



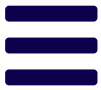
PENSION PLAN

ANNUAL REPORT

CSS

2021

Setting the stage for your retirement: Action!



HELLO!

Login

CREATE ACCOUNT

TABLE OF CONTENTS

- 3 Board's report
- 4 Executive Director's report
- 5 2021 Highlights
- 7 Who we are
- 9 Management discussion and analysis
- 15 Governance
- 17 Financial statements

LOG OUT

This annual report summarizes how the CSS Pension Plan fared during 2021, and gives you information about the people who oversee and manage your Plan. To support cost effectiveness and environmental sustainability, this publication is distributed as an electronic document through the CSS Pension Plan website at www.csspen.com. Questions can be addressed to the CSS Pension Plan (please see the back cover for our contact information).

BOARD'S REPORT

On behalf of the Board of Directors, it is my pleasure to present the 2021 annual report of the Co-operative Superannuation Society (CSS) Pension Plan for the year ending December 31, 2021.

Being the second largest defined contribution pension plan in Canada, CSS serves over 52,000 members, over 300 co-operative and credit union employers, and manages in excess of \$5.3 B in assets.

2021 was largely a year of growth and continued transformation for CSS. While COVID-19 continued to impact us all, we are very pleased to note that CSS continued its long tradition of providing excellent service to members, saw strong returns in its investments and accomplished a number of noteworthy transformational initiatives in 2021.

Long-time CSS delegate, director, and past president Al Meyer retired from the Board at the 2020 CSS Annual General Meeting. On behalf of the CSS membership and the Board, let me extend our immense gratitude to Al for his very significant service and contributions to CSS. We were also extremely pleased to welcome Corvyn Neufeld of Cornerstone Credit Union to the Board in 2021.

Throughout 2021 the Board received and reviewed recommendations from management and CSS' external investment advisors to add investment mandates in global infrastructure, global real estate, and unconstrained bonds. Decisions on some of these took place in 2021 with the remaining decisions to take place in 2022. We look forward to these new investment mandates further enhancing the risk/reward characteristics and diversification benefits of the investments available to members in the Plan.

The Board worked with its outsourced internal auditor, Deloitte, to carry out its oversight duties in a number of areas in 2021. These included: 1) cyber risk; 2) enterprise risk management; and 3) external review of the Plan's investment performance. We are pleased to note that no significant deficiencies or issues were uncovered through these assessments and a number of practice improvement recommendations were uncovered which CSS has already begun to implement.

A significant initiative undertaken by the Board and management throughout 2021 was the setting of the stage for "CSS 100". This work included long-range planning looking out to CSS' 100th birthday in 2039 and culminated in the Fall of 2021 with the review and subsequent approval of a refreshed strategic plan covering the first five-year leg of CSS 100.

Core themes in the new strategic plan include:

- Enhanced member experience (both individual as well as employer members)
- Continued digital transformation of CSS
- Continued diversification of the CSS' investments portfolio
- Enhanced CSS employee experience
- Affirmation and renewed commitment to co-operative principles and CSS' co-operative identity

The stage is set for a very strong future for CSS and its members and your Board is looking forward to the value that CSS will continue to create for its members and their families throughout their working careers and their retirements.

In closing, I would like to thank our CSS members and delegates for the continued opportunity to serve you as CSS president. Finally, I would like to thank all CSS directors and delegates, the Plan's management and staff, and our consultants and advisors for their combined efforts to deliver on the strategic and member service excellence objectives.



Jeff Ambrose

PRESIDENT
CSS BOARD OF DIRECTORS



EXECUTIVE DIRECTOR'S REPORT

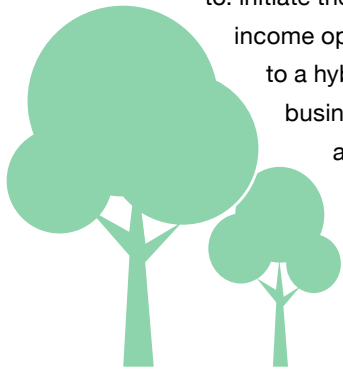
On behalf of the staff and management of CSS, it is my pleasure to provide our members and stakeholders the following information and updates from 2021; another successful year at CSS.

CSS was very pleased to re-open its offices to in-person visits from members and other stakeholders in 2021. The safety and the wellbeing of our members and staff continues to be top of mind for us. We've adopted a hybrid working model with some staff working remotely on a permanent basis. This arrangement has been working very well, has allowed CSS to attract employees to the organization from areas that we would not have considered in the past, and will contribute to our ability to execute on our strategic objectives.

In 2021, CSS continued to take steps to position itself to sustain and enhance its ability to serve the needs of our members now and well into the future. CSS reorganized its member service and pension administration functions into a single function tasked with making our Member Experience vision a reality. That vision is strongly reflected in the strategic plan approved by the CSS Board in 2021.

CSS continued its journey toward "digital-first" for which our members have been showing overwhelming support. We continue to see strong growth in online traffic to our website and to our member portal. Increasingly we are seeing members access these resources via mobile devices and we were very pleased to see that close to 9,000 members had opted-in to receive digital annual account statements by the end of 2021.

In addition to advancing our digital objectives, much work was undertaken in 2021 to: initiate the refresh the Plan's website; redesign our retirement income options workshops and employer information sessions to a hybrid virtual/in-person format; review and redesign business processes to ready them for digital workflows and automation; initiate the redesign of our retirement planning tools and resources; and significantly enhance the service experience for our employer



members. CSS members can expect to see the fruits of these labours throughout 2022 and beyond.

From an investment management perspective, we saw that as people, organizations and markets gained another year of experience and learnings in dealing with COVID-19, we generally saw strong gains in equity markets in 2021, particularly in US equity markets. However, we also saw inflation reappear as a significant risk in the investing landscape. As markets began to price in inflation and significant expected central bank rate hikes, we saw fixed-income investments like government and corporate bond returns turn negative in 2021.

CSS continued to position its investment portfolio for a changing landscape; one that will likely include higher rates of inflation than we've grown accustomed to over the past number of years and rising interest rates over the long term that will likely lead to muted overall investment returns from traditional fixed-income investments. CSS' size and scale provides it access to alternative investment opportunities at reasonable cost, and we've been taking advantage of these opportunities by adding global real estate, unconstrained bonds, and global infrastructure investment mandates to our investment portfolio.

As always, it has been our pleasure to serve our members this past year. In particular, we feel privileged to have the opportunity to serve those in our membership who have been serving us throughout the pandemic. On behalf of the Plan's staff and management, let me extend thanks to our partners, consultants, service providers, directors and delegates for their assistance and commitment to serving our members in 2021.

A handwritten signature in black ink, appearing to read 'M. McInnis', with a long horizontal flourish extending to the right.



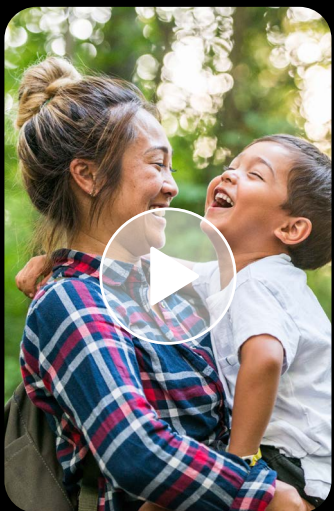
Martin McInnis
EXECUTIVE DIRECTOR
CSS PENSION PLAN

2021 HIGHLIGHTS

At CSS, it's important for us to stick to our script to ensure top performance in the delivery of services to our 50,000+ members and over 300 employers. Despite COVID-19 being an antagonist in our plot, this past year was one of growth and transformation for CSS. Our long tradition of providing excellent service to members continued, as we saw strong returns in its investments and accomplished a number of noteworthy transformational initiatives in 2021, while setting the stage for future improvements.



MEMBER HIGHLIGHTS



EMPLOYEE MEMBERSHIP

Total 52,732

ACTIVE MEMBERS

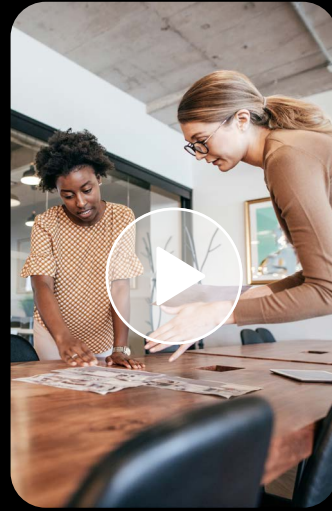
24,116

RETIREES

8,400

INACTIVE MEMBERS

20,216



EMPLOYER MEMBERSHIP

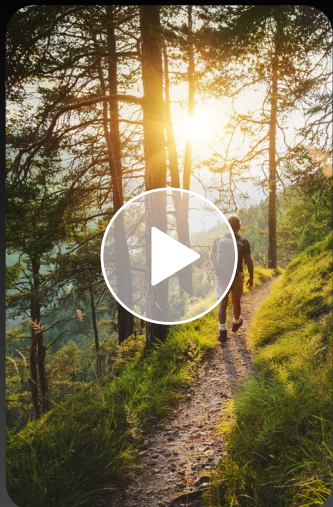
Total 311

CO-OPERATIVES

239

CREDIT UNIONS

72



RETIRED MEMBERSHIP

RETIREMENT INCOMES
STARTED IN 2021

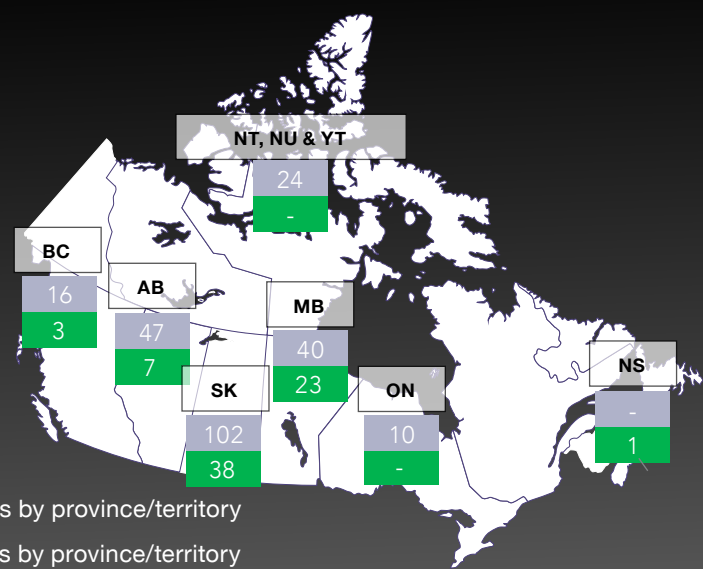
1,107

CSS VB | CSS monthly pension

pRRIF | LIF | RRIF

RPP | Life annuity

EMPLOYERS ACROSS THE COUNTRY



■ Co-operatives by province/territory
■ Credit Union's by province/territory



MORE INFO YOU MAY LIKE TO KNOW

NEW VARIABLE BENEFIT (VB) STARTS

Total funds: \$136,223,207

Average funds: \$229,332

NEW MONTHLY PENSION STARTS

Total funds: \$24,293,382

Average funds: \$149,242

INVESTMENT HIGHLIGHTS

NET ASSETS

\$4.59B

INVESTMENT FUNDS | CSS PENSION PLAN

INVESTMENT FUNDS



PENSIONS FUND

\$723M

CSS monthly pensions are paid from our Pensions Fund, which is invested in high-quality, long-term bonds, private debt and commercial mortgages.

2021 MERs

Balanced Fund **0.43%**

Money Market Fund **0.13%**

Equity Fund **0.46%**

Bond Fund **0.31%**

2021 RATES OF RETURN

Balanced Fund **9.43%**

Money Market Fund **0.17%**

Equity Fund **15.60%**

Bond Fund **-2.69%**



- WHO WE ARE -

The Co-operative Superannuation Society (CSS) Pension Plan

Society • History • Member • Retirement • Service

We exist to serve you

CSS is a democratically controlled, non-profit pension society that serves as trustee and administrator of the CSS Pension Plan.

CSS' story began in Saskatchewan in 1939 with the mission to provide value-added retirement products and services to co-operative and credit union employees so they could feel secure both during and after their working years. CSS administers one of the oldest and largest defined contribution pension plans in Canada with over \$5.3B in total assets (including assets in the Pensions Fund).

After 82-years, CSS has grown to serve a diverse membership of over 300 co-operative and credit union employers and over 52,000 members across Canada, including more than 8,400 retirees who draw a retirement income from CSS.

In the year of 2021, CSS continued to add value for members despite the COVID-19 pandemic. Our series is one that has been brought to life collectively with co-operative and credit union employers and members, season after season - enabling us to streamline our investment performance, create a library of value-added services and continuously act in the best interest of our members.

+ Purpose

Our purpose is to empower our members to achieve financial security in retirement.

+ Mission

To provide competitive, value-added retirement products and services through a democratically controlled organization for the benefit of members.

+ Vision

To be the preferred pension organization for Canadian employers and their employees.

+ Values

Our core values support member focus in Plan decision making: service, fairness, integrity, accountability and transparency.

FEATURING CSS STAFF



Martin McInnis
Executive Director



Joanne Anderson
Member Services Coordinator, Quality and Experience



Whitney Bueckert
Programmer Analyst



Rachelle Camsell
Employer Services Specialist



Brina Chamney
Programmer



Gayle Dadey
Member Services Coordinator, Administration



Tami Dove
Director, Member Experience



Shontelle Flaman
Retirement and Pension Advisor



Brent Godson
Director, Investments and Financial Management



Lynn Gramson
Administration Assistant



Dave Kapeluck
Manager, Special Projects



Prabhjot Kaur
Member Services Specialist, Co-op Student (Term one year)



Jessica Kreutzer
Retirement and Pension Advisor



Kenny Layode
Programmer Analyst



Kirby McInnis
Information and Communications Technology Manager



Jody Millard
Member Services Specialist, Variable Benefits



Jennifer Nelson
Member Services Specialist, Pension Benefits



Chi Nguyen
Member Services Specialist, Transfers and Withdrawals



Naomi Ottenbreit
Communications Specialist



Rob Peddle
Programmer Analyst



Nicole Quintal
Manager, Communications



Maureen Richards
Retirement and Pension Associate



Gayle Richmond
Manager, Quality Assurance and Administration



Rhonda Rodh
Retirement and Pension Advisor



Marilyn Shipley
Retirement and Pension Advisor



Joel Sawatsky
Accounting and Investment Officer



photo not available

Kayla Van Meesen
Member Services Specialist, Accounts



MANAGEMENT DISCUSSION & ANALYSIS

NET ASSETS

Growing the assets of the CSS Pension Plan improves the retirement outcomes for our members and provides scale for additional efficiencies.

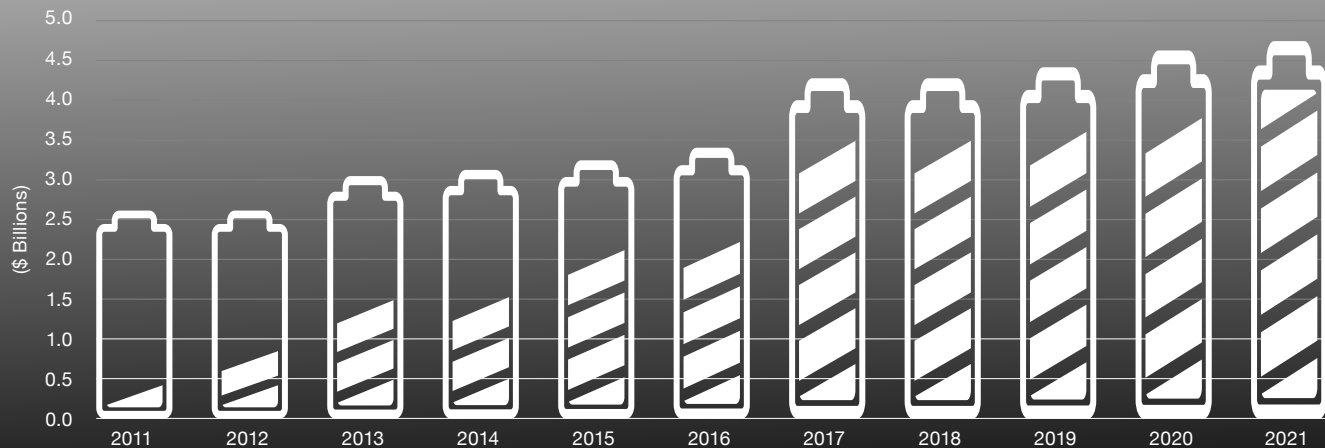
INVESTMENT FUND ASSETS

\$4.59B

PENSIONS FUND ASSETS

\$723M

ASSET GROWTH - INVESTMENT FUNDS



EXPENSES / MERs

Investing - no matter with a pension plan or financial institution - includes costs for investment management and operating expenses. The management expense ratio (MER) is the combined total of these costs, expressed as a percentage of the fund's average assets for the year.

The returns you earn as an investor reflect the performance of the fund after the MER is deducted. Over the long term, even small differences in the MER can result in big differences in the amount of funds available at retirement.

Balanced Fund **0.43%**

Money Market Fund **0.13%**

Equity Fund **0.46%**

Bond Fund **0.31%**

KEY INVESTMENT BELIEFS

☞ **Member outcomes are paramount.**
We study behavioural finance and other disciplines to help us understand member behaviour and leverage this knowledge to design our strategies, products and education to mitigate the most harmful outcomes and increase the probability of success.

☞ **Discipline is key to investment management practices and processes.**
We favour time-proven investment strategies which help us to remove emotion in our decision making and examine the latest trends and theories with a healthy skepticism.

☞ **We maintain a long-term investment horizon.**
We look past short-term noise and market volatility to focus on long-term goals.

☞ **As a fiduciary, protection of capital is at the heart of our investment strategy.**
Although we must accept risk to earn the returns necessary for an adequate retirement, we look to investment approaches and styles which improve downside protection and maximize return per unit of risk taken.

☞ **Expense management and control is critical.**
We look to add the most value for our members in the money we spend, rather than spend as little as possible.

☞ **We construct our investment strategy in part by learning from the past.**
We leverage academic and empirical research to give us the best probability of success in the future.

☞ **Diversification is central to mitigating risk.**
We look to diversify across asset classes, geographies, sources of risk and return, and investment approaches and styles.

☞ **We believe a responsible and sustainable investing approach is in the best interest of our membership.**
We integrate ESG (environmental, social and governance) risks and opportunities into our investment processes with a view to enhancing performance.

☞ **We look to establish long-term relationships with high quality investment partners.**
We invest significant time and resources in identifying and selecting investment managers and consultants and look to build long lasting relationships. We regularly review and monitor their performance.

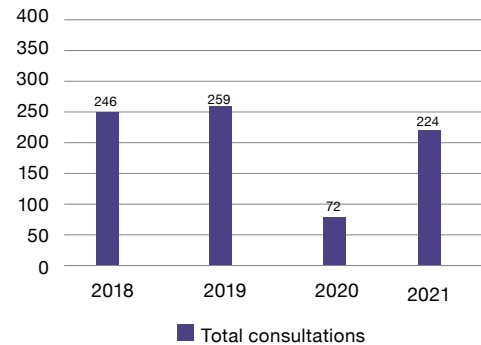


SERVING OUR MEMBERS



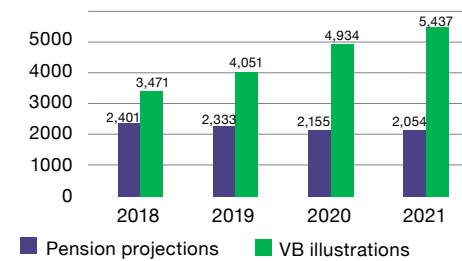
INDIVIDUAL CONSULTATIONS

As we started to adapt to living in the world of Covid-19, the Plan's member service activities in 2021 increased returning to the previous averages. Approximately 224 individual appointments were held during 2021. Based on our observation, more members showed interest in seeking consultations in 2021.

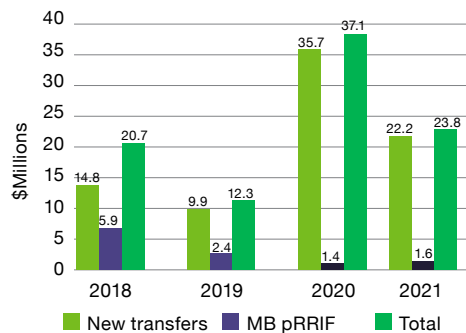


RETIREMENT INCOME PROJECTIONS & ILLUSTRATIONS

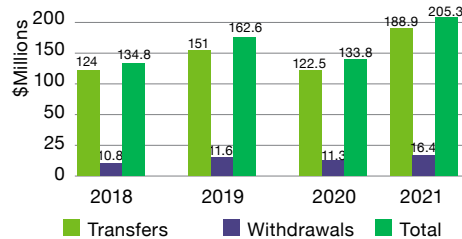
During 2021, approximately 2,054 personalized sets of pension projections and 5,437 Variable Benefit (VB) illustrations were prepared for and on behalf of employee members of the Plan.



TRANSFERS-IN

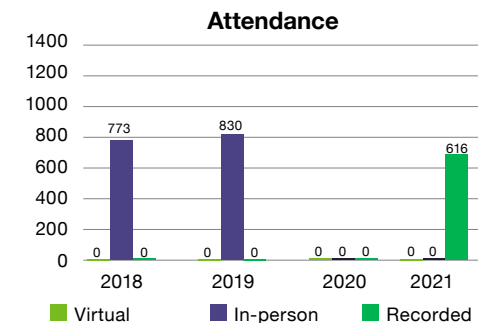


TRANSFERS-OUT AND WITHDRAWALS



RETIREMENT AND PENSION INFORMATION WORKSHOPS

There were 616 views on RIO recorded workshops. No virtual or in-person workshops were scheduled for 2021.



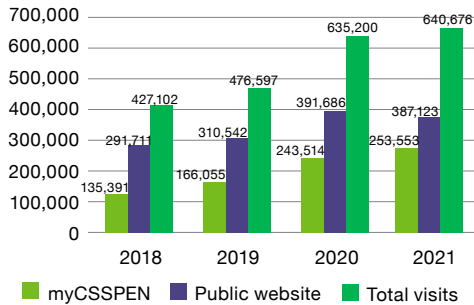
SERVING OUR MEMBERS DIGITALLY



WEBSITE VISITS

While visits to the public website (www.csspen.com) were slightly lower in 2021 than in the previous year, visits to the myCSSPEN portals for members and employers increased from 243,514 in 2020 to 253,553 in 2021. This pushed the total number of visits to the Plan's website properties to 640,676 and illustrates the growing trend of members seeking more personalized and targeted information about their pension accounts.

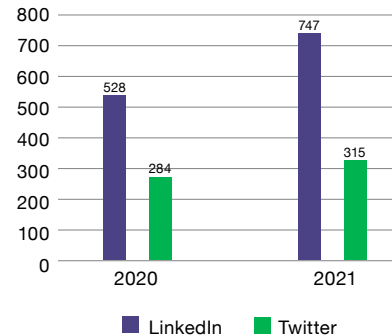
Source: Google Analytics



SOCIAL MEDIA

The Plan's LinkedIn account furthered its reach and engagement in 2021 with the addition of 219 followers versus 2020 – a 41% increase. The Plan's Twitter account grew modestly from 284 followers in 2020 to 315 followers by the end of 2021.

Source: Hootsuite

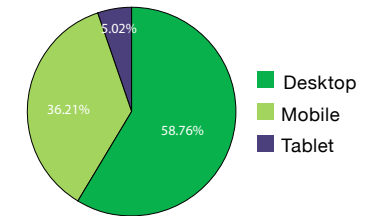


POPULAR DEVICES

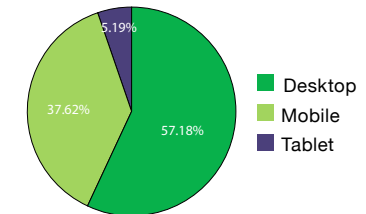
While most traffic to the CSS website is from desktop devices, mobile traffic continued to increase on both the public website (www.csspen.com) and the myCSSPEN for members portal (members.csspen.com) over the course of 2021. Over 35% of members accessed the public website from a mobile device, while 37% accessed the myCSSPEN for members portal via mobile. This pattern aligns with growing mobile usage across Canada and the globe.

Source: Google Analytics

Public site (csspen.com)



myCSSPEN (member.csspen.com)



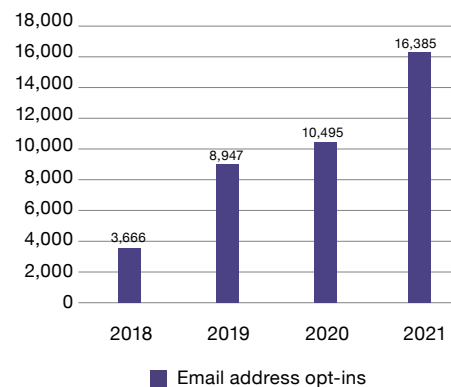
E-COMMUNICATIONS

CSS' member email list grew significantly in 2021. Email address opt-ins increased by 56% from 10,495 in 2020 to 16,385 in 2021.* The Plan introduced additional touchpoints in 2021 on both the public website and myCSSPEN member portal to allow additional opportunities for members to opt-in to the list, which attributed to the list growth.

Source: Mailchimp

*Note: Some members have more than one email address subscribed to the member email list.

Member email list growth

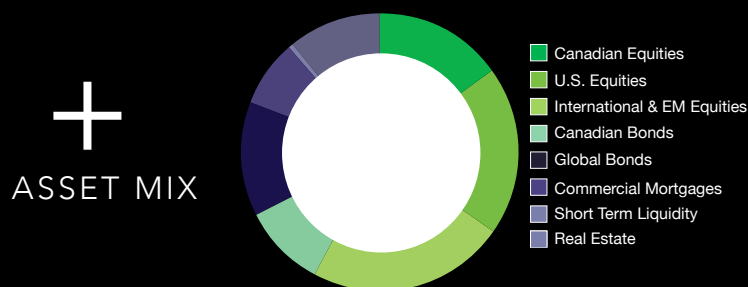




INVESTMENT FUND PERFORMANCE VS BENCHMARK

Balanced Fund

i The Balanced Fund is the Plan's default fund. The fund has a target allocation of 55% equities, 35% fixed income and 10% real estate. The risk/return profile is expected to produce moderate long-term growth with occasional short-term losses.

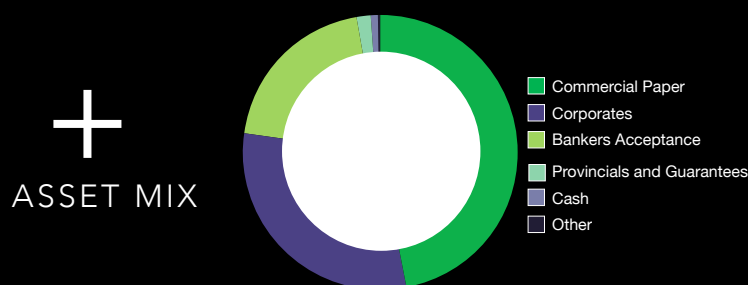


Objective: exceed benchmark return

	1 YEAR	4 YEARS
Fund	9.43%	5.32%
Benchmark	11.11%	7.77%
Value added	-1.68%	-2.45%

Money Market Fund

i The Money Market Fund is the Plan's lowest risk/lowest return option. It typically produces a return similar to prevailing short-term interest rates in Canada.

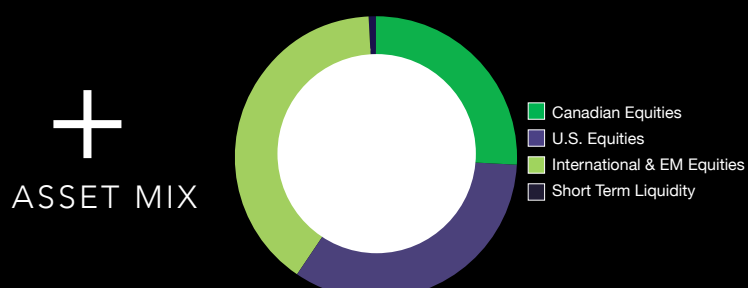


Objective: exceed Canadian 91-day T-Bills

	1 YEAR	4 YEARS
Fund	0.17%	1.26%
Benchmark	0.17%	1.01%
Value added	0%	0.25%

Equity Fund

i The Equity Fund contains mainly publically traded stocks from around the world. It is managed by seven different investment managers in seven different mandates. The fund is expected to produce higher average returns than the Balanced Fund over the long term, but with larger and more frequent short-term losses.

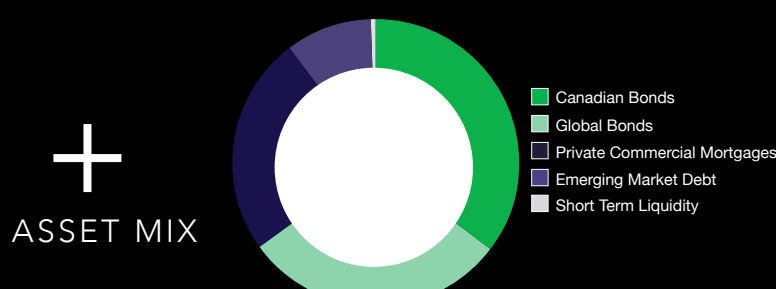


Objective: exceed benchmark return

	1 YEAR	4 YEARS
Fund	15.60%	6.39%
Benchmark	18.55%	10.07%
Value added	-2.95%	-3.68%

Bond Fund

i The Bond Fund consists of Canadian and global bonds and has allocations to private commercial mortgages and emerging market debt for diversification of returns and reduced interest rate risk.



Objective: exceed benchmark return

	1 YEAR	4 YEARS
Fund	-2.69%	3.31%
Benchmark	-1.86%	3.38%
Value added	-0.83%	-0.07%



INVESTMENT MANAGER PERFORMANCE*

INVESTMENT MANAGER	1 YEAR	4 YEARS
QV INVESTORS - CANADIAN EQUITIES 24bps Benchmark: S&P TSX Composite Index Value added/variance	28.74% 25.09% 3.65%	7.00% 10.28% -3.28%
SCHEER ROWLETT - CANADIAN EQUITIES 9-39bps Benchmark: S&P TSX Composite Index Value added/variance	32.33% 25.09% 7.24%	10.33% 10.28% 0.05%
SPRUCEGROVE - INTERNATIONAL EQUITIES 33bps Benchmark: MSCI EAFE Value added/variance	7.01% 10.32% -3.31%	3.21% 6.20% -2.99%
JP MORGAN - INTERNATIONAL EQUITIES 6bps Benchmark: MSCI EAFE Value added/variance	5.84% 10.32% -4.48%	3.59% 6.19% -2.10%
SCIENTIFIC BETA - U.S. LARGE-CAP EQUITY 8bps Benchmark: S&P 500 Index Value added/variance	23.61% 27.61% -4.00%	N/A
HILLSDALE - U.S. SMALL-CAP EQUITIES 65bps Benchmark: Russell 2000 Index Value added/variance	41.07% 13.84% 27.23%	N/A
WELLINGTON MANAGEMENT - EM EQUITIES 85bps Benchmark: MSCI Emerging Mkts IMI Index Value added/variance	-2.54% -1.13% -1.41%	5.53% 4.44% 1.09%
WELLINGTON MANAGEMENT - CANADA BONDS 7-30bps Benchmark: FTSE Canada Universe Bond Index Value added/variance	-2.56% -2.54% -0.02%	3.46% 3.51% -0.05%
TD GREYSTONE - CANADIAN REAL ESTATE 75bps Benchmark: CPI +4% Value added/variance	13.91% 8.72% 5.19%	6.64% 6.37% 0.27%
TD GREYSTONE - COMMERCIAL MORTGAGES 28bps Benchmark: Custom Value added/variance	3.04% -1.13% 4.17%	4.74% 3.35% 1.39%
WELLINGTON MANAGEMENT - UNCONSTRAINED GLOBAL BONDS 38 bps Benchmark: Bloomberg Global Aggregate Index Value added/variance	NEW	
BLACKROCK - EMERGING MARKET DEBT 56bps Benchmark: CDOR + 5% Value added/variance	-11.52% 5.45% -16.97%	N/A
BLACKROCK - GLOBAL REITS 6bps Benchmark: FTSE EPRA NAREIT Developed Liquid Index Value added/variance	25.65% 26.79% -1.14%	N/A
MACKENZIE INVESTMENTS - CURRENCY OVERLAY 4bps Benchmark: Custom Value added/variance	-4.64% -2.13% -2.51%	N/A

*Each manager's performance is net of estimated fees

Pensions Fund

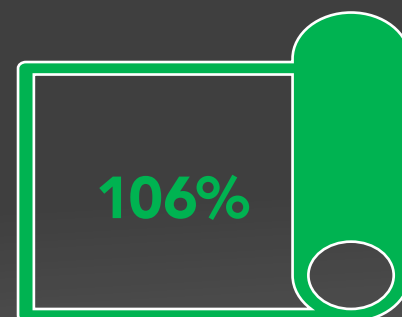
For members who wish to convert their accumulated retirement savings into a regular monthly income, the Plan offers a fixed monthly pension. These monthly pensions are paid from our Pensions Fund, which is invested in high-quality, long-term bonds, private debt and commercial mortgages.

The manager of the Pensions Fund employs an immunization strategy that matches the cash flow and duration characteristics of the fund to the Plan's pension liability. The immunization strategy aims to protect the fund's surplus through changing market conditions.

Our actuary (AON) filed a full report with the Superintendent of Pensions in 2019 on the funded status of the Plan's pensions (an updated report must be filed at least every third year). The report confirmed that the Pension Fund's assets continued to exceed our pension liability.

As of April 1, 2019 the Plan executed a longevity insurance contract on existing pensioners. The agreement eliminates the risks to the Plan of this group of members living longer than expected.

PENSIONS FUND ASSET/LIABILITY RATIO



Pensions Fund adjusted assets as a percentage of liabilities (as of Dec. 31, 2019)

MARKET OVERVIEW

It was a volatile year within investment markets, but overall returns were solid. Developed equity markets around the world delivered strong returns ranging from 10 – 28% as investors weighed the prospects for a global recovery against the risks of Delta and Omicron COVID-19 variants.

As a result of the uncertainty, market leaders swung between cyclical stocks, which typically benefitted most in early-stage recoveries, and the stay-at-home stocks, which benefitted the most or were least impacted by pandemic restrictions.

In the U.S. market, the tech mega-cap stocks continued to account for the majority of returns from the broader U.S. equity market, despite improved performance from cyclical sectors. Here in Canada, where cyclicals are a bigger portion of the market, it was the energy

sector that produced the strongest returns.

As the year came to an end, the prospects for continued economic recovery combined with higher interest rate expectations favored equities over bonds and value stocks over growth stocks, which have been the winners in recent years.

Despite strong returns from broad investment markets, fixed-income markets detracted in 2021. As the economy recovered so did the expectations for the normalization of interest rates. To make things worse, there were labour shortages as the economy reopened, which led to higher wage demands and pandemic supply chain disruptions leading to product shortages. All added to an ever-rising inflation concern. The net result was inflation rates not seen for several decades

and central banks and markets around the world contemplating more aggressive rate increases. For fixed-income markets the prospect of increased interest rates leads to price declines in existing bonds. With interest rate returns already low, these negative price adjustments meant negative total returns in 2021 for bond markets.

As we look forward to 2022, the inflation outlook and central banks policy will be key. Central banks, which kept interest rates near zero and pumped billions of dollars into markets during the pandemic to encourage investment must now normalize policy. As they remove liquidity from the system and begin to hike interest rates how will markets react? Inflation has only heightened market risk, as policy makers may be forced to raise interest rates at an even faster pace than risks stalling global growth.

- GOVERNANCE -



Co-operative Superannuation Society

Democratically controlled by the Co-operative Superannuation Society (CSS) – a non-profit pension society that is our trustee and administrator - control rests with our member co-ops and credit unions and their current, past and retired employees. This means our members have a voice in everything that we do.

Governance Update

As was the case in 2020, due to the impacts of Covid, CSS altered its annual meeting and director elections processes in 2021. *Bylaw XIX – Alternate Meeting Format* was approved by the Society's delegates to effect the annual meeting by written resolution rather than in-person meeting of the delegates and to allow the Board of Directors to choose alternate annual meeting formats in the future when necessary.

BOARD OF DIRECTORS



Jeff Ambrose, President

VP Operations - Petroleum, Wine Spirits
Beer, Cannabis, Home Health Care
Calgary Co-operative Association



Mike Gartner, Vice-President

Retired



Corvyn Neufeld, Director

Chief People and Governance Officer
Cornerstone Credit Union



Heather Ryan, Director

Vice-President, Supply Chain
Federated Co-operatives Limited



Jason Sentes, Director

CEO
1st Choice Savings Credit Union



Kelly Thompson, Director

Associate Vice President, Finance and Risk
Management
Federated Co-operatives Limited

CSS DELEGATES

The delegates elected and appointed to represent the Society's employer and employee members at the 2022 annual meeting are:

EMPLOYEE (ELECTED)

RETIREES

Ken Edey
Mike Gartner

ACTIVE CONTRIBUTORS

Alberta/B.C./N. Canada

Jeff Ambrose, Calgary Co-op
David Hoy, Peninsula Co-op
Carol Rollheiser, Wild Rose Co-op
Jason Sentes, 1st Choice Savings

MANITOBA/E. CANADA

Jeffrey Patteson, Assiniboine Credit Union
Greg Gill, Valleyview Co-op
Darren Heide, Access Credit Union
Audrey Wilkinson, Concentra Bank

SASKATCHEWAN

Karen Bradley, Affinity Credit Union
Lesley Carlson, Prairie Centre Credit Union
Peter Gruening, FCL Saskatoon
Guy Martin, Accent Credit Union
Mike Nord, Discovery Co-op
Greg Sarvis, Riverbend Co-op
Jason Schenn, Borderland Co-op

NON-CONTRIBUTORS

Ken Kosolofski

EMPLOYER (APPOINTED)

FCL BOARD

Sharon Alford
Ryan Anderson

FCL STAFF

Duane DeRosier
Dave Dyck
Todd Gursky
Cassie Horsman
Angela Pomazon
Don Ryan
Heather Ryan
Kelly Thompson
Jim Wightman

CUC SK

Kimberly Enge
Corvyn Neufeld
Kimberley Olfert

CUC AB

Mavis Hsu

CUC MB

Jim Rediger
Ainsley Desautels

CONCENTRA BANK

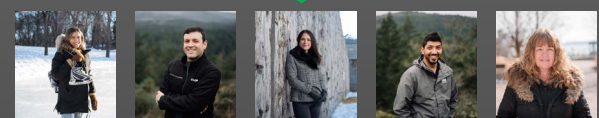
Jayleen Groff

HOW DOES THE SOCIETY WORK?

Employer and employee members are represented at all meetings of the Society by 36 delegates, as shown in the graphic below.

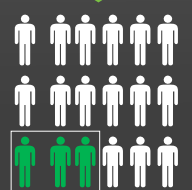
Three directors are elected by and from the 18 employer delegates, and three others are elected by and from the employee delegates. The six elected directors form the CSS Board of Directors. The Board supervises the business and affairs of the Society.

Member co-ops, credit unions and their current, past and retired employees



Employer delegates

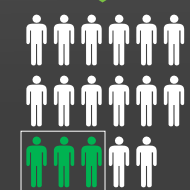
18 delegates appointed by employers



Three directors elected by 18 employer delegates

Employee delegates

17 elected by active contributors and retirees

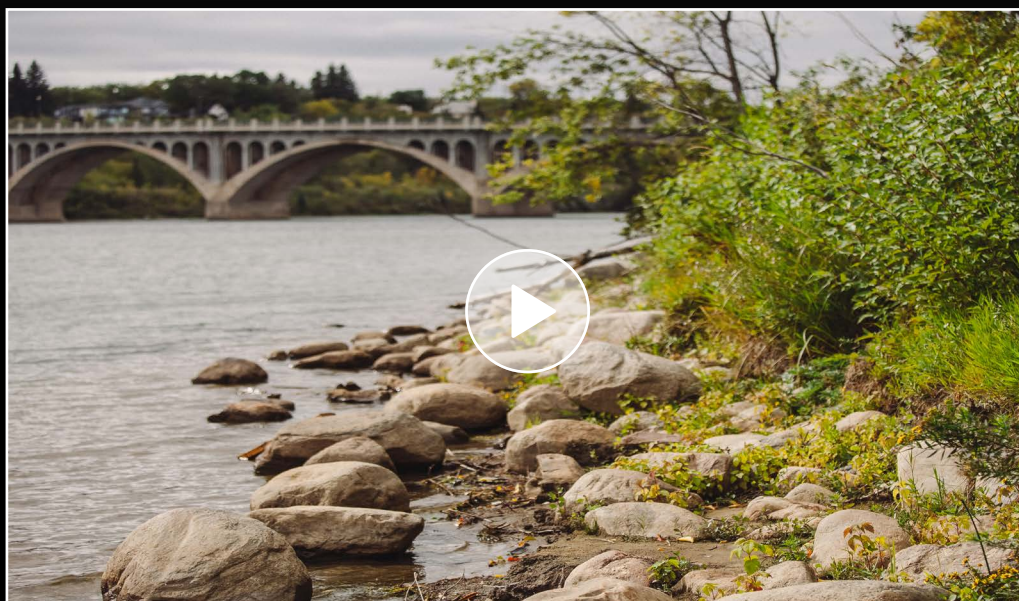


Three directors elected by employee delegates

One appointed to represent inactive members



Board of Directors



IN 2021, THE SOCIETY'S DIRECTORS WERE:

- President – Jeff Ambrose
- Vice-President – Mike Gartner
- Corvyn Neufeld
- Heather Ryan
- Jason Sentes
- Kelly Thompson

FINANCIAL STATEMENTS

2021 CSS PENSION PLAN



MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

To the Members of the Co-operative Superannuation Society Pension Plan:

The financial statements of the Co-operative Superannuation Society ("the Society") and the CSS Pension Plan ("the Plan") have been prepared by Plan management and approved by the Society's Board of Directors.

Plan management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for pension plans and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, Plan management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets under administration by the Society are safeguarded and controlled, that transactions comply with the Society's Act of Incorporation and Bylaws and the Plan's Rules and Statement of Investment Policies and Goals, and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors of the Society is composed entirely of Directors who are neither management nor employees of the Plan. The Board is responsible for overseeing Plan management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Society's Board is also responsible for recommending the appointment of the Plan's external auditors.

MNP LLP is appointed by the Society's Board to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Society's Board and Plan management to discuss their audit findings.



Martin McInnis
Executive Director
CSS Pension Plan
Secretary-Treasurer
Co-operative Superannuation Society



Brent Godson
Director, Investments and Financial Management
CSS Pension Plan



To the Members of Co-operative Superannuation Society Pension Plan:

Opinion

We have audited the financial statements of Co-operative Superannuation Society Pension Plan (the "Plan"), which comprise the statement of financial position as at December 31, 2021, and the statement of changes in net assets available for benefits for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Plan as at December 31, 2021, and its financial performance 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 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.

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 these financial statements.

Independent Auditor's Report *(continued from previous page)*

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

We 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.

Saskatoon, Saskatchewan

March 1, 2022

MNP LLP

Chartered Professional Accountants

STATEMENT OF FINANCIAL POSITION

As at December 31, 2021

Investment funds

(thousands of dollars)

ASSETS	2021	2020
Investments (Note 3)	4,576,162	4,269,911
Cash	11,274	12,439
Accrued investment income	4,027	4,235
Accounts receivable		
Employee contributions	307	1,693
Employer contributions	313	1,488
Other	67	-
Capital assets	354	413
Due from brokers	9,639	142
Interfund balance (Note 8)	11,497	3,906
	4,613,640	4,294,227
LIABILITIES		
Due to brokers	97	1,634
Accounts payable	8,054	8,472
Interfund balance (Note 8)	11,345	3,639
	19,496	13,745
NET ASSETS AVAILABLE FOR BENEFITS (NOTE 10)	4,594,144	4,280,482
REPRESENTED BY: Member contribution accounts (Note 7)	4,594,144	4,280,482

Pensions Fund

(thousands of dollars)

ASSETS	2021	2020
Investments (Note 3)	720,532	764,810
Accrued investment income	2,613	3,495
	723,145	768,305
LIABILITIES		
Accounts payable	397	406
Interfund balance (Note 8)	152	267
	549	673
NET ASSETS AVAILABLE FOR BENEFITS	722,596	767,632
REPRESENTED BY: Pension reserve	722,596	767,632

Approved on behalf of the Board



Director



Director

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

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

For the year ended December 31, 2021

Investment funds*(thousands of dollars)*

INCREASE IN ASSETS	2021	2020
Investment income		
Interest	3,299	3,471
Dividends		
Canadian dividends	19,636	19,704
Foreign dividends	26,403	22,954
Pooled fund distributions	46,305	44,826
Increase in market value of investments	310,635	93,241
Other	466	1,130
	406,744	185,326
Contributions		
Employee	92,659	93,647
Employer	111,880	123,631
	204,539	217,278
Total increase in assets	611,283	402,604
DECREASE IN ASSETS	2021	2020
Administrative expenses		
Investment services	14,591	12,398
Investment transaction costs	666	536
Salaries and employment costs	2,697	2,272
Operations	3,305	3,040
Membership control	51	109
Longevity risk insurance (recovery from Pensions Fund)	(2,023)	(1,750)
Administrative expenses (recovery from Pensions Fund)	(1,627)	(1,190)
	17,660	15,415
Equity repayments	204,220	135,695
Variable benefit payments	50,391	44,339
Equity transferred to Pensions Fund	25,350	22,781
	279,961	202,815
Total decrease in assets	297,621	218,230
Increase in net assets	313,662	184,374
Net assets available for benefits, beginning of year	4,280,482	4,096,108
Net assets available for benefits, end of year (Note 10)	4,594,144	4,280,482

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

For the year ended December 31, 2021

Pensions Fund*(thousands of dollars)*

INCREASE IN ASSETS	2021	2020
Investment income		
Interest	28,141	42,192
Increase in market value of investments	-	27,069
Pooled fund distributions	-	255
Equity transferred from Investment Funds	25,350	22,781
Other	86	79
Total increase in assets	53,577	92,376
DECREASE IN ASSETS		
Pension paid	52,434	52,675
Decrease in market value of investments	42,529	-
Longevity risk insurance	2,023	1,750
Administrative expenses	1,627	1,191
Total decrease in assets	98,613	55,616
(Decrease) increase in net assets	(45,036)	36,760
Net assets available for benefits, beginning of year	767,632	730,872
Net assets available for benefits, end of year	722,596	767,632

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

1. DESCRIPTION OF PLAN

A summary description of the Co-operative Superannuation Society Pension Plan (“the Plan”) appears below. For complete information, refer to the Co-operative Superannuation Society’s Act of Incorporation, its Bylaws, and the Rules and Regulations of the Co-operative Superannuation Society Pension Plan.

(A) GENERAL

The Co-operative Superannuation Society (“the Society”) is a non-profit pension society incorporated on a membership basis by a private Act of the Saskatchewan Legislature. The Society serves as administrator of the Co-operative Superannuation Society (“CSS”) Pension Plan and as fund holder and trustee of five investment funds.

The Co-operative Superannuation Society Pension Plan (“the Plan”) is a multi-employer defined contribution pension plan. The Plan’s purpose is to enable employees of member Co-operatives and Credit Unions to prepare for and fund their retirements by providing tax-deferred saving and income products and services through a member owned and controlled non-profit organization.

Member employees bear the risk of investment losses and are the sole beneficiaries of investment gains.

The Plan includes 311 (2020 – 313) independent co-operatives and credit unions and about 43,300 (2020 – 43,000) of their current and past employees. The Plan also pays retirement income to about 8,400 (2020 – 8,200) of their retired employees. Each of these employers, employees and retirees is a member of the Plan. Actively contributing employers and employees, and retirees receiving pensions or variable benefit payments from the Plan, are also members of the Society.

The Plan is registered under the Income Tax Act and the Saskatchewan Pension Benefits Act (Registration Number 0345868) and is not subject to income taxes.

(B) FUNDING POLICY

Each participating employer must establish a required contribution rate for its employees between 0% and 9% of regular earnings or total earnings. Employers must deduct employees’ required contributions from their earnings and match that contribution with an employer contribution of an equal amount. If the employee required contribution rate is set at 0%, the employer must still contribute a minimum of 1% of earnings. The Plan permits both employees and employers to make additional voluntary contributions to the Plan. The total of all contributions to the Plan may not exceed the annual limit prescribed by the *Income Tax Act*.

(C) VESTING

Employer contributions vest in employees immediately upon receipt by the Plan.

(D) INVESTMENT FUNDS

The Plan offers members four unitized funds for the investment of their contributions and accumulated benefits – a Balanced Fund, a Money Market Fund, a Bond Fund and an Equity Fund. The number and type of investment funds offered to members is determined by the Society’s Board of Directors.

Members are permitted, but not required to choose how they wish to distribute their contributions and accumulated benefits among the investment funds offered. Members who do not make a choice are invested in the Plan’s default investment option, which is a Balanced Fund.

(E) RETIREMENT

Employees who no longer work for an employer member of the Plan may apply for retirement benefits upon reaching age 50 or once the employee’s age plus years of completed continuous service reaches a factor of 75. Phased retirement, as permitted under the *Income Tax Act* and provincial pension legislation, is also available to employees with the consent of their employer.

The Plan offers retirees two internal retirement income options – a fixed monthly pension and a variable benefit payment option. Members’ accumulated benefits may also be transferred to an insurer or financial institution licensed to provide retirement income products. Retirees must start a retirement income from the Plan or transfer their benefits into a self-directed lifetime retirement income product no later than the maximum age of deferral under the *Income Tax Act*.

(F) PENSIONS

The accumulated benefits of retirees who choose to start a fixed monthly pension are transferred into the CSS Pensions Fund – a segregated portfolio that secures the Plan’s pension liability. Monthly pension payments are paid from this Fund. The Plan offers both single and joint life pensions.

Pensions provided by the Plan may receive periodic ad hoc increases, subject to the solvency of the CSS Pensions Fund and the policies adopted by the Plan’s Board of Directors.

(G) VARIABLE BENEFIT PAYMENTS

The accumulated benefits of members who choose to start a variable benefit payment remain in their account and under their control, invested in the Plan’s Investment Funds as directed by the member. Variable

benefit payments are periodic withdrawals taken directly from the member's accumulated benefits. Members may select a monthly or annual payment. Members receiving variable benefit payments have control over the amounts withdrawn, subject to the limits in the *Income Tax Act* and applicable pension legislation. Depending on a member's life span, investment returns and payment choices, a variable benefit payment may not provide a lifetime retirement income.

(H) DISABILITY PENSIONS

In the event of termination due to health, injury or disability, a pension or variable benefit payment may commence at any age, subject to the Plan receiving acceptable medical confirmation.

(I) DEATH BENEFITS

In the event of a member's death prior to starting a pension or variable benefit payment, the member's accumulated benefits are paid to the member's spouse, beneficiary or estate in accordance with the member's designation, but subject to the provisions of the *Income Tax Act* and applicable pension legislation.

(J) TERMINATION OPTIONS

Upon final termination of employment with any employer participating in the Plan, an employee member has the following options:

Accumulated benefits locked-in for pension

The member may:

- i) leave locked-in benefits in the Plan to commence a pension or variable benefit payment when eligible to do so, or
- ii) provided that the member has not started a pension, he/she may transfer locked-in benefits to a registered plan with an insurer or financial institution licensed to provide retirement income products that meet the conditions prescribed by the *Income Tax Act* and applicable pension legislation.

Accumulated benefits not locked-in for pension

The member may:

- i) leave non-locked-in benefits in the Plan to commence a pension or start a variable benefit payment, or;
- ii) provided that the member has not used them to start a pension, he/she may withdraw non-locked-in benefits in the form of a cash payment net of income tax or as a qualified transfer to a registered plan with an insurer or financial institution.

(K) ADMINISTRATIVE AND INVESTMENT EXPENSE

All Plan expenses are paid directly from the Balanced Fund. Expenses associated with the administration and investment of the other investment funds are reimbursed to the Balanced Fund in proportion to their share of the expense. The Pensions Fund reimburses the Balanced Fund monthly based on a daily accrual charge.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

These financial statements are prepared in accordance with Canadian accounting standards for pension plans. The statements present the combined operations of the Co-operative Superannuation Society and the Co-operative Superannuation Society Pension Plan, independent of participating employers and plan members.

INVESTMENT TRANSACTIONS AND INCOME

Investment transactions are recognized on the trade date (the date upon which substantial risks and rewards have been transferred). Investment transaction costs are recognized in the statement of changes in net assets available for benefits in the period incurred.

Investment income consists of earned income (interest and dividends), realized gains and losses on disposal of investments, and unrealized gains and losses resulting from changes in the market value of investments, including pooled fund distributions.

Average cost reflects the purchase cost of the investment and includes direct acquisition costs.

CATEGORY	BASIS OF VALUATION
Interest income	Accrual basis
Dividend income	Accrual basis on the ex-dividend date
Realized gains and losses for investments sold	Difference between proceeds on disposal and the average cost
Unrealized gains and losses for investments held	Difference between market value and the average cost

INVESTMENT VALUATION

Fixed income and equity investments are stated at market values as determined by reference to quoted year-end prices provided by independent investment services organizations.

Pooled funds are stated at the year-end unit values, which reflect the market value of their underlying securities. Real Estate pooled fund underlying assets are valued by 3rd party appraisers.

Short-term investments are recorded at cost, which together with accrued interest or discount earned, approximates market value.

FOREIGN CURRENCY TRANSLATION

Transactions in foreign currencies are translated into Canadian dollars at rates of exchange prevailing on the transaction date. Investments denominated in foreign currencies and held at the end of the year are translated at exchange rates in effect at year-end. The resulting realized and unrealized gains and losses are included in investment income.

FINANCIAL INSTRUMENTS

The carrying amounts of the Plan's receivables, payables, and accruals approximate fair value due to their short-term nature.

DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are financial contracts, the value of which is derived from changes in underlying assets or indices as measured at the closing date of the period being reported. Derivative transactions are conducted in the over-the-counter market directly between two counter parties or on regulated exchange markets. All derivative financial instruments are recorded at market value using market prices. Where quoted market values are not readily available, appropriate valuation techniques are used to determine market value.

USE OF ESTIMATES AND JUDGMENT

The preparation of financial statements prepared in accordance with Canadian accounting standards for pension plans requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the amounts of increases and decreases in net assets available for benefits for the reporting period. The most significant estimates relate to the fair values of investments. Actual results could differ from those estimates.

3. INVESTMENTS

The Society serves as fund holder and trustee for the Pensions Fund and four unitized Investment Funds: a Balanced Fund, a Money Market Fund, a Bond Fund, and an Equity Fund. The structures of these funds are determined by the Society's Board of Directors, which sets the Plan's Investment Policy. The Plan's Investment Policy conforms to the legal requirements and best practice guidelines applicable to pension trusts.

CSS INVESTMENT FUNDS

(thousands of dollars)

Investment Type	2021		2020	
	Market Value	Investment Percentage	Market Value	Investment Percentage
Short-Term				
Custodial Cash Accounts	\$ 2,632		\$ 2,704	
Short-Term Investments	21,853		13,924	
	24,485	0.5%	16,628	0.4%
Equities				
Canadian	667,715		616,545	
U.S. Equities	711,145		597,453	
Non-North American	375,209		353,925	
	1,754,069	38.3%	1,567,923	36.7%
Pooled Funds				
Short-Term	179,466		254,527	
Canada Bonds	422,215		649,470	
Global Fixed Income	336,697		-	
U.S. Equities	172,196		121,501	
International Equities	404,337		376,680	
Emerging Mkt Equities	271,703		316,736	
Canadian Real Estate	318,753		282,520	
Global REITS	126,374		100,579	
Emerging Mkt Debt	228,877		257,057	
Commercial Mortgages	336,990		326,290	
	2,797,608	61.2%	2,685,360	62.9%
Total	\$ 4,576,162	100.0%	\$ 4,269,911	100.0%

The CSS Investment Funds contain cash, short-term investments, bonds, equities, and units in pooled funds. The Balanced Fund contains cash, short-term investments, Canadian equities, Non-North American equities, U.S. equities, and units in pooled funds (short-term, Canadian and global fixed income, emerging markets debt, U.S. equities, international equities, emerging markets equities, Canadian real estate, global REITS, and commercial mortgages). The Money Market Fund contains cash and units in a short-term pooled fund. The Equity Fund contains cash, short-term investments, Canadian equities, Non-North American equities, U.S. equities, and units in short-term, U.S., international, emerging market equity pooled funds. The Bond fund contains cash, and units in short-term, Canadian and global fixed income, emerging market debt, and commercial mortgage pooled funds.

CSS PENSIONS FUND

(thousands of dollars)

	2021		2020	
	Market Value	Investment Percentage	Market Value	Investment Percentage
Short-Term				
Custodial Cash Accounts	\$ 133		\$ 334	
Short-Term	5,890		5,375	
	6,023	0.8%	5,709	0.7%
Bonds and Debentures				
Federal	31,394		45,852	
Provincial	253,483		252,915	
Municipal	3,315		11,003	
Corporate	102,198		202,690	
	390,390	54.2%	512,460	67.0%
Pooled Funds				
Private Debt	216,147		158,654	
Commercial Mortgages	107,972		87,987	
	324,119	45.0%	246,641	32.3%
Total	\$ 720,532	100.0%	\$ 764,810	100.0%

The Pensions Fund contains cash, short-term investments, Canadian bonds and units in Private Debt and Commercial Mortgage pooled funds. An immunization strategy is employed by the Pensions Fund Manager to ensure that cash flows from the fund will meet the Plan's pension payroll, and to render the portfolio immune to changes in interest rates.

FAIR VALUE

The Plan has classified its financial instrument holdings using a hierarchy that reflects the significance of the inputs used in determining their measurements.

Under the classification structure, financial instruments recorded at unadjusted quoted prices in active markets for identical assets and liabilities are classified in Level 1. Instruments valued using inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly are classified as Level 2. Instruments valued using inputs that are not based on observable market data are classified as Level 3.

The following table classifies the Plan's financial instruments within a fair value hierarchy, excluding custodial cash accounts:

(thousands of dollars)	LEVEL 1		LEVEL 2		LEVEL 3		TOTAL	
	2021	2020	2021	2020	2021	2020	2021	2020
Investment Funds								
Short-Term	-	-	21,853	13,924	-	-	21,853	13,924
Equities	1,754,069	1,567,923	-	-	-	-	1,754,069	1,567,923
Pooled Funds	-	-	2,478,855	2,402,840	318,753	282,520	2,797,608	2,685,360
Total	\$ 1,754,069	\$ 1,567,923	\$ 2,500,708	\$ 2,416,764	\$ 318,753	\$ 282,520	\$ 4,573,530	\$ 4,267,207
Pensions Fund								
Short-Term	-	-	5,890	5,375	-	-	5,890	5,375
Bonds	-	-	390,390	512,460	-	-	390,390	512,460
Pooled Funds	-	-	107,972	87,987	216,147	158,654	324,119	246,641
Total	\$ -	\$ -	\$ 504,252	\$ 605,822	\$ 216,147	\$ 158,654	\$ 720,399	\$ 764,476

The following table represents the changes to Level 3 instruments during the period ended December 31, 2021.

(thousands of dollars)

RECONCILIATION OF LEVEL 3 ASSETS:	2021	2020
Investment Funds		
Balance at January 1	\$ 282,520	\$ 285,729
Net purchases, sales, principal pyts	(4,653)	2,202
Realized gains	907	-
Unrealized gains (losses)	39,979	(5,411)
Balance at December 31	\$ 318,753	\$ 282,520
Pensions Fund		
Balance at January 1	\$ 158,654	\$ 89,901
Net purchases, sales, principal pyts	68,872	141,825
Net transfers out	-	(87,746)
Realized gains	5	14,674
Unrealized losses	(11,384)	-
Balance at December 31	\$ 216,147	\$ 158,654

4. RISK MANAGEMENT

The net assets available for benefits in the Plan's Investment Funds and Pensions Fund consist almost entirely of financial instruments. The risks of holding financial instruments include interest rate risk, credit risk, market risk, foreign exchange risk, equity price risk and liquidity risk. Significant financial risks are related to the investments held on behalf of Plan members. These financial risks are managed by having an investment policy, which is approved annually by the Board of Directors. The investment policy provides guidelines to the Plan's investment managers for the asset mix of the portfolio regarding quality and quantity of fixed term investments and equity investments. The asset mix helps to reduce the impact of market value fluctuations by requiring investments in different asset classes and in domestic and foreign markets. The Board reviews regular compliance reports from its investment managers and custodian as to their compliance with the investment policy.

INTEREST RATE RISK

Interest rate risk refers to the adverse consequences of interest rate changes on the Plan's cash flows, financial position, and income. Each Fund's exposure to interest rate risk, if any, is concentrated in its investments in debt securities including short-term investments, bonds and debentures and fixed income pooled funds. The Plan's sensitivity to interest rate changes is estimated using the weighted average duration of the fixed income portfolio. In practice, the actual trading results may differ from these approximations and the difference can be material.

The CSS Investment Funds has exposure to interest rate risk as follows:

As at December 31, 2021, if the prevailing interest rate had changed by 1.00%, assuming a parallel shift in the yield curve with all other variables held constant, net assets would have decreased or increased respectively by approximately \$57.7 million (approximately 1.26% of net assets) (2020 - \$83.1 million or 1.94% of net assets).

The CSS Pensions Fund has exposure to interest rate risk as follows:

As at December 31, 2021, if the prevailing interest rate had changed by 1.00%, assuming a parallel shift in the yield curve with all other variables held constant, net assets would have decreased or increased respec-

tively by approximately \$66.3 million (approximately 9.18% of net assets) (2020 - \$72.7 million or 9.47% of net assets).

CREDIT RISK

Credit risk refers to the potential loss arising from a party not being able to meet its financial obligation. The Plan is subject to credit risk within its investment holdings, forward currency contracts and securities lending program.

Credit risk within investments is managed through the Plan's Statement of Investment Policies and Goals. The investment policy together with the investment management agreement establishes limits on each manager's exposure to lower credit quality issues and borrowers as well as the maximum exposure to any one issuer or borrower.

As at December 31, 2021, 100% (2020 - 100%) of the Plan's short-term investments were rated "R-1 low" or better and 47.70% (2020 - 63.13%) of the bonds and debentures held in the CSS Investment Funds and 60.12% (2020 - 78.94%) of the bonds and debentures held in the CSS Pensions Fund were rated "A" or better.

Currency forward contracts are entered into between the Plan and approved counter parties. The credit risk associated with these contracts is mitigated by establishing a minimum number of counter parties, and through credit analysis of counterparties performed by the Currency Manager.

Under the securities lending program, collateral is pledged to the Plan by various counter parties for securities out on loan to the counter parties. The plan has entered into a securities lending agreement with BNY Mellon Global Collateral Services, to enhance portfolio returns. The securities lending program operates by lending the Plan's available securities to approved borrowers. Credit risk associated with the securities lending program is mitigated by requiring borrowers to provide cash or collateral that exceeds the market value of the loaned securities. At December 31, 2021, securities on loan had a market value of \$336.8 million (2020 - \$483.0 million). Collateral held to secure those loans had a market value of \$352.7 million (2020 - \$503.9 million).

MARKET RISK

Market risk is the risk that the value of an investment will fluctuate as a result of changes in the value of financial instruments. Value can be affected by changes in interest rates, foreign exchange rates and security prices.

FOREIGN CURRENCY RISK

The Plan is exposed to currency risk through holdings of foreign equities where investment values may fluctuate due to changes in foreign exchange rates. The Plan manages foreign currency risk by investing in securities that are strategically distributed over several geographic areas to limit exposure to any one foreign currency.

On December 31, 2021, the Plan's foreign currency exposures were as follows:

CURRENCY

<i>(thousands of Canadian dollars)</i>	2021	2020
United States dollar	\$ 1,253,880	\$ 778,749
British pound sterling	189,783	68,576
Euro	155,056	150,639
Other European currencies	86,556	172,627
Japanese yen	180,085	118,232
Other Pacific currencies	192,837	214,403
Emerging Market currencies	332,222	353,540
Total	\$ 2,390,419	\$ 1,856,766

The Plan also manages currency risk through the use of currency forwards. These currency forwards are used to dynamically hedge the Plan's developed market foreign currency exposure. As at December 31, 2021 the fair value of the currency forwards payable was \$1,864.0 million (2020 - \$1,575.4 million) and the fair value of the currency forwards receivable was \$1,874.7 million (2020 - \$1,574.3 million).

The Plan's currency forward contracts at December 31, 2021, were as follows:

<i>(thousands of Canadian dollars)</i>	2021			2020		
	Market Value	Notional Value	Gain (Loss)	Market Value	Notional Value	Gain (Loss)
Canadian Dollar	\$ 528,695	528,695	-	\$ 279,721	279,721	-
British Pound	38,579	37,856	723	(159,807)	(156,586)	(3,221)
Hong Kong Dollar	93	94	(1)	-	-	-
Euro currency	257,799	259,683	(1,884)	212,903	212,269	634
United States Dollar	(638,923)	(646,400)	7,477	(287,271)	(289,093)	1,822
Australian Dollar	(28,572)	(27,970)	(602)	(5,697)	(5,427)	(270)
Japanese Yen	(164,280)	(169,033)	4,753	(71,108)	(70,522)	(586)
New Zealand Dollar	(3,165)	(3,158)	(7)	2,566	2,511	55
Norwegian Krone	15,154	14,845	309	(13,821)	(13,625)	(196)
Swedish Krona	5,164	5,293	(129)	41,405	40,752	653
Total	\$ 10,544	(95)	10,639	\$ (1,109)	-	(1,109)

As at December 31, 2021, if the Fund's functional currency, the Canadian dollar, had strengthened or weakened by 5% in relation to all other currencies with all other variables held constant, the net assets would have decreased or increased respectively, by approximately \$93.6 million (approximately 2% of net assets) (2020 - \$78.8 million or 2% of net assets). In practice, the actual trading results may differ from this approximate sensitivity analysis and the differences could be material.

EQUITY PRICE RISK

The Plan is exposed to changes in equity prices in global markets. The Board's policy is to invest in a diversified portfolio of investments. No one investee or related group of investees represents greater than 10% of the total book value of the assets of the plan. As well, no one holding represents more than 30% of the voting rights of any corporation.

As at December 31, 2021 had market prices, as measured by the benchmark indices, increased or decreased by 10%, with all other variables held constant, the Investment Fund's net assets available for benefits would have increased or decreased by approximately:

<i>(thousands of dollars)</i>	2021 IMPACT	2020 IMPACT
Benchmark		
S&P TSX Composite Total Return Index	\$ 66,772	\$ 61,655
S&P 500 Total Return Index	71,114	59,745
Russell 2000 Total Return Index	17,220	12,150
MSCI EAFE Total Return Index	77,955	73,061
MSCI Emerging Markets IMI Index	27,170	31,674
FTSE EPRA/NAREIT Developed Liquid Index	12,637	10,058
Total	\$ 272,868	\$ 248,343

LIQUIDITY RISK

Liquidity risk is the risk that the Plan will encounter difficulty in meeting obligations associated with financial liabilities. The Plan manages liquidity risk by maintaining adequate cash and short-term securities and monitoring actual and forecasted cash flows to support the Plan's operating needs.

5. ACTUARIAL VALUATION OF PENSION ASSETS AND LIABILITIES

The payments to retired members who chose to receive a fixed monthly pension from the Plan are paid from the CSS Pensions Fund. An actuarial valuation of the assets held in the CSS Pensions Fund and of the Plan's pension liability is required every three years by law. The most recently completed valuation was conducted as at December 31, 2019. At that date, the Plan's actuary reported that the market value of the assets held in the CSS Pensions Fund exceeded the Plan's pension liability as indicated below.

ACTUARIAL POSITION

<i>(thousands of dollars)</i>	2019	2017
Market Value of Assets:	\$ 707,080	\$ 702,013
Less actuarial value of Pension Liability	(664,641)	(641,231)
Surplus at December 31	\$ 42,439	\$ 60,782
Reserve for adverse deviation from assumptions	\$ 42,439	\$ 60,782

On April 1, 2019 the Plan entered into a longevity insurance contract with The Co-operators Life Insurance Company. The agreement transfers the Plan's exposure to potential increases in pensioner longevity (the risk pensioners will live longer than expected), for over 6,300 retired members, to The Co-operators Life Insurance Company in exchange for a quarterly premium payment. The strategy mitigates the risk that pension assets will be insufficient to pay liabilities in the future. The cost of the insurance contract is reflected in the actuarial value of the Pension liabilities.

Based on monthly immunization calculations performed by the Plan's external Pensions Fund Manager, Management estimates that the market value of the Pensions Fund as at December 31, 2021, continued to be adequate to fully fund the Plan's pension liability and provide a reserve for adverse deviation from assumptions. The assumptions used by the Pensions Fund Manager may vary from the assumptions used by the Plan's actuary in performing the Plan's triennial actuarial valuations.

6. UNIT PRICING

Investment income, gains and losses accruing on the assets held in the investment funds available to members are credited to those invested through daily changes in fund unit prices. Investment and administration expenses relating to each fund are accrued to each fund prior to establishing its daily unit price. Depending on whether a fund experiences a net gain or loss after expenses, the fund's unit price increases or decreases accordingly. Fund transactions may be suspended temporarily at management's discretion where an accurate unit price for a fund cannot be determined due to the unavailability of reliable market pricing or other asset valuations.

Fund transactions are processed using "forward pricing". This means that they are processed at the next unit price set after receiving funds or instructions. Contributions to, and transfers between the investment funds available to members are processed on a daily basis in the normal course. Lump sum withdrawals are generally processed on a weekly basis. Periodic withdrawals of retirement income are processed in accordance with the terms of each member's application for benefits.

On December 31, 2021, the CSS Balanced Fund's unit price was \$28.8244 (2020 - \$26.3395), the CSS Money Market Fund's unit price was \$13.1295 (2020 - \$13.1078), the CSS Equity Fund's unit price was \$26.1879 (2020 - \$22.6530), and the CSS Bond fund's unit price was \$14.8724 (2020 - \$15.2831).

7. RECONCILIATION OF MEMBERS' ACCOUNTS

In accordance with Canadian accounting standards for pension plans, the Statement of Net Assets Available for Benefits includes the fair value of the investments held on behalf of plan members as well as fixed assets and various adjustments and accruals. Only actual cash transactions and market value changes that occurred from January 1, 2021, to the last business day of the year, however, are reflected in the unit prices and unit counts that determine the total value of members' accounts at year-end.

As stated in the Statement of Financial Position, the value of net assets available for benefits as at December 31, 2021 was \$4,594,144 (2020 - \$4,280,482) while the total value of members' accounts as per the Plan's unitized record keeping system on this same date was \$4,588,738 (2020 - \$4,277,509). The difference between these two amounts is reconciled below.

RECONCILIATION <i>(thousands of dollars)</i>	2021	2020
Net Assets available for Benefits	\$ 4,594,144	\$ 4,280,482
Add Back:		
Accrued Expenses	259	199
Withdrawals Payable	2,910	3,830
Deduct:		
Market Value Adjustments	(4,028)	(1,702)
Contributions Receivable	(4,547)	(5,210)
Total Value of Members' Accounts	\$ 4,588,738	\$ 4,277,509

8. INTERFUND BALANCES

Interfund balances represent an accrual of the outstanding administration charges owed by the CSS Pensions Fund to the CSS Balanced Fund at the end of the reporting period, plus an interest charge on this and other amounts owed during the year. Interest is calculated on the amount outstanding monthly at the rate earned on Canadian T-bills for the immediately preceding month. Amounts owed are reimbursed to the CSS Balanced Fund.

9. FUND RETURNS AND EXPENSES

The rates of return and management expense ratios (MER) of the investment funds offered to Plan members in 2021 were as follows:

Fund	2021		2020	
	Return	MER	Return	MER
Balanced Fund	9.43%	0.43%	4.49%	0.43%
Money Market Fund	0.17%	0.13%	1.12%	0.14%
Bond Fund	-2.69%	0.31%	8.10%	0.31%
Equity Fund	15.60%	0.46%	2.92%	0.46%

The returns stated are net of all administrative and investment expenses.

10. INVESTMENT FUNDS DETAIL

STATEMENT OF FINANCIAL POSITION

(thousands of dollars)

	2021					2020
	Balanced Fund	Money Market Fund	Bond Fund	Equity Fund	Total	Total
Assets						
Investments	4,136,945	165,935	48,280	225,002	4,576,162	4,269,911
Cash	11,274	-	-	-	11,274	12,439
Accrued investment income	3,744	-	-	283	4,027	4,235
Accounts receivable						
Employee contributions	307	-	-	-	307	1,693
Employer contributions	313	-	-	-	313	1,488
Other	67	-	-	-	67	-
Capital assets	354	-	-	-	354	413
Due from brokers	9,639	-	-	-	9,639	142
Interfund balance	-	4,875	710	5,912	11,497	3,906
	4,162,643	170,810	48,990	231,197	4,613,640	4,294,227
Liabilities						
Due to brokers	-	-	-	97	97	1,634
Accounts payable	6,343	598	113	1,000	8,054	8,472
Interfund balance	11,345	-	-	-	11,345	3,639
	17,688	598	113	1,097	19,496	13,745
Net Assets Available for Benefits	4,144,955	170,212	48,877	230,100	4,594,144	4,280,482

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

(thousands of dollars)

2021

2020

	Balanced Fund	Money Market Fund	Bond Fund	Equity Fund	Total	Total
Increase in Net Assets						
Investment Income						
Interest	1,805	1,494	-	-	3,299	3,471
Dividends						
Canadian dividends	18,247	-	-	1,389	19,636	19,704
Foreign dividends	24,693	-	-	1,710	26,403	22,954
Pooled fund distributions	43,212	-	1,110	1,983	46,305	44,826
Increase (decrease) in market value of investments	285,619	(519)	(2,838)	28,373	310,635	93,241
Other	425	16	5	20	466	1,130
	374,001	991	(1,723)	33,475	406,744	185,326
Employee contributions	82,436	875	651	8,697	92,659	93,647
Employer contributions	95,464	2,438	984	12,994	111,880	123,631
Interfund transfers	(18,449)	21,058	(23,197)	20,588	-	-
	159,451	24,371	(21,562)	42,279	204,539	217,278
Total increase (decrease) in assets	533,452	25,362	(23,285)	75,754	611,283	402,604
Decrease in Net Assets						
Administrative expenses						
Investment services	13,736	79	37	739	14,591	12,398
Investment transaction costs	602	24	7	33	666	536
Salaries employment costs	2,466	89	30	112	2,697	2,272
Operations	3,182	44	15	64	3,305	3,040
Membership control	49	1	-	1	51	109
Longevity insur. (recovery)	(2,023)	-	-	-	(2,023)	(1,750)
Admin. expense (recovery)	(1,462)	(62)	(28)	(75)	(1,627)	(1,190)
	16,550	175	61	874	17,660	15,415
Equity repayments	175,151	20,753	3,501	4,815	204,220	135,695
Variable benefit payments	29,148	18,890	1,705	648	50,391	44,339
Equity transferred to Pensions Fund	12,926	11,252	1,147	25	25,350	22,781
	217,225	50,895	6,353	5,488	279,961	202,815
Total decrease in assets	233,775	51,070	6,414	6,362	297,621	218,230
Increase (decrease) in Net Assets	299,677	(25,708)	(29,699)	69,392	313,662	184,374
Net Assets Available for Benefits, Beginning of Year	3,845,278	195,920	78,576	160,708	4,280,482	4,096,108
Net Assets Available for Benefits, End of Year	4,144,955	170,212	48,877	230,100	4,594,144	4,280,482



PENSION PLAN

CSS Pension Plan

Fifth floor, 333 - 3rd Ave. N.

PO Box 1850, Saskatoon, SK S7K 3S2

P: (306) 477-8500 | Toll-free: 1-844-427-7736

F: (306) 244-1088 | E: css@csspen.com

www.csspen.com



Strength in Numbers.