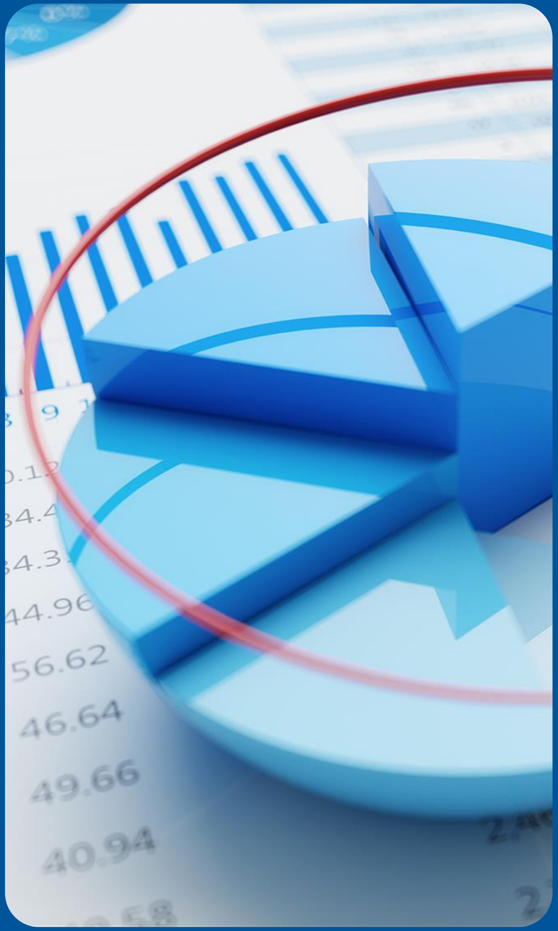
2021
Pension Committee Report

based on results as at December 31, 2020

Manitoba Telecom Services Inc. and Participating Subsidiaries Employee Pension Plan

Contents



Introduction

This report provides information on the Manitoba Telecom Services Inc. and Participating Subsidiaries Employee Pension Plan (the "Plan") for the year ended December 31, 2020. It has been prepared for employees, retirees and other beneficiaries of the Plan, and is based on official Plan reports that have been approved by the Board, filed with government authorities and presented to the Pension Committee.

About your plan

The Plan is a contributory defined benefit plan sponsored by Bell Canada (the "Company") and federally registered under the Pension and Benefits Standards Act, 1985 ("PBSA").

Highlights include:

- Eligible employees contribute to the Plan by payroll deduction each pay period. These contributions are fully tax-deductible.
- In addition to employee contributions, the Company contributes all amounts necessary to provide for the promised benefits and to pay all administrative fees, including special payments to liquidate deficits, when applicable.
- At retirement, members are eligible for a pension benefit calculated using a defined benefit formula, which includes the average of your best five years of earnings multiplied by the number of years or partial years you have contributed to the Plan (referred to as "Credited Service").
- The Plan provides for a cost-of-living adjustment ("COLA") equal to two-thirds of the increase in the Canadian Consumer Price Index ("CPI") to a maximum CPI increase of 4%.
- Members who terminate employment before age 55 are entitled to a deferred pension benefit.
- The Plan has been closed to new members since January 1, 2010.

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

Membership

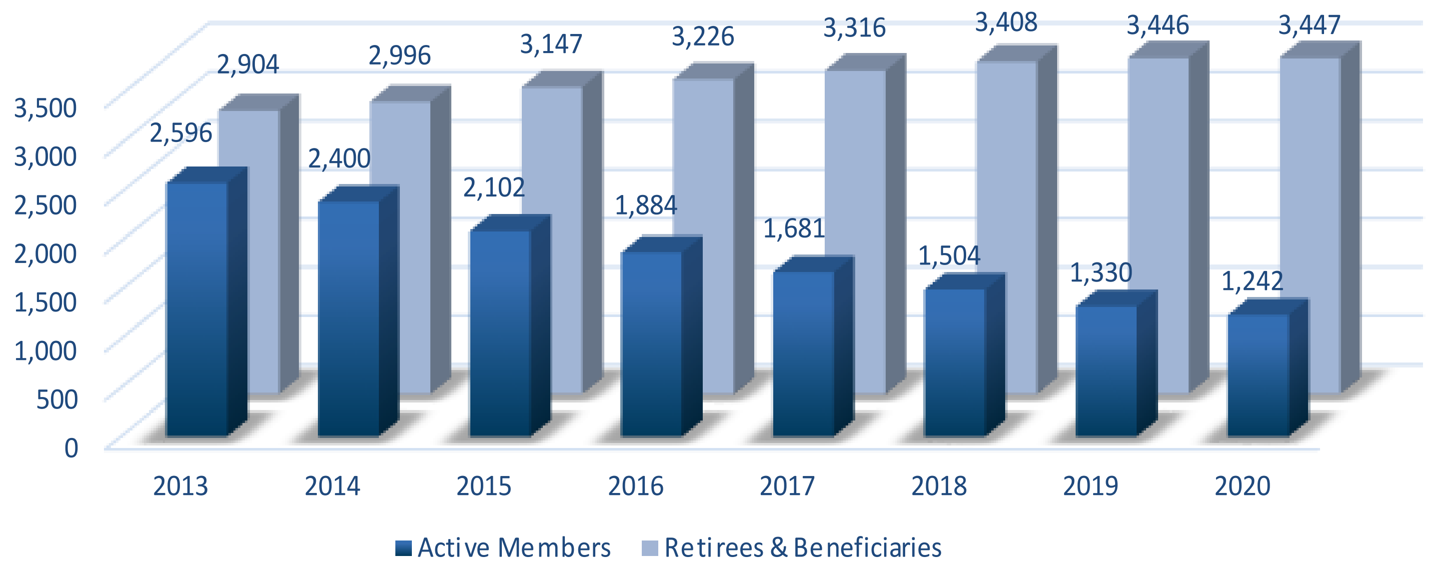
The Plan's membership falls into the following categories: active members, retirees, beneficiaries and deferred pensioners. Active members are those employees who currently accrue benefits under the Plan. Deferred members are former employees who have left their pension benefits in the Plan to be paid at a later date. Retirees and beneficiaries are those individuals who currently receive a pension from the Plan.

	Active Members	Retirees	Beneficiaries	Deferred Pensioners
As at January 1, 2020	**1,330**	**2,968**	**478**	**551**
Retirement	(45)	68	-	(23)
Termination				
• Deferred Pension	(11)	-	-	11
• Paid Out	(30)	-	-	(39)
Death				
• Survivor Pension	(1)	(30)	32	(1)
• Paid Out	(1)	-	-	-
• Payment to beneficiary	-	(2)	2	-
• End of Payment	-	(36)	(32)	-
End of guarantee period	-	-	(1)	-
As at January 1, 2021	**1,242**	**2,968**	**479**	**499**

Evolution of Membership

As of January 1, 2021, active members accounted for 24% of the total membership of 5,188, and retirees and beneficiaries receiving pensions made up 66%. Deferred members (not shown) represent 10% of the total. The ratio of pensioners to active members was 2.78.

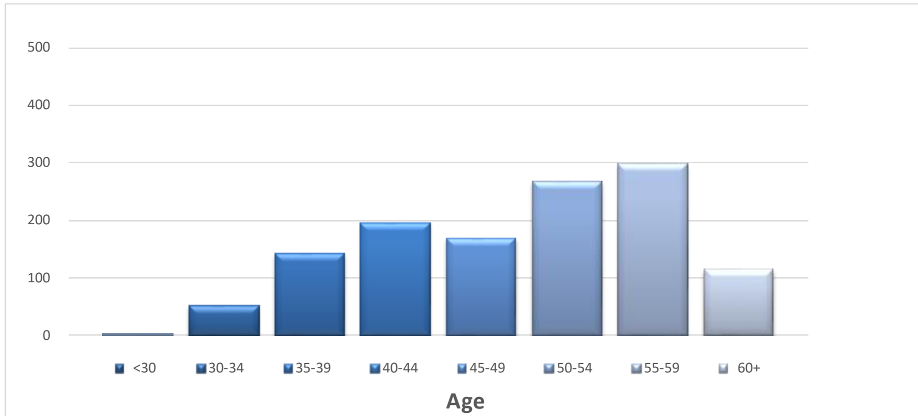
Historical Active/Inactive Membership



Active Members

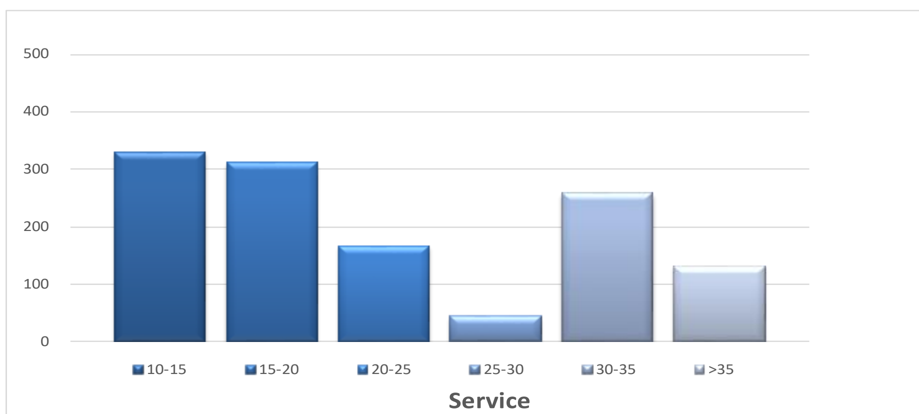
Age Distribution

As of January 1, 2021, 55% of active members were age 50 and over. The average age of active members was 49.7 years.



Service Distribution (Continuous Employment)

As of January 1, 2021, 27% of active members had less than 15 years of service, while 35% had 25 years or more of service. The average length of service was 22.7 years.



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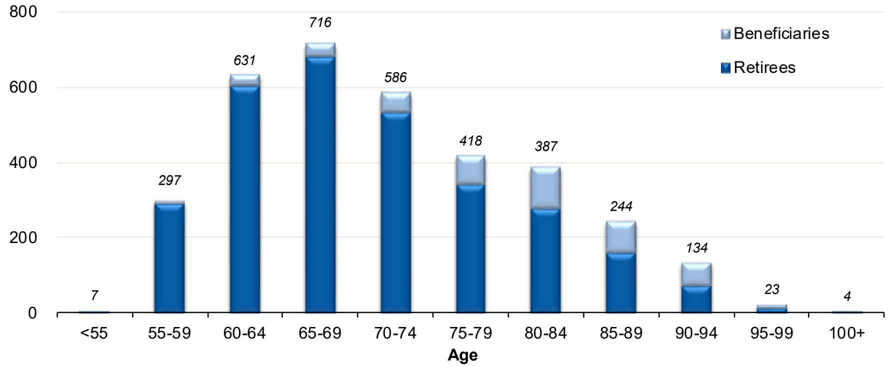
Retirees and Beneficiaries

Age Distribution

As of January 1, 2021, the average age was 70.7 years for retirees and 80.1 for beneficiaries.



Retiree statistics as of January 1, 2021

	New 2020 retirees		All retirees	
	Female	**Male**	**Female**	**Male**
Average age at retirement	58	59	57	57
Average age at Jan 1, 2021			69	72
Total number of retirees	28	40	1,469	1,499

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Actuarial valuation

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

Going-concern valuation

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

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

The liabilities are compared to the fund's assets. In order to not be overly influenced by fluctuating market returns, the assets are adjusted to smooth the impact of equity returns over the last four years. This is called the actuarial value of assets.

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

Solvency valuation

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

Solvency liabilities are not calculated with long-term actuarial assumptions. Instead, they are based on current economic and demographic parameters and assume a settlement of all benefits at the valuation date.

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

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Financial position

An actuarial valuation report as of January 1, 2021 was filed with the government authorities. The report indicated the presence of an actuarial surplus of $362.5 million on a going-concern basis while the solvency test performed as of the same date showed a surplus of $249.5 million (including letters of credit held in trust for the Plan).

(in $ millions)	January 1, 2021		January 1, 2020	
	Going-Concern	Solvency	Going-Concern	Solvency
Assets:				
Market value of assets	2,485.5	2,485.5	2,300.7	2,300.7
Smoothing adjustment	(57.2)	n/a	(36.8)	n/a
Provision for windup expenses	n/a	(2.7)	n/a	(2.7)
Letters of credit	n/a	241.1	n/a	241.1
Total assets	2,428.3	2,723.9	2,263.9	2,539.1
Liabilities:				
Active members	(543.1)	(766.4)	(510.0)	(698.6)
Retirees and other members	(1,522.7)	(1,708.0)	(1,450.7)	(1,597.6)
Total liabilities	(2,065.8)	(2,474.4)	(1,960.7)	(2,296.2)
Surplus *	**362.5**	**249.5**	**303.2**	**242.9**
Funded/Solvency Ratio	**118%**	**110%**	**115%**	**111%**

* Including unused advance contributions of $23.7M as of January 1, 2021 and January 1, 2020

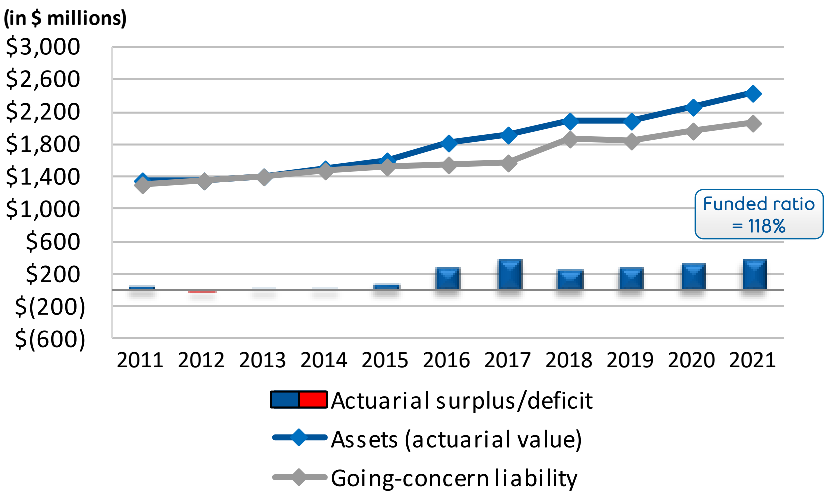
Evolution of the Plan's financial position

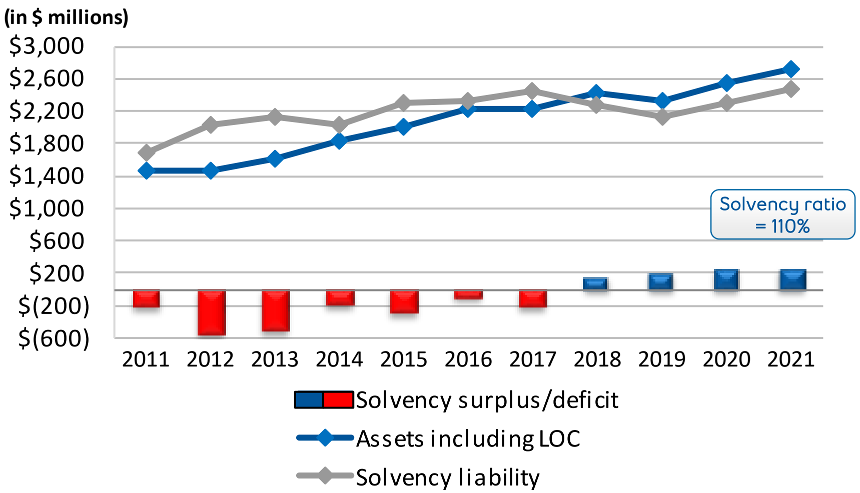
Going-concern basis

The going-concern valuation looks at a plan's funded status on the basis that the plan will continue to operate indefinitely. The purpose of a going-concern valuation is to recommend the orderly funding of a plan to accumulate assets to provide for the plan's benefits in advance of their actual payment. Using this long-term perspective of the Plan, the going-concern actuarial surplus has increased from $303.2 million as of January 1, 2020, to $362.5 million as of January 1, 2021.

Solvency basis

The solvency valuation assumes that a plan stops operating as of the valuation date. It is intended to test whether the plan has sufficient assets to pay all benefits that have been earned by members to that date. Using this short-term measure of the Plan's financial situation, the solvency test performed as of January 1, 2021 showed a solvency surplus of $249.5 million, compared to $242.9 million as of January 1, 2020.





Contributions

Employee contributions

Employee contributions to the Plan are based on the employee’s pensionable earnings as follows:

- 5.1% of earnings up to the Year’s Maximum Pensionable Earnings, and
- 7.0% of earnings over the Year’s Maximum Pensionable Earnings.

Employee contributions totaled $5.2 million in 2020.

Company contributions

The Company’s annual contributions depend on the Plan’s financial situation and are determined based on results of the actuarial valuation. In addition to contributions covering the ongoing current service cost, when the Plan has a going-concern or solvency deficit the Company is required to make special contributions to eliminate the deficit(s) over a legislated period of time. When the Plan has both a going-concern and solvency surplus, the Income Tax Act dictates the maximum Company contributions permitted.

In 2020, due to the Plan surplus and in line with pension legislation, the Company took a contribution holiday with respect to the ongoing current service cost. In addition, no amortization payments were required and, as such, the balance of voluntary contributions made in advance by the Company, which can be used to reduce future deficit funding payments, remained unchanged at $23.7 million as at January 1, 2021.

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

Contributions (cont'd)

Letters of credit

Regulations under the PBSA provide that letters of credit may be used, up to a maximum of 15% of solvency liabilities, to meet solvency special payment requirements. A letter of credit is issued by a financial institution and provides security to the pension plan up to its face value in the event the plan sponsor defaults on the funding obligations to the pension plan.

The letters of credit held by the trustee on behalf of the Plan automatically renew each year and cannot be withdrawn or reduced by the Company unless they are either replaced with cash funding or it is determined in an actuarial valuation that the letters of credit, or a portion thereof, are no longer required.

2021 Contribution requirements

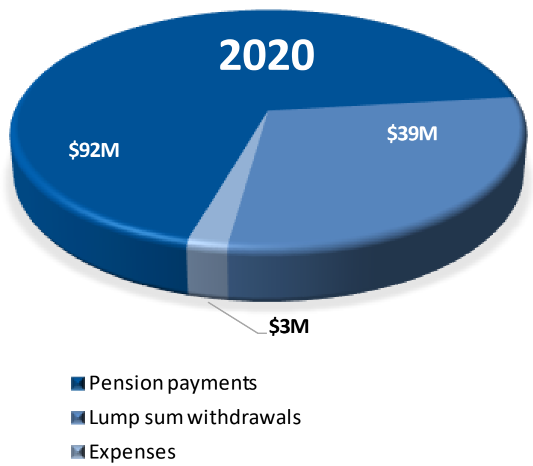
In light of the Plan's financial situation as of January 1, 2021, the minimum required and maximum eligible Company contributions for 2021 are as follows:

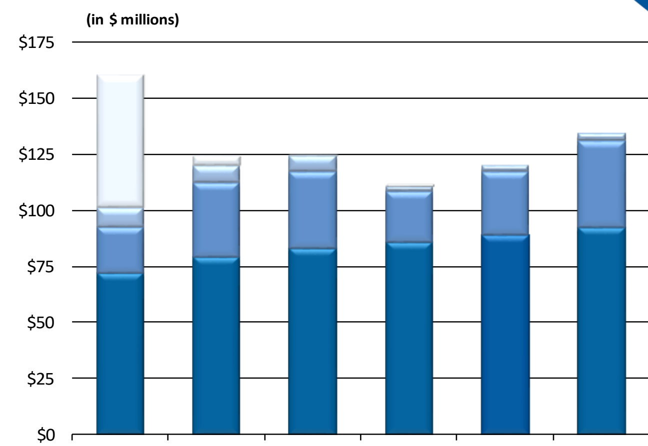
(in $ millions)	2021 Contribution requirements	
	Minimum required	Maximum eligible
Current service cost	$16.9 [1]	$16.9
Deficit amortization	–	–
Total	$16.9	$16.9

[1] Employer contributions in respect of the current service cost may be reduced by the lesser of the surplus on a going-concern basis and the excess of the solvency assets over 105% of the solvency liability. Given the surplus position at January 1, 2021, the Company is entitled to a full contribution holiday in 2021.

Payments from the Plan

In 2020, disbursements in the amount of $134 million were made from the Plan as follows:





	2015	2016	2017	2018	2019	2020
Lawsuit Distribution	59	4	1	1	-	-
Expenses	8	8	7	2	3	3
Lump-sum withdrawals	21	33	34	23	28	39
Monthly pensions	72	79	83	86	89	92
Total	**$160**	**$124**	**$125**	**$112**	**$120**	**$134**

January 30, 2014 Supreme Court of Canada Ruling

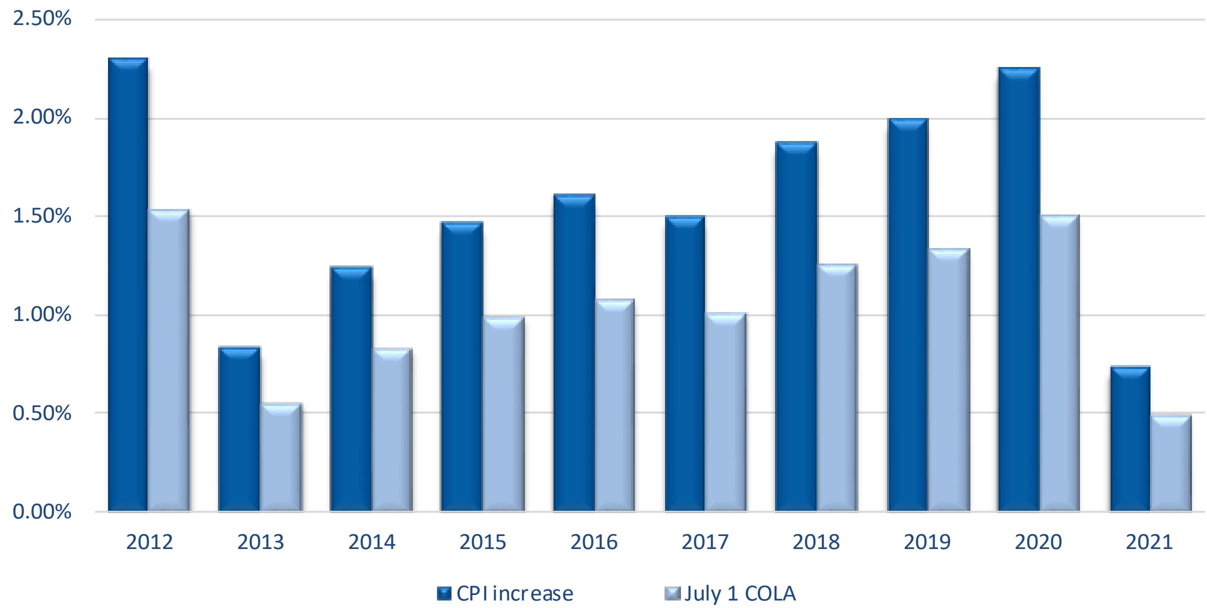
The Settlement Order and Implementation Agreement has been fulfilled as the Certificate of Completion was filed with the Court in 2019. The Plan will continue to pay the remaining surplus distribution entitlements to active and deferred vested members when pension or termination benefits are initiated, as well as original entitlements held for unlocated deferred vested members as they come forward.

For details regarding the pension plan settlement implementation, visit the Plan website at mtspensionplan.ca.

Cost-of-living adjustment

The Plan provides for a guaranteed COLA each year. The increase to pension payments is equal to two-thirds of the increase in CPI to a maximum CPI increase of 4%. COLA increases are granted each July. Additional cost-of-living adjustments may be granted if there is sufficient funding available from the COLA account. In 2020, retirees received a COLA increase of 1.50% which was two-thirds of the 2019 CPI increase of 2.25%. In July 2021, retirees received a COLA increase of 0.49% which is two-thirds of the 2020 CPI increase of 0.73%.

Cost-of-living adjustments over the last 10 years



Investments

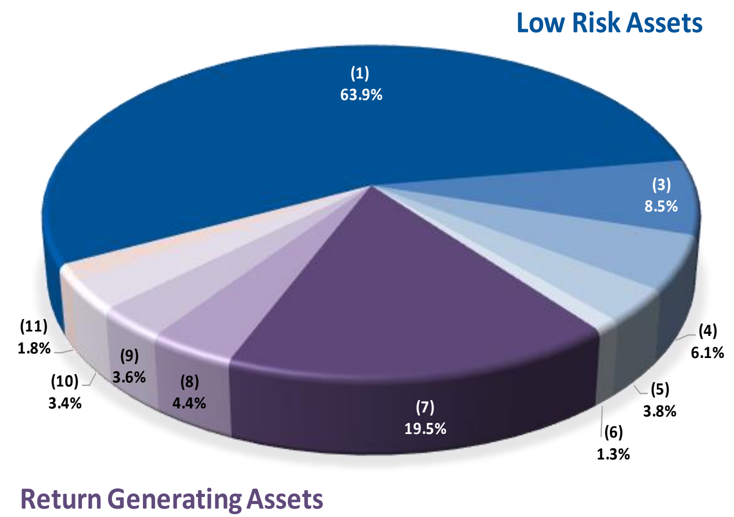
Investment policy and guidelines

The market value of assets of $2,485.5 million is invested according to an investment policy established by the Risk and Pension Fund Committee ("RPFC"), which is a standing committee of BCE's Board of Directors.

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

The minimum and maximum limits as well as the actual investment levels as of January 1, 2021, are:

In addition to the chart below, the asset mix includes a negative Financial Leverage value of (16.3%)



	Minimum	Actual allocation [(1)]	Maximum
Low Risk Assets	**60%**	**67.3%**	**80%**
(1) Nominal Bonds	45%	63.9%	n/a
(2) Financial Leverage	(25%)	(16.3%)	(15%)
(3) Real Return Bonds	5%	8.5%	15%
(4) Infrastructure Equity	-	6.1%	10%
(5) Real Estate	-	3.8%	10%
(6) Cash and Money Market	(5%)	1.3%	10%
Return Generating Assets	**20%**	**32.7%**	**40%**
(7) Non-Canadian Equities	-	19.5%	30%
(8) Hedge Funds	-	4.4%	10%
(9) Canadian Equities	-	3.6%	12%
(10) Private Equities	-	3.4%	10%
(11) High Yield Credit	-	1.8%	10%

(1) There may be periods during which the proportion of an investment class falls outside the above ranges as a result of market conditions, cash inflows or outflows. In such circumstances, the investment manager will take actions to rebalance the allocation within the limits as per the Plan's investment policy directives.

The Plan's assets are invested in the BCE Master Trust Fund ("BCEMT"). The BCEMT holds combined BCE pension plan assets of over $25 billion. It is invested in several hundred different securities, ensuring a broad diversification and a reduction in risk.

As of June 30, 2021, BCEMT holdings in equity and fixed income securities of BCE represented 0.9% of the pension fund's investments.

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Investments (cont'd)

Investment performance

The investments of the Plan posted a one-year return of 14.1% in 2020 and an annualized rate of return of 10.2% for the 4-year period ending on December 31, 2020. The return for the first six months of 2021 was -0.1% (all returns are net of investment expenses).

Pension plan risk management

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

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

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

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

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

About the investment manager

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

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

Take a closer look

Financial market perspective

Equity markets performed well at the start of 2020 with the S&P500 reaching new highs due, in part, to the signing of the United States/China phase 1 trade agreement. The economy was healthy and the unemployment rate in Canada sat at 5.6%, a more than 40-year low. In February, the worldwide spread of the COVID-19 virus turned the outlook upside down, causing a sharp slowdown in the global economy and a lot of volatility in the financial markets.

After peaking in February, the S&P TSX and S&P500 suddenly dropped 37% and 33% respectively before rebounding from their lows to end the year up 6% and 17%. This rapid market increase can be explained by the multiple central bank interventions, the measures put in place by governments to support companies and individuals affected by the pandemic, the gradual easing of lockdown restrictions as well as the development of vaccines. However, some sectors of the Canadian stock market did not recover as well as others, with the energy and health sectors posting a year-over-year decline while the information technology sector rose sharply. On the fixed income side, government of Canada 10-year bond yield hit an all-time low of around 0.5% during the year, down 1%.

The economic outlook continued to improve in 2021 in parallel with the improvement in the health situation and the distribution of vaccines. Global stock indices have reached new highs despite uncertainty surrounding the severity of a fourth wave attributable to the Delta variant.

COVID-19 update

The Plan's de-risking investment strategy significantly reduces the impact of market volatility. For that reason, the 2020 market swings did not have a significant effect on the Plan's financial situation.

The long-term implications of the pandemic on mortality rates is not yet clear and it will take time before the full impact is recognized in the pension plan liabilities, but it is expected to be minimal.

Take a closer look (cont'd)

Certification of identity – Pension Audit

In order to maintain strong administrative processes and as part of good governance, a pension audit was initiated in 2021. Selected retirees and beneficiaries are asked to complete a short form confirming their personal information including their current mailing address, either electronically or by signing and returning a paper copy to the Bell Pension Department.

This process confirms the accuracy of personal information in the Benefits Administrator's files, ensuring the financial security of pensioners by upholding the integrity of the management of the Plan's pension payments.

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

The pension audit will be performed on an annual basis.

Paperless communication for retirees

As one of Canada's Greenest employers, Bell Canada is offering retirees the opportunity to go paperless and receive all pension-related documents electronically. Beginning in spring 2021, retirees are now able to provide electronic consent through the Benefits site to begin receiving communications by email, such as a notification when annual pension statements and tax slips are posted to the site.

Plan governance

Who's who

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

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Who's who (cont'd)

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

Who's who (cont'd)

Governments	Roles
Canada Revenue Agency [Income Tax Act]	• Set requirements for Plan registration • Establish limits on pensions paid out and contributions • Provide tax framework for retirement savings
Office of the Superintendent of Financial Institutions [Pension Benefits Standards Act, 1985]	• Protect members' rights • Promote fairness and ensure security and viability of employer's pension promise • Verify that information is being provided to members in accordance with legislation
Members	**Roles**
Pension Committee	• Promote awareness and understanding of Plan among members • Review, for information purposes, Plan's financial, actuarial, and administrative aspects
Plan Members	• Review personal pension statements and ensure employer/plan sponsor has accurate personal information • Respond to other requests for information

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

For more information, go to **www.bce.ca/governance**

Pension Committee

The Pension Committee meets at least annually and reports to Bell's Pension Management Committee, as delegated by the RPFC. The latest annual meeting was held in September 2021. In accordance with its mandate, the Committee reviews the results of the funding actuarial valuation and the cost-of-living pension benefit adjustments, and reviews the Plan's investment performance and other administrative aspects of the Plan.

Following an election process held during the fall of 2020, a new retiree representative was elected for a three-year term starting January 1, 2021. The members of the Pension Committee are:

Independent Chair	
Rick Lewis	Retired Investment Professional
Employer Representatives	
Jamie McMurray	Assistant Controller
Don Rooney	Director Labour Relations
Peter Andranistakis	Director Network
Nikki Keating	Director Finance
Union Representatives	
Mike Taylor	TEAM Representative
Amy Harris	Unifor Representative
Don Senkow	IBEW Representative
Elected Retiree Representative	
Dave Gnutel	

Pension Benefit Administrator

For more information on your personal retirement or termination benefits, contact the Benefits Administrator:

Benefits Administrator	
Active members	1-888-391-0005 or Bell.ca/mybenefits
Retirees and beneficiaries	1-888-400-0661
Deferred members	1-877-878-7960

Information on government plans

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

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Glossary

General

Accrued pension

The actual pensions earned as of January 1, 2021. For active members, it is the pension they would be entitled to receive at retirement age, based on current average pensionable earnings and years of service. For retirees and beneficiaries, it is the pension they are currently receiving. For members entitled to a deferred pension, it is the pension they are entitled to receive at retirement age, based on average pensionable earnings and years of service at their termination date.

Actuarial surplus (deficit)

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

Adverse deviation

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

Benefits Administrator

The agent that performs the daily administration of the Manitoba Telecom Services Inc. and Participating Subsidiaries Employee Pension Plan, including record keeping and employee and retiree contact.

Market value of assets

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

Investment Classes

Canadian Equities

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

Financial Leverage

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

Hedge Funds

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

Glossary (cont'd)

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

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

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

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

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

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

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

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