Bell

Bell Canada Pension Plan

2022 Pension Information Committee Report

Based on results as at December 31, 2021

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Introduction

This report provides information on the Bell Canada Pension Plan (the "Plan"), which includes a Defined Benefit (DB) arrangement and a Defined Contribution (DC) arrangement. Since 2005, new employees are covered by the DC arrangement.

It has been prepared for employees, retirees, and other beneficiaries of the following participating companies (the "Company"):

- Bell Canada ("Bell")
- Expertech Network Installation Inc. ("Expertech")
- Bell Mobility Inc. ("Mobility")
- Bell TV
- Bell Media ("Media")
- BCE Canco Inc. ("Canco")
- Quantrics Enterprises Inc. ("Quantrics")
- Bell MTS Inc. ("Bell MTS")
- Groupe Maskatel LP ("Maskatel")

DB arrangement

Participating companies contribute to the Plan the amount needed to ensure that the benefits will be paid as well as assume responsibility for investing the funds; employees do not contribute to the DB arrangement. At retirement, employees receive a lifetime pension based on a predetermined pension formula that takes into account the employee's retirement age, years of pensionable service and pensionable earnings.

DC arrangement

Participating companies contribute to each employee's personal pension account, and employees also have an opportunity to contribute to their account and save for their retirement. Employees are responsible for their investment decisions. The balance of the DC account will vary over time based on contributions and investment gains/losses. Members leaving the Company can remain in the Plan by joining the Bell Retirement Income Option when they become eligible, or transfer the amount accumulated in their DC account to another prescribed retirement income or savings vehicle.

This report is based on official Plan reports which were approved by the Board, filed with government authorities and presented to the Pension Information Committee (PIC) by the Bell Pension Department.

All Plan members have electronic access to this report or may receive a paper copy. For more information on the Plan, contact the Benefits Administrator.

Plan Membership

Membership

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Membership

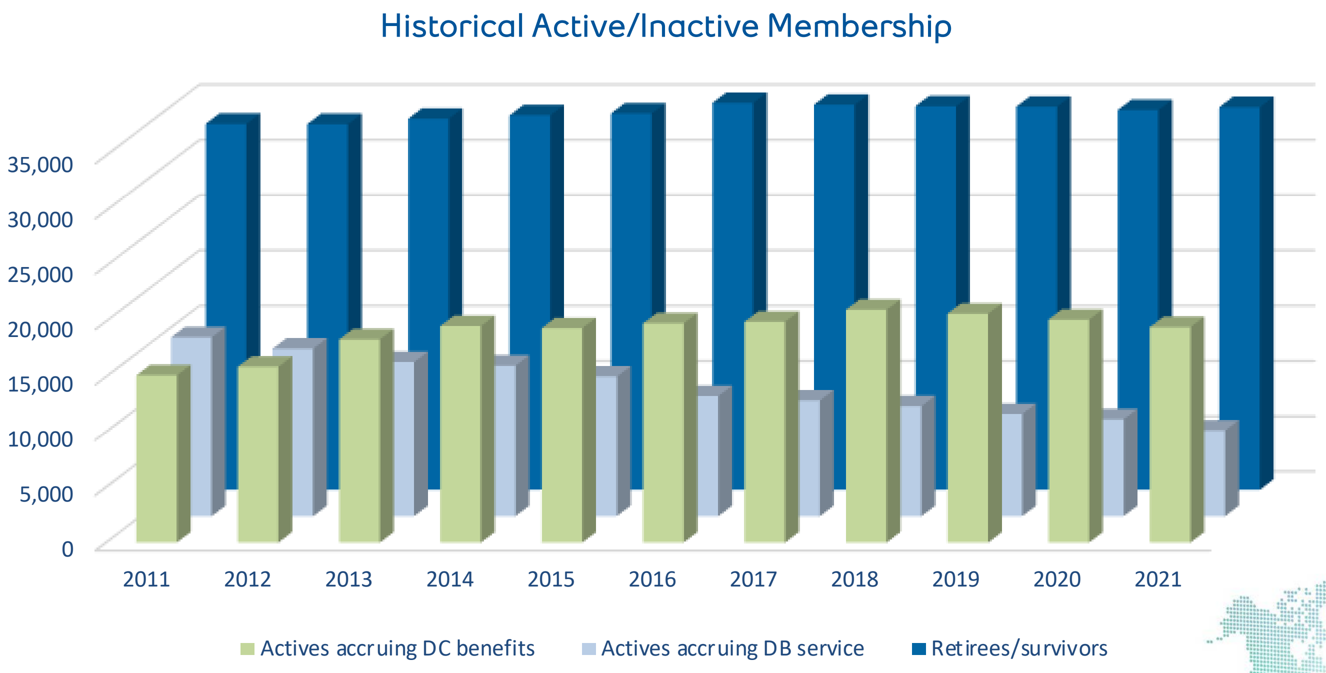
Of the 73,203 Plan members as of December 31, 2021, a total of 27,245 were active members under the DB arrangement and/or the DC arrangement. Of the DB inactive members, 31,130 were retired members, 3,489 were receiving a survivor pension, 5,476 were terminated employees entitled to a deferred pension and 416 were members transferred out of the Plan for future benefit accrual with past service entitlements remaining in the Plan. Of the DC inactive members, 75 were former employees with DC entitlements having opted to receive variable benefits from the Plan and 5,372 were former employees with DC entitlements not yet transferred out of the Plan.

	December 31, 2021							December 31, 2020
	BELL	EXPERTECH	MOBILITY	BELL TV	MEDIA	CANCO/ QUANTRICS/ BELL MTS/ MASKATEL	TOTAL	TOTAL
Active Members								
Members accruing DB service								
- Number	6,600	391	738	12	19	1	7,761	8,780
- Average age	54.3	54.0	51.5	53.5	51.6	-	54.0	53.7
Members accruing DC benefits (with or without past DB service)								
- Number	10,456	515	2,308	143	5,874	188	19,484 [1]	20,157
- Average age	42.4	40.2	40.1	45.0	42.5	39.4	42.1	41.9
Inactive Members								
DB retirees								
- Number	29,550	1,095	476	7	2	-	31,130	30,953
- Average age	73.3	68.2	68.0	65.4	64.4	-	73.1	72.7
DB survivors								
- Number	3,394	75	20	-	-	-	3,489	3,401
- Average age	80.0	68.1	77.4	-	-	-	79.7	79.3
DB members entitled to a deferred pension								
- Number	4,303	126	1,019	25	3	-	5,476	5,645
- Average age	55.2	50.3	50.0	50.7	48.9	-	54.1	53.3
DB members transferred out of the Plan (with past entitlements remaining in the Plan)								
- Number	348	-	68	-	-	-	416	484
- Average age	53.8	-	49.5	-	-	-	53.1	52.4
Former employees receiving DC variable benefits from the Plan	36	-	10	-	29	-	75	37
Former employees with DC entitlements not yet transferred out of the Plan	3,064	52	1,008	276	950	22	5,372	4,407
All Members								
Total membership	**57,751**	**2,254**	**5,647**	**463**	**6,877**	**211**	**73,203**	**73,864**

[1] 18,357 members are covered under the DC arrangement only

Evolution of membership

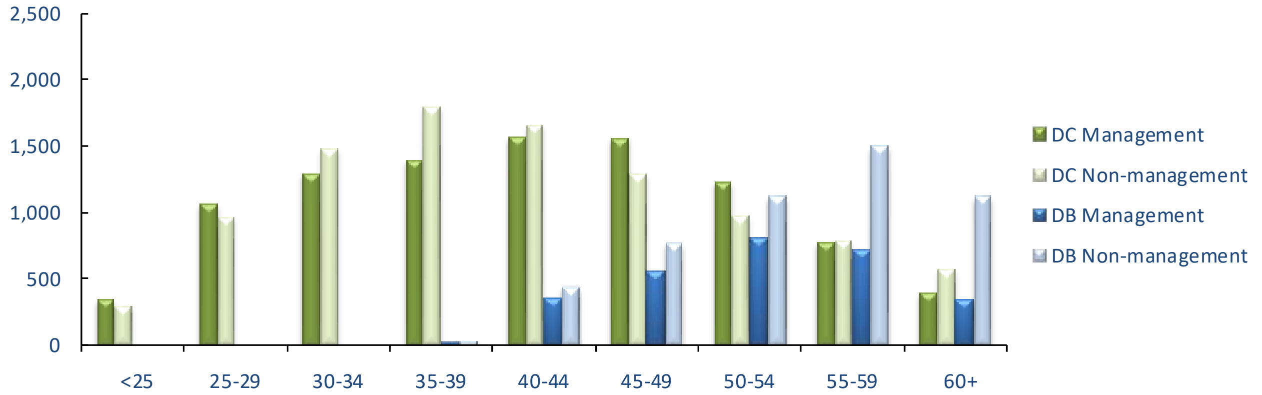
As of December 31, 2021, active members accounted for 37% of the total membership of 73,203, and retirees and survivor members receiving pensions made up 47%. The ratio of pensioners to active members was 1.27. The DC arrangement was introduced on January 1, 2005 and has since grown to cover 72% of active members.



Active members

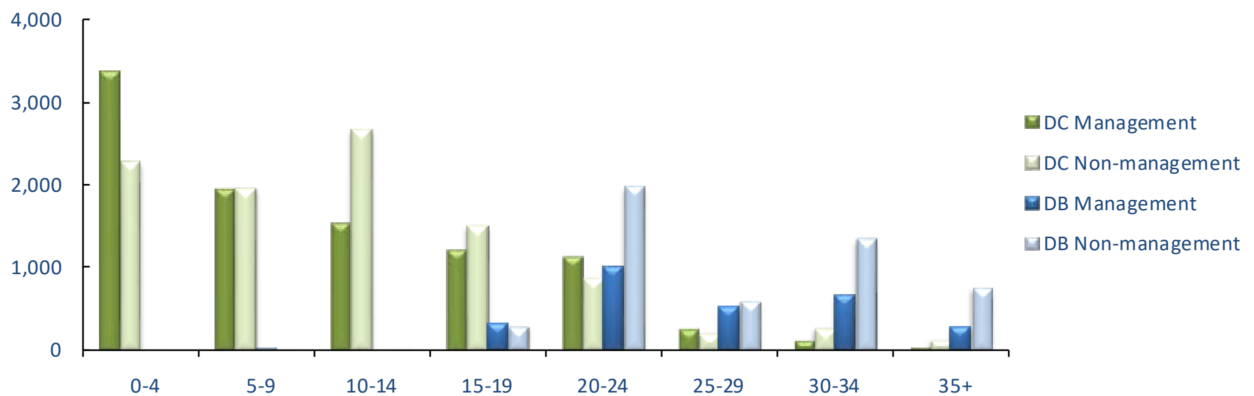
Age distribution

As of December 31, 2021, 20% of active members were under age 35 and 38% were age 50 and over. The average age of members was 45.5 years (54.0 years for members under the DB arrangement and 42.1 years for members under the DC arrangement).



Service distribution

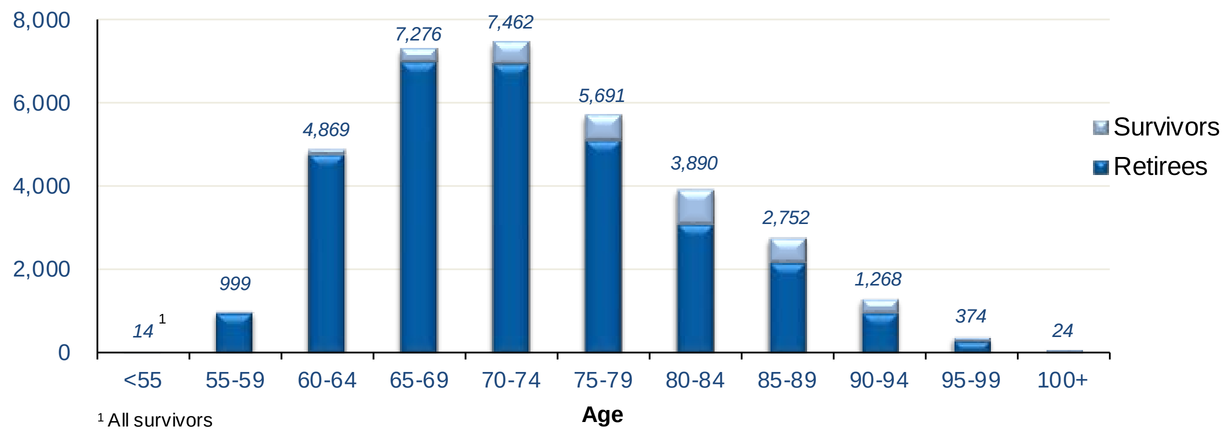
As of December 31, 2021, 35% of active members had less than 10 years of service, while 19% had 25 years or more of service. The average length of service was 15.9 years (27.9 years for members under the DB arrangement and 11.1 years for members under the DC arrangement).



Retirees and survivors – DB arrangement

Age distribution

As of December 31, 2021, the average age was 73.1 years for retirees and 79.7 years for survivors.



[1] All survivors

Retiree statistics as of December 31, 2021

	New 2021 retirees		All retirees	
	Female	**Male**	**Female**	**Male**
Average age of retirees	61	62	73	73
Average years of service	34	36	30	32
Age of oldest retiree	74	72	104	103
Total number of retirees	**317**	**691**	**15,379**	**15,751**

Financial review

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Defined Benefit (DB) Arrangement

DB actuarial valuation

In accordance with pension legislation, an actuary must calculate yearly the assets that are required to cover the value of accrued pensions and assess the amount of contributions needed to fund future benefits. There are two measures of a plan's financial situation: the going-concern valuation and the solvency valuation.

Going-concern valuation

The going-concern valuation assumes that the plan will continue to exist indefinitely. The actuary must make assumptions regarding future events to determine the present value of the accrued pensions (liabilities). These assumptions include:

- economic factors such as future interest rates, inflation rates and salary increases;
- decrement rates such as expected mortality, withdrawal and retirement experience; and
- margins against adverse deviation

The liabilities are compared to the fund's actuarial value of assets. In previous valuations, the actuarial value of assets was equal to the market value of assets, with additional smoothing over four years of fluctuations in public equity returns to minimize volatility. Recent de-risking strategies have had the effect of reducing the target public equity allocation to 15%, minimizing the impact of this asset smoothing. For that reason, asset smoothing is no longer used as of the December 31, 2021 valuation.

The going-concern financial situation is the difference between the actuarial value of assets and the going-concern liabilities.

Solvency valuation

The solvency valuation assumes that the plan stops operating as of the valuation date.

Solvency liabilities are calculated based on current economic and demographic parameters and assume a settlement of all benefits at the valuation date.

The solvency financial situation is the difference between the market value of assets and the solvency liabilities, providing a measure of benefit security if the plan would have been closed at the valuation date.

Financial position

An actuarial valuation report as of December 31, 2021 was filed with the government authorities. The report indicated the presence of an actuarial surplus of $4,225.6 million on the going-concern basis while the solvency test performed as of the same date showed a solvency surplus of $2,024.2 million.

(in $ millions)	December 31, 2021		December 31, 2020	
	Going-Concern	Solvency	Going-Concern	Solvency
Assets:				
Market value of assets	$18,635.6	$18,635.6	$18,492.6	$18,492.6
Smoothing adjustment	n/a	n/a	(425.3)	n/a
Provision for windup expenses	n/a	(16.0)	n/a	(16.0)
Total assets	$18,635.6	$18,619.6	$18,067.3	$18,476.6
Liabilities:				
Active members	$2,884.7	$3,682.7	$3,471.4	$4,594.0
Inactive members	11,525.3	12,912.7	12,038.1	13,282.8
Total liabilities	$14,410.0[1]	$16,595.4	$15,509.5[1]	$17,876.8
Surplus (Deficit)	**$4,225.6**	**$2,024.2**	**$2,557.8**	**$599.8**
Funded/Solvency Ratio	**129%**	**112%**	**116%**	**103%**

[1] Includes a margin against adverse deviation of approximately 1.7% of the liability as of December 31, 2021 and 3.0% as of December 31, 2020

Note: There is no direct correlation between these numbers, which conform with pension legislation, and those in the Company's financial statements, which are regulated by accounting standards for corporate reporting purposes. The Company's financial statements include all other pension plans within the BCE group of companies on a consolidated basis.

The Plan sponsor has demonstrated its commitment to the continued security of the members' pension payments

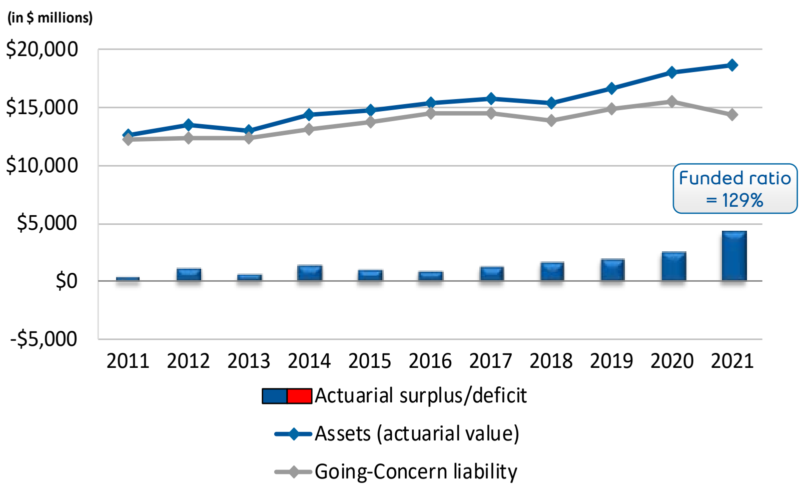
DB arrangement

Evolution of the Plan’s financial position

Going-concern basis

The going-concern valuation looks at the plan’s funded status on the basis that the plan will continue to operate indefinitely. The purpose of a going-concern valuation is to recommend the orderly funding of a plan to accumulate assets to provide for the plan’s benefits in advance of their actual payment.

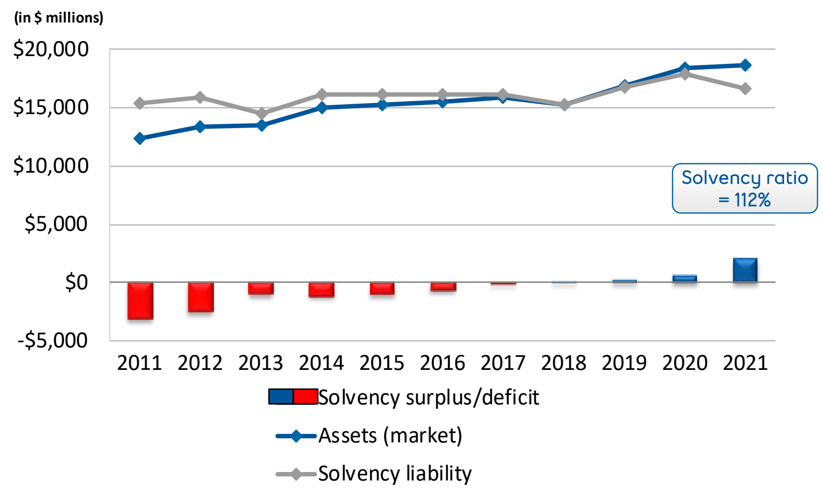
In the context of the long-term perspective of the Plan, the going-concern actuarial surplus has increased from $2,557.8 million as of December 31, 2020, to $4,225.6 million as of December 31, 2021.



Solvency basis

The solvency valuation assumes that the plan stops operating as of the valuation date. It is intended to test whether the plan has sufficient assets to pay all benefits that have been earned by members to that date.

In the context of the short-term measure of the Plan’s financial situation, the solvency test performed as of December 31, 2021 showed a solvency surplus of $2,024.2 million, compared to a solvency surplus of $599.8 million as of December 31, 2020.



Contributions

Employee contributions

Member contributions are not required or permitted under the DB arrangement.

Company contributions

The Company's annual contributions to the DB arrangement depend on the Plan's financial situation and are determined based on results of the actuarial valuation. They consist of:

- Current service cost – the expected increase in liability in the coming year due to an additional year of service for active employees
  AND
- Deficit funding – special contributions to eliminate any deficit over a legislated period of time. Pension legislation prescribes the minimum required contributions, while the Income Tax Act dictates the maximum allowed contributions

In 2021, the Company contributed a total of $98.3 million to the DB arrangement. In addition, no amortization payments were required and, as such, the balance of voluntary contributions made in advance by the Company, which can be used to reduce future deficit funding payments, remained unchanged at $82.4 million as at December 31, 2021.

The current service cost of the DB arrangement for 2022 is $84.2 million and given the Plan's financial situation as of December 31, 2021, no deficit amortization is required.

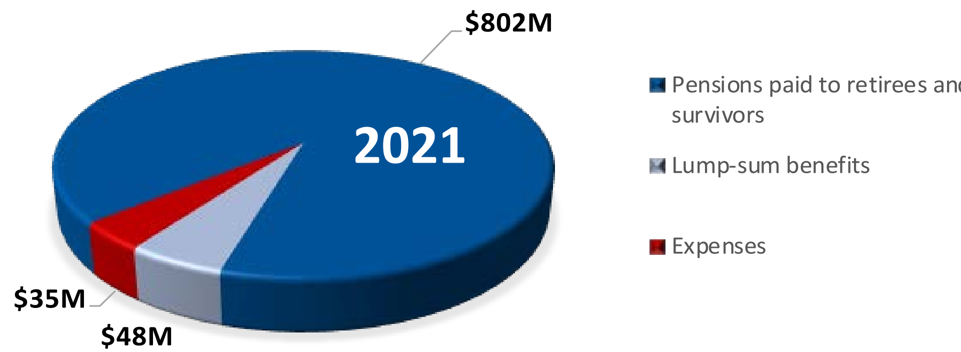
The Plan allows the Company to take a contribution holiday when there is a surplus, subject to pension legislation. In particular, pension legislation allows a contribution holiday if a plan has a going-concern surplus and a solvency ratio exceeding 105%. Consequently, the Company has started a contribution holiday in 2022, following the filing of the December 31, 2021 valuation report with pension authorities. Ongoing monitoring ensures that the contribution holiday does not reduce the Plan's solvency ratio below 105%.

The Company remits to the Plan all required contributions in accordance with federal pension legislation. In its capacity as Plan custodian and trustee, RBC Investor and Treasury Services monitors on a monthly basis that the contributions are made within the required timeframe.

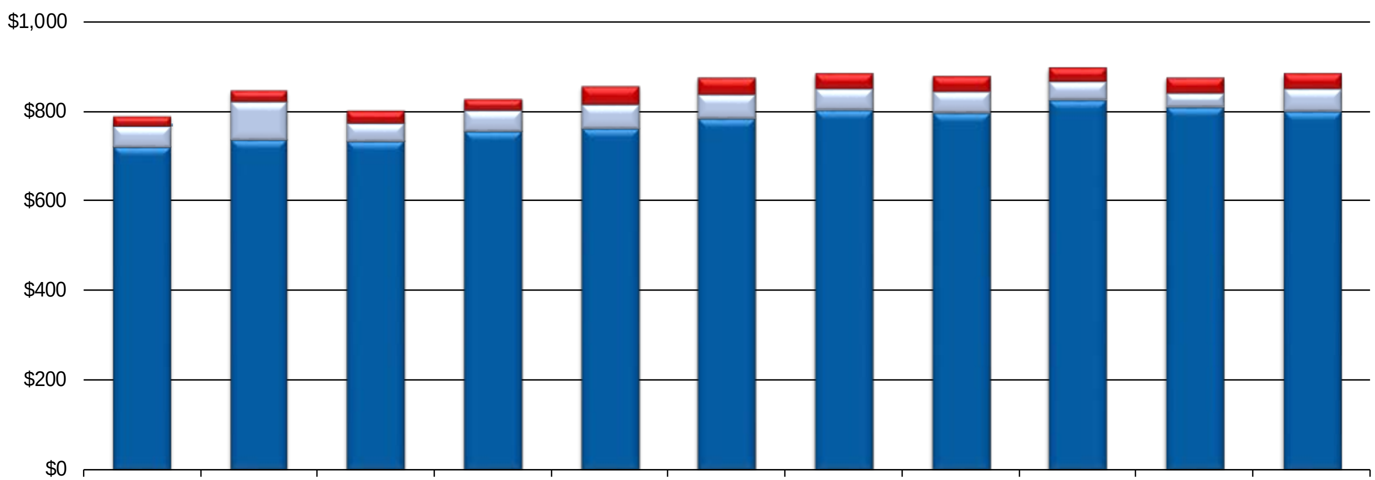
DB arrangement

Disbursements

In 2021, $885 million was paid out of the Plan in total disbursements, including $850 million of benefits and $35 million of allowable Plan expenses (investment management fees, service fees, trustee fees, audit fees, pension authority fees and longevity swap management fees).



(in $ millions)



	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses	22	25	26	26	42	37	34	33	33	34	35
Lump-sum benefits	46	84	42	46	52	53	46	47	38	31	48
Monthly pensions	722	739	735	756	764	784	805	799	827	810	802
Total	**$790**	**$848**	**$803**	**$828**	**$858**	**$874**	**$885**	**$879**	**$898**	**$875**	**$885**

DB arrangement

Cost of living adjustments

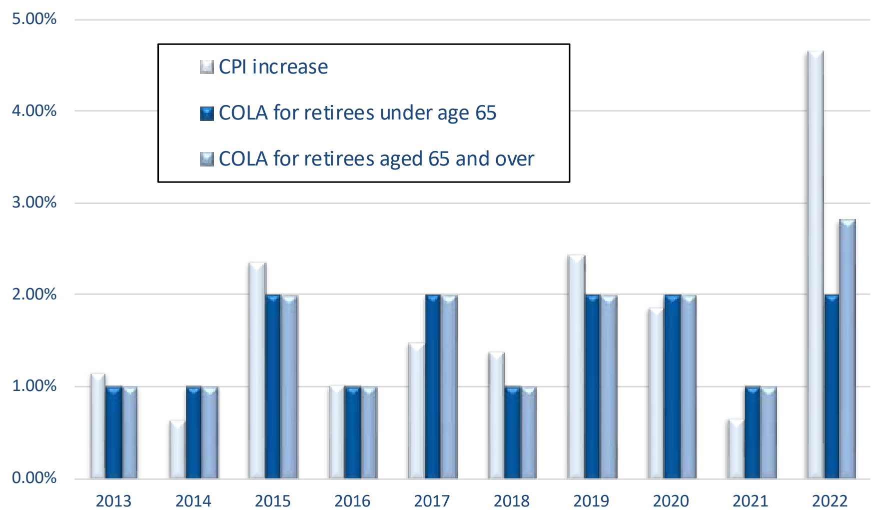
The Plan provides for pension indexing each January 1 to partially compensate for cost-of-living increases. This formula takes into account the retiree's age on January 1 and the increase in the Consumer Price Index (CPI) over a 12-month period running from November 1 of one year to October 31 of the next. Here's how it works:

- Under age 65 - The increase in the CPI (rounded to the nearest whole number), up to a maximum of 2%
- Age 65 and over - The greater of:
  - 100% of the increase in the CPI (rounded to the nearest whole number), up to a maximum of 2% and
  - 60% of the increase in the CPI (rounded to the nearest 2 decimal points), up to a maximum of 4%

In the year of retirement, the applicable indexation rate is prorated based on the number of months since the retirement date.

Over the 12-month period ending in October 2021, the CPI increased by 4.7%. Therefore, the January 2022 adjustment was 2% for retirees under age 65 and 2.82% for retirees aged 65 and over.

Cost of living adjustments over the last 10 years



* Plan liabilities in this report reflect the impact of the 2017 class action lawsuit

As at January 1, 2022, the compounded cost-of-living adjustments for pensioners over the last 10 years have totalled 17% (average of 1.6% per year), representing 86% of inflation.

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Investments

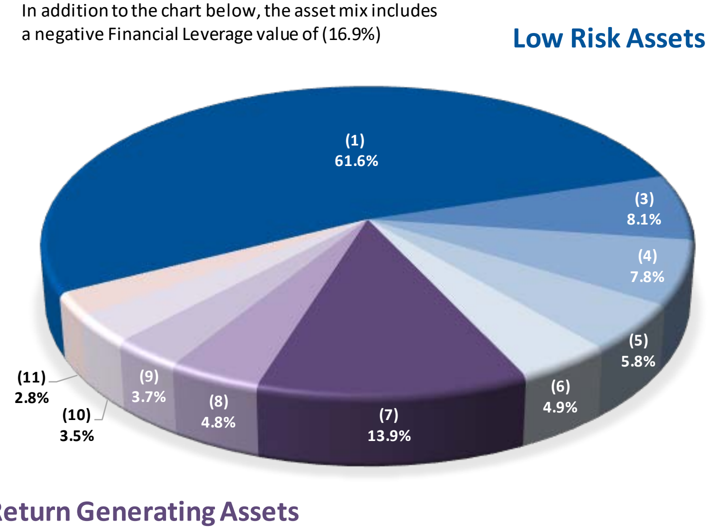
Investment policy and guidelines

The Plan’s assets are invested according to an investment policy established by the Risk and Pension Fund Committee (“RPFC”), which is a standing committee of the Board of Directors.

The policy provides for an investment approach that balances financial risk and return. The investment policy includes guidelines that define the acceptable level of risk by establishing the minimum and maximum percentages of assets that may be invested in each of the various asset classes. The guidelines also set out specific investment conditions for each of the asset classes. At its discretion, the fund’s investment manager, Bimcor, determines the asset selection within these guidelines.

The minimum and maximum limits as well as the actual investment levels as of December 31, 2021, are:

In addition to the chart below, the asset mix includes a negative Financial Leverage value of (16.9%)



	Min	Actual allocation	Max	Long-term Target Asset Allocation
Low Risk Assets	**60%**	**71.3%**	**80%**	**70%**
(1) Nominal Bonds	45%	61.6%	n/a	65%
(2) Financial Leverage	(25%)	(16.9%)	(15%)	(20%)
(3) Infrastructure Equity	-	8.1%	12.5%	10%
(4) Real Return Bonds	-	7.8%	15%	7.5%
(5) Cash and Money Market	(5%)	5.8%	10%	-
(6) Real Estate	-	4.9%	10%	7.5%
Return Generating Assets	**20%**	**28.7%**	**40%**	**30%**
(7) Non-Canadian Equities	-	13.9%	30%	12%
(8) Hedge Funds	-	4.8%	10%	5%
(9) Private Equity	-	3.7%	10%	5%
(10) Canadian Equities	-	3.5%	12%	3%
(11) High Yield Credit	-	2.8%	10%	5%

The Plan’s assets are invested in different asset classes, ensuring a broad diversification and a reduction in risk. The pension fund posted a one-year return of 5.2% in 2021 and an average annual rate of return of 7.9% for the 10-year period ending on December 31, 2021, net of investment expenses.

As of December 31, 2021, holdings in equity and fixed income securities of BCE represented 0.9% of the pension fund's investments.

Investments (cont'd)

Pension plan risk management

The Plan adopted a Financial Risk Management framework in 2009 to reduce risk and volatility while maintaining or improving the funded status of the Plan.

This framework "de-risks" the Plan in a disciplined and systematic manner by dividing the fund into 2 components:

- The Low Risk Assets (LRA), where the objective is to generate a return that mimics the change in the liability
- The Return Generating Assets (RGA), where the objective is to generate returns exceeding the liability while assuming an acceptable level of risk

Subject to the RPFC's approval, assets are moved gradually from the RGA to the LRA as the Plan matures.

At the end of 2017, the "de-risking" strategy was enhanced by targeting a fixed income overlay of 20% of the Plan assets over the target 70% LRA / 30% RGA asset allocation. The objective of this strategy, commonly used by large pension plans and approved by the RPFC, is to reduce the volatility of the solvency ratio due to interest rate movements by increasing exposure to LRA assets using leverage.

About the investment manager

Bimcor is a wholly-owned subsidiary of Bell Canada and oversees management of the pension assets on behalf of the pension funds of Bell Canada and its various subsidiaries and affiliates.

Bimcor manages pooled fund products in equities and fixed income securities. Bimcor selects and directs external firms, both domestically and abroad, to manage specialty mandates on behalf of Bell's pension funds.

Defined Contribution (DC) arrangement

Financial position

The concept of a surplus or deficit does not exist for the DC arrangement. Under a DC arrangement, the members' accounts vary over time through contributions and investment gains/losses.

The change in the market value of assets of the DC arrangement over the last two years can be summarized as follows:

(in $ millions)	2021	2020
Market value of assets as at January 1	**$1,814.8**	**$1,544.8**
Contributions		
Employer contributions	93.8	95.2
Member contributions	51.8	51.5
Investment returns		
Net investment income	200.1	56.9
Increase in value of investments	90.0	136.6
Other		
Variable benefit payments	(0.2)	(0.1)
Lump sum withdrawals	(134.9)	(55.5)
Net transfers from/to other pension plans	0.9	(13.4)
Non-investment expenses	(1.0)	(1.2)
Market value of assets as at December 31	**$2,115.3**	**$1,814.8**

As of December 31, 2021, members' account balances totalled $2,097.2 million ($2,115.3 million less $4.3 million of outstanding payments for terminated employees, $13.6 million of outstanding transfers from the DB arrangement and $0.2 million of employer contributions not yet invested as of December 31, 2021).

Contributions

Employee contributions

All regular and temporary employees join the DC arrangement after three months of service. The default contribution rate is 0%. However, for employees not contributing at least 2%, voluntary contributions are automatically set to 2% after 2 years of service, unless otherwise specified by the employee. Employees can change their contribution rate or stop contributing at any time during their employment. The maximum voluntary employee contribution to the Plan is 12% of pensionable earnings.

As of December 31, 2021, employee contribution rates were as follows:

	Contribution rate				
Employee voluntary	**0%**	**1%**	**2%**	**3% - 12%** [1]	**Total**
Employer	**4%**	**5%**	**6%**	**6%**	
# of active DC members [2]	1,697	141	9,500	7,710	**19,048**
%	9%	1%	50%	40%	**100%**
- average pensionable earnings [3]	*$68,000*	*$79,000*	*$91,000*	*$92,000*	***$89,000***
- average age	*39.9*	*37.0*	*40.8*	*44.8*	***42.3***
- average continuous service	*8.8*	*8.5*	*10.3*	*13.3*	***11.4***

(1) average of 5.6%
(2) excluding 436 members in the 3-month waiting period
(3) including bonus at target

As of December 31, 2021, 90% of members are voluntarily contributing at least 2%, maximizing the Company's contribution of 6%. In 2021, members contributed $51.8 million to the DC arrangement.

Company contributions

The Company contributes an automatic 4% of pensionable earnings in all active members' accounts. If the employee contributes voluntarily, the Company will match at 100% the employee voluntary contributions up to a maximum of 2%, maximizing the Company contribution at 6%. In 2021, the Company contributed a total of $93.8 million to the DC arrangement.

The estimated current service cost of the DC arrangement for 2022 is $100.5 million. The Plan allows the Company to use surplus in lieu of Company contributions to members' accounts, subject to pension legislation. Consequently, the Company has started a contribution holiday in 2022, following the filing of the December 31, 2021 valuation report with pension authorities. Ongoing monitoring ensures that the contribution holiday does not reduce the Plan's solvency ratio below 105%.

The Company remits to the Plan all employee and Company contributions in accordance with federal pension legislation. In its capacity as Plan custodian and trustee, RBC Investor and Treasury Services monitors on a monthly basis that the contributions are made within the required timeframe.

Investments

Investment options

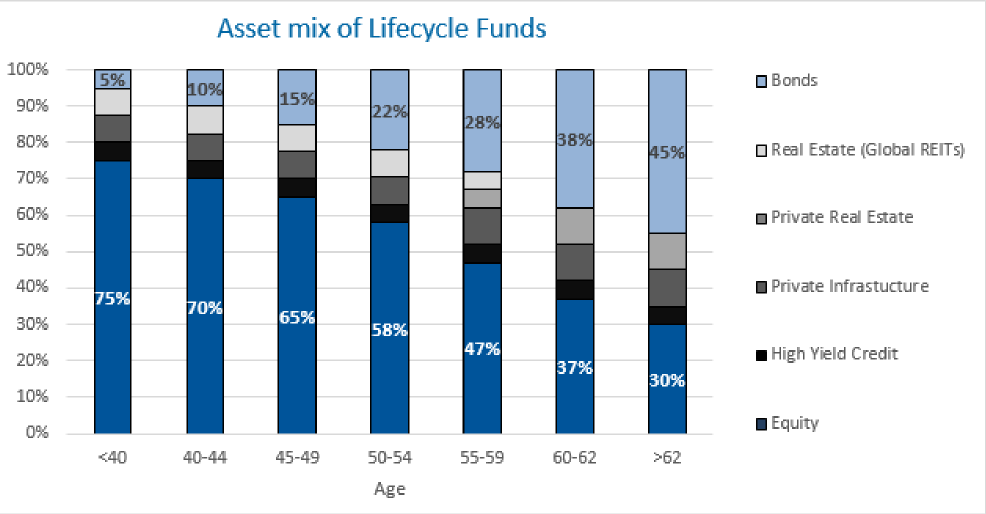
Members’ DC accounts are invested in accordance with their choices from among the investment options approved by the RPFC. Members have the choice between two investments approaches:

- **Lifecycle Option: a simple, automatic investment solution approach**
  The Lifecycle Option is a set of 7 multi-asset class investment funds with various levels of risk. As members get older and their expected retirement date approaches, their accumulated assets under the Lifecycle Option are automatically transferred into more conservative funds. The Lifecycle Option is a sophisticated investment option that should meet the needs of most members who lack the experience or knowledge to manage their investments, or who don't want to actively monitor their investments.
- **À la carte investment options: a customized approach**
  This flexible approach allows members to choose from among the 14 available à la carte investment options and decide on their own fund allocation based on their personal objectives and investment risk tolerance. Generally, the customized approach is best suited for members who have investment knowledge and experience.

If a member does not indicate an investment choice upon joining the DC arrangement, all new contributions are automatically invested in the default option, which is the Lifecycle fund corresponding to the member’s age, until the member provides instructions.

DC members have access to fact sheets for each fund, providing current information on the investment options. These fact sheets are updated quarterly and include information on:

- Fund objective
- Strategy and style
- Annual historical return
- Top 10 holdings
- Comparative benchmark



Investments (cont'd)

Asset allocation & rates of return as of June 30, 2022

(in $ millions)

Investment Option	Investment as of June 30, 2022		Net Fund Returns for the 1-year period ending June 30, 2022		Net Fund Returns for the 4-year period ending June 30, 2022	
	$	%	Fund	Benchmark[1]	Fund	Benchmark[1]
Lifecycle						
Aggressive Growth Fund (<40)	313.7	16.5%	-4.3%	-6.2%	7.4%	6.1%
Growth Fund (40-44)	328.8	17.2%	-4.4%	-6.2%	7.3%	5.8%
Moderate Growth Fund (45-49)	300.2	15.7%	-5.1%	-6.7%	7.0%	5.5%
Balanced Fund (50-54)	307.9	16.1%	-4.4%	-6.0%	6.9%	5.4%
Moderate Conservative Fund (55-59)	191.7	10.0%	-1.7%	-3.9%	6.8%	5.3%
Conservative Fund (60-62)	72.4	3.8%	-0.3%	-3.1%	6.7%	5.0%
Income Fund (>63)	76.4	4.0%	-0.7%	-3.5%	5.9%	4.2%
	$1,591.1	83.3%				
À la carte (Active)						
Money Market Fund	20.7	1.1%	-0.7%	0.4%	0.8%	0.9%
Bond Fund	19.4	1.0%	-11.1%	-11.4%	0.7%	0.0%
Canadian Equity Fund	38.2	2.0%	-1.4%	-3.9%	8.6%	6.9%
U.S. Equity Fund	63.0	3.3%	-7.5%	-6.9%	10.5%	10.0%
Global Equity Pooled Fund	41.3	2.2%	-11.9%	-12.2%	6.3%	5.6%
Global Dividend Equity Fund	27.6	1.5%	0.3%	-0.1%	5.7%	5.2%
Emerging Markets Equity Fund	0.7	0.0%	N/A	N/A	N/A	N/A
Low Carbon Global Equity Fund	1.0	0.1%	N/A	N/A	N/A	N/A
	$211.9	11.2%				
À la carte (Passive TDAM)						
Canadian Bond Index Fund	16.6	0.9%	-11.4%	-11.4%	-0.1%	0.0%
Canadian Equity Index Fund	29.3	1.5%	-3.8%	-3.9%	7.0%	6.9%
U.S. Equity Index Fund	58.8	3.1%	-6.9%	-6.9%	10.0%	10.0%
	$104.7	5.5%				
Total	**$1,907.7**	**100.0%**				

[1] A benchmark represents the size-weighted market for a particular asset class. For example, for the Canadian equities, the S&P/TSX Composite index is considered a representative benchmark index. Therefore, a manager's active investment decisions can be judged relative to the benchmark. Passively managed funds attempt to mirror the performance of its benchmark.

4-year average annualized return as of June 30, 2022 (net of fees)

Members invested in:

- Lifecycle Option 7.1%
- À la carte options 6.4%

Investments (cont'd)

About the investment managers

Bimcor

Bimcor is a wholly-owned subsidiary of Bell Canada and oversees management of the pension assets on behalf of the pension funds of Bell Canada and its various subsidiaries and affiliates.

Bimcor manages pooled fund products in equities and fixed income securities and the Lifecycle fund options for the DC arrangement. Bimcor selects and directs external firms, both domestically and abroad, to manage specialty mandates on behalf of Bell's pension funds.

TD Asset Management Inc. (for DC indexed fund options)

As one of Canada's largest money managers, TD Asset Management Inc. (TDAM) and its affiliates currently manage over $350 billion in assets, with leading market positions in passive, quantitative and active portfolio management.

The institutional division of TDAM is a Canadian leader in providing indexed, quantitative and active management solutions, managing portfolios on behalf of pension funds, endowments and foundations, group RRSPs, corporations and high net worth individuals.

Take a closer look

Financial market perspective
Impact of 2022 market swings
Responsible investing
Retirement Income Option
Certification of identity – Pension Audit
Paperless communication for retirees

Financial market perspective

Stock indices continued their recovery in 2021 after the shocks caused by COVID-19 in the previous year. The US stock market reached new highs in 2021, climbing by nearly 27%. For its part, the Canadian stock market had its best performance since 2009, ending the year up 25%. These increases can be mostly explained by the continued accommodative monetary policy measures put in place by central banks as well as the increase in economic activity resulting in rising corporate profits.

The economic recovery of 2021 was, however, tainted by numerous supply chain problems and growing inflation affecting the majority of economic sectors. In Canada, the consumer price index (CPI) rose by 3.4% in 2021, the highest growth rate since 1991. Canadian bond markets reacted negatively to these inflationary pressures and the 10-year interest rate increased to end the year at 1.4%.

The beginning of 2022 has been affected by an increase in the uncertainty of the economic outlook. In this context, the bond and stock markets suffered losses in the first half of the year. The rise in inflation also continued in 2022, prompting the world's major central banks to raise their key rates in order to control the growth in inflation, resulting in more restrictive monetary policies than what has been observed in recent years.

Impact of 2022 market swings

The Plan’s return on assets for the first six months of 2022 was -13.4%, net of investment expenses. Discount rates used to value solvency liabilities have increased during the same period, significantly reducing the Plan’s solvency liabilities. Ongoing monitoring shows that the net impact of these two elements has not decreased the Plan’s solvency ratio below its December 31, 2021 level of 112%, continuing to maintain benefit security.

Responsible investing

In line with the risk management framework, and reflecting the importance of sustainability issues to plan members and BCE, the RPFC adopted a Responsible Investing Policy in 2021 and a Responsible Investing Committee (RIC) was formed. The RIC monitors the integration and reporting of environmental, social and governance (ESG) considerations within the pension plan investment process, focusing on the ESG practices of asset managers Bimcor employs and assets in which the pension plans invest. In addition, the RIC continues to work on understanding and managing the risk that climate change and transition to a lower-carbon economy has on the pension investment portfolios.

Retirement Income Option

Since 2019, the Retirement Income Option allows terminating DC members aged 55 and over to start drawing a retirement income directly from the DC arrangement by converting the DC account into a Retirement Income Account.

The investments are maintained in the same professionally managed investment funds without the need to transfer to a new financial institution or pay commissions for reinvesting the money elsewhere, while benefiting from very low administration and investment management fees.

Certification of identity – Pension Audit

In order to maintain strong administrative processes and as part of good governance, in the spring of every year, the Bell Pension Department performs an audit on a large sample of the Bell Canada Pension Plan pensioners. Selected retirees and beneficiaries are asked to complete a short form confirming their personal information including their current mailing address, either electronically or by signing and returning a paper copy to the Bell Pension Department.

This process confirms the accuracy of personal information in the Benefits Administrator's files, ensuring the financial security of pensioners by upholding the integrity of the management of the Plan's pension payments. A rigorous management of the pension fund assets and corporate financial affairs works to protect this key asset.

Pension audits are not unique to Bell – many financial institutions and insurance companies have similar verification programs in place.

Paperless communication for retirees

As one of Canada’s Greenest employers, Bell Canada offers retirees the opportunity to go paperless by receiving pension-related documents electronically. To begin receiving communications by email, retirees must provide electronic consent through the Benefits site. Note that these communications will never contain personal data, but rather will alert retirees when new personal documents, such as annual pension statements or tax slips, are posted to the site.

Plan governance

Who's who
Pension Information Committee (PIC)
Meet the PIC members

Who's who

Administrator	Roles
Bell Canada Board of Directors (Board)	• Responsible for sound administration of Plan and fund • Adopt Plan changes • Appoint investment managers and custodian/trustees • Receive Risk and Pension Fund Committee reports on activities • Adopt overall governance policy (including control systems)
Risk and Pension Fund Committee (RPFC)	• Approve funding and investment policies, including investment options offered in the DC arrangement • Approve fund's financial statements • Appoint fund auditors and actuary • Oversee administration and investment of Plan and fund • Review any change to the Plan, as proposed by management, and recommend for approval any change requiring Board action
Senior Management	• Advise Risk and Pension Fund Committee on policy with respect to administration, funding and investment of fund • Oversee fund investment and administration, including employee communication • Monitor administration and fund management performance
Employer/Plan sponsor	• Deduct and remit contributions to the fund • Provide accurate information required by administrator/agents • Act through Board of Directors • Report to regulators and Plan members
Employees' Benefit Committee	• Interpret Plan provisions • Authorize disbursements

Who's who (cont'd)

Agents	Roles
LifeWorks [Benefits Administrator]	• Handle daily Plan pension administration • Provide Plan information and decision-making tools to members through the Benefits website
Bell Canada [Actuary]	• Develop and recommend funding policy to senior management • Prepare actuarial valuation reports • Process government filings
Bimcor and TDAM [Investment Manager]	• Invest Plan assets • Develop and implement an investment strategy
RBC Investor and Treasury Services [Custodian and Trustee]	• Maintain fund assets in trust • Settle and maintain records of all investment transactions
Deloitte LLP [Auditors]	• Audit fund's financial statements • Review accounting systems, internal controls, and related data • Advise management of opportunities to improve Plan's accounting operations

Who's who (cont'd)

Governments	Roles
Canada Revenue Agency [Income Tax Act]	• Set requirements for Plan registration • Establish limits on pensions paid out and contributions • Provide tax framework for retirement savings
Office of Superintendent of Financial Institutions [Pension Benefits Standards Act, 1985]	• Protect members' rights • Promote fairness and ensure security and viability of employer's pension promise • Verify that information is being provided to members in accordance with legislation

Members	Roles
Pension Information Committee	• Promote awareness and understanding of Plan among members • Review, for information purposes, Plan's financial, actuarial, and administrative aspects
DC Plan Members	• Select contribution level and choose investment funds from amongst those offered in the Plan
DB and DC Plan Members	• Review personal pension statements and ensure employer/Plan sponsor has accurate personal information • Respond to annual pension audit and other requests for information

The Company adheres to Canada's Personal Information Protection and Electronic Documents Act, known as the privacy legislation. To ensure your personal information is treated in a secure and confidential manner, the Company has established standards for all parties involved in the administration of the Plan.

Bell

Pension Information Committee (PIC)

Pension plans can be complex and difficult to understand. In addition, with constant changes in pension legislation, it is sometimes a challenge to keep up with what's happening in your Plan.

The PIC was therefore created in 1988 to promote better communication with Plan members. The PIC achieves its objectives through various efforts, such as:

- Providing this report to members
- Holding a yearly meeting to review various matters related to the Plan

The latest annual meeting was held in October 2022. The PIC's mandate, as defined by the Pension Benefits Standards Act, 1985, also includes reviewing, for information purposes, the financial, actuarial, and administrative aspects of the Plan.

Please note that the PIC does not have the power to change or modify any provisions of the Plan, or to make representations with this purpose in mind. In addition, policies with respect to benefit plans other than the Bell Canada Pension Plan are not the PIC's responsibility.

For any information on your personal file, you should contact the Benefits Administrator.

	Expertech	Bell and others
Active members	1-866-828-3539	1-888-391-0005
Retirees and Survivors	1-866-828-3539	1-888-400-0661
Deferred members	1-888-391-0005	
Benefits Website	Bell.ca/mybenefits	

Meet the PIC members

The PIC consists of six members representing various groups to ensure that all Plan members are adequately informed about the Plan.

Members representing pensioners and management are elected by their peers to serve on the PIC. Following an election process held during the summer of 2021, new members were elected for a three-year term starting January 1, 2022. Union representatives are appointed by Unifor.

The PIC members are:

	Ontario & Western Canada	Québec & Atlantic Region
Pensioners Representatives		
	Mike Peacocke (substitute: Mary Lynne Forestell)	Bernard Barbeau (substitute: Alain Bourdon)
Management Representatives		
	Chris Gill (substitute: Jonathan Emmanuel)	Jean-François Drouin (substitute: Cindy Hudon)
Union Representatives		
	Mike Nicoloff	Jean-Stéphane Mayer

Information on government plans

CPP and OAS : Call 1-800-277-9914
Visit the web site at www.canada.ca

QPP : Montréal: 514-873-2433
Québec City: 418-643-5185
Toll-free: 1-800-463-5185
Visit www.rrq.gouv.qc.ca

Glossary

General

Accrued pension

The actual pensions earned as of December 31, 2021. For active members, it is the pension they would be entitled to receive at retirement age, based on current average pensionable earnings and years of service. For retirees and survivors, it is the pension they are currently receiving. For members entitled to a deferred pension, it is the pension they are entitled to receive at retirement age, based on average pensionable earning and years of service at their termination date.

Active members

An employee who receives a basic pay from the Company.

Actuarial surplus (deficit)

The difference between the value of the Plan's assets and its liabilities. It can be either positive (surplus) or negative (deficit).

Adverse deviation

A deterioration in the Plan's experience or in the financial markets that modifies the long-term expected results based on the assumptions and produces an increase in the pension costs.

Benefits Administrator

The agent that performs the daily administration of the Bell Canada Pension Plan, including record keeping and employee and retiree contact.

Defined Benefit (DB) arrangement

A pension plan arrangement where the retirement income is calculated using a predetermined formula that takes into account pensionable earnings and years of pensionable service.

Defined Contribution (DC) arrangement

A pension plan arrangement where the company and employee contributions are defined. The contributions are deposited into the employee's personal DC account and invested among the available investment options according to the employee's instructions. The DC account will vary over time through contributions and investment gains/losses. At retirement or termination, the accumulated sums in the DC account are transferred to a prescribed retirement income or savings vehicle. Employees also have the option to remain in the Plan and participate in the Bell Retirement Income Option, allowing them to receive a retirement income while continuing to benefit from very low administration and investment management fees.

Glossary (cont'd)

Fixed Income Overlay
Strategy using financial leverage to increase exposure to fixed income investments, with an objective to reduce the volatility of the solvency ratio due to interest rate movements.

Market value of assets
The value of the pension fund assets determined as the price at which the assets sell in a given market at a given time.

Participating company
Any affiliated company that is federally regulated for pension purposes and designated as a participating company by one of the applicable officers of Bell Canada as authorized by the Bell Canada Board of Directors for this purpose.

DC Investment Options

Bond Fund
A portfolio invested in fixed income securities issued mainly by Canadian governments and corporations, with an emphasis on stability of income and longer term capital preservation.

Canadian Equity Fund
A portfolio invested in stocks issued by Canadian corporations, designed to provide long-term capital appreciation.

Default option
The fund in which employee and employer contributions are automatically invested if the employee did not submit their investment choices. Currently, the default option is the Lifecycle fund corresponding to the member's age.

Emerging Markets Equity Fund
A broadly diversified portfolio of equity securities including large and mid-cap stocks from across emerging markets.

Global Dividend Equity Fund
A portfolio invested primarily in equity securities issuers across developed international markets with dividend yields higher than average, designed to provide the investor with a stable source of dividend income while seeking long-term capital appreciation. Returns can be affected by fluctuations in foreign currency exchange rates.

Global Equity Fund
A portfolio invested in equity securities issuers across developed international markets, designed to provide long-term capital appreciation. Returns can be affected by fluctuations in foreign currency exchange rates.

Glossary (cont'd)

Lifecycle Funds
Set of seven diversified funds invested in 11 asset classes with various levels of risk; member's assets are invested in the Lifecycle fund corresponding to age and are automatically transferred into a more conservative fund as the member ages.

Low Carbon Global Equity Fund
A portfolio invested in large and mid-capitalization developed and emerging market equities. This portfolio targets and overweighs stocks of companies with low potential and measured carbon emissions relative to higher carbon-emitting peers.

Money Market Fund
A portfolio invested in high quality, short-term instruments maturing within one year, designed to provide liquidity, income and capital preservation over the short term.

US Equity Fund
A portfolio invested in stocks issued by U.S. corporations, designed to provide long-term capital growth. Returns can be affected by fluctuations in the US / Canadian dollar exchange rate.

DB Investment Classes

Canadian Equities
A portfolio invested in stocks issued by Canadian corporations, designed to provide long-term capital appreciation.

Financial Leverage
Technique involving the use of borrowed funds in the purchase of an asset.

Hedge Funds
Funds using a range of investment techniques and investing in a wide array of assets. Hedge funds are designed to reduce risk, to generate a higher return for a given level of risk or to generate a consistent level of return, regardless of what the market does.

High Yield Credit
Private credit such as direct lending to primarily privately-held companies or entities as well as more liquid investments in bank loans and bonds rated below investment grade.

Infrastructure Equity
A portfolio invested in ownership interest in facilities and structures essential for the orderly operations of an economy, e.g. transportation networks, health and education facilities, communications networks, water and energy distribution systems.

Glossary (cont'd)

Money Market
A portfolio invested in high quality, short-term instruments maturing within one year, designed to provide liquidity, income and capital preservation over the short term.

Nominal Bonds
Bonds whose value does not adjust to compensate for the impact of inflation.

Non-Canadian Equities
A portfolio invested in stocks issued by corporations whose head office is located outside Canada, designed to provide long-term capital appreciation. Returns can be affected by fluctuations in foreign currency exchange rates.

Private Equity
A portfolio invested in equity capital that is not quoted on a public stock exchange. Private equity consists of investments made directly into private companies.

Real Estate
A portfolio invested in real estate investment trusts dedicated to the ownership and operation of income properties such as apartments, shopping centers, offices and warehouses.

Real Return Bonds
A portfolio invested in bonds where the return is indexed to inflation. They are thus designed to remove the inflation risk of an investment.