$ 4,426	$ 1,399	$ 2,631	$ 4,030
Bonds	29,127	(12,466)	16,661	22,675	(38,034)	(15,359)
Canadian equities	3,242	10,433	13,675	3,304	(7,575)	(4,271)
Global equities	12,782	86,727	99,509	9,949	(978)	8,971
Emerging markets equities	3,881	7,761	11,642	3,396	(1,678)	1,718
Mortgages	6,531	2,056	8,587	8,839	207	9,046
Real estate	8,754	(26,149)	(17,395)	12,368	17,515	29,883
Private debt and equity	28,489	17,132	45,621	38,107	(12,954)	25,153
IRR*	41,131	(18,322)	22,809	21,625	23,473	45,098
	138,050	67,485	205,535	121,662	(17,393)	104,269
Directly held derivatives	-	142	142	-	(31,654)	(31,654)
	$ 138,050	$ 67,627	$ 205,677	$ 121,662	$ (49,047)	$ 72,615

* Infrastructure and renewable resources

Investment income represents realized and unrealized pooled investment portfolio income attributable to the Plan as a unit holder, and income from directly held investments. Income allocation is composed of interest, dividends and other investment payments. Change in fair value is composed of realized gains and losses on the disposal of investments and derivatives, and unrealized gains and losses on investments and derivatives held at year-end. All income earned within a pooled investment portfolio is reinvested within the portfolio.

WORKSAFEBC PENSION PLAN

Notes to the financial statements for the year ended March 31, 2024

($ thousands except as otherwise noted)

9. CONTRIBUTIONS

	Basic account	Inflation adjustment account	Supplemental benefits account	Total
			2024	
Member contributions				
Regular	$ 21,479	$ 3,595	$ 14	$ 25,088
Past service purchases	293	49	-	342
	21,772	3,644	14	25,430
Employer contributions				
Regular	20,293	3,595	1,201	25,089
Past service purchases	313	52	-	365
	20,606	3,647	1,201	25,454
	$ 42,378	$ 7,291	$ 1,215	$ 50,884
			2023	
Member contributions				
Regular	$ 18,625	$ 3,130	$ 10	$ 21,765
Past service purchases	250	41	-	291
	18,875	3,171	10	22,056
Employer contributions				
Regular	17,491	3,120	1,154	21,765
Past service purchases	238	40	-	278
	17,729	3,160	1,154	22,043
	$ 36,604	$ 6,331	$ 1,164	$ 44,099

Member and employer contributions are as defined under the pension plan rules. Members' past service purchases are voluntary contributions.

WORKSAFEBC PENSION PLAN

Notes to the financial statements for the year ended March 31, 2024

($ thousands except as otherwise noted)

10. BENEFITS

	Basic account	Inflation adjustment account	Supplemental benefits account	Total
		2024		
Regular pension benefits	$ 65,910	$ -	$ 991	$ 66,901
Indexing – regular pension benefits	16,105	-	224	16,329
Termination and refund benefits	1,279	921	-	2,200
Death benefit payments	958	290	-	1,248
	$ 84,252	$ 1,211	$ 1,215	$ 86,678
		2023		
Regular pension benefits	$ 62,468	$ -	$ 984	$ 63,452
Indexing – regular pension benefits	12,072	-	159	12,231
Termination and refund benefits	1,421	1,182	21	2,624
Death benefit payments	1,021	1,010	-	2,031
	$ 76,982	$ 2,192	$ 1,164	$ 80,338

11. INVESTMENT AND ADMINISTRATION COSTS

	2024	2023
Investment management	$ 5,818	$ 4,881
Benefit administration	1,549	1,409
Actuarial	55	220
Pension workshops for members	41	-
Audit	32	31
Board remuneration and expenses	6	6
	$ 7,501	$ 6,547

Investment management costs represent amounts charged to recover internal and external management costs incurred by BCI, except those external management fees related to investments managed by an underlying external manager, where management fees are embedded in the net assets of the respective investment. Underlying external investment fees of $4,412 thousand (2023: $4,562 thousand) were netted against investment income.

Benefit administration costs represent amounts charged to recover benefit administration costs incurred by Pension Corporation. These costs are approved by WorkSafeBC.

Separate from the Plan, WorkSafeBC pays directly for extended health care premiums for retired members and their dependants. For the year ended March 31, 2024, this amounted to $3,042 thousand (2023: $2,835 thousand).

WORKSAFEBC PENSION PLAN

Notes to the financial statements for the year ended March 31, 2024

($ thousands except as otherwise noted)

12. ACCOUNT TRANSFERS

	2024		2023	
	Basic account	Inflation adjustment account	Basic account	Inflation adjustment account
Indexing supplements	$ 32,991	$ (32,991)	$ 54,136	$ (54,136)
Indexing of deferred pensions	1,297	(1,297)	571	(571)
	$ 34,288	$ (34,288)	$ 54,707	$ (54,707)

The IAA is a separate account maintained for funding current and future cost-of-living adjustments. The IAA is funded through a portion of ongoing employer and member contributions, and investment income earned.

Cost-of-living adjusted pension payments are made from the Basic Account. Each year, if members' pension payments are adjusted for the current cost-of-living adjustment, monies are transferred from the IAA to the Basic Account to cover the present value of all future payments arising from the current cost-of-living adjustment. As at January 1, 2024, retired members received a cost-of-living adjustment of 3.8% (2023: 6.9%).

When a deferred pension commences, the present value of the cost-of-living adjustments during the deferral period is transferred from the IAA to the Basic Account. Approximately $10,077 thousand (2023: $8,563 thousand) of the current IAA balance is for cost-of-living adjustments already granted for deferred pensions but not yet transferred to the Basic Account.

13. SUPPLEMENTAL BENEFITS ACCOUNT

The Supplemental Benefits Account (SBA) funds certain pension benefits that exceed the *Income Tax Act* limits for registered pension plans. The SBA is funded from current contributions that would otherwise be basic employer and employee contributions.

14. COMMITMENTS

The Plan participates in private equity, international real estate, mortgages, and infrastructure and renewable resource pools. As at March 31, 2024, the Plan's share of commitments for future investment contracts in these pools over the next several years is approximately $485,027 thousand (2023: $507,060 thousand).

WORKSAFEBC PENSION PLAN

Notes to the financial statements for the year ended March 31, 2024

($ thousands except as otherwise noted)

15. CAPITAL DISCLOSURES

Capital is defined as the funded status (surplus or deficit) of the Plan as determined by the actuary. The Plan's objective for managing capital is to ensure that the assets of the Plan are invested prudently and effectively, and with contributions adequate to meet the obligations of the Plan. Management of the Plan's funded status is achieved by adjusting member and employer contribution rates through implementation of the SIPP, which affects the earnings of the Plan, and, in the case of the IAA, by changing the benefits paid. The investment performance of the plan assets is regularly reviewed by the Pension Committee and compared to relevant industry benchmarks. Benefit entitlement is based on the pension plan rules. Funding deficits must be funded over a period not to exceed 15 years. The Plan is also subject to solvency funding requirements. A solvency deficiency must be funded over a period not to exceed five years.

An actuarial valuation must be prepared at least once every three years. The latest actuarial valuation for funding purposes was prepared as at December 31, 2021, and has two components: the Basic Account non-indexed benefits and, by considering the valuation of the entire Plan, the non-guaranteed IAA.

16. PRIOR YEAR COMPARATIVES

The prior year comparatives have been reclassified to conform to the current year presentation.

worksafe.pensionsbc.ca

This publication is produced by BC Pension Corporation on behalf of the WorkSafeBC Pension Plan.

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