

2020

ANNUAL
REPORT

BUILT TO LAST.



PENSION PLAN



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BOARD'S REPORT.

On behalf of the Board, I am pleased to present the 2020 annual report of the Co-operative Superannuation Society (CSS) Pension Plan.

The theme of our annual report this year is *Built to Last* which seems very fitting considering the events of 2020. Last year was truly unprecedented in many ways, but it served to demonstrate the resilience of purpose-built organizations like the many member-owned co-operatives and credit unions that CSS has the privilege to serve, as well as CSS itself.

On behalf of the Board, I would like to congratulate and extend our thanks to the Plan's Executive Director, Martin McInnis, and everyone on his team for their efforts in 2020 in managing through very unusual times while keeping the CSS team and our members safe. We operate with a small but mighty team at CSS and were pleased to see how efficiently and effectively they transitioned to managing Plan operations and member engagement remotely.

In concert with the operational side of CSS, your Board transitioned to meeting virtually last year and will continue to do so for the foreseeable future. And, in a year of many firsts for CSS, the annual meeting was completed by written resolution rather than an in-person meeting of the delegates.

I am also very pleased to report that CSS made significant strides in advancing its strategic

objectives in 2020, despite the additional efforts and considerations required to deal with the effects of the pandemic. Of note:

- The Governance and Control Structure Review Committee completed its work in early 2020. One of the key outputs of their work with CSS delegates was the passing of a bylaws amendment extending delegate terms of office to three years from the previous one- (employer appointed delegates) and two- (employee elected delegates) year terms. This change is expected to provide long-term continuity benefits to the governance structure of CSS.
- Several significant enhancements were made in the area of member experience in 2020, with more to come, as CSS continues to execute on its digitization journey. These initiatives are more than simple enhancements – they are strategic investments of time, effort, and resources to ensure CSS continues to provide the efficient and effective pre- and post-retirement service that our members expect well into the future.
- CSS was invited to participate in a number of regulatory and academic workshops and other initiatives occurring in the Canadian and global defined contribution (DC) pension plan industries. We continue to be recognized as a leader in the DC pension space and were very pleased to be recognized in 2020 for our pension plan communications work.



Last year was truly unprecedented in many ways, but it served to demonstrate the resilience of purpose-built organizations like the many member-owned co-operatives and credit unions that CSS has the privilege to serve.

CSS is a learning organization. While we hold fast to our values and our single-minded commitment to members' best interests, an organization that is built to last must keep abreast of new ideas and new ways of doing things. The CSS Board focused its regular training and educational activities in 2020 on:

- A detailed analysis with our external investment consultant of the recent performance of our Balanced Fund and review of the strategic asset allocation deployed by CSS to ensure it continues to align with our overall strategic objectives related to member retirement outcomes.
- A review of current global trends in the DC space and what leading DC pension plans are expected to look like in 2025 and beyond with a view to ensuring CSS continues to provide its members with leading products and services.
- A deep dive into current thinking on preparing and positioning institutional investor portfolios for the future delivered by several global thought leaders.

Your Board met to receive the usual reports from Plan management at its regular (virtual) quarterly meetings. These included reports relating to the investments held on behalf of members, management's business and risk management plans, and the annual expense budget.

With respect to governance changes, Shannan Corey stepped down as a CSS director in 2020. On behalf of

the membership and the Board, let me extend heartfelt gratitude to Shannan for her service to CSS as a delegate and director. We were also very pleased to welcome Kelly Thompson of Federated Co-operatives Limited to the Board in 2020.

Past president of the Board and current director, Al Meyer, has signalled that he does not intend to run for re-election at the 2021 annual meeting. Al has served CSS and its members as a director since 2010, including three years as Board president. We are very grateful for Al's service and his leadership and we wish him and his family the very best as he transitions to life in retirement.

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

JEFF AMBROSE
PRESIDENT
CSS BOARD OF DIRECTORS



EXECUTIVE DIRECTOR'S REPORT.

It is my pleasure to bring greetings on behalf of staff and management at the Co-operative Superannuation Society (CSS) Pension Plan.

There was a lot to endure and to adapt to in 2020 which tested the mettle of individuals, organizations and entire countries alike. We saw: devastating wildfires in Australia and in North America; China assert itself and aggressively pursue its political agenda; the UK officially withdraw from the European Union; a massive and sophisticated coordinated cyberattack in the US most likely led by another country's government; oil prices tank; increased racial tensions and attacks on democracy around the globe; unprecedented discord in US politics; a significant stock market crash early in the year; governments around the world take on massive levels of debt to help their citizens and economies withstand the impacts of the pandemic; and, yes, the coronavirus spread rapidly around the world. Covid was the story of 2020. The effects of the pandemic continue to be felt in all aspects of our lives and will for some time yet to come.

Closer to home, CSS, like many other Canadian organizations, adapted quickly to the pandemic to protect the safety of our staff, our members, and our communities. Early in the year we closed our offices to walk-in traffic, moved the majority of our staff to remote work-from-home arrangements, and swiftly introduced technological enhancements and tools to smooth the transition to the reality of living and working in the era

of Covid. This was not an easy transition, but it was one that was done very quickly and effectively by the team at CSS. I would like to take this opportunity to convey a huge thank you to our entire CSS team. It is in times like these that the depth of commitment our team has to our members and other stakeholders of the Plan really shines through. It is inspiring and at the core of why CSS truly is built to last.

Besides adapting to the effects of living and working through a pandemic, CSS accomplished a lot in 2020.

We continued on our digitization journey, releasing online investment instructions functionality on the myCSSPEN portal. Our approach to digitizing our core functions includes not only the simplicity and efficiency you would expect but also builds in "smarts" and member guidance. A very high proportion of investment instructions are now being carried out through this newly introduced channel reducing the use of paper, administrative effort required to deal with manual requests, and delivering a significantly enhanced member experience. Members can expect to see these design principles continue to be used as we continue to digitize our core processes.

By the time you read this, online annual statements and tax slips will be available to members through the myCSSPEN portal. Along with online investment instructions, access to annual statements was a top-three item requested by members in our 2019 member



It is in times like these that the depth of commitment our team has to our members and other stakeholders of the Plan really shines through. It is inspiring and at the core of why CSS truly is built to last.

survey. We are very pleased to deliver this functionality, and we look forward to further enhancing our overall member experience through the roll-out of more digital solutions in the near future.

CSS was very proud to be awarded the *Benefits Canada* Workplace Benefits Award for Pension Plan Communications in 2020. The award recognized our digital-first approach to member communications, and our use of data, analytics and key performance indicators in our quest to continually elevate the quality of our member communications and engagement efforts. Our Member Services, Administration and Communications teams have invested a significant amount of energy over the last number of years executing on our strategic objectives in the communications and member engagement areas, so it was a real honour to have those efforts recognized.

We were disappointed with the short-term performance of our equities portfolio (Balanced Fund and Equity Fund) in relation to its benchmarks in 2020. Market conditions in recent years have been such that CSS' investment approach has been "out of favour." However, that is not to say that our approach is wrong or inappropriate. One of the key reasons that CSS has been successful in creating value for members for such a long time is its disciplined approach to investing, its focus on the long-term and on the financial retirement outcomes of its members. Having a well thought out long-term plan and sticking to it is something we

recommend to members, and it is something we live by in our approach to investing. Although we cannot predict the future, we are confident that the principles that are a hallmark of CSS' investing philosophy will continue to generate long-term value for our members.

It has been our pleasure to serve our members this past year. In particular, we are very grateful to serve those who are serving us through the pandemic. Our CSS membership is made up of many folks working in the essential services that have kept us going – warehouse workers, grocery, gas, healthcare, food production, housing and financial services, to name but a few. Thank you to these members as well as the police, firefighters, paramedics, and healthcare professionals for all they've done and continue to do for all of us every day.

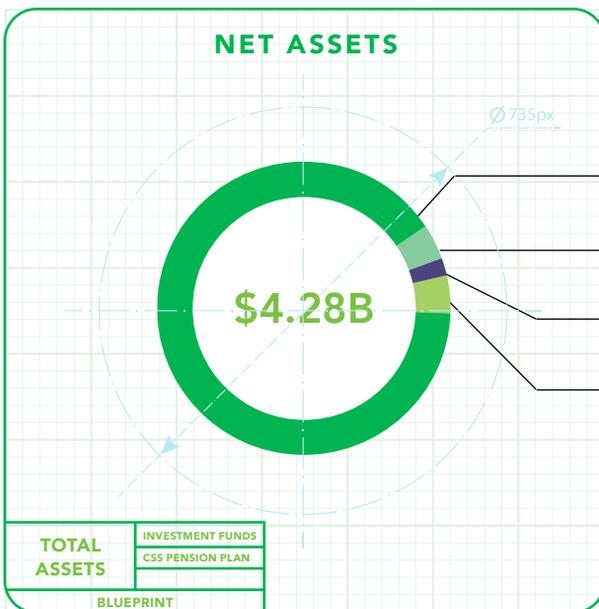
On behalf of the Plan's management and staff, let me also extend thanks to our Plan's stakeholders, consultants, service providers, directors and delegates for their considerable efforts and commitment to serving our members' best interests in 2020.

MARTIN McINNIS
EXECUTIVE DIRECTOR
CSS PENSION PLAN

2020 HIGHLIGHTS

At CSS, it's always been our prerogative to keep you - our 50,000+ members and over 300 employers - best interests at the forefront of everything that we do. Despite the global pandemic that challenged businesses across the world, we were able to weather the storm and keep your pension plan running smoothly with solid foundations in place. Our long-term investment strategy at CSS is purpose-built to withstand such unforeseen circumstances. In fact, Covid also helped to fast-track many of our digital projects at CSS, including the addition of new self-serve tools on myCSPEN to help members layout their retirement blueprints.

Investment highlights



INVESTMENT FUNDS

\$3.85B	BALANCED FUND
\$195M	MONEY MARKET FUND
\$78M	BOND FUND
\$161M	EQUITY FUND

PENSIONS FUND*

\$768M

2020 RATES OF RETURN

BALANCED FUND	4.49%
MONEY MARKET FUND	1.12%
BOND FUND	8.10%
EQUITY FUND	2.92%

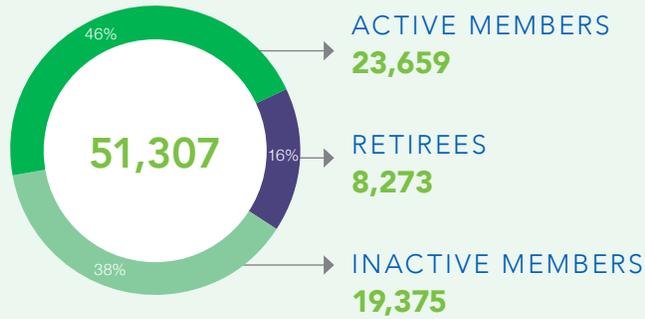
2020 MERs

BALANCED FUND	0.43%
MONEY MARKET FUND	0.14%
BOND FUND	0.31%
EQUITY FUND	0.46%

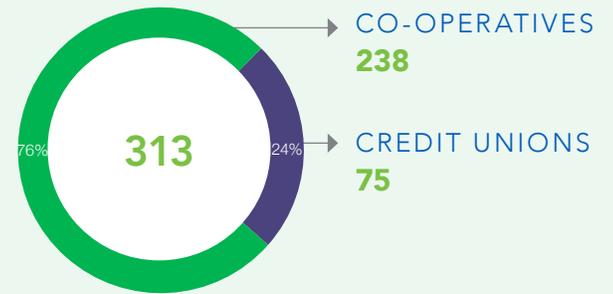
* CSS monthly pensions are paid from our Pensions Fund, which is invested in high-quality, long-term bonds, private debt and commercial mortgages.

Membership highlights

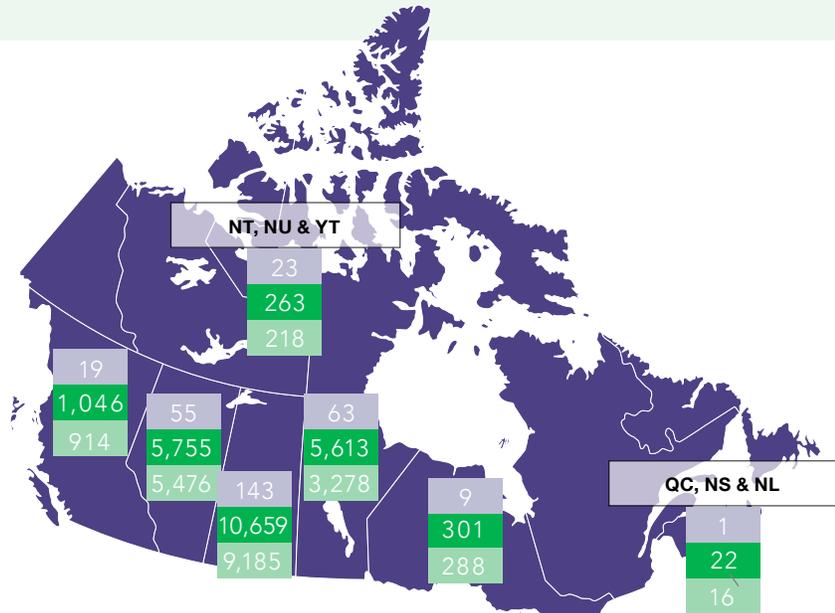
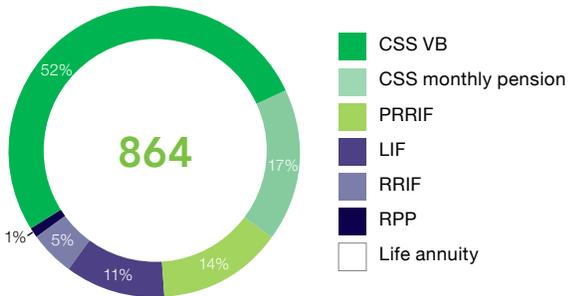
EMPLOYEE MEMBERSHIP



EMPLOYER MEMBERSHIP



RETIREMENT INCOMES STARTED



- Active members by province/territory
- Inactive members by province/territory
- Employers by province/territory

NEW VB STARTS

Total funds: \$108,287,255
Average funds: \$240,638

NEW MONTHLY PENSIONS

Total funds: \$22,629,949
Average funds: \$155,000



WHO WE ARE

At the Co-operative Superannuation Society (CSS), we exist to serve you - our members.

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

Our journey 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. Today, we are one of the oldest and largest defined contribution pension plans in Canada with over \$5B in total assets (including assets to secure pensions).

Over our 81-year history, we've grown to serve a diverse membership of over 313 co-operative and credit union employers and over 50,000 members across Canada, including more than 8,000 retirees who draw a retirement income from CSS.

Throughout 2020, we continued to add value for members despite it being a challenging year amid the Covid pandemic. The strong foundations of CSS - built collectively with co-operative and credit union employers and members over the years - enabled us to withstand uncertainty and continue to keep our members' best interests at the forefront.



Management and staff

Martin McInnis
Executive Director

Oyin Ajibola
Communications Specialist

Joanne Anderson
Member Services Administrator

Whitney Bueckert
Programmer Analyst

Rachelle Camsell
Administration Services Specialist

Brina Chamney
Programmer Analyst

Gayle Dadey
Administrative Services Assistant

Darlene Dudiak
Part-time Office Administrator

Brent Godson
Director, Investments and Financial
Management

Lynn Gramson
Part-time Office Administrator

Terri Imhoff
Repayments Specialist

David Kapeluck
Member Services Manager

Darlene Kirzinger
Retirement Benefits Specialist

Kenny Layode
Programmer Analyst

Fiona May
Pension Plan Consultant

Kirby McInnis
ICT Manager

Jody Millard
Retirement Benefits Specialist

Rob Peddle
Programmer Analyst

Nicole Quintal
Communications Manager

Gayle Richmond
Administration Manager

Rhonda Rodh
Pension Plan Consultant

Joel Sawatsky
Investment/Accounting Officer

Marilyn Shipley
Pension Plan Consultant



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 plan for Canadian co-operatives and their employees.



VALUES

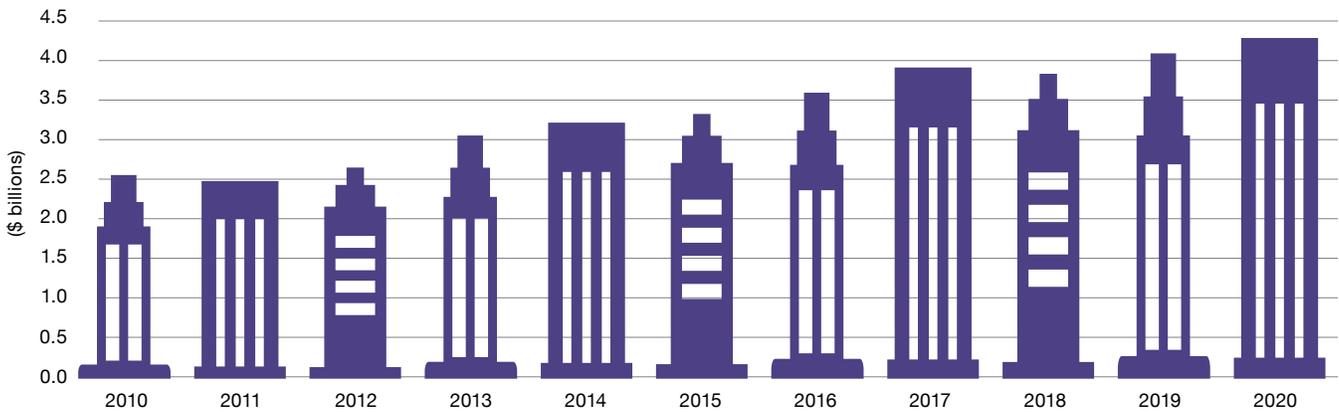
Our core values support member focus in Plan decision making: **Service, fairness, integrity, accountability and transparency.**

MANAGEMENT DISCUSSION & ANALYSIS

Net assets

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

ASSET GROWTH - INVESTMENT FUNDS



Investment fund assets

\$4.28B

Pensions Fund assets

\$768M

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	0.14%
Bond Fund	0.31%
Equity Fund	0.46%

<p>We maintain a long-term investment horizon.</p> <p>We look past short-term noise and market volatility to focus on long-term goals.</p>	<p>Expense management and control is critical.</p> <p>We look to add the most value for our members in the money we spend, rather than spend as little as possible.</p>
<p>As a fiduciary, protection of capital is at the heart of our investment strategy.</p> <p>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.</p>	
<p>We construct our investment strategy in part by learning from the past.</p> <p>We leverage academic and empirical research to give us the best probability of success in the future.</p>	<p>Diversification is central to mitigating risk.</p> <p>We look to diversify across asset classes, geographies, sources of risk and return, and investment approaches and styles.</p>
<p>We look to establish long-term relationships with high quality investment partners.</p> <p>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.</p>	
<p>Discipline is key to investment management practices and processes.</p> <p>We favor 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.</p>	<p>We believe a responsible and sustainable investing approach is in the best interest of our membership.</p> <p>We integrate ESG (environmental, social and governance) risks and opportunities into our investment processes with a view to enhancing performance.</p>
<p>Member outcomes are paramount.</p> <p>We study behavioral finance and other disciplines to help us understand member behavior and leverage this knowledge to design our strategies, products and education to mitigate the most harmful outcomes and increase the probability of success.</p>	

KEY INVESTMENT BELIEFS.

Investment overview

The Plan's investments, and in particular its equity investments, have materially underperformed its benchmarks over the last three years.

Although diversified across various investment approaches and styles, the Plan is purposefully biased toward those styles which are willing to sacrifice some returns in up markets to provide more protection in down markets. This bias leads us towards equities which exhibit value, quality, smaller size and lower volatility characteristics, which academic and empirical market research continually demonstrate outperform relative to alternative portfolio choices over the long term. As we noted earlier, these are not the styles that the market rewarded in 2021 or the two years prior.

This defensive investment profile is intended to provide a less bumpy ride (less volatility), outperform alternative portfolios over the long term, appeal to a typical defined contribution (DC) pension plan investor, and be consistent with the Plan's fiduciary responsibility to prudently protect our members' accumulated investment capital.

As we look to 2021 and beyond, we see market concentrations in the US at 40-year highs and stock prices relative to earnings at the second-highest level in history, only exceeded during the Tech Bubble in 2000.

We note market participant behavior is demonstrating signs of a valuation bubble: Skyrocketing stock prices (Tesla up 730%), highly speculative investing by non-professional investors (GameStop) and an overall belief that certain stocks are so good that the price you pay doesn't matter.

We do not know what the future will hold, but we do believe it is prudent to maintain our investment discipline. This discipline helps us look past short-term volatility and market anomalies to focus on optimizing the long-term financial outcomes of our members.



Although diversified across various investment approaches and styles, the Plan is purposefully biased toward those styles which are willing to sacrifice some returns in up markets to provide more protection in down markets.

MARKET OVERVIEW

The emergence of a global pandemic early in the year not only put an abrupt halt to our way of life, but it also ended the longest economic expansion in history. Major equity markets spiraled downward, but quickly reversed direction as central banks and governments around the world provided aggressive fiscal and monetary policy measures to backstop the economy.

For most of the year investors saw the continuation of a trend that began in 2018. Throughout this period large growth stocks around the world materially outperformed their value and smaller size alternatives. The arrival of the pandemic only accelerated these disparities as the technology, consumer discretionary, communication and health care sectors, in which growth is concentrated, were the clear Covid winners. Alternatively, the financial, materials, energy and industrial sectors, which have more value investing characteristics, were the obvious losers.

However, late in 2020, vaccine developments began to shift some of the focus away from the Covid winners and towards those sectors and stocks most damaged by the pandemic. As we enter 2021, risks remain including the identification of virus variants and uncertainty as to the timing of vaccine rollouts. As a result, markets continue to exhibit heightened volatility, but continue to be more optimistic than pessimistic, as they look past near-term issues towards normalization and economic recovery.



INVESTING

MARKET OVERVIEW

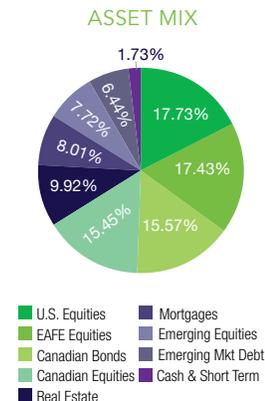
CSS PENSION PLAN

BLUEPRINT

Investment fund performance vs benchmark

	1 YEAR	4 YEARS
BALANCED FUND	4.49%	5.64%
Objective: exceed benchmark return	8.37%	7.43%
Value added	-3.88%	-1.79%

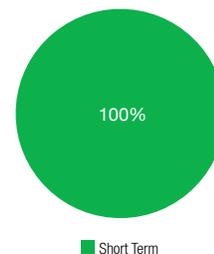
The Balanced Fund is the Plan's default fund. The fund has a target allocation of 55% equities, 35% fixed income and 10% real estate. The risk/return profile is expected to produce moderate long-term growth with occasional short-term losses.



	1 YEAR	4 YEARS
MONEY MARKET FUND	1.12%	1.48%
Objective: exceed Canadian 91-day T-Bills	0.86%	1.11%
Value added	0.26%	0.37%

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.

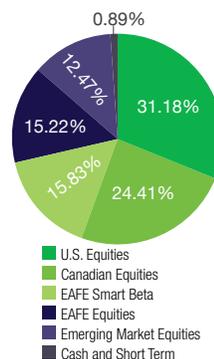
ASSET MIX



	1 YEAR	4 YEARS
EQUITY FUND	2.92%	6.40%
Objective: exceed benchmark return	9.46%	9.31%
Value added	-6.54%	-2.91%

The Equity Fund contains mainly publically traded stocks from around the world. It is managed by six 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.

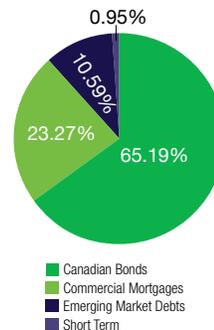
ASSET MIX

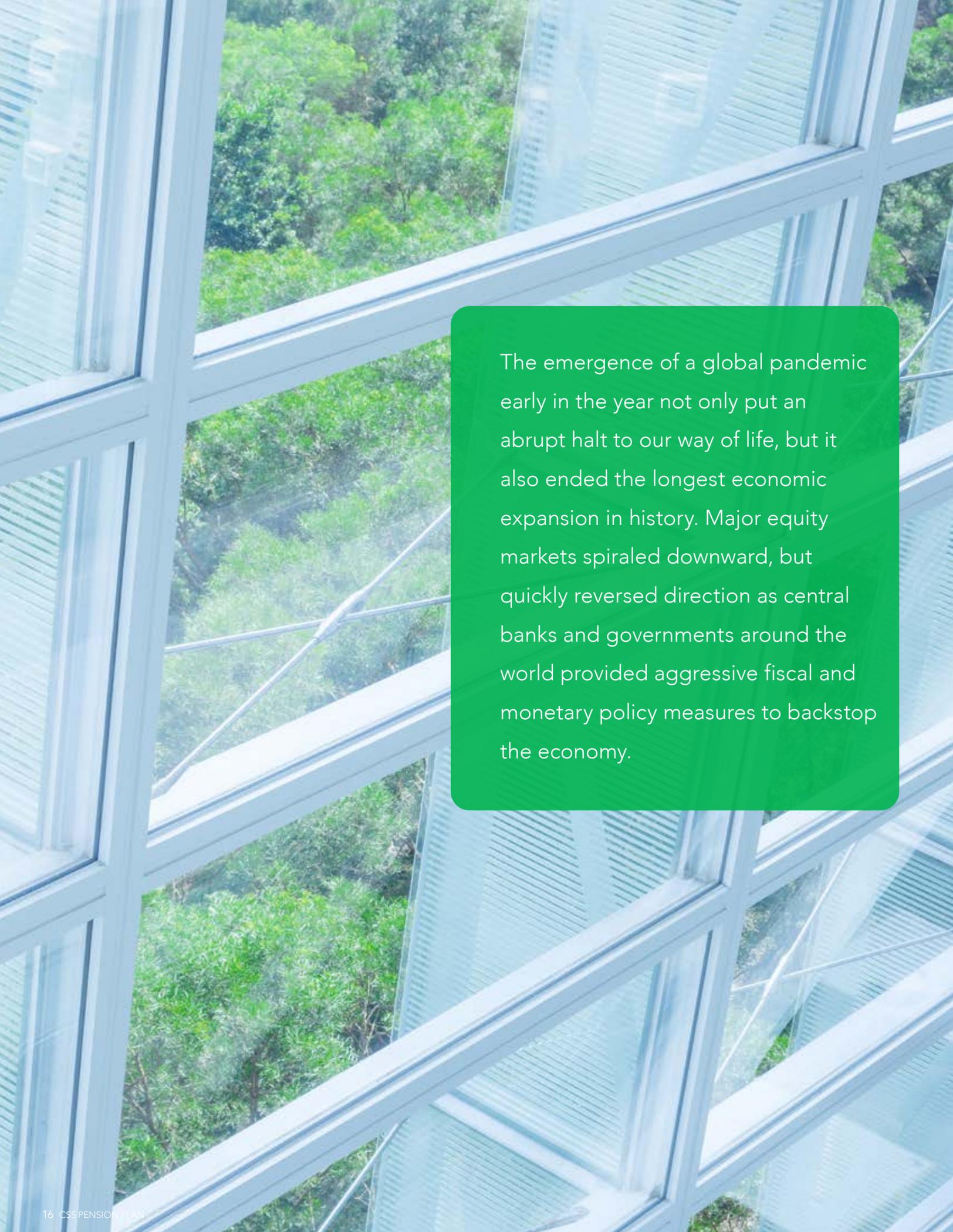


	1 YEAR	4 YEARS
BOND FUND	8.10%	4.70%
Objective: exceed benchmark return	8.10%	4.51%
Value added	0.00%	0.19%

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

ASSET MIX



A large window with a white frame looking out onto a dense green forest. The window is composed of several panes separated by white muntins. The view outside is a lush, green forest with many trees. The lighting is bright, suggesting a sunny day.

The emergence of a global pandemic early in the year not only put an abrupt halt to our way of life, but it also ended the longest economic expansion in history. Major equity markets spiraled downward, but quickly reversed direction as central banks and governments around the world provided aggressive fiscal and monetary policy measures to backstop the economy.

Investment manager performance*

INVESTMENT MANAGER	1 YEAR	4 YEARS
QV INVESTORS - CANADIAN EQUITIES 24bps Benchmark: S&P TSX Composite Index	-1.09%	1.88%
Value added/variance	-6.69%	-4.69%
SCHEER ROWLETT - CANADIAN EQUITIES 9-39bps Benchmark: S&P TSX Composite Index	3.81%	5.60%
Value added/variance	-1.79%	-0.97%
SPRUCEGROVE - INTERNATIONAL EQUITIES 33bps Benchmark: MSCI EAFE	2.52%	6.07%
Value added/variance	-3.40%	-1.66%
JP MORGAN - INTERNATIONAL EQUITIES 7bps Benchmark: MSCI EAFE	3.32%	6.32%
Value added/variance	-2.60%	-1.41%
SCIENTIFIC BETA - U.S. LARGE-CAP EQUITY 11bps Benchmark: S&P 500 Index	6.37%	N/A
Value added/variance	-9.95%	
HILLSDALE - U.S. SMALL-CAP EQUITIES 65bps Benchmark: Russell 2000 Index	-3.57%	N/A
Value added/variance	-21.43%	
WELLINGTON MANAGEMENT - EM EQUITIES 85bps Benchmark: MSCI Emerging Mkts IMI Index	24.55%	13.98%
Value added/variance	8.23%	2.61%
WELLINGTON MANAGEMENT - CANADA BONDS 7-30bps Benchmark: FTSE Canada Universe Bond Index	7.40%	4.85%
Value added/variance	-1.28%	0.02%
TD GREYSTONE REAL ESTATE 75bps Benchmark: CPI + 4%	-2.58%	5.72%
Value added/variance	-7.53%	0.00%
TD GREYSTONE COMMERCIAL MORTGAGES 28bps Benchmark: Custom	6.29%	4.91%
Value added/variance	-1.42%	1.02
TD ASSET MANAGEMENT - CANADA BONDS 3bps Benchmark: FTSE Canada Universe Bond Index	8.48%	4.76%
Value added/variance	-0.20%	0.28%
TD ASSET MANAGEMENT - SHORT TERM 3bps Benchmark: FTSE Canada 91-Day T-Bill Index	1.17%	1.51%
Value added/variance	0.31%	0.40%
BLACKROCK EMERGING MARKET DEBT 56bps Benchmark: CDOR + 5%	14.89%	N/A
Value added/variance	9.06%	
BLACKROCK REITS 6bps Benchmark: FTSE EPRA NAREIT Developed Liquid Index	NEW	
MACKENZIE FINANCIAL CURRENCY OVERLAY 4-7bps Benchmark: Custom	NEW	

*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



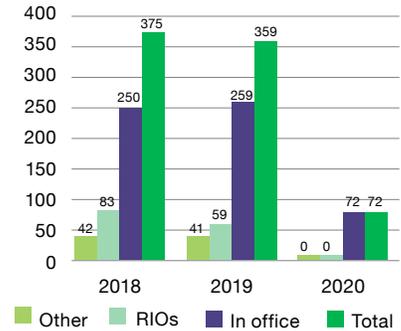
Pensions Fund adjusted assets as a percentage of liabilities (as of Dec. 31, 2019)

Member service activities



INDIVIDUAL CONSULTATIONS

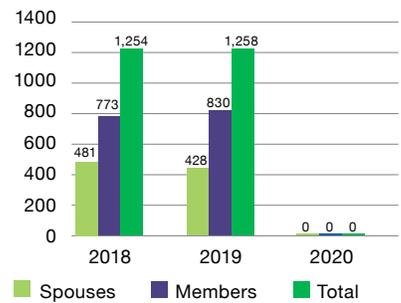
Covid-19 greatly impacted the Plan's member service activities in 2020. With the closure of the office early in the year, and then being able to only partially re-open afterwards, greatly affected the number of members scheduling appointments with the Pension Plan Consultants. Approximately 72 individual appointments were held in the Pension Plan's office during 2020. With member service activities outside the office being cancelled in 2020, no appointments with members were held in conjunction with such activities.



RETIREMENT INCOME OPTIONS (RIO) WORKSHOPS

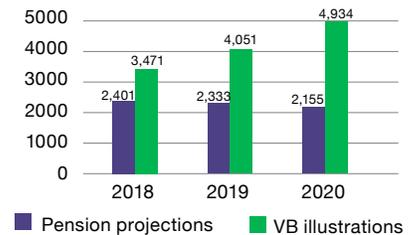
There were 14 RIO workshops scheduled for 2020. However, due to the Covid-19 pandemic the workshops were cancelled. Consequently, an online version of the workshop was developed and is available on the Plan's website at:

<https://www.csspen.com/forms-and-resources/rio-workshops>



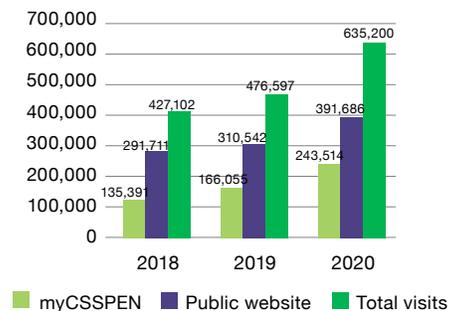
RETIREMENT INCOME PROJECTIONS & ILLUSTRATIONS

The pandemic did not seem to negatively affect members' interest seeking out retirement income estimates. During 2020 approximately 2,155 personalized sets of Pension Projections and 4,934 Variable Benefit (VB) illustrations were prepared for and on behalf of employee members of the Plan. These figures are up considerably from 2019.



WEBSITE

Visits to the website increased significantly in 2020 with a total of 635,200 visits. The Plan continued to improve the site throughout the year, adding new features and functionality to the myCSSPEN member portal, including the ability for members to change their investment allocations online.



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

Due to the impacts of Covid, CSS altered its annual meeting and director elections processes in 2020. Bylaw XVIII – Special Provisions for 2020 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 for an altered director election process in 2020.

BOARD OF DIRECTORS



*From left: **Mike Gartner (Vice-President)**, retired; **Jason Sentes**, CEO, 1st Choice Savings and Credit Union; **Kelly Thompson**, Associate Vice President, Finance and Risk Management, Federated Co-operatives Limited; **Jeff Ambrose (President)**, VP Operations, Petroleum, Wine Spirits Beer, Home Health Care and Cannabis, Calgary Co-operative Association; **Heather Ryan**, VP, Human Resources, Federated Co-operatives Limited; **Al Meyer**, CEO, Prairie Centre Credit Union.*

CSS delegates

The delegates elected and appointed to represent the Society's employer and employee members at the 2021 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

Tara Baker, FCL Winnipeg
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
Josh Noble, Synergy Credit Union
Greg Sarvis, Riverbend Co-op
Jason Schenn, Borderland Co-op

NON-CONTRIBUTORS

Ken Kosolofski*

EMPLOYER (appointed)

FCL BOARD

Robert Grimsrud
Don Mathies

FCL STAFF

Alison Auramenko
Duane DeRosier
Dave Dyck
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
Martin Trudeau

CONCENTRA BANK

Jayleen Groff

**Appointed by employee directors*



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.

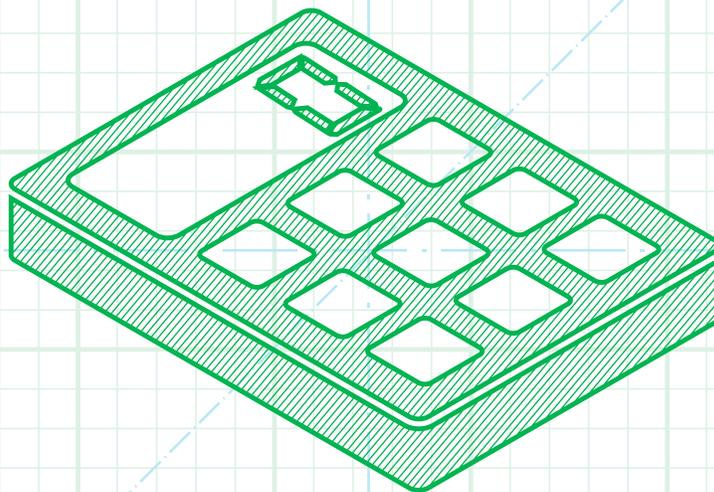
Three directors are elected by and from the 18 employer delegates, and three others are elected by and from the employee delegates. The six elected directors form the CSS Board of Directors. The Board supervises the business and affairs of the Society.



In 2020, the Society's directors were:

- President – Jeff Ambrose
- Vice-President – Mike Gartner
- Heather Ryan
- Al Meyer
- Jason Sentes
- Shannan Corey (left Board in 2020)
- Kelly Thompson

FINANCIAL STATEMENTS



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FINANCIAL STATEMENTS	2020
	CSS PENSION PLAN
BLUEPRINT	

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, 2020, 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, 2020, 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

February 26, 2021

MNP LLP

Chartered Professional Accountants

MNP

STATEMENT OF FINANCIAL POSITION

As at December 31, 2020

Investment funds

(thousands of dollars)

ASSETS	2020	2019
Investments (Note 3)	4,269,911	4,083,613
Cash	12,439	2,861
Accrued investment income	4,235	4,059
Accounts receivable		
Employee contributions	1,693	1,326
Employer contributions	1,488	1,086
Capital assets	413	506
Due from brokers	142	7,728
Interfund balance (Note 8)	3,906	5,221
	4,294,227	4,106,400
LIABILITIES		
Due to brokers	1,634	-
Accounts payable	8,472	5,162
Interfund balance (Note 8)	3,639	5,130
	13,745	10,292
NET ASSETS AVAILABLE FOR BENEFITS (NOTE 10)	4,280,482	4,096,108
REPRESENTED BY: Member contribution accounts (Note 7)	4,280,482	4,096,108

Pensions Fund

(thousands of dollars)

ASSETS	2020	2019
Investments (Note 3)	764,810	743,526
Accrued investment income	3,495	4,942
	768,305	748,468
LIABILITIES		
Due to broker	-	17,140
Accounts payable	406	365
Interfund balance (Note 8)	267	91
	673	17,596
NET ASSETS AVAILABLE FOR BENEFITS	767,632	730,872
REPRESENTED BY: Pension reserve	767,632	730,872

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, 2020

Investment funds

(thousands of dollars)

INCREASE IN ASSETS	2020	2019
Investment income		
Interest	3,471	4,064
Dividends		
Canadian dividends	19,704	17,712
Foreign dividends	22,954	19,131
Pooled fund distributions	44,826	43,500
Increase in market value of investments	93,241	397,271
Other	1,130	758
	185,326	482,436
Contributions		
Employee	93,647	85,008
Employer	123,631	89,679
	217,278	174,687
Total increase in assets	402,604	657,123
DECREASE IN ASSETS	2020	2019
Administrative expenses		
Investment services	12,398	11,222
Investment transaction costs	536	692
Salaries and employment costs	2,272	2,266
Operations	3,040	2,485
Membership control	109	172
Longevity risk insurance (recovery from Pensions Fund)	(1,750)	(905)
Administrative expenses (recovery from Pensions Fund)	(1,190)	(1,419)
	15,415	14,513
Equity repayments	135,695	162,400
Variable benefit payments	44,339	37,960
Equity transferred to Pensions Fund	22,781	35,008
	202,815	235,368
Total decrease in assets	218,230	249,881
Increase in net assets	184,374	407,242
Net assets available for benefits, beginning of year	4,096,108	3,688,866
Net assets available for benefits, end of year (Note 10)	4,280,482	4,096,108

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

For the year ended December 31, 2020

Pensions Fund*(thousands of dollars)*

INCREASE IN ASSETS	2020	2019
Investment income		
Interest	42,192	27,300
Increase in market value of investments	27,069	28,309
Pooled fund distributions	255	761
Equity transferred from Investment Funds	22,781	35,008
Other	79	121
Total increase in assets	92,376	91,499
DECREASE IN ASSETS		
Pension paid	52,675	52,522
Longevity risk insurance	1,750	905
Administrative expenses	1,191	1,421
Total decrease in assets	55,616	52,848
Increase in net assets	36,760	36,651
Net assets available for benefits, beginning of year	730,872	694,221
Net assets available for benefits, end of year	767,632	730,872

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

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 313 (2019 – 319) independent co-operatives and credit unions and more than 43,000 (2019 – 41,000) of their current and past employees. The Plan also pays retirement income to more than 8,200 (2019 – 8,000) 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	2020		2019	
	Market Value	Investment Percentage	Market Value	Investment Percentage
Short-Term				
Custodial Cash Accounts	\$ 2,704		\$ 1,828	
Short-Term Investments	13,924		27,305	
	16,628	0.4%	29,133	0.7%
Equities				
Canadian	616,545		528,161	
U.S. Equities	597,453		561,338	
Non-North American	353,925		342,041	
	1,567,923	36.7%	1,431,540	35.1%
Pooled Funds				
Short-Term	254,527		190,861	
Canada Bonds	649,470		740,302	
U.S. Equities	121,501		125,158	
International Equities	376,680		366,247	
Emerging Mkt Equities	316,736		254,227	
Canadian Real Estate	282,520		285,729	
Global REITS	100,579		111,347	
Emerging Mkt Debt	257,057		245,414	
Commercial Mortgages	326,290		303,655	
	2,685,360	62.9%	2,622,940	64.2%
Total	\$ 4,269,911	100.0%	\$ 4,083,613	100.0%

The CSS Investment Funds contain cash, short-term investments, bonds, Canadian and foreign 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, 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, fixed income, emerging market debt, and commercial mortgage pooled funds.

CSS PENSIONS FUND

(thousands of dollars)

	2020		2019	
	Market Value	Investment Percentage	Market Value	Investment Percentage
Short-Term				
Custodial Cash Accounts	\$ 334		\$ 20,974	
Short-Term Investments	5,375		-	
	5,709	0.7%	20,974	2.8%
Bonds and Debentures				
Federal	45,852		41,410	
Provincial	252,915		244,528	
Municipal	11,003		40,071	
Corporate	202,690		306,642	
	512,460	67.0%	632,651	85.1%
Pooled Funds				
Private Debt	158,654		47,782	
Commercial Mortgages	87,987		42,119	
	246,641	32.3%	89,901	12.1%
Total	\$ 764,810	100.0%	\$ 743,526	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	
	2020	2019	2020	2019	2020	2019	2020	2019
Investment Funds								
Short-Term	-	-	13,924	27,305	-	-	13,924	27,305
Equities	1,567,923	1,431,540	-	-	-	-	1,567,923	1,431,540
Pooled Funds	-	111,347	2,402,840	2,225,864	282,520	285,729	2,685,360	2,622,940
Total	\$ 1,567,923	\$ 1,542,887	\$ 2,416,764	\$ 2,253,169	\$ 282,520	\$ 285,729	\$ 4,267,207	\$ 4,081,785
Pensions Fund								
Short-Term	-	-	5,375	-	-	-	5,375	-
Bonds	-	-	512,460	632,651	-	-	512,460	632,651
Pooled Funds	-	-	87,987	-	158,654	89,901	246,641	89,901
Total	\$ -	\$ -	\$ 605,822	\$ 632,651	\$ 158,654	\$ 89,901	\$ 764,476	\$ 722,552

The following table represents the changes to Level 3 instruments during the period ended December 31, 2020.

(thousands of dollars)

RECONCILIATION OF LEVEL 3 ASSETS:	2020	2019
Investment Funds		
Balance at January 1	\$ 285,729	\$ 225,708
Net purchases, sales, principal pyts	2,202	38,022
Unrealized gains (losses)	(5,411)	21,999
Balance at December 31	\$ 282,520	\$ 285,729
Pensions Fund		
Balance at January 1	\$ 89,901	\$ -
Net purchases, sales, principal pyts	141,825	90,780
Transfers out	(87,746)	-
Unrealized gains (losses)	14,674	(879)
Balance at December 31	\$ 158,654	\$ 89,901

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, 2020, 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, \$83.1 million (approximately 1.94% of net assets) (2019 - \$66.4 million or 1.62% of net assets).

The CSS Pensions Fund has exposure to interest rate risk as follows: As at December 31, 2020, 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

ly by approximately, \$72.7 million (approximately 9.47% of net assets) (2019 - \$70.6 million or 9.66% 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, 2020, 100% (2019 - 100%) of the Plan's short-term investments were rated "R-1 low" or better and 63.13% (2019 - 66.35%) of the bonds and debentures held in the CSS Investment Funds and 78.94% (2019 - 89.05%) 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, 2020, securities on loan had a market value of \$483.0 million (2019 - \$539.0 million). Collateral held to secure those loans had a market value of \$503.9 million (2019 - \$571.3 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, 2020, the Plan's foreign currency exposures were as follows:

CURRENCY

<i>(thousands of Canadian dollars)</i>	2020	2019
United States dollar	\$ 778,749	\$ 813,906
British pound sterling	68,576	169,965
Euro	150,639	138,046
Other European currencies	172,627	73,640
Japanese yen	118,232	130,796
Other Pacific currencies	214,403	119,172
Emerging Market currencies	353,540	310,507
Total	\$ 1,856,766	\$ 1,756,032

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, 2020 the fair value of the currency forwards payable was \$1,575.4 million (2019 - \$2,766.0 million) and the fair value of the currency forwards receivable was \$1,574.3 million (2019 - \$2,781.6 million).

The Plan's currency forward contracts at December 31, 2020, were as follows:

<i>(thousands of Canadian dollars)</i>	2020			2019		
	Market Value	Notional Value	Gain (Loss)	Market Value	Notional Value	Gain (Loss)
Canadian Dollar	\$ 279,721	279,721	-	\$ 942,474	942,474	-
Swiss Franc	-	-	-	(41,956)	(41,746)	(210)
British Pound	(159,807)	(156,586)	(3,221)	(34,575)	(34,613)	38
Hong Kong Dollar	-	-	-	(51,585)	(52,550)	965
Euro	212,903	212,269	634	(106,430)	(107,279)	849
United States Dollar	(287,271)	(289,093)	1,822	(606,723)	(620,847)	14,124
Australian Dollar	(5,697)	(5,427)	(270)	(40,170)	(39,605)	(565)
Singapore Dollar	-	-	-	(28,020)	(28,209)	189
Danish Krone	-	-	-	(2,443)	(2,464)	21
Israeli Shekel	-	-	-	(143)	(145)	2
Japanese Yen	(71,108)	(70,522)	(586)	(12,531)	(12,765)	234
New Zealand Dollar	2,566	2,511	55	(2,309)	(2,251)	(58)
Norwegian Krone	(13,821)	(13,625)	(196)	-	-	-
Swedish Krona	41,405	40,752	653	-	-	-
Total	\$ (1,109)	-	(1,109)	\$ 15,589	-	15,589

As at December 31, 2020, 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 \$78.8 million (approximately 2% of net assets) (2019 - \$41.5 million or 1% 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, 2020 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>	2020 IMPACT	2019 IMPACT
Benchmark		
S&P TSX Composite Total Return Index	\$ 61,655	\$ 52,816
S&P 500 Total Return Index	59,745	56,134
Russell 2000 Total Return Index	12,150	12,516
MSCI EAFE Total Return Index	73,061	70,829
MSCI Emerging Markets IMI Total Return Index	31,674	25,423
FTSE Epra/Nareit Developed Liquid Index	10,058	11,135
Total	\$ 248,343	\$ 228,853

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, 2020, 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, 2020, the CSS Balanced Fund's unit price was \$26.3395 (2019 - \$25.2067), the CSS Money Market Fund's unit price was \$13.1078 (2019 - \$12.9621), the CSS Equity Fund's unit price was \$22.6530 (2019 - \$22.0097), and the CSS Bond fund's unit price was \$15.2831 (2019 - \$14.1374).

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, 2020, 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, 2020 was \$4,280,482 while the total value of members' accounts as per the Plan's unitized record keeping system on this same date was \$4,277,509. The difference between these two amounts is reconciled below.

RECONCILIATION

(thousands of dollars)

	2020	2019
Net Assets available for Benefits	\$ 4,280,482	\$ 4,096,108
Add Back:		
Accrued Expenses	109	154
Withdrawals Payable	3,830	1,929
Deduct:		
Market Value Adjustments	(1,702)	(4,549)
Contributions Receivable	(5,210)	(2,954)
Total Value of Members' Accounts	\$ 4,277,509	\$ 4,090,688

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 2020 were as follows:

Fund	2020		2019	
	Return	MER	Return	MER
Balanced Fund	4.49%	0.43%	13.02%	0.38%
Money Market Fund	1.12%	0.14%	1.99%	0.15%
Bond Fund	8.10%	0.31%	6.20%	0.30%
Equity Fund	2.92%	0.46%	18.33%	0.36%

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

10. INVESTMENT FUNDS DETAIL

STATEMENT OF FINANCIAL POSITION

(thousands of dollars)

	2020					2019
	Balanced Fund	Money Market Fund	Bond Fund	Equity Fund	Total	Total
Assets						
Investments	3,838,389	193,976	77,339	160,207	4,269,911	4,083,613
Cash	12,439	-	-	-	12,439	2,861
Accrued investment income	4,025	-	-	210	4,235	4,059
Accounts receivable						
Employee contributions	1,693	-	-	-	1,693	1,326
Employer contributions	1,488	-	-	-	1,488	1,086
Capital assets	413	-	-	-	413	506
Due from brokers	-	-	-	142	142	7,728
Interfund balance	-	2,312	1,299	295	3,906	5,221
	3,858,447	196,288	78,638	160,854	4,294,227	4,106,400
Liabilities						
Due to brokers	1,634	-	-	-	1,634	-
Accounts payable	7,897	368	61	146	8,472	5,162
Interfund balance	3,639	-	-	-	3,639	5,130
	13,170	368	61	146	13,745	10,292
Net Assets Available for Benefits	3,845,277	195,920	78,577	160,708	4,280,482	4,096,108

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

(thousands of dollars)

2020

2019

	Balanced Fund	Money Market Fund	Bond Fund	Equity Fund	Total	Total
Increase in Net Assets						
Investment Income						
Interest	1,074	2,397	-	-	3,471	4,064
Dividends						
Canadian dividends	18,548	-	-	1,156	19,704	17,712
Foreign dividends	21,725	-	-	1,229	22,954	19,131
Pooled fund distributions	41,090	-	3,104	632	44,826	43,500
Increase (decrease) in market value of investments	77,730	(363)	2,693	13,181	93,241	397,271
Other	745	87	97	201	1,130	758
	160,912	2,121	5,894	16,399	185,326	482,436
Employee contributions	84,835	986	755	7,071	93,647	85,008
Employer contributions	105,263	3,893	2,244	12,231	123,631	89,679
Interfund transfers	(116,196)	75,391	33,572	7,233	-	-
	73,902	80,270	36,571	26,535	217,278	174,687
Total increase in assets	234,814	82,391	42,465	42,934	402,604	657,123
Decrease in Net Assets						
Administrative expenses						
Investment services	11,682	105	122	489	12,398	11,222
Investment transaction costs	484	26	9	17	536	692
Salaries employment costs	2,051	108	38	75	2,272	2,266
Operations	2,914	61	22	43	3,040	2,485
Membership control	98	5	2	4	109	172
Longevity insur. (recovery)	(1,750)	-	-	-	(1,750)	(905)
Admin. expense (recovery)	(1,074)	(57)	(20)	(39)	(1,190)	(1,419)
	14,405	248	173	589	15,415	14,513
Equity repayments	109,441	20,736	3,433	2,085	135,695	162,400
Variable benefit payments	25,081	17,319	1,610	329	44,339	37,960
Equity transferred to Pensions Fund	11,356	10,903	345	177	22,781	35,008
	145,878	48,958	5,388	2,591	202,815	235,368
Total decrease in assets	160,283	49,206	5,561	3,180	218,230	249,881
Increase in Net Assets	74,531	33,185	36,904	39,754	184,374	407,242
Net Assets Available for Benefits, Beginning of Year	3,770,747	162,735	41,672	120,954	4,096,108	3,688,866
Net Assets Available for Benefits, End of Year	3,845,278	195,920	78,576	160,708	4,280,482	4,096,108

11. SIGNIFICANT EVENT

Prior to year-end the global outbreak of the novel strain of coronavirus specifically identified as COVID-19 was declared a pandemic by the World Health Organization. This had a significant impact on businesses due to restriction put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. The Plan was impacted by increased volatility in global financial markets and the decrease in interest rates.

The full impact of the outbreak on the financial performance of the Plan's investments will depend on future developments, including those which are highly uncertain such as the duration and spread of the outbreak and related advisories and restrictions that are currently, or may be put, in place to fight the virus.

The Plan continues to assess the situation as it evolves and make changes to its operations in response. While the extent of the impact is unknown, this outbreak has caused the changes as discussed above, and possible other changes not yet known, all of which could negatively impact the Plan's operations and financial conditions.

12. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current year's presentation.



PENSION PLAN

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Strength in Numbers.