



2025

ANNUAL REPORT



LETTER TO **THE MINISTER**

Honourable Malaya Marcelino
Minister of Labour and Immigration
Room 156, Legislative Building
450 Broadway, Winnipeg MB R3C 0V8

Dear Minister Marcelino:

We are pleased to present our 2025 Annual Report and Five Year Plan in accordance with the provisions of *The Workers Compensation Act*. This report covers the twelve-month period from January 1 to December 31, 2025. It includes the statements of accounts required under the Act.

Respectfully submitted,

Colin S. Robinson
Chair

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ABOUT

The Workers Compensation Board of Manitoba (WCB) is a statutory corporation providing a workplace injury and disability insurance system for workers and employers.

Funded collectively by employers, the WCB promotes safe and healthy workplaces, facilitates recovery and return to work, delivers compassionate and supportive compensation services to workers and employers, and ensures responsible stewardship of Manitoba's workers' compensation system.

Services and benefits for injured workers

If people are injured or become ill as a result of their work, the WCB is here to help. We offer a wide range of services to assist injured workers and facilitate a safe and suitable return to work. Some of the benefits we offer include:

- replacement of lost income
- payments for healthcare treatments and medication
- employment retraining
- lump sum payments for permanent impairments
- financial support for partners and children in the event of a workplace fatality

As part of the WCB's commitment to trusted service and fair process, injured workers, their dependents and employers may contact the Fair Practices Office (FPO). The FPO is the internal ombudsman that works to ensure fair practices at the WCB. More information is available on our website: wcb.mb.ca/contact/fair-practices-office.

MESSAGE FROM THE CHAIR

Throughout 2025, the Board of Directors remained focused on its core responsibility of safeguarding the long-term stability and integrity of Manitoba's workers compensation system. Every decision we made was guided by our commitment to serving workers and employers today while preserving a resilient system for the future.

A key priority for the year was preparing the WCB for modernizing our systems. The Board supported a disciplined approach to information technology risk mitigation, emphasizing strong governance, security and foundational systems. This groundwork positions the organization for future digital initiatives and ensures that modernization strengthens service delivery while protecting reliability and data integrity.

In 2025, the Board also approved targeted policy updates to enhance clarity and consistency, including refinements to the Decision Making and Reconsiderations policies and updates to the Information Protection, Access and Disclosure Policy. Amendments to the Placement of Employers into Industry Classifications policy addressed considerations related to future mega-projects and supported fair, predictable employer classification in a changing economy.

Sound financial stewardship remained central to our work. Despite economic uncertainty, the WCB's investment fund remained stable and delivered strong returns, reflecting prudent management and oversight. These results, combined with efficient operations, enabled the WCB to maintain the lowest average assessment rates in Canada and to support long-term sustainability for workers and employers.

We are encouraged by improved employee engagement and growing trust in leadership. A strong workforce is essential to delivering high-quality service and advancing our strategic priorities, and we deeply value the dedication and professionalism of our staff.

Prevention remains a core focus. In October, we finalized the Prevention Charter with our prevention partners, establishing a shared framework for accountability, communication and alignment in delivering our prevention mandate.

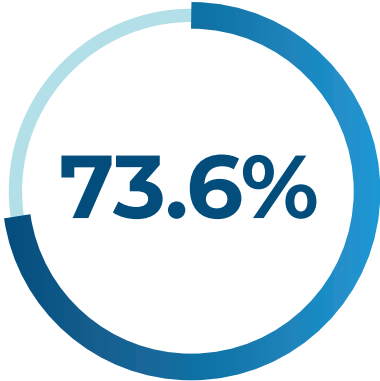
On behalf of the Board, I extend our sincere appreciation to our President and CEO, Catherine Skinner; the Executive Management Committee and all WCB employees for their hard work, leadership and commitment to this vital public service.

Together, we remain committed to building a trusted, sustainable and responsive organization that meets the needs of Manitobans today and in the future.

Colin S. Robinson
Chair

Our customers

Percentage of workforce covered



Registered employers

40,389



MESSAGE FROM THE PRESIDENT AND CEO

This year was one of meaningful progress for the Workers Compensation Board, marked by continued momentum across all areas of our work. Together, we advanced initiatives that strengthened our services to workers and employers, enhanced the internal systems and capabilities that support our long-term success and reinforced safety and respect across our workplace.

Throughout the organization, teams worked collaboratively to improve service delivery, expand learning and development, strengthen partnerships and guarantee that our programs continue to meet the changing needs of Manitoba's workforce. These efforts reflect our shared commitment to prevention, recovery and sustainability and to delivering our mandate with integrity and care.

In 2025, we strengthened our focus on psychological injury and psychological safety. By developing foundational frameworks, we have laid important groundwork to better support safe, timely and sustainable recovery, and return to work across the province.

We also reinforced safety and respect in our workplace by introducing the Client and Stakeholder Code of Conduct. Supported by training and clear expectations, this policy helps foster positive interactions. It ensures a safer environment for employees and those we serve, which is an essential component of a healthy, high-performing organization.

Strong leadership and teamwork underpinned progress across all areas of the organization. Investments in leadership development, succession planning and training enhanced our ability to navigate complexity and deliver consistent, high-quality outcomes. A culture of collaboration, accountability and continuous improvement complemented these efforts.

None of this work would be possible without the dedication, professionalism and commitment of our employees. I extend my sincere thanks to staff across the organization for the care, expertise and effort they bring to their work every day. Your contributions make a real difference in the lives of workers, employers and communities across Manitoba.

As we look ahead, we remain focused on building on this strong foundation, continuing to evolve and innovate, and working together to support safe, healthy and sustainable workplaces.

Catherine Skinner
President and CEO



OUR BOARD OF DIRECTORS AND BOARD COMMITTEES

As stewards of the accident fund, the Board of Directors plans for the future of the workers compensation system. The Board of Directors sets the WCB's strategic direction, creates policies about compensation, rehabilitation, assessment, prevention and the investment of the funds within the investment portfolio. Additionally, the Board monitors progress within these critical areas.

By statute, the Board of Directors consists of 10 members appointed by the Government of Manitoba with consultation from workers, employers and the public. The multilateral representation includes a neutral Chair, three representatives of workers, three representatives of employers and three representatives of the public interest. The President and CEO is a non-voting member of the Board of Directors.

Chair

Colin S. Robinson

President and CEO

Catherine Skinner

Representatives of workers

Jean-Guy Bourgeois

Marie Buchan

Marc Lafond

Representatives of employers

Ron Koslowsky

Chris Lorenc

Yvette Milner

Representatives of the public interest

Louise Rowlands

Glenn Hildebrand

Louise Simbandumwe

COMMITTEES

Audit Committee

Yvette Milner, Marie Buchan, Louise Rowlands, Doug Einarson*, Scott Greenlay*, Mark Giesbrecht*

Finance Committee

Ron Koslowsky, Louise Simbandumwe, Marc Lafond

Governance Committee

Jean-Guy Bourgeois, Glenn Hildebrand, Chris Lorenc

Investment Committee

Ron Koslowsky, Louise Simbandumwe, Marc Lafond, Brett Becker*, Michael Kurtas*, Nestor Theodorou*

*External committee member

The Chair of the Board of Directors and the President and CEO are also members of all committees. For a description of the responsibilities of each committee, see the Terms of Reference available on our website: wcb.mb.ca/board-governance-and-executive.

OUR LEADERS

EXECUTIVE MANAGEMENT COMMITTEE

Our Executive Management Committee oversees the strategic direction of the WCB and leads our diverse group of employees who fulfill the WCB's vision for *A safer Manitoba that fosters prevention and return to work.*

President and CEO

Catherine Skinner

Vice President, Compliance and Corporate Services

Brad Janzen

Vice President, Government Relations, Corporate Communications and Records Management

Candace Crossland

Vice President, SAFE Work Manitoba

Dave Kramer

Vice President and Chief Financial Officer

Leslie Anne Hurley

Vice President, Human Resources

Merrilee Allan

Vice President, Compensation Services

Nancy Harley

Vice President, Strategy, Innovation and Analytics

Renzo Borgesa

Vice President and Chief Technology Officer

Vince Jordan

General Counsel

Anthony Guerra

OUR VISION

A safer Manitoba that fosters prevention and return to work.

OUR MISSION

We provide our customers with valued services for insurance, prevention, compensation and return to work, while maintaining the integrity of the system.

OUR VALUES

Integrity: We treat our stakeholders fairly and honestly, while being accountable and transparent.

Caring: We understand the unique needs of our customers and treat them with compassion, dignity and respect.

Innovation: We continuously strive to make our systems more responsive, efficient and effective.

Collaboration: We work together with our stakeholders to achieve our vision.

OUR STRATEGIC PRIORITIES

Create a SAFE Work Culture: Reduce the number and severity of injuries.

Enable Successful Return to Work: Reduce days lost and improve the return to work experience.

Deliver Trusted Service: Provide service that is fair, clear, consistent and effective.

Grow Our People: Attract, retain and develop our people to align with our evolving needs.

Secure the System for Tomorrow: Ensure financial stability and prepare our systems for change and modernization.

Create a SAFE Work Culture

When health and safety are placed at the forefront of workplace practices, the impact is immediate and far-reaching. Fewer injuries occur, workers feel secure and valued, and organizations experience stronger productivity, reduced costs and greater overall stability. A safety-first mindset doesn't just protect individuals; it creates the foundation for a resilient workforce and a stronger Manitoba.

By advancing key initiatives, strengthening programs and partnerships and expanding our reach across the province, we have continued to build momentum toward safer workplaces and better outcomes for all Manitobans. This commitment to prevention and workplace well-being has guided our work throughout 2025.

This progress was reflected in our ongoing efforts to expand access to high-quality workplace training across Manitoba. Since launching the SAFE Work Manitoba Training Portal in May 2023, we have consistently added more training providers and offerings. In 2025, 36,280 learners completed training through the portal.

We've added WCB Basics and Return to Work Basics to the Training Portal, providing users with a clear, consistent foundation for understanding the workers compensation system. These modules help workers, employers and partners learn essential responsibilities, improve reporting and return to work practices and strengthen Manitoba's overall safety culture.

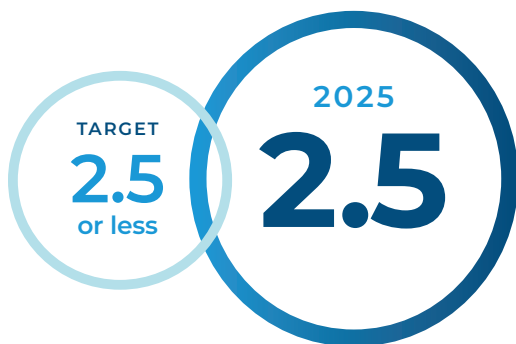
In 2025, we also introduced several new training standards to encourage the development of new courses and training materials. These included standards for SAFE patient handling, asbestos inventory development, first aid in the workplace and lockout procedures.

Our investments in psychological safety continue to expand. We've created new resources to help workplaces perform psychological risk assessments, prioritize risk factors and implement effective control strategies. As injuries and workplace demands evolve, psychological safety remains a critical area of focus, not only for preventing psychological injuries but also for supporting complex return to work. Tools, training and guidance are essential to ensure that workers are protected, employers are supported and harm is prevented.

Validating the quality of training and safety programs also remains a key priority. Through the SAFE Work Certified and SAFE Work Endorsed Training programs, we help ensure that safety programs reduce risk and that quality training leads to improved safety behaviours in workplaces across Manitoba.

Time loss injury rate

(per 100 full time workers)



All injury rate

(per 100 full time workers)



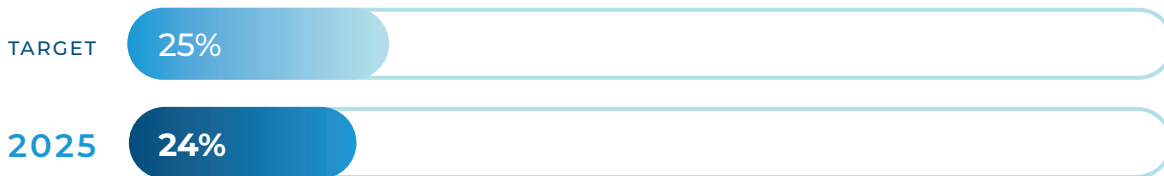
In October, we signed a Prevention Charter, establishing a shared understanding among key prevention partners regarding our collective roles, responsibilities and commitments. The charter acts as a province-wide call to action for organizations to adopt consistent safety standards and best practices. It strengthens collaboration, reinforces strategic alignment and ensures that prevention services continue to be delivered efficiently and effectively.

Our annual SAFE Work Manitoba Committee Leadership Conference drew nearly 800 participants, reflecting the steady progress

made in building awareness and engagement. Still, we recognize that more work remains to be done in reducing workplace injuries and managing emerging risks.

Looking ahead, adapting to rapid change will be an essential priority for all prevention partners. The evolving nature of injuries, combined with technological advancements such as artificial intelligence, continues to reshape both workplaces and the workforce. Staying ahead of these shifts by upskilling staff, refining strategies and strengthening partnerships will be crucial as we work toward a safer, more resilient Manitoba.

WCB-covered payroll that is SAFE Work Certified



Percentage of WCB-covered payroll that is served by an Industry-Based Safety Program







Enable Successful Return to Work

A successful return to work benefits everyone. Workers regain stability, employers retain valued talent, and the broader community experiences fewer disruptions as workplaces become stronger. At the WCB, enabling a successful return to work means partnering closely with workers, employers, healthcare providers and industry experts to ensure recovery is timely, safe and sustainable.

In 2025, we advanced this commitment by strengthening collaboration, improving service delivery and equipping our teams with the tools and expertise needed to support positive outcomes. Through enhanced training, streamlined processes and new resources that empower workers and employers, our focus remained on removing barriers, promoting early and safe return to work and ensuring Manitobans receive the guidance they need at each stage of the recovery process.

Throughout the year, we maintained strong demand for our WCB Basics and Return to Work Basics workshops. WCB Basics delivered 18 sessions to 265 attendees, while Return to Work Basics delivered 16 sessions to 182 participants. These consistent results reflect sustained interest in our public education offerings.

Prevention and return to work consulting continued to support employers across multiple sectors. These engagements provided hands-on support for workplaces seeking to better their return to work programs and adopt best practices. Feedback from participating organizations has been positive, with employers noting that the assessments were valuable and insightful in identifying both strengths and areas for improvement.

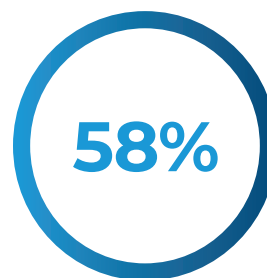
We also partnered closely with several of Manitoba's largest employers to identify opportunities to improve workplace health and safety, strengthen return to work

programs and foster positive workplace cultures. This collaborative approach supports sustainable improvements and shared accountability for successful recovery and reintegration.

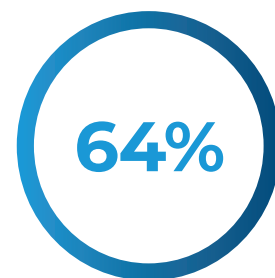
Additionally, the WCB altered its approach to measuring outcomes following consulting engagements by establishing clearer performance indicators and monitoring uptake over time. This allowed us to better understand how targeted support contributes to improved return to work practices and sustained workplace improvements. It reflects our belief that organizations achieve stronger results when they have clear accountability, access to dedicated resources and consistent performance monitoring.

Collectively, these efforts reinforce our shared goal of supporting Manitobans in returning to safe and meaningful work, ensuring that no one navigates that journey alone.

Employers with return to work programs



Short-Term Claims



Case Management

Our system helps injured workers return to safe and suitable work

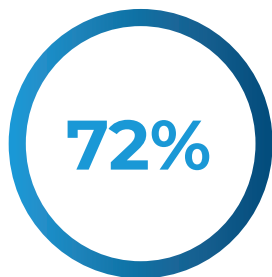
After 10 days:



After 60 days:



Claims paid within 14 days of injury



Claim duration

(average days paid)







Deliver Trusted Service

Delivering reliable and accessible service remains central to the WCB's commitment to its stakeholders.

Over the past year, we continued to strengthen trust by improving how people access our services, enhancing communication and responding to stakeholder needs with clarity and care.

A significant milestone was the launch of our first mobile application, WCB Worker Connect, which enables workers to report injuries, receive claim and payment updates, submit forms and manage expenses from their mobile devices. The app provides a convenient and secure way to manage claims and has seen steady adoption, achieving more than 4,500 downloads and positive ratings on both the App Store and Google Play. This initiative reflects our focus on expanding digital access while maintaining high service standards.

We delivered a new Report Your Injury campaign to reinforce the importance of reporting workplace injuries and clarify reporting responsibilities. Evaluation showed strong reach and impact, with widespread public recall across the province. Overall, the campaign increased awareness, reduced uncertainty, and encouraged earlier reporting, supporting better outcomes for workers and employers.

Compliance Services also continued to expand outreach efforts throughout the province to raise awareness of workers' rights and responsibilities. Through collaboration with multiple agencies, the team delivered education and support to immigrants, newcomers, youth and Indigenous workers. Over the past 12 months, more than 2,000 vulnerable workers were reached through presentations, information booths and direct mail. These initiatives help ensure that all workers, particularly those facing barriers, are informed and supported.

Engagement with healthcare providers also remained a priority. In spring 2025, the WCB hosted an educational session for psychologists and community mental healthcare providers focused on supporting recovery and return to work following psychological injuries. More than 40 participants attended, provided positive feedback and contributed ideas for future learning opportunities, strengthening collaboration across the system.

Consistent employer customer satisfaction



Customer feedback continues to guide service improvements. Annual surveys showed trends in satisfaction, with Short Term Claims achieving 90 per cent and Case Management achieving 79 per cent satisfaction with overall service quality. Workers reported feeling treated with dignity, fairness and compassion, and noted that staff are accessible and responsive.

Employer feedback also remained positive, with an overall satisfaction rate of 78 per cent and 45 per cent reporting very satisfied. Also, 67 per cent agreed that the WCB listens to their concerns,

up seven percentage points from the previous year. Satisfaction with online account statements increased to 87 per cent from 73 per cent, reflecting growing adoption of digital services.

These results, combined with ongoing initiatives, demonstrate our commitment to listening, learning and continuous improvement. By strengthening access, deepening partnerships and responding to feedback, we continue to build a trusted service experience that supports workers and employers today and into the future.

Enhancing injured worker customer satisfaction

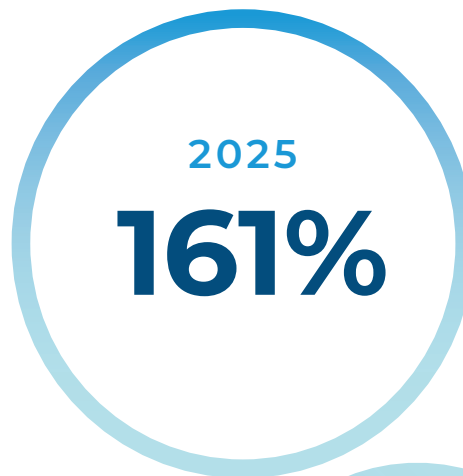
Short-Term Claims



Case Management



Funding target and funding level





A photograph of a man and a woman in an office setting. The man, on the right, has a beard and is wearing glasses and a light-colored sweater. The woman, on the left, is wearing a grey t-shirt. Both are smiling and looking towards the right. The background is a bright, out-of-focus office environment.

Grow Our People

As the needs of Manitobans continue to evolve, we remain committed to building a skilled, capable and resilient workforce that can deliver exceptional service and adapt to a changing world. Growing our people means investing in learning, supporting leadership development and creating a workplace where employees feel valued, supported and empowered to do their best work.

In 2025, we focused on strengthening employee engagement through purposeful learning, leadership development and a culture rooted in respect and inclusion.

We continued to offer a strong portfolio of internal programs designed to build capability, support organizational effectiveness and ensure employees have the skills and confidence needed to succeed in an ever-changing environment. Some of the courses offered included French language classes, Emergency First Aid and CPR training, and leadership development through the Asper School of Business. Leaders also participated in the Mental Health Leadership Certificate Program in partnership with Queen's University, equipping them with the skills needed to support staff well-being while managing complex workplace challenges.

We provided access to external learning opportunities, such as conferences and professional development courses, to support employees in developing business skills for their current roles and in pursuing education aligned with future career goals. We also expanded training to support safe, respectful and effective workplaces. To align with amendments to the Respectful Workplace Policy, we delivered Respect in the Workplace and Workplace Investigations training, strengthening awareness of responsibilities and expectations.

Building leadership capacity and ensuring the WCB is well-positioned to navigate transitions remained a priority. We advanced our succession management strategy to support leadership continuity and build a strong internal talent pipeline. We also updated success profiles and conducted talent reviews for key roles.

Over the past year, the WCB has continued to cultivate a workplace where employees feel respected, safe and seen. We reinforced this commitment through ongoing updates on several important initiatives, including the Client and Stakeholder Code of Conduct policy, and by drafting key strategies focused on recognition and reward, Truth and Reconciliation, and Equity, Diversity, Inclusion and Accessibility (EDIA).

Beyond our internal culture, the WCB's dedication to diversity, equity, inclusion and accessibility extends into the communities we serve. This was top of mind throughout 2025, as we actively supported and partnered with organizations and initiatives that advanced inclusion and created equitable opportunities for participation. Through sponsorships and community engagement, we demonstrated our values in action while strengthening relationships and building trust. These efforts

reinforced our responsibility as a public organization to reflect Manitoba's diversity and contribute to communities that better understand and serve the people of our province.

In 2025, giving back remained an important part of how we lived our values beyond the workplace. Through ongoing support of organizations such as the United Way, we contributed to initiatives that strengthened communities and supported Manitobans in need.

We are proud to have been named one of Manitoba's Top Employers for the 15th consecutive year, a recognition that highlights our strong commitment to creating an environment where every employee feels valued and equipped to contribute to our shared mission.

United Way campaign donations

STAFF CONTRIBUTIONS

\$123,520

TOTAL DONATIONS

\$247,040

Investment in training

OVERALL

\$618,784





Secure the System for Tomorrow

Maintaining a strong and sustainable workers compensation system requires disciplined financial management, proactive risk mitigation and continued investment in modern, resilient infrastructure.

In 2025, the WCB remained focused on strengthening the foundation that supports long-term stability, ensuring that workers and employers can rely on the system today and in the years ahead.

Financial stewardship remains central to this responsibility. As fiduciaries, we ensure that sufficient resources are available to fund both current and future claim costs while maintaining affordability and stability for employers. The WCB continues to invest in a diversified portfolio designed to achieve reasonable market returns with a measured level of risk. In 2025, the investment portfolio returned 10.9 per cent, exceeding the required return of 5.75 per cent. At the same time, rates were set to ensure that assessed premiums covered total claim and administration costs, with the average rate remaining at \$0.95. Together, these results reflect a strong financial position that provides a solid foundation for the system's future.

Alongside financial stability, the continued modernization of systems and technologies is essential to long-term sustainability. Our modernization efforts focused on equipping employees with the tools and technologies needed to work effectively. The WCB continues to strengthen its digital environment, reduce manual processes and create opportunities for innovation. These investments improve how staff serve workers and employers and enhance how stakeholders interact with the organization.

Strengthening IT capabilities remains a key priority. Continued focus on cybersecurity, system resilience and infrastructure development has reduced organizational risk and vulnerabilities. The adoption of flexible, customized solutions enables the WCB to respond more quickly to changing conditions and emerging needs, supporting greater agility across the organization.

Additionally, business continuity planning advanced in 2025 to ensure operational resilience amid disruption. Testing of recovery time objectives exceeded established targets, demonstrating strong preparedness and effective safeguards. These results underscore the importance of protecting systems and environments from external threats and ensuring uninterrupted service for customers.

As we progress, we will remain focused on risk mitigation in legacy environments, further reducing system vulnerabilities and the disciplined implementation of modernization initiatives. By maintaining focus on financial stewardship, technological resilience and organizational readiness, the WCB will continue to protect the integrity of the system and ensure it remains strong, sustainable and responsive to the needs of Manitobans.

Maintaining employer premiums

Average assessment rate per \$100 of assessable payroll



STATISTICS AND MEASURES

Our customers

Customer satisfaction – injured workers

Overall results

2025	2024	2023	2022	2021
84%	85%	82%	80%	82%

Short-term claims

2025	2024	2023	2022	2021
90%	92%	88%	87%	87%

Case management

2025	2024	2023	2022	2021
79%	77%	75%	72%	77%

Customer satisfaction – employers

2025	2024	2023	2022	2021
78%	76%	76%	80%	81%

Claims paid within 14 days of injury

2025	2024	2023	2022	2021
72%	72%	74%	72%	72%

Employers and workers likely to speak positively about the WCB

Employers

2025	2024	2023	2022	2021
83%	81%	82%	85%	87%

Workers

2025	2024	2023	2022	2021
83%	83%	82%	80%	80%

Our system

Claim duration (average days paid)

2025	2024	2023	2022	2021
41.4	37.8	32.8	30.6	33.2

Reserves and funding (funding ratio)

2025	2024	2023	2022	2021
161.2%	165.3%	160.5%	151.1%	166.7%

Review Office reconsiderations - adjudicative decisions confirmed

2025	2024	2023	2022	2021
70%	72%	74%	74%	75%

Percentage of injured workers returning to safe and suitable work after 10 days

2025	2024	2023	2022	2021
61%	61%	62%	62%	58%

Percentage of injured workers returning to safe and suitable work after 60 days

2025	2024	2023	2022	2021
88%	89%	90%	92%	91%

Percentage of workforce covered

2025	2024	2023	2022	2021
74%	73%	73%	73%	73%

Registered employers

2025	2024	2023	2022	2021
40,389	40,058	40,088	39,670	39,240

Our partners

Manitobans who believe the WCB makes a positive contribution to the province

2025	2024	2023	2022	2021
72%	68%	69%	67%	70%

Percentage of WCB-covered payroll that is served by an Industry-Based Safety Program

2025	2024	2023	2022	2021
55%	54%	55%	41%	42%

SAFE Work Manitoba

Time loss injury rate per 100 full time workers

2025	2024	2023	2022	2021
2.5	2.6	2.6	2.8	2.7

Number of time loss injuries

2025	2024	2023	2022	2021
13,891	13,918	13,604	14,391	12,974

Severe injury rate per 100 full time workers

2025	2024	2023	2022	2021
0.56¹	0.55	0.53	0.65	0.62

Number of severe injuries

2025	2024	2023	2022	2021
2,983¹	2,890	2,760	3,284	3,013

Fatality claims (accepted in 2025)

2025	2024	2023	2022	2021
15	22	23	16	20

Injury rate per 100 full time workers

2025	2024	2023	2022	2021
4.9	4.9	4.9	5.1	4.9

Number of injuries

2025	2024	2023	2022	2021
26,745	26,184	25,624	25,632	24,003

Days lost to workplace injury or illness per full time worker

2025	2024	2023	2022	2021
1.75	1.66	1.51	1.56	1.62

Number of days lost to workplace injury or illness

2025	2024	2023	2022	2021
957,169	878,559	784,475	787,699	785,559

Percentage of WCB-covered payroll that is SAFE Work Certified

2025	2024	2023	2022	2021
24%	19%	18%	14%	14%

¹Estimated, confirmed mid-2026.

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**FAIR
PRACTICES
OFFICE**







MESSAGE FROM THE FAIR PRACTICES OFFICE

Established in 1989, the Fair Practices Office (FPO) works to reinforce fair practices at the WCB. It acts as an ombudsman for injured workers, their dependants and employers, helping to resolve issues they may have with the WCB and, in turn, helping the WCB improve its quality of service.

The FPO is established by section 108.1(3) of *The Workers Compensation Act* (the Act). The Act requires the WCB to have a Fair Practices Office and authorizes the Board of Directors to establish the role and mandate of the FPO. The FPO is required to report to the Board of Directors on issues of procedural fairness at the WCB.

There are two main guiding principles of the Fair Practices Office (FPO):

- **impartiality**
- **confidentiality**

If an employer or injured worker believes the WCB has treated them unfairly, they may bring their concerns forward to the FPO. Over the past five years, the most frequent types of inquiries made to the FPO have shifted from issues about the decision making process, to issues in the communication and service category.

The types of complaints are categorized as:

- decision making process
- communication or service
- timeliness
- other inquiries

The following table shows the types of inquiries the office received over the past five years.

FPO inquiries

	2025	2024	2023	2022	2021
Decision making process	52	72	82	89	171
Communication or service	96	107	80	44	100
Timeliness	58	42	52	50	30
Other inquiries	72	41	56	37	58
Total	278	262	270	220	359

When appropriate, the FPO will meet with the WCB administration to raise concerns. The WCB administration will identify and determine what processes can be improved or changed, or if additional staff training is needed, for example, to address the issues raised. Over the years, FPO recommendations have led to policy changes and improved service. These opportunities for ongoing improvements are critical for the WCB to keep its customers at the centre of its delivery model.



02

**FINANCIAL
REPORT**







2025 MANAGEMENT DISCUSSION AND ANALYSIS

As an integral part of the annual report, the management discussion and analysis provides management's perspective on the financial results and financial position of the WCB.

In accordance with *The Workers Compensation Act* (the Act), the WCB is required to present to the minister its annual report for the year, including its audited financial statements and its five-year operating plan. This financial reporting section, which includes the WCB's Funding Strategy (page 44), 2025 Financial Highlights (page 45) and Five Year Plan (page 60), followed by the International Financial Reporting Standards (IFRS) audited financial statements (page 79), fulfills this obligation.

Forward-looking statements contained in this discussion represents management's expectations, estimates and projections regarding future events based on information currently available, and involves assumptions, risks and inherent uncertainties. Readers are cautioned that actual results may materially differ from forward-looking statements in cases where future events and circumstances do not occur as expected.

IFRS 17 Insurance contracts and the WCB

The WCB implemented international accounting standard IFRS 17 - *Insurance Contracts* (IFRS 17) effective January 1, 2023. IFRS 17 was intended for, and is based on, the commercial insurance model. The commercial model is substantively different than the context in which the WCB operates. To fully incorporate IFRS 17 into the WCB's business practices, rate-setting and funding requirements would have material consequences for the WCB and its stakeholders through increased premium rate and funding volatility.

While IFRS 17 significantly impacts the IFRS-reported financial results, it does not impact how the WCB operates. For the purposes of business planning, funding and rate-setting decisions the WCB uses the funding basis of accounting in accordance with the Funding Policy. The Funding Policy is the framework for the management of the Accident Fund to maintain the workers' compensation system's financial security to ensure sufficient funds are available for future benefit payments and maintain rate stability.

The most significant differences between the IFRS-reported financial results as compared to the WCB's funding basis of accounting are reported on page 55.

The funding-basis financial results, which are not audited, can be materially different from the IFRS-based financial results.

Funding strategy

The financial viability of the WCB is predicated on taking a long-term financial perspective. Thus, the WCB's financial performance is measured and assessed in accordance with the Funding Policy using the funding basis of accounting. This approach is consistent with the approach taken by Canadian workers' compensation boards.

The Act establishes the Accident Fund for the payment of compensation, outlays and expenses of the workers' compensation system. The Act also requires that sufficient funds be available for the payment of all current and future liabilities and the maintenance of reserves to ensure the financial stability of the system in the long term.

The Funding Policy is the framework for the management of the Accident Fund to maintain the workers' compensation system's financial security against risk and uncertainty, and to guide the WCB's funding and rate setting decisions.

In accordance with the Funding Policy, the funding ratio target for the Accident Fund is 130 per cent as measured on the funding basis. The 130 per cent target provides for 100 per cent funding – sufficient to fully fund all current and future liabilities – plus an additional 30 per cent to protect the system from risks, uncertainties and market volatility. In addition, the Funding Policy provides guidance and discretion to the WCB's Board of Directors to manage the Accident Fund when reserves deviate from the funding ratio target.

The Funding Policy applies the funding basis of accounting to determine the funding ratio.

The principles of the funding basis of accounting are:

- To maintain rate stability while protecting the system against risk, uncertainty and market volatility, the funding basis of accounting reflects a long-term perspective.
- The present value of benefit liabilities is actuarially valued using a discount rate that reflects the expected long-term return on the WCB's investment portfolio. This valuation is performed by the WCB's Chief Actuary and subject to peer review by the WCB's external actuary.
- The WCB's employee defined benefit plans are actuarially valued using a discount rate consistent with going concern valuations for pension plans. The valuations are performed by the WCB's consulting actuary.
- As the WCB bears the ultimate risk for claims arising from individually assessed employers, benefit liabilities include the future cost of their claims. As required by the Act, the WCB records a corresponding deferred assessment receivable due from individually assessed employers.
- The surplus of assets over liabilities is the WCB's funded position.

2025 Financial highlights

The financial highlights are presented on the funding basis of accounting. The funding basis of accounting financial results (unaudited) are reported on page 52.

Positive results for investment returns and premium revenues produced an operating surplus of \$112 million (budget, \$13 million surplus) in 2025. After recording surplus distribution of \$121 million and a gain of \$3 million on the WCB's employee defined benefit plans, total comprehensive loss was \$6 million.

Premium revenues of \$344 million were \$48 million above budget, a result of growth in the Manitoba work force, higher wages and higher individually assessed employer premiums.

Investment returns were 10.9 per cent, resulting in \$191 million of investment income (budget, \$90 million). The 2025 investment portfolio performance reflected strong performance from all asset classes.

In 2025, claim costs incurred were \$299 million (budget, \$238 million) driven by longer claim duration, higher average cost per claim and an increase to the benefit liabilities.

The WCB's funded position was \$881 million, which exceeded the funded position target level (calculated at \$431 million for 2025). The WCB is fully funded with a funding ratio of 161 per cent versus target of 130 per cent.

Revenue

The WCB's revenue is derived from two sources: premium revenue and investment income. Under our funding strategy, current premiums are intended to cover the costs arising from current year injuries and operating expenses, while annual investment returns are expected to cover the annual interest requirement on prior years benefit liabilities. As a result of historically strong investment performance and returns more than the actuarial requirement, investment returns have helped to maintain low employer rates.

Premium revenue

Premium revenue is the largest revenue stream for the WCB.

Premium revenue was \$344 million in 2025 (2024, \$332 million), versus a budget of \$296 million.

- \$48 million above budget, 14.0 per cent
- \$12 million above prior year, 3.6 per cent

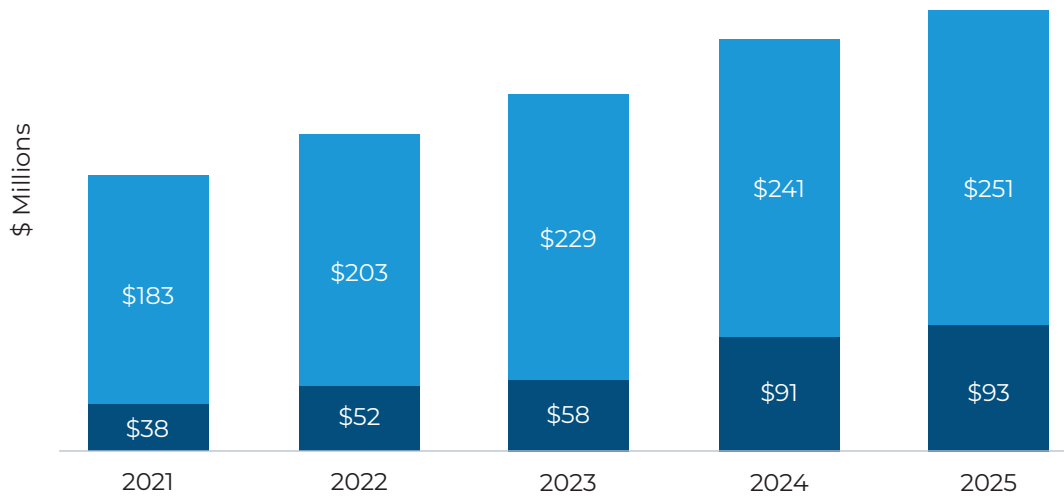
Premiums are derived from Class E employers and employers in Class B through Class D (individually assessed employers)¹:

- 2025 Class E employers' net premiums were \$251 million (budget, \$242 million), an increase of 4.3 per cent from 2024. On an annual basis, employer assessable payroll has historically grown by 3.0 per cent or more, however, employer payroll increased by 5.3 per cent in 2025. Manitoba's employment growth and wage inflation were contributing factors. The construction, healthcare and public administration sectors experienced the greatest payroll growth in 2025. The transportation sector experienced a decrease in payroll.

The final average assessment rate was \$0.95 per \$100 of assessable payroll (budget, \$0.95).

- 2025 individually assessed employer premiums, calculated based on claim costs incurred, were \$93 million (2024, \$91 million). These pay-as-you-go employers experienced higher program costs and future costs, resulting in higher premiums.

The chart below shows the components of premium revenue:



The 2026 average assessment rate is unchanged at \$0.95.

¹Individually assessed employers are employers in Class B through Class D - principally government bodies and employers named by Regulation 278/91 - who are subject to individual responsibility for costs attributable for claims arising from their workers, as well as a proportionate share of administration expenses.

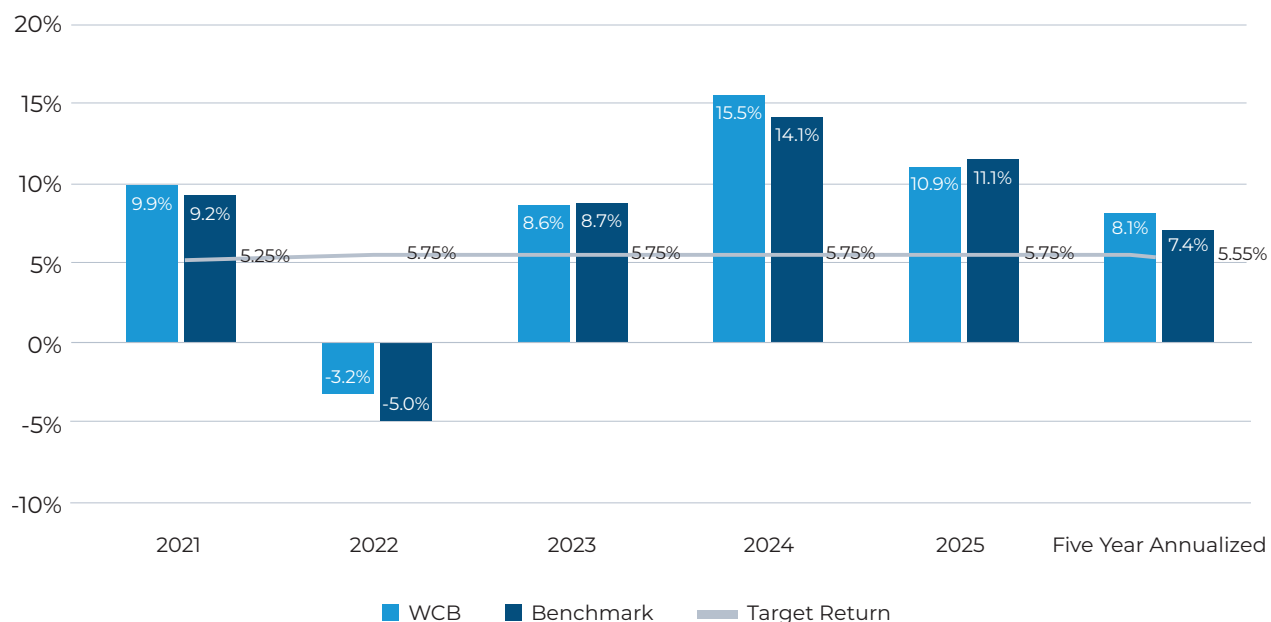
Investment income

In 2025, the WCB experienced investment income of \$191 million from its investment portfolio (2024, \$260 million). Investment income was budgeted at \$90 million for 2025.

- \$101 million above budget, 52.7 per cent
- \$69 million below prior year, -26.4 per cent

The Statement of Investment Policies and Objectives (SIP&O) outlines the WCB's investment and risk philosophy. The portfolio is diversified among asset classes including bonds, mortgages, private debt, equities, real estate, and infrastructure. At December 31, 2025, the portfolio had a market value of \$2.0 billion (\$1.9 billion at the end of 2024) with an asset mix of 29 per cent fixed income, 41 per cent equities and 30 per cent real assets (2024, 30 per cent fixed income, 41 per cent equities and 29 per cent real assets).

The following graph shows the investment portfolio's gross rate of return for the five consecutive years ended December 31, and the five year annualized return for the period:



The investment portfolio's gross rate of return was 10.9 per cent in 2025 compared to the benchmark rate of return of 11.1 per cent (2024, 15.5 per cent return versus benchmark of 14.1 per cent). The 2025 investment portfolio returns reflected strong performance from all asset classes.

Equity markets posted positive returns in 2025, with the US equity benchmark S&P 500 (CAD), the international equity benchmark MSCI ACWI-ex US (CAD), and MSCI Emerging Market (CAD) indexes delivering 12.4 per cent, 26.2 per cent, and 27.3 per cent respectively during the year. Performance was supported by lower-than-expected inflation, better-than-expected economic growth, and continued investor enthusiasm around artificial intelligence (AI). The S&P/TSX Composite Index gained 31.7 per cent, driven largely by the materials sector, which surged 100.5 per cent, led by strong gains from gold stocks.

¹The benchmark rate of return is comprised of the individual asset class indices weighted to match the long-term investment policy asset mix.

Fixed income returns were positive in 2025, with the FTSE Canada Bond Universe Index returning 2.6 per cent. Bond yields fell modestly, causing bond prices to rise as inflation stabilized through the year. The Bank of Canada (BOC) reduced its Policy Interest Rate from 3.25 per cent to 2.25 per cent, as the threat of high inflation declined further during the year.

Alternative assets delivered overall positive returns.

Private debt delivered strong and resilient performance in 2025, benefiting from elevated base interest rates, and growing borrower demand. The Fund's private debt portfolio remains high quality and well-diversified, supported by strong covenant protection underpinning its defensive characteristics.

Real Estate delivered positive performance. The Fund's Canadian real estate delivered solid performance given the uncertainty in the macro-economic environment and hesitancy within the real estate industry in 2025. The Fiera Core Real Estate Fund returned 6.8 per cent. US real estate remained challenged, particularly in the office sector as the Brookfield Premier Real Estate Partners Fund returned -0.9 per cent in 2025.

Infrastructure performed very well in 2025, as stable cash flows in regulated utilities acted as a counterbalance to broader market volatility.

Investment Outlook: The 2026 economic outlook reflects moderating global growth and a transition toward easier monetary policy. In Canada, economic conditions will depend largely on the extent and duration of US trade tensions and tariffs. At the start of the year, the Bank of Canada (BOC) expected to keep interest rates stable through 2026 as it balances the economic effects of trade disruptions, moderating inflation, and slowing growth. While the BOC held its policy rate at 2.25 per cent in January, markets have shifted and are now pricing in approximately two rate increases, driven in part by rising geopolitical tensions and inflation concerns due to the war in Iran. The outlook remains vulnerable to unpredictable US trade policy and broader risks.

In the United States, economic conditions remained resilient entering 2026. The Federal Reserve maintained its policy rate at 3.50 per cent to 3.75 per cent, with markets generally expecting one to two rate cuts later in the year as inflation continues to ease. The US dollar, which experienced notable volatility in 2025, faces a more uncertain path as shifting interest rate expectations and geopolitical developments continue to influence global currency markets.

Equity markets enter 2026 following strong gains in 2025, and return expectations are more moderate and higher volatility remains likely. Valuations in US equities remain elevated, though market leadership has begun to broaden beyond the largest technology companies. Canadian equities remain resilient after a strong 2025, when the materials sector drove much of the market's gains. Bond return expectations remain moderate, supported by stable policy rates and current yield levels.

Real estate conditions remain mixed. Parts of the office market continue to face structural challenges, while lower interest rates provide some support to valuations and transaction activity. Prolonged trade uncertainty would weigh on real estate activity, particularly in industrial and other economically sensitive sectors.

Expenses

Claim costs incurred

As noted in the funding basis Statement of Operations and Comprehensive Income (page 54) claims costs totalled \$299 million in 2025 (2024, \$266 million) versus a budget of \$238 million.

- \$61 million above budget, 25.6 per cent
- \$33 million above prior year, 13.9 per cent

Total claim costs are an estimate of the full costs for compensable injuries that occurred in 2025, together with adjustments to prior years' estimates. The estimates consider claims that are in pay, reported but unpaid claims and unreported claims.

Total claim costs consisted of \$231 million in claim payments (2024, \$216 million) plus \$68 million in actuarial increases to benefit liabilities (2024, \$50 million). Claim costs have been trending up in recent years, reflecting both higher wage-loss rates and claim counts. Notably, psychological injury claims have increased at a faster rate than physical injuries. Psychological injury claims, although a relatively small number of claims, have a disproportionate impact on the system. In 2025, psychological injury claims comprised 2.8 per cent of all accepted claims, but 16.7 per cent of claim costs. In general, these claims have higher costs, as they tend to be longer duration and require more healthcare services.

Benefit liabilities

Benefit liabilities increased by \$67 million to \$1,323 million.

(in millions of dollars)	2025	2024	Change
Short-term disability	\$ 317	\$ 274	\$ 43
Long-term disability	487	499	(12)
Survivor benefits	101	101	-
Healthcare benefits	415	379	36
Rehabilitation services	3	3	-
	<u>\$ 1,323</u>	<u>\$ 1,256</u>	<u>\$ 67</u>

The benefit liabilities are an estimate of the present value of future payments to be made for claims or injuries which occurred in the current year or any prior year.

At each year end, the WCB's Chief Actuary prepares a valuation of the benefit liabilities of the WCB for inclusion in the funding basis of accounting financial statements. This valuation is conducted in accordance with accepted actuarial practice in Canada and is subject to peer review by the WCB's external actuary.

The actuarial present value of future benefit payments represents management's long term estimates of economic and actuarial assumptions and methods, which are based upon past experience and modified for current trends. The most significant assumption in the determination of the benefit liabilities is the discount rate. The discount rate used for the 2025 valuation was 5.75 per cent (2024, 5.75 per cent), and was derived from the long-term expected return on the WCB's investment portfolio.

The benefit liability increased \$67 million in 2025, due to:

- Interest on prior year liabilities, which increased the liabilities by \$67 million,
- Actuarial experience losses, which increased the liabilities by \$19 million,
- Actuarial assumption changes which increased the liability by \$4 million, and
- Net payments made of \$23 million over claims costs incurred, which decreased the liability.

As noted above, psychological injuries have increased in frequency and are of longer duration than physical injuries. Psychological injuries are contributing to higher benefit liabilities, both claims in pay and incurred but unpaid claims. The trends are being monitored and further analysis is planned to understand claim patterns and cost drivers.

Operating expenses

Operating expenses in 2025 were \$10 million under budget at \$125 million.

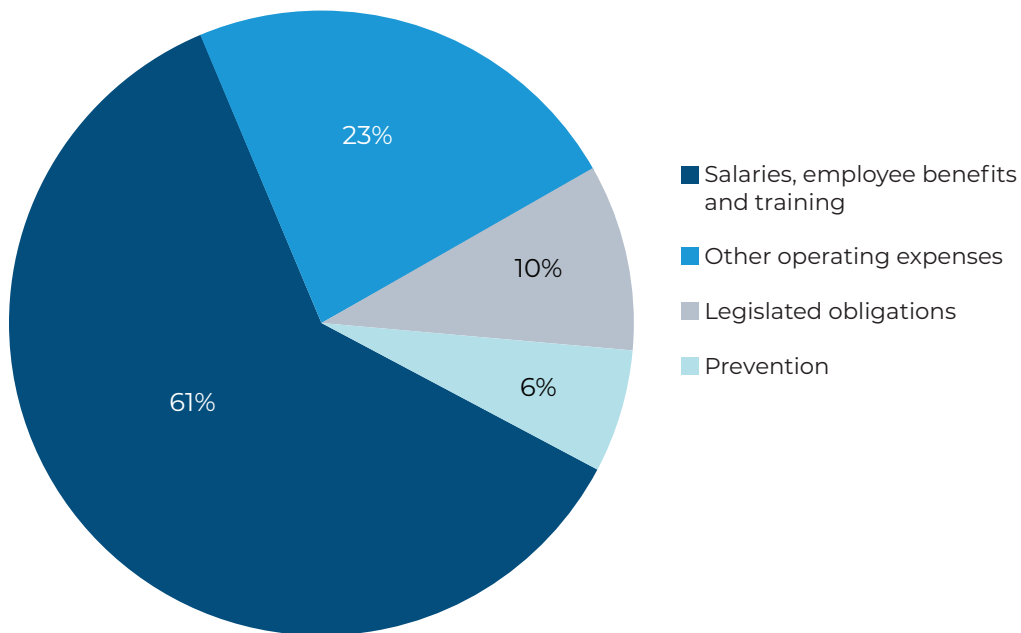
- \$10 million below budget, 7.4 per cent
- \$12 million above prior year, 10.6 per cent

Operating expenses were under budget in 2025 due to lower than anticipated project expenditures and professional fees. However, operating expenses increased \$12 million from 2024, with increases in all categories:

- Salary, benefits and employee training increased \$6 million due to collectively bargained wage and other benefit increases.
- Other operating expenses increased \$5 million, comprised of higher amortization of capital assets due to WCB information technology systems and building improvements projects, and additional investments in the WCB system.
- Legislated obligations are comprised of the Province of Manitoba Workplace Safety and Health Division (WSHD) funding and the expenses of the Appeal Commission. In accordance with the Act, the WCB reimburses the operating costs of the WSHD and the Worker Advisor Office. The Province of Manitoba approved the WSHD budget through its annual budget process. In 2025, the amounts charged to operating expenses for these provisions increased \$1 million, due to an increased number of inspectors, and other wage related increases.

The following shows the major categories of the 2025 operating expenses:

Components of 2025 operating expenses



Operating surplus and total comprehensive income

The WCB experienced an operating surplus of \$112 million (budget, \$13 million) that together with surplus distribution of \$121 million and gain on defined benefit plans of \$3 million resulted in total comprehensive loss of \$6 million.

Funded position

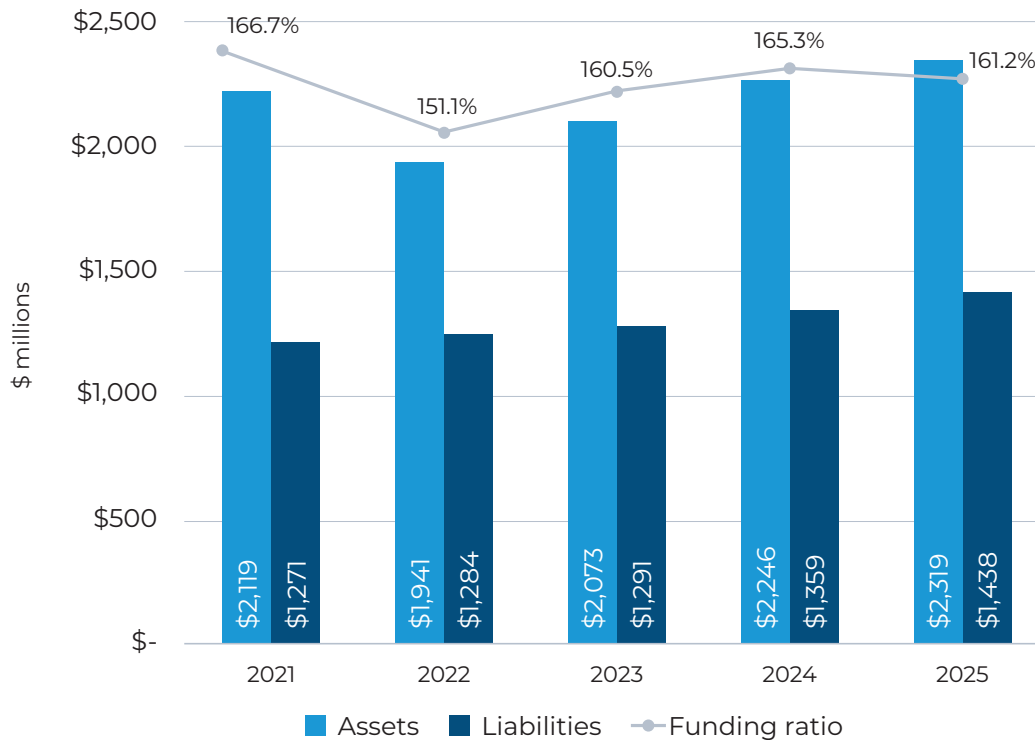
The WCB, in accordance with the Act, is responsible to ensure that sufficient funds are available for the payment of all current and future liabilities, and to maintain reserves sufficient to ensure the financial security of the system in the long term. The Funding Policy provides the framework to ensure these responsibilities are met.

The funding ratio is one measure of the financial strength of the WCB. The Funding Policy sets a funding ratio target of 130 per cent, meaning sufficient funds are set aside to fully fund 100 per cent of all current and future liabilities - plus an additional 30 per cent to protect the system from risk.

The 2025 funding ratio (ratio of total assets to total liabilities) was 161 per cent (2024, 165.3 per cent) which exceeded the target ratio of 130 per cent.

The funded position was \$881 million (2024, \$887 million), which exceeded the target balance of \$431 million set by the WCB's Funding Policy.

The following graph shows the funding ratio from 2021 through 2025:



Note that the 2026 – 2030 Five-Year Plan financials (page 72) incorporate maintaining an average assessment rate of \$0.95, strategic investments in the WCB system, and amounts for surplus distributions to employers.

On April 23, 2026, the Board of Directors approved a surplus distribution of \$90 million, credited to eligible employers in May 2026. While surplus distributions are modelled in 2027 and 2028 to trend toward the 130 per cent target, future distributions are reviewed annually based on the annual financial outcomes and future financial requirements of the workers' compensation system.

2025 Financial performance

The WCB has a long-term perspective with respect to the management of the Accident Fund. Therefore, the WCB believes the funding basis of accounting is the most relevant measure to assess the financial performance of the WCB and determine the funding ratio.

The funding basis financial statements, which are not audited, can be materially different from the IFRS-based financial results.

A reconciliation to the IFRS basis financial statements can be found on page 55.

Statement of financial position - funding basis (unaudited)

(in thousands of dollars)

	Note	December 31, 2025	December 31, 2024
Assets			
Cash		\$ 25,180	\$ 31,240
Receivables and other		22,042	19,501
Investment portfolio		1,951,379	1,915,789
Deferred assessments	1	276,426	240,684
Capital assets		43,651	39,138
		<u>\$ 2,318,678</u>	<u>\$ 2,246,352</u>
Liabilities and funded position			
Payables and accruals		\$ 36,369	\$ 32,550
Workers' retirement annuity fund		54,263	50,362
Employee benefits	2	24,930	20,733
Benefit liabilities	3	1,322,593	1,255,580
		<u>1,438,155</u>	<u>1,359,225</u>
Total liabilities			
		1,438,155	1,359,225
Funded position		880,523	887,127
		<u>\$ 2,318,678</u>	<u>\$ 2,246,352</u>
Funding ratio (assets/liabilities)		161.2%	165.3%

Explanatory notes follow on page 53.

Explanatory notes to the statement of financial position - funding basis

1. Individually assessed employers:

The funding basis of accounting presents the nature of the relationship between the WCB and the individually assessed employers as established by the Act. Under the funding basis, the WCB recognizes the monies received from the individually assessed employers as premium revenue and the cost of their paid claims as claim costs incurred. Under the authority of the Act, the WCB may defer the collection of the funds, or any portion of the funds, required for the future cost of claims arising in respect of the individually assessed employers. Where the WCB defers the collection of the funds the amount is deferred assessment receivable and recognized in assets on the statement of financial position. A corresponding liability is recognized in benefit liabilities.

2. Employee benefit plans:

Employee benefits include the liabilities of the WCB's employee defined benefit plans (see page 104 for a description of the plans). The WCB's consulting actuary performs the valuations annually.

Under the funding basis of accounting, the WCB's employee defined benefit plans are valued using a discount rate consistent with going concern valuations for pension plans, i.e. based on the long-term expected return of plan assets. The discount rate used for the 2025 going concern valuation was 6.25 per cent (2024, 6.25 per cent).

3. Benefit liabilities:

Under the funding basis of accounting and consistent with the WCB's historical practice, benefit liabilities are valued using a discount rate based on the WCB's long-term expected return on the investment portfolio. This rate is revised only when warranted in response to changes in long-term trends. The discount rate used for the 2025 funding valuation was 5.75 per cent (2024, 5.75 per cent).

Other significant assumptions used in the 2025 valuation of benefit liabilities include general inflation of 2.0 per cent (2024, 2.0 per cent), wage inflation of 3.0 per cent (2024, 3.0 per cent) and healthcare inflation of 4.5 per cent (2024, 4.5 per cent).

Statement of operations and comprehensive income - funding basis (unaudited)

Year ended December 31
(in thousands of dollars)

	Note	2025	2024
Revenue			
Premium revenue	1	\$ 344,224	\$ 332,172
Investment income		191,281	259,908
Total revenue		535,505	592,080
Expenses			
Claim costs incurred		298,548	265,590
Operating expenses		125,295	113,332
		423,843	378,922
Operating surplus			
		111,662	213,158
Surplus distribution		(121,473)	(114,697)
Gain on defined benefit plans		3,207	7,188
Total comprehensive (loss) income		\$ (6,604)	\$ 105,649

Explanatory notes to the statement of operations and comprehensive income - funding basis1. Individually assessed employers:

Premium revenue includes \$92.9 million (2024, \$91.3 million) of individually assessed employer premiums. A corresponding amount is included in claim costs incurred.

IFRS to funding basis of accounting reconciliation (unaudited)

Reconciliations of the Statement of Financial Position on the IFRS basis to the funding basis of accounting as at December 31 are presented below. Explanatory notes follow the reconciliations.

(in thousands of dollars)

	December 31, 2025			
	IFRS basis	Presentation ¹	Measurement ²	Funding basis
Assets				
Cash	\$ 25,180	\$ -	\$ -	\$ 25,180
Receivables and other	8,628	13,414	-	22,042
Investment portfolio	1,951,379	-	-	1,951,379
Deferred assessments	-	294,469	(18,043)	276,426
Capital assets	43,651	-	-	43,651
	<u>\$ 2,028,838</u>	<u>\$ 307,883</u>	<u>\$ (18,043)</u>	<u>\$ 2,318,678</u>
Liabilities and funded position				
Payables and accruals	\$ 4,627	\$ 31,742	\$ -	\$ 31,369
Workers' retirement annuity fund	54,263	-	-	54,263
Employee benefits	86,869	-	(61,939)	24,930
Workers' compensation/benefit liabilities	1,131,682	294,469	(103,558)	1,322,593
	<u>1,277,441</u>	<u>326,211</u>	<u>(165,497)</u>	<u>1,438,155</u>
Accident fund reserve/funded position	751,397	-	129,126	880,523
	<u>\$ 2,028,838</u>	<u>\$ 326,211</u>	<u>\$ (36,271)</u>	<u>\$ 2,318,678</u>

(in thousands of dollars)

	December 31, 2024			
	IFRS basis	Presentation ¹	Measurement ²	Funding basis
Assets				
Cash	\$ 31,240	\$ -	\$ -	\$ 31,240
Receivables and other	6,496	13,005	-	19,501
Investment portfolio	1,915,789	-	-	1,915,789
Deferred assessments	-	262,292	(21,608)	240,684
Capital assets	39,138	-	-	39,138
	<u>\$ 1,992,663</u>	<u>\$ 275,297</u>	<u>\$ (21,608)</u>	<u>\$ 2,246,352</u>
Liabilities and funded position				
Payables and accruals	\$ 4,364	\$ 28,186	\$ -	\$ 32,550
Workers' retirement annuity fund	50,362	-	-	50,362
Employee benefits	62,672	-	(41,939)	20,733
Workers' compensation/benefit liabilities	1,114,087	262,292	(120,799)	1,255,580
	<u>1,231,485</u>	<u>290,478</u>	<u>(162,738)</u>	<u>1,359,225</u>
Net assets/funded position	761,178	-	125,949	887,127
	<u>\$ 1,992,663</u>	<u>\$ 290,478</u>	<u>\$ (36,789)</u>	<u>\$ 2,246,352</u>

Explanatory notes to the IFRS to funding basis of accounting statement of financial position reconciliation:

1. Presentation

Under IFRS 17, the WCB is required to classify insurance related receivables and payables, including individually assessed employers' deferred assessments receivable, as part of the workers' compensation liabilities.

2. Measurement

Under IFRS, workers' compensation liabilities and employee defined benefit plans are valued using point-in-time market-based interest rates, which can cause significant fluctuations in the value of the liabilities year-to-year. The rates are updated annually.

The estimated single-equivalent discount rate used for the 2025 IFRS workers compensation liabilities valuation was 5.0 per cent (2024, 4.6 per cent). The discount rate used for the 2025 IFRS employee defined benefit plans valuations was 5.0 per cent (2024, 4.75 per cent).

Under the funding basis of accounting and consistent with the WCB's historical practice, benefit liabilities and employee defined benefit plans are valued using discount rates based on the long-term expected returns of the respective investment portfolio. Rates are revised only when warranted in response to changes in long-term trends.

The discount rate used for the 2025 benefit liabilities funding valuation was 5.75 per cent (2024, 5.75 per cent). The discount rate used for the 2025 going concern valuations of the defined benefit plans was 6.25 per cent (2024, 6.25 per cent).

Reconciliation of total comprehensive loss IFRS basis to funding basis

A reconciliation of total comprehensive (loss) income on the IFRS basis to the funding basis of accounting as at December 31 is presented below. Explanatory notes follow the reconciliation.

December 31 (in thousands of dollars)	Note	2025	2024
Total comprehensive (loss) income - IFRS		\$ (9,781)	\$ 284,323
Remeasure workers' compensation liabilities	1	(16,826)	(156,780)
Remeasure employee defined benefit plans	2	20,003	(21,894)
Total comprehensive (loss) income - funding basis		<u>\$ (6,604)</u>	<u>\$ 105,649</u>

1. Remeasure workers' compensation liabilities:

Reflects the difference in the annual change in the valuation of workers' compensation liabilities/benefit liabilities calculated using the prescribed IFRS single-equivalent discount rate of 5.0 per cent (2024, 4.6 per cent) and the funding basis valuation discount rate of 5.75 per cent (2024, 5.75 per cent), plus the difference in the estimated interest cost of the liabilities calculated using the IFRS discount rate versus the funding basis valuation discount rate.

2. Remeasure employee defined benefit plans:

Reflects the difference in the annual change in the valuation of employee defined benefit plans calculated using the prescribed IFRS discount rate of 5.0 per cent (2024, 4.75 per cent) and the going concern valuation discount rate of 6.25 per cent (2024, 6.25 per cent).

Discussion of 2025 IFRS financial results

The audited Financial Statements on the IFRS basis are on page 74.

Notable outcomes on the IFRS basis are:

Net workers compensation service result was income of \$15 million (2024, \$213 million). Premium revenue increased \$10 million due to strong payroll growth. Workers' compensation expense increased \$209 million, following the recognition of a significant actuarial adjustment in 2024.

Investment income of \$191 million (2024, \$260 million) reflects 2025's strong investment market performance.

Workers' compensation finance expense was \$47 million (2024, \$70 million). Less interest accrued to the workers compensation liabilities in 2025 due to a decrease of the interest rate to 3.82 per cent (2024, 5.39 per cent) and a higher opening balance in 2024, to which the interest rate was applied.

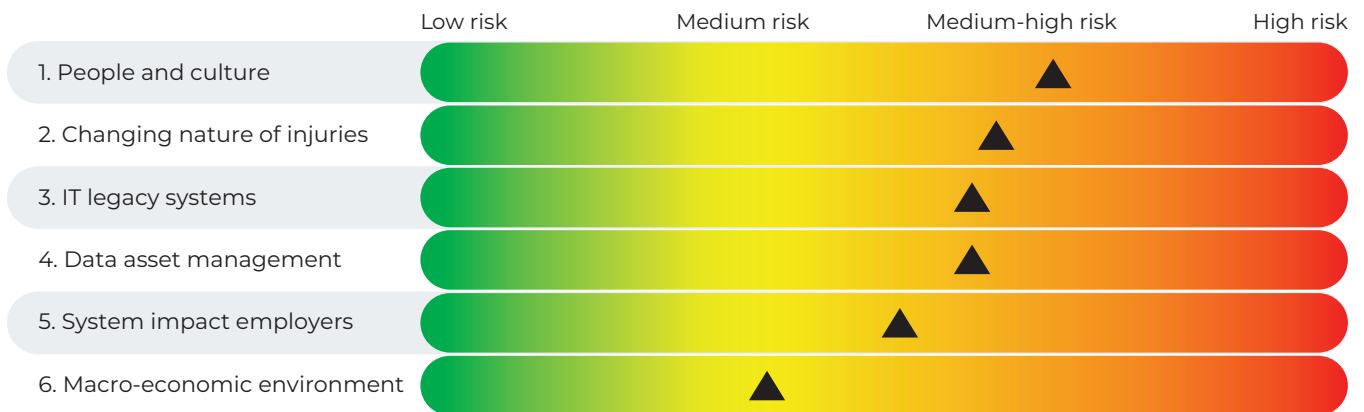
Total operating and other expenses were \$31 million (2024, \$33 million), due to a decrease in the WCB's operating expenses not related to fulfilment of workers' compensation contracts, and less interest allocated to the workers' retirement annuity fund.

Combined, the components above produced an operating surplus of \$128 million (2024, \$370 million). Total comprehensive loss was \$10 million (2024, \$284 million total comprehensive income) after recognizing surplus distribution of \$121 million (2024, \$115 million) and defined benefit plan remeasurement loss of \$17 million (2024, remeasurement gain of \$29 million).

RISK MANAGEMENT

On an annual basis, the WCB identifies and assesses key corporate risks and implements mitigation strategies to manage these risks, which are embedded in the strategic planning and budgeting cycles.

Corporate risks are monitored and updated on a regular basis to reflect changes in the organization’s risk profile. The corporate risk profile below shows the WCB’s most significant risks and residual risk ratings for 2025. The residual risk assessment considers the processes, controls and mitigation strategies in place to manage risk.



The WCB’s most significant risks are described below.

1. People and culture

In a highly competitive labour market, challenges in the recruitment and retention of people with the expertise necessary for operations and strategic projects may impede the successful execution of corporate initiatives. The WCB has implemented targeted hiring strategies and succession planning to retain talent and build bench strength.

2. Changing nature of injuries

An increase in the number of time loss claims and the duration of claims, due to a significant increase in psychological injuries and secondary psychological injuries that arise as a barrier to a successful return to work, may negatively affect the WCB’s ability to achieve strategic targets. Psychological injuries tend to be more complex claims that require a different skill set to manage. A psychological injury strategy is being developed and a review of the claims service delivery model is in progress to more effectively meet the evolving needs of workers.

3. IT legacy systems

The WCB's technological environment is in need of modernization. Proper governance and oversight will be critical to prevent cost and time overruns and achieve deliverables in projects and initiatives. Priority projects have been identified to mitigate high risks, ensure systems are secure and customer service is maintained.

4. Data asset management

The security and integrity of our data is crucial to support operations and safeguard information. To address the potential risk, the WCB must be proactive in managing the retention, residency, security and use of our data assets. Data management and governance strategies continue to evolve.

5. System impact employers

System impact employers are large public entities, notably in the healthcare and public administration sectors. These employers significantly influence the WCB's ability to achieve the *Days lost due to workplace injury and illness* and the *Time loss injury and illness* reduction targets. A variety of factors increase the risk of effectively assisting these employers in adopting improvements to reduce injuries, specifically public policy, complex organization and accountability structures and limited resources. A high degree of involvement is maintained with system impact employers to support prevention and successful return to work initiatives.

6. Macro-economic environment

Internal and external factors create uncertainty in long-term financial projections and impact the WCB's ability to achieve the targeted funding ratio and protect the financial integrity of the system over the long-term. Key factors are: significant investment in WCB systems, increasing claim costs and duration and a rising IT cost profile. Changes in the environment are reviewed regularly to assess the impact on expense items, actuarial assumptions, forecasts and the funding ratio.

03

**FIVE YEAR
PLAN**







INTRODUCTION

Based on the strategic framework approved in 2024 by the Board of Directors, the WCB's Five Year Plan emphasizes five key priorities that will guide our initiatives and work. These pillars align with our organization's vision of a safer Manitoba, assuring prevention and facilitating safe return to work processes. Additionally, they aim to deliver trusted services to our stakeholders and ensure the long-term security of the workers compensation system. We will foster a resilient work environment that attracts, retains and develops employees to meet our organizational needs.

OUR STRATEGIC PRIORITIES



CREATE A SAFE WORK CULTURE

STRATEGIC GOAL:

Reduce the number and severity of injuries.

AREAS OF FOCUS:

Expand and enhance Manitoba's safety infrastructure, including the use of industry-based safety programs.

SAFE Work Manitoba will collaborate with industry-based safety programs (IBSPs) to expand our reach to workers and employers across the province. This will ensure that more Manitobans can access industry-specific safety training and services. We will continue to support the IBSPs through sponsorship opportunities and public speaking engagements, as well as collaborating on social media and through the SAFE Work Manitoba Training Portal. IBSPs play an important role in connecting workers with the industry tools and resources they need to do their jobs safely.

Increase province-wide public awareness and access to prevention services.

The WCB, through its prevention division, SAFE Work Manitoba, is committed to increasing public awareness for workplace safety and health through our advertising campaigns. The campaigns target workers and employers in various industries and will touch on topics such as psychological injuries and musculoskeletal injuries (MSIs). The campaigns will also promote the SAFE Work Manitoba Training Portal,

ensuring all Manitoba workers have access to training resources to keep them safe at work.

In addition to advertising campaigns, SAFE Work Manitoba will work with its stakeholders to increase the number of workers and employers it reaches through initiatives, events and sponsorships. This includes identifying and working with health and safety leaders in various industries to increase our reach. SAFE Work Manitoba will continue to participate in events such as National Safety & Health Week and collaborate with government and key stakeholders on the Manitoba Safety and Health Index.

Prioritize prevention services to high-impact sectors.

SAFE Work Manitoba will continue to work with system impact employers to lower the number of workplace incidents. It is a priority to work with these employers to lower the number of time loss claims and severe injuries. We will consult and provide support for employers in this category and work with them to educate their workforce with prevention resources and safety knowledge.

A new data-driven initiative will focus on MSIs and how to prevent these types of injuries. This initiative is a partnership between SAFE Work Manitoba, the Manitoba Association for Safety in Healthcare (MASH) and healthcare facilities.

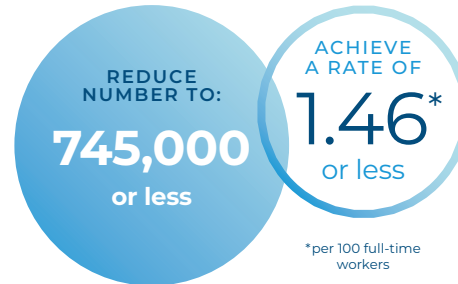
FIVE-YEAR TARGETS:

In the five year period covered by this plan, the WCB is focused on the following milestones:

Time Loss Injuries



Days Lost to Workplace Injury or Illness



Severe Injuries



WCB-Covered Payroll



Achieve at least 25% that is SAFE Work Certified



Increase percentage served by an industry-based safety program to 65% or more

This partnership will provide insight into why these types of injuries are increasing and what education and training are needed to aid and support workers in safe patient handling, thereby reducing the risk of MSIs.

Adapt prevention approaches to a changing workforce and new forms of work.

The landscape of Manitoba's workforce is changing rapidly, and SAFE Work Manitoba is adapting to these changes. We are improving and adapting our training materials for

newcomers and young workers entering the province's workforce.

We are collaborating with the Province of Manitoba and other organizations to revise the Industrial Arts curriculum for schools. We want to ensure that safety is a topic that is at the forefront and is being discussed in schools, especially as students and youth enter the workforce.

ENABLE SUCCESSFUL RETURN TO WORK

STRATEGIC GOAL:

Reduce days lost and improve the return to work experience.

AREAS OF FOCUS:

Improve healthcare access and quality through provider partnerships.

The WCB will continue to look for opportunities to improve access to healthcare services and look for quality partnerships through using the valuable information we gained through the Worker Care Clinic pilot project. A focus will be on creating meaningful engagements with the psychiatric and psychological community to identify gaps and create an action plan focused on prevention, recovery and return to work.

Proactive engagement with the healthcare community to increase awareness and education and improve issue resolution.

We will continue create educational opportunities to educate and support the

healthcare community to increase their knowledge and confidence in their role within the workers compensation system.

These opportunities will also raise awareness of the WCB return to work programs and their benefits.

Leverage technology and analytics to improve outcomes.

The WCB will use technology and data result-driven analytics to work with system impact employers on the employees' return to work experience and how it can be improved. We will work to find opportunities within our claims systems to develop technologies that support successful and effective return to work programs.



FIVE-YEAR TARGETS:

In the five year period covered by this plan, the WCB is focused on the following milestones:

Achieve at least: 70% of injured workers returning to safe and suitable work after **10 days**



Achieve at least: 95% of injured workers returning to safe and suitable work after **60 days**



DELIVER TRUSTED SERVICE

STRATEGIC GOAL:

Provide service that is fair, clear, consistent and effective.

AREAS OF FOCUS:

Continuously strive to improve the quality and integrity of the services we deliver.

Our customers are at the centre of everything we do at the WCB. We want to provide the best customer service possible by ensuring staff are equipped to handle complex claims. Staff will participate in specialized training on topics such as psychological injuries and handling sensitive claim information.

Our focus will be on delivering essential information to our customers through multiple communication channels. This enhanced variety will offer them more options for interaction and assist us in optimizing our processes.

Build trust and confidence through clear communication and collaborative engagement with stakeholders.

We want to build trusting relationships with our stakeholders to provide the best service to our customers.

Our healthcare department will work with the healthcare sector to promote the WCB and our role in preventing injuries, occupational illnesses and diseases. This is a priority for the years to come as we continue to see many injuries in the healthcare field.

System impact employers continue to have a high number of WCB claims, disproportional to other organizations. These are employers that employ a large number of Manitobans and have a large impact on the overall workers compensation system. We continue to work with them to lower their claims and find ways to educate their workforce on preventing injuries.

A new area of focus for the WCB is educating new Canadians. As more newcomers enter the workforce, it's important that they understand their rights as workers and the role of the WCB. We will also educate them on reporting their injuries to the WCB and recognizing claim suppression.

In 2024, the WCB began providing presentations to newcomer and other vulnerable workers to raise awareness of the workers compensation



system, workers' safety rights and the right to report workplace injuries and illnesses to the WCB. Presentations are facilitated through organizations that represent and provide services to these workers. Presentations are also given in alternate languages upon request, such as French and Arabic.

Increase access to secure digital services and information.

The WCB is working to modernize our services and offer more digital options for our customers to interact with us in addition to our current offerings. This includes exploring all avenues, including launching a mobile app for workers to report and manage their WCB claims. The app is one of many options we want to offer our customers as part of our plans to modernize our systems. Increasing access to our digital services also works in tandem with reinforcing our cybersecurity systems.

FIVE-YEAR TARGETS:

In the five year period covered by this plan, the WCB is focused on the following milestones:



Achieve at least: **80% in customer satisfaction of employers and injured workers**



Achieve at least: **70% of claims paid within 14 days of injury**



Achieve and maintain an **average assessment rate at under \$1**



Funding Ratio

Maintain the **accident reserve fund** in keeping with the **130% funding ratio target**

GROW OUR PEOPLE

STRATEGIC GOAL:

Attract, retain and develop our people to anticipate and align with our evolving needs.

AREAS OF FOCUS:

Support the ongoing development of employees to prepare for today and tomorrow.

The WCB is dedicated to supporting employee growth. We want to ensure staff have the skills to meet immediate needs and equip them with the knowledge and training needed for the future. We aim to build an innovative workforce to meet the evolving needs of our customers.

Continuous learning and professional development are essential to supporting our employees and building a team that wants to grow and advance their careers at the WCB. We do this in multiple ways, through continuous learning and skill enhancement, personalized development plans and leadership development.

The WCB invests in employee training opportunities through various formats, such as formal education, workshops, seminars, e-learning and self-directed learning. Members of our staff work with leadership to identify gaps and create tailored training for their needs. Those looking to advance their career

can work with their leader on a personalized development plan to meet their professional goals and leadership development opportunities.

Proactive approach to leadership development and succession planning.

Succession management is a priority for the WCB. The success of our organization relies on our ability to plan and prepare for the future.

We will use succession management tools to help us identify and develop future leaders within the organization. This includes preparing employees who demonstrate high-potential for the WCB's present and future leadership needs. Abilities are identified early to ensure ongoing development, monitoring and feedback.

The WCB will offer targeted training, mentoring and coaching so employees can build the skills and competencies needed for future roles. This will ensure a continual stream of talent is ready for leadership positions.



Current leaders will be supported in ongoing development to evolve the corporate culture at the WCB. This includes improving key areas such as employee engagement, coaching and mentoring, staff development, performance management and retention.

Enhance diversity and inclusivity of our workforce to reflect the people we serve.

At the WCB, we embrace diversity and recognize that our differences unite and strengthen our organization. We draw from our differences and perspectives to create shared experiences that will enhance our workforce.

We aim to create a diverse workforce that reflects our customers' perspectives, experiences and needs and the diversity of all Manitobans. This will allow our staff to learn from each other so we can find ways to create and improve upon our services. To achieve this, we have developed a comprehensive diversity, equity and inclusivity strategy that will launch in 2026.

FIVE-YEAR TARGETS:

In the five year period covered by this plan, the WCB is focused on the following milestones:



*Average per employee per year

SECURE THE SYSTEM FOR TOMORROW

STRATEGIC GOAL:

Ensure financial stability and prepare our systems for change and modernization.

AREAS OF FOCUS:

Maintain financial stability and strengthen our systems for change and modernization.

Maintaining financial stability ensures that the WCB is well-funded to help maintain the integrity of the workers compensation system and that we can safeguard against future costs.

By enhancing and modernizing our systems, we can better serve our customers while staying current with technological advancements. This approach will also improve efficiency and productivity within our organization.

The WCB will enable its change management function to effectively support our staff as we move to modernize our systems.

Strategic focus on risk management through system modernization.

Strengthening cybersecurity initiatives is a priority to safeguard our organization from internal and external threats.

By addressing these vulnerabilities, we enhance our overall security level.

We have completed a comprehensive assessment of our current IT infrastructure. Based on this analysis, we have created a roadmap which will allow the WCB to evolve and modernize our system over time.

Enhance agility to meet changing conditions.

The WCB has moved toward an Enterprise Project Management Office (EPMO) to ensure corporate initiatives are aligned across the organization. This approach focuses on our whole organization, aligning projects to meet broader organizational goals. This will also lead to increased productivity and a higher-quality project output.

Pro Forma Statement of Financial Position - Funding Basis (unaudited)

As at December 31
(000's)

	2025 Actual	2026 Budget	2027 Projection	2028 Projection	2029 Projection	2030 Projection
Assets	\$ 2,318,678	\$ 2,269,598	\$ 2,262,214	\$ 2,252,610	\$ 2,301,906	\$ 2,352,864
Liabilities	1,438,156	1,468,459	1,517,328	1,566,688	1,623,548	1,679,643
Funded position	880,522	801,139	744,886	685,922	678,358	673,220
	\$ 2,318,678	\$ 2,269,598	\$ 2,262,214	\$ 2,252,610	\$ 2,301,906	\$ 2,352,864
Funding ratio	161.2%	154.6%	149.1%	143.8%	141.8%	140.1%

Pro Forma Statement of Total Comprehensive Income - Funding Basis (unaudited)

For the years ending December 31
(000's)

	2025 Actual	2026 Budget	2027 Projection	2028 Projection	2029 Projection	2029 Projection
Projected average assessment rate	\$ 0.95	\$ 0.95	\$ 0.95	\$ 0.95	\$ 0.95	\$ 0.95
Premium revenue	\$ 344,224	\$ 321,323	\$ 328,685	\$ 337,045	\$ 349,112	\$ 357,436
Investment income	191,281	95,377	93,154	92,314	91,486	92,416
Total Revenue	535,505	416,700	421,839	429,359	440,598	449,852
Claim costs incurred	298,548	265,468	279,657	284,077	295,715	299,073
Operating expenses	125,295	140,815	144,875	149,079	152,447	155,917
Total expenses	423,843	406,283	424,532	433,156	448,162	454,990
Operating surplus (loss)	111,662	10,417	(2,693)	(3,797)	(7,564)	(5,138)
Surplus distribution:	(121,473)	(89,800)	(53,560)	(55,167)	-	-
Gain on defined benefit plans	3,207	-	-	-	-	-
Total comprehensive loss	\$ (6,604)	\$ (79,383)	\$ (56,253)	\$ (58,964)	\$ (7,564)	\$ (5,138)

2026 to 2030 Budgeted and Projected Financial Statements

The WCB has adopted IFRS to prepare the IFRS-basis financial statements published in our annual report (page 84), which is required for statutory compliance.

For the purposes of rate setting and managing the funding ratio, the WCB prepares its financial projections using the funding basis of accounting. This approach provides our stakeholders with a long-term perspective of the WCB's financial stability, mitigates premium rate volatility and determines the required level of reserves in accordance with the Funding Policy.

The pro-forma financial statements for the years 2026 to 2030 present the financial outcomes of the strategic and operational plans of the WCB.

The average assessment rate is maintained at \$0.95 throughout the Five Year Plan. Surplus distributions and strategic investments in the workers compensation system are included as the goal is to reduce the funding ratio toward the 130 per cent policy target.

WCB revenues include:

Premium revenue: this amount represents a combination of estimated annual assessable payroll and the average assessment rate, using reasonable assumptions for economic and inflationary growth. The average assessment rate used in the Five Year Plan is \$0.95.

Investment revenue: this amount represents a return that is consistent with the WCB's investment portfolio profile. A steady annual rate of return of 5.75 per cent is used throughout the Plan, as it is not possible to predict investment markets. Actual results in this area will vary and fluctuations can be significant.

WCB expenses include:

Claim costs: are calculated based on historical claims data updated to reflect recent experience and reasonable assumptions for cost inflation. The number of injuries are assumed to remain flat in 2026, and increase modestly through 2030. Fluctuations in claim costs can occur if there is an increase to injury rates, very expensive claims, a change to the nature or complexity of claims, or a change in average claim duration.

Operating expenses: this amount represents salaries, employee benefits, information technology investments, the Appeal Commission, SAFE Work Manitoba and other administrative costs.

Surplus distribution: The Board of Directors reviews the WCB's funded position on an annual basis and applies a balanced approach to determine if a surplus distribution is warranted. The balanced approach allows the return of surplus funds to employers and considers long-term financial projections which may include strategic investments in the workers compensation system such as prevention initiatives, return to work supports and business systems renewal.

Actual distribution amounts are approved based on year-end financial outcomes and may differ from the projected amounts.

04

**2025 AUDITED
FINANCIAL
STATEMENTS
AND NOTES**







RESPONSIBILITY FOR FINANCIAL INFORMATION

The financial statements are the responsibility of management and were prepared in accordance with International Financial Reporting Standards. The financial statements include some amounts based on management's best estimates and judgments.

Management maintains the necessary internal controls to provide reasonable assurance that relevant and reliable financial information is produced and that assets are properly safeguarded. The internal auditor performs periodic audits designed to test the adequacy and consistency of the WCB's internal controls.

The Board of Directors is responsible for overseeing management in the performance of its financial reporting responsibilities and approved the financial statements and other financial information included in this annual report on May 14, 2026.

The Audit Committee assists the Board of Directors in discharging its responsibilities. The Committee reviews and recommends approval of the financial statements and annual report and meets periodically with management, internal and external auditors and actuaries concerning internal controls and all other matters relating to financial reporting.

The Chief Actuary of the WCB completed an actuarial valuation of the workers' compensation liabilities included in the financial statements of the WCB and reported thereon in accordance with accepted actuarial practice in Canada. The Chief Actuary's opinion on the valuation of the workers' compensation liabilities is provided on page 81. In addition, the WCB has appointed an independent peer review actuary, Eckler Ltd., to review the annual actuarial valuation of the workers' compensation liabilities.

Doane Grant Thornton LLP, the independent auditor of the WCB, has performed an independent audit of the financial statements of the WCB in accordance with Canadian generally accepted auditing standards (GAAS). The Auditor's Report, on page 82, outlines the scope of this independent audit and includes their opinion expressed on the 2025 financial statements.

Catherine Skinner, LLB, LLM, CIC
President and CEO

Leslie Anne Hurley, CPA, CGA
Vice President and Chief Financial Officer

May 14, 2026



ACTUARIAL OPINION

With respect to Future Workers Compensation Liabilities of the Workers Compensation Board of Manitoba

based on an actuarial valuation as at December 31, 2025

I have completed an actuarial valuation as at December 31, 2025 of the workers compensation liabilities for all employers insured under *The Workers Compensation Act* as amended to the valuation date. The purpose of this valuation was to estimate the liabilities of the WCB with respect to injuries that occurred on or before the valuation date for inclusion in the 2025 financial statements which are prepared in accordance with International Financial Reporting Standards (IFRS).

My estimate of the liabilities as at December 31, 2025 is \$1,113.4 million.

I reviewed the data and have performed tests to confirm their reasonableness and consistency with that used in the prior valuation.

The December 31, 2025 Illiquid Reference Curve from Fiera Capital's CIA IFRS 17 Market Curves and Reference Curves for December 2025 has been used for the discount rates. The inflation assumptions are 2.00 per cent for inflation linked benefits, 3.00 per cent for wage linked benefits and 4.50 per cent for healthcare benefits.

The mortality assumption for disability and survivor benefits is 105% of the generational table created from the Manitoba Life Table 2015-2017 projected from 2016 using the CPM-B projection scale. The mortality assumption for life insurance benefits is based on 105% of the Manitoba Life Table 2015-2017.

The assumptions and methods used in the valuation, as described in my report, are based on the current practices and administrative procedures of the WCB and on historical claims experience.

In my opinion, the data on which the valuation is based are sufficient and reliable for the purpose of this valuation.

In my opinion, the assumptions are appropriate for the purpose of this valuation.

In my opinion, the methods employed in the valuation are appropriate for the purpose of this valuation.

The amount of the workers compensation liability makes appropriate provision for all personal injury compensation obligations given the WCB's accounting.

This report has been prepared, and my opinions given, in accordance with accepted actuarial practice in Canada.

Respectfully submitted,

Michael Williams

Fellow, Canadian Institute of Actuaries
Chief Actuary, WCB

May 14, 2026

Independent auditor's report

To the Board of Directors of the Workers Compensation board of Manitoba

Opinion

We have audited the financial statements of Workers Compensation Board of Manitoba ("the WCB"), which comprise the statement of financial position as at December 31, 2025, and the statement of operations and comprehensive income, changes in funded position and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Workers Compensation Board of Manitoba as at December 31, 2025, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

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 WCB 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.

Information other than the Financial Statements and Auditor's Report thereon

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, 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 WCB'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 WCB or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the WCB'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.

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 WCB'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 WCB'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 WCB 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.

Winnipeg, Canada
May 14, 2026


Chartered Professional Accountants

Statement of financial position

(in thousands of dollars)

	Note	December 31, 2025	December 31, 2024
Assets			
Cash	3	\$ 25,180	\$ 31,240
Receivables	4	8,628	6,496
Investment portfolio	5	1,951,379	1,915,789
Property and equipment	6	42,264	36,097
Intangible assets	7	1,387	3,041
		<u>\$ 2,028,838</u>	<u>\$ 1,992,663</u>
Liabilities and funded position			
Payables and accruals	8	\$ 4,627	\$ 4,364
Workers' retirement annuity fund	9	54,263	50,362
Employee benefits	10	86,869	62,672
Workers compensation liabilities	11	1,131,682	1,114,087
Total liabilities		<u>1,277,441</u>	<u>1,231,485</u>
Accident fund reserve		713,630	706,615
Accumulated other comprehensive income		37,767	54,563
		<u>751,397</u>	<u>761,178</u>
		<u>\$ 2,028,838</u>	<u>\$ 1,992,663</u>

Authorized for issue on May 14, 2026 on behalf of the Board of Directors,

Colin S. Robinson
Chair, Board of Directors

Yvette Milner
Chair, Audit Committee of the Board of Directors

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

Statement of operations and comprehensive income

Year ended December 31
(in thousands of dollars)

	Note	2025	2024
Workers compensation result			
Premium revenue	12	\$ 251,290	\$ 240,875
Workers compensation service expense	13	(235,943)	(27,403)
Net workers compensation service result	11	15,347	213,472
Investment income	5	191,281	259,908
Workers compensation finance expense	15	(47,389)	(70,363)
Operating expenses	14	(25,636)	(26,354)
Workers retirement annuity fund interest	9	(5,115)	(6,725)
Total operating and other expenses		(30,751)	(33,079)
Operating surplus		128,488	369,938
Surplus distribution		(121,473)	(114,697)
Net operating surplus		7,015	255,241
Other comprehensive income			
Defined benefit plans remeasurements*	10	(16,796)	29,082
Total comprehensive (loss) income		\$ (9,781)	\$ 284,323

*Will not be recycled to net operating surplus subsequently
The accompanying notes are an integral part of the financial statements.

Statement of changes in funded position

Year ended December 31
(in thousands of dollars)

	2025	2024
Funded position		
Accident fund reserve		
Balance, beginning of year	\$ 706,615	\$ 451,374
Operating surplus	128,488	369,938
Surplus distribution	(121,473)	(114,697)
	<u>713,630</u>	<u>706,615</u>
Accumulated other comprehensive income		
Balance, beginning of year	\$ 54,563	\$ 25,481
Other comprehensive (loss) income	(16,796)	29,082
	<u>37,767</u>	<u>54,563</u>
Funded position, end of year	<u>\$ 751,397</u>	<u>\$ 761,178</u>

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

Statement of cash flows

Year ended December 31
(in thousands of dollars)

	2025	2024
Operating cash flows		
Premiums from employers	\$ 189,365	\$ 187,094
Claim payments	(226,448)	(209,122)
Purchases of goods and services	(124,387)	(115,928)
Net operating cash flows	(161,470)	(137,956)
Investing cash flows		
Purchases of investments	(914,748)	(516,493)
Proceeds on disposal of investments	982,237	579,587
Dividend income	75,054	54,146
Interest income	25,673	26,381
Asset acquisitions	(11,660)	(12,118)
Net investing cash flows	156,556	131,503
Financing cash flows		
Payment of leases	(1,146)	(1,205)
Net financing cash flows	(1,146)	(1,205)
Net (decrease) in cash	(6,060)	(7,658)
Cash, beginning of year	31,240	38,898
Cash, end of year	\$ 25,180	\$ 31,240

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

Notes to the financial statements

Year ended December 31, 2025

(\$ amounts in thousands of dollars unless otherwise noted)

1. NATURE OF OPERATIONS

Reporting entity

The Workers Compensation Board of Manitoba (the WCB) is a statutory corporation created by the Manitoba Legislature. The WCB has its corporate head office in Winnipeg, Manitoba.

The WCB was created in 1916 under the authority of *The Workers Compensation Act* (the Act). In accordance with the provisions of the Act, the WCB is responsible for:

- prevention of workplace injuries and illnesses;
- administering payments to injured workers and suppliers of services to injured workers;
- levying and collecting premiums from established classes of employers in amounts sufficient to cover the current and future costs of existing claims; and
- investing funds set aside for the future costs of claims as well as surplus funds.

SAFE Work Manitoba, a division of the WCB, is responsible for the delivery of prevention-related services mandated under the Act.

An independent Workers Compensation Appeal Commission operates under the Act to make final rulings on any appeals pertaining to the WCB's assessment or benefits decisions.

The Act establishes the Accident Fund for the payment of compensation, outlays and expenses of the workers compensation system. The Accident Fund is funded through premiums collected from employers. The WCB does not receive government funding or assistance. While International Financial Reporting Standards (IFRS) are the reporting basis for the financial statements, the WCB applies a funding basis of accounting for the funding policy.

2. MATERIAL ACCOUNTING POLICIES

Basis of preparation

The financial statements of the WCB are prepared in accordance with International Financial Reporting Standards as issued by the IASB (IFRS Accounting Standards). WCB presents its statement of financial position in order of liquidity. The material accounting policies applied in the preparation of these financial statements are set out below.

Basis of measurement

The financial statements of the WCB have been prepared on a historic cost basis except for certain financial assets and financial liabilities that are measured at fair value and workers compensation liabilities, as explained in the accounting policy notes. The WCB's functional currency is the Canadian dollar, which is the currency of the primary economic environment in which the WCB operates, which is also the presentation currency of the financial statements. All financial information presented in Canadian dollars has been rounded to the nearest thousand, unless otherwise noted.

Use of estimates, measurement uncertainty and critical judgements

In accordance with IFRS, the WCB's financial statements incorporate management's critical judgments, accounting estimates and assumptions of the reported amounts of assets and liabilities as at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting periods. As a result, some reported amounts are subject to measurement uncertainty. This uncertainty exists when there is a variance between the recognized amount and another reasonable amount. Assumptions and estimates are reviewed on an ongoing basis, with changes recorded in the accounting period in which they are determined.

The most significant items that are based on accounting estimates are level 3 portfolio investments (Note 5), employee benefits liabilities and expenses (Note 10) and workers compensation liabilities (Note 11).

Insurance contracts

IFRS 17 *Insurance Contracts* requires the WCB to identify contracts as insurance contracts when the WCB accepts significant insurance risk from another party by agreeing to compensate the policy holder if a specified uncertain future event adversely affects the policy holder. The WCB has determined that the Act imposes a statutory workers compensation insurance contract under which the WCB accepts significant insurance risk from all classes of employers covered under the Act in exchange for premiums paid.

The operations of the WCB are categorized, in accordance with the Act, into several classes of employers:

- Class E employers, the general employers pool, are subject to collective liability and
- Class B to D employers, collectively referred to as individually assessed employers, are subject to individual responsibility for the costs attributable to claims arising from their workers, as well as administration expenses incurred.

Accounting policies related to insurance contracts are discussed in Note 11. Class E employers are further discussed in Note 12.

Foreign currency translation

Transactions in foreign currency are converted to Canadian dollars at the exchange rate in effect at the time of the transaction. Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rates in effect at the date of the statement of financial position.

Specific accounting policies

In order to facilitate an understanding of the WCB's financial statements, the following significant accounting policies are disclosed in the related notes:

Note	Topic	Page
3	Cash	90
4	Receivables	90
5	Investment portfolio	90
6	Property and equipment	100
7	Intangible assets	102
8	Payables and accruals	103
9	Workers retirement annuity fund	103
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11	Workers compensation liabilities	110
12	Premium revenue	119
13	Workers compensation service and operating expenses	120
14	Operating expenses	120
15	Workers compensation finance expense	121

Changes in accounting policies

The International Accounting Standards Board (IASB) is working towards continual improvement through the development of new accounting standards and the annual improvements process. The WCB monitors the IASB work plans and publications to address any developments that may impact the organization.

IFRS issued but not yet effective **IFRS 18 Presentation and Disclosure in Financial Statements**

In April 2024, the IASB issued IFRS 18 *Presentation and Disclosure in Financial Statements* to replace IAS 1 *Presentation of Financial Statements*.

IFRS 18 establishes a new presentation requirement for the statement of operations and comprehensive income, provides new definitions and disclosures of management-defined performance measures, and enhanced principles governing aggregation and disaggregation of results in the financial statements and notes.

IFRS 18 is effective for reporting periods on or after January 1, 2027. The WCB will adopt IFRS 18 on the effective date. The WCB is currently assessing the impact of the standard on its financial statements.

3. CASH

Accounting policy

Cash includes cash on hand and balances with banks. Cash and short-term investments held by investment managers and custodians for investment purposes are included in the investment portfolio. All outstanding payments are expected to be settled within 12 months.

The WCB has established an operating line of credit with its principal banker in the amount of \$50 million. Advances on the line of credit bear interest at the bank's prime interest rate. Borrowings during the year were \$2.6 million (2024, \$nil) and were repaid in full.

4. RECEIVABLES

Accounting policy

Under IFRS 9 *Financial Instruments*, receivables are classified as amortized cost financial assets, recorded at fair value on initial recognition and subsequently measured at amortized cost. Due to the short term nature of receivables, carrying value approximates fair value.

Credit risk

Receivables have been assessed as having minimal risk of default. The maximum credit risk exposure is the carrying value of \$8.6 million (2024, \$6.5 million).

Liquidity risk

Receivables are presented net of expected credit loss of \$0.7 million (2024, \$0.7 million).

5. INVESTMENT PORTFOLIO

Accounting policy **Investment portfolio**

The investment portfolio is managed according to the objectives and policies established by the Statement of Investment Policies and Objectives. The statement acknowledges that there is no single asset class that directly matches the obligations and objectives of the WCB, and that a portfolio diversified across a number of distinct asset classes represents the optimal means of meeting the WCB's investment objectives. The investment portfolio is comprised of portfolio investments consisting of financial assets accounted for in accordance with IFRS 9 *Financial Instruments*.

Classification

The WCB classifies its investments as fair value through profit or loss (FVTPL). The investment portfolio is managed and evaluated on a fair value basis, where fair value information is used to assess investment performance and make investment decisions. The investment portfolio is neither held to collect contractual cash flows nor held to both collect contractual cash flows and to sell financial assets.

All portfolio investments are measured at their fair value, with all changes in fair value immediately recorded in investment income in the statement of operations and comprehensive income. The changes in fair value of FVTPL instruments are comprised of net realized and unrealized gains or losses on investments.

Recognition and measurement

The WCB uses settlement date to account for the purchase and sale of all financial instruments in its investment portfolio. Transactions are recorded on the date the trade is finalized (the settlement date), not the date the trade is carried out (trade date).

The WCB's investments are measured at fair value on initial recognition and on a recurring basis reported at fair value, which is the market value.

- Publicly traded investments are stated at year end market prices as listed on the appropriate stock exchange, or as provided by the custodian from independent sources.
- Pooled fund investments are valued at the year-end net asset value (NAV) supplied by the pooled fund manager.
- Private debt and infrastructure investments, which are held through limited partnerships, are valued at the year-end NAV as provided by the fund manager.
- Investments denominated in foreign currencies are translated into Canadian dollars at the exchange rates in effect at the statement of financial position date. Foreign currency exchange gains and losses are recorded in the period in which they arise.

Critical accounting estimates and judgments

Considerable judgment may be required in developing estimates of fair value, particularly for investments classified as Level 3 in the fair value hierarchy as such estimates incorporate unobservable inputs that require the use of assumptions.

Unconsolidated structured entities

Investments in limited partnerships for alternative asset classes do not satisfy the elements for control or significant influence and therefore have not been consolidated into these financial statements. Financial instruments accounting has been applied. The WCB's financial exposure is limited to the net carrying amount of the investments. Obligations are imposed on funds committed in structured entities; once committed, an investor is expected to fund the entire subscribed amount over the term of the agreement.

Securities lending

The WCB may lend, for fee income, any of its securities to third parties, provided the loans are secured by cash or readily marketable securities having a market value of at least 105 per cent of the market amount of the asset borrowed.

Under the terms of the securities lending program, the WCB retains substantially all the risks and rewards of ownership of the loaned securities and retains the contractual rights to the cash flows. These securities are not derecognized from the statement of financial position.

Investment portfolio

The investment portfolio is comprised of:

	2025	2024
Investments	\$ 1,814,909	\$ 1,738,276
Securities lending	136,470	177,513
Investment portfolio	<u>\$ 1,951,379</u>	<u>\$ 1,915,789</u>

The following table presents the value of the WCB's investments, together with their classification under the fair value hierarchy:

	2025			
	Fair value			Total
	Level 1	Level 2	Level 3	
Fixed income				
Bonds	\$ -	\$ 185,188	\$ -	\$ 185,188
Mortgages	-	188,164	-	188,164
Private debt	-	-	197,153	197,153
Cash and short term	21,140	-	-	21,140
	<u>21,140</u>	<u>373,352</u>	<u>197,153</u>	<u>591,645</u>
Equities				
Canadian	289,621	-	-	289,621
U.S.	-	201,098	-	201,098
Global	-	216,676	-	216,676
Emerging markets	-	76,417	-	76,417
Private placements	-	-	14	14
	<u>289,621</u>	<u>494,191</u>	<u>14</u>	<u>783,826</u>
Real estate	-	-	236,820	236,820
Infrastructure	-	-	339,088	339,088
Total investment portfolio	<u>\$ 310,761</u>	<u>\$ 867,543</u>	<u>\$ 773,075</u>	<u>\$ 1,951,379</u>

	2024			
	Fair value			
	Level 1	Level 2	Level 3	Total
Fixed income				
Bonds	\$ -	\$ 189,604	\$ -	\$ 189,604
Mortgages	-	202,513	-	202,513
Private debt	-	-	171,221	171,221
Cash and short term	20,447	-	-	20,447
	<u>20,447</u>	<u>392,117</u>	<u>171,221</u>	<u>583,785</u>
Equities				
Canadian	300,531	-	-	300,531
U.S.	-	197,681	-	197,681
Global	-	209,523	-	209,523
Emerging markets	-	72,178	-	72,178
Private placements	-	-	13	13
	<u>300,531</u>	<u>479,382</u>	<u>13</u>	<u>779,926</u>
Real estate	-	-	236,237	236,237
Infrastructure	-	-	315,841	315,841
	<u>-</u>	<u>-</u>	<u>315,841</u>	<u>315,841</u>
Total investment portfolio	<u>\$ 320,978</u>	<u>\$ 871,499</u>	<u>\$ 723,312</u>	<u>\$ 1,915,789</u>

The fair value of the WCB's investment portfolio is categorized into three levels comprising the fair value hierarchy. Valuations are provided by investment managers for financial reporting purposes. Valuation techniques are selected based on the characteristics of the investment, with the overall objective of maximizing the use of market-based information. Management is responsible for ensuring that the chosen valuation technique is appropriate in the circumstances.

The three levels of the fair value hierarchy are:

Level 1: The fair value is based on quoted prices in active markets for identical assets.

Level 2: The fair value is based on inputs that are observable for the asset either directly or indirectly but not considered Level 1 quoted prices. Fair value is based on, or derived from, market price data or using net asset value provided by fund managers. Level 2 includes pooled funds invested in debt and public equity securities.

Level 3: The fair value is based on inputs that are not observable, indicating that the fair value is inherently based on accounting estimates. They reflect assumptions about market prices using the best internal and external information available. Valuation techniques applied are most appropriate for the type of investment and include:

- Pooled real estate funds are valued at the year-end net asset value (NAV) as determined by the fund managers, who may use appraisals, third party transactions or discounted cash flows to value the underlying assets.
- Structured entities, such as limited partnership investments, are valued at the year-end NAV as determined by the fund manager, who may use discounted cash flows or similar techniques that are not based on observable market data to value the underlying assets.

With respect to changes in the unobservable inputs used to value Level 3 investments, the WCB does not have sufficient information to provide sensitivities on the fair value of the underlying investments.

The following table reconciles the changes in the WCB's Level 3 fair value measurements to December 31:

	2025		2024
Balance, January 1	\$ 723,312	\$	642,014
Unrealized gains	16,878		41,594
Realized gains	395		5,930
Purchases	40,485		60,411
Disposals	(7,995)		(26,637)
Balance, December 31	<u>\$ 773,075</u>	<u>\$</u>	<u>723,312</u>

Commitments

The WCB has no contractual agreements to contribute further funding (2024, \$41.4 million) to specific investment projects to be financed from the existing portfolio or from available cash.

Investment risk management

The WCB's Board of Directors, through the Investment Committee, is responsible for the overall strategic direction and governance of the investment portfolio through its review and approval of the Statement of Investment Policies & Objectives (the SIP&O) and the ongoing oversight of investment risk, performance and compliance.

The WCB is responsible for monitoring the investment portfolio, assessing performance on an ongoing basis and recommending changes to the SIP&O. The WCB retains an independent investment consultant to benchmark the performance of the portfolio and to advise on the effectiveness of the SIP&O and investment practices.

The primary risk for the WCB is the risk that long term returns from the investment portfolio will not be sufficient to cover its obligations arising from its workers compensation liabilities. In accordance with the SIP&O, the investment objective of the WCB is to generate a consistent, positive, real rate of return on invested assets. Recognizing the need to achieve a balance between risk and return, investment risk is managed through a portfolio that is diversified across a number of distinct asset classes.

The following sections describe the nature and extent of investment risk exposure and the related risk mitigation strategies.

Market risk

Market price risk

The WCB invests in publicly traded equities and fixed income instruments available on domestic and foreign exchanges and through pooled funds. Market risk is the risk that the fair value of these financial instruments will decline due to changes in market prices. Market prices can change as a result of fluctuations in equity prices, interest rates or foreign exchange rates. The WCB does not use derivative financial instruments to counter the effects of these market changes and fluctuations. Market risk is managed through the SIP&O, which has established guidelines to ensure that the WCB's investments are diversified by issuer, geographic location, investment quality and compliance monitoring and rebalancing requirements. The nature of the WCB's exposure to market risk, and the policies, processes and assumptions used to estimate impact and manage risk, have not changed from the previous period.

The nature of the WCB's exposure to market risk, and the policies, processes and assumptions used to estimate impact and manage risk, have not changed from the previous period.

The following table presents the decrease in fair value, and therefore total comprehensive income, as a result of a material adverse change in the values of each asset class in the WCB investment portfolio.

	2025		2024
Estimated loss in fair value:	10 per cent		10 per cent
Fixed income			
Bonds	\$ 19,000	\$	19,000
Mortgages	19,000		20,000
Private debt	20,000		17,000
Cash and short term	2,000		2,000
Equities			
Canadian	29,000		30,000
U.S.	20,000		20,000
Global	22,000		21,000
Emerging markets	8,000		7,000
Real estate	24,000		24,000
Infrastructure	34,000		32,000

Foreign exchange risk

Foreign exchange risk is the risk of loss on a financial instrument due to changes in foreign exchange rates as compared to the Canadian dollar.

The WCB has certain investments denominated in foreign currencies, which exposes the WCB to foreign currency risk. The WCB's principal transactions are carried out in Canadian dollars and its exposure to foreign exchange risk arises primarily with respect to the US dollar.

The WCB has exposure to the US dollar (USD), with USD-denominated holdings of \$486.4 million Canadian dollar (CAD) (2024, \$681.2 million CAD) or 25.0 per cent of the portfolio (2024, 35.7 per cent).

At December 31, 2025, it is estimated that a 10 per cent appreciation in the Canadian dollar versus the US dollar would result in a loss in fair value of \$44.2 million (2024, \$61.9 million). Fair value losses are recognized in investment income, and therefore reduce total comprehensive income.

During 2025 and 2024, the WCB did not undertake hedging strategies for the currency risk of foreign investments.

Interest rate risk

The WCB is exposed to interest rate risk as fluctuations in interest rates can impact the fair value of the fixed income portion of the investment portfolio. Interest rate risk is actively managed by controlling the duration of the fixed income portfolio. As at December 31, 2025, the duration of the WCB's bond portfolio was 7.0 years (2024, 7.3 years).

At December 31, 2025, had the prevailing interest rate changed by 1 per cent, the fair value of the fixed income portfolio would have increased or decreased by \$13.0 million (2024, \$13.7 million). Fair value changes are recognized in investment income, therefore increase or decrease total comprehensive income.

The WCB has no significant concentration of interest rate risk.

Credit risk

Credit risk on financial instruments arises from the possibility that the issuer of an instrument fails to meet its obligations. The WCB's credit risk of the investment portfolio arises primarily from the fixed income portfolio comprised of short term investments, bonds and debentures, the pooled bond fund, the pooled mortgage fund, private debt, equities, real estate and infrastructure.

Credit risk is mitigated through a well-diversified portfolio with limited exposure to any one entity, industry or country, and through the SIP&O asset mix guidelines and investment constraints with respect to credit quality. Credit risk is actively managed through asset mix compliance monitoring and the rebalancing requirements of the SIP&O.

The WCB does not anticipate that any borrowers will fail to meet their obligations.

The credit ratings and maximum credit exposure of the WCB's fixed income portfolio as at December 31 are as follows:

Credit rating	2025		2024	
	Total	per cent	Total	per cent
AAA	\$ 61,613	10.4%	\$ 60,104	10.3%
AA	56,960	9.6%	57,737	9.9%
A	43,930	7.4%	41,925	7.2%
BBB	23,640	4.0%	28,023	4.8%
Below BBB	-	0.0%	1,173	0.2%
Not rated ¹	405,502	68.6%	394,823	67.6%
Maximum credit exposure	<u>\$ 591,645</u>	<u>100.0%</u>	<u>\$ 583,785</u>	<u>100.0%</u>

¹ Not rated includes cash and short term, mortgages and private debt

The WCB is also exposed to counterparty risk through securities lending. This risk is managed by the appointment of an experienced intermediary to manage the securities lending program including daily monitoring of collateral held to ensure full collateralization plus a margin for safety, and by an indemnity from the financial institution that manages the securities lending program.

Securities lending

As at December 31, 2025 the fair value of investments loaned under the securities lending program was \$136.5 million (2024, \$177.5 million). As at December 31, 2025, total collateral pledged to the WCB amounted to \$143.3 million (2024, \$186.4 million).

Liquidity risk

Liquidity risk is the risk that the WCB will be unable to meet its financial obligations. The WCB manages its liquidity requirements primarily through funds generated through operations, investment income and asset maturities. The WCB monitors its current and expected cash flow requirements to ensure it has sufficient cash to meet its liquidity requirements in the short and long term. To further manage this risk, the WCB maintains a credit facility as discussed in Note 3.

The WCB's investment portfolio is well diversified in accordance with the guidelines of the SIP&O, which includes both highly liquid and certain investments that, due to the absence of active markets and contract terms, cannot be sold or converted easily to cash in a timely and cost effective manner.

The following investment assets are not easily converted to cash:

	2025		2024
Infrastructure	\$ 339,088	\$	315,841
Private debt	197,153		171,221
Real estate	236,820		236,237
	<u>\$ 773,061</u>	<u>\$</u>	<u>723,299</u>

Investment income

Accounting policy

Income from interest and dividends is recognized in the period earned, and changes in fair value are presented in the period in which they arise. Investment income and changes in fair value, both realized and unrealized, are recognized in Investment income in the statement of operations and comprehensive income in the period.

Investment income	2025			
	Income	Net realized gains (losses)	Net unrealized gains (losses)	Total
Fixed income				
Bonds	\$ 6,839	\$ 489	\$ (1,277)	\$ 6,051
Mortgages	9,364	300	988	10,652
Private debt	18,449	-	(7,964)	10,485
Cash and short term	995	(75)	-	920
	<u>35,647</u>	<u>714</u>	<u>(8,253)</u>	<u>28,108</u>
Equities				
Canadian	6,083	54,465	(6,229)	54,319
U.S.	1,216	63,101	(48,403)	15,914
Global	26,498	5,404	2,250	34,152
Emerging markets	10,029	5,206	7,024	22,259
Private placements	-	(384)	389	5
	<u>43,826</u>	<u>127,792</u>	<u>(44,969)</u>	<u>126,649</u>
Real estate	8,684	(44)	1,049	9,689
Infrastructure	15,133	823	23,404	39,360
	<u>103,290</u>	<u>129,285</u>	<u>(28,769)</u>	<u>203,806</u>
Less: Portfolio management expenses				12,525
Net investment income				<u>\$ 191,281</u>

	2024			
Investment income	Income	Net realized gains (losses)	Net unrealized gains (losses)	Total
Fixed income				
Bonds	\$ 6,513	\$ 285	\$ 1,956	\$ 8,754
Mortgages	9,644	-	3,871	13,515
Private debt	18,692	-	13,390	32,082
Cash and short term	2,624	133	45	2,802
	<u>37,473</u>	<u>418</u>	<u>19,262</u>	<u>57,153</u>
Equities				
Canadian	12,540	23,667	27,749	63,956
U.S.	3,248	41,118	13,876	58,242
Global	3,959	-	20,071	24,030
Emerging markets	6,866	2	7,621	14,489
Private placements	-	-	(15)	(15)
	<u>26,613</u>	<u>64,787</u>	<u>69,302</u>	<u>160,702</u>
Real estate	8,037	(235)	4,969	12,771
Infrastructure	12,378	6,165	23,250	41,793
	<u>84,501</u>	<u>71,135</u>	<u>116,783</u>	<u>272,419</u>
Less: Portfolio management expenses				<u>12,511</u>
Net investment income			<u>\$</u>	<u>259,908</u>

6. PROPERTY AND EQUIPMENT

Accounting policy

Property and equipment are valued at cost, less accumulated amortization and any impairment loss. Right-of-use assets (leases) are initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, less any lease incentives received.

Amortization is calculated on a straight line basis over the estimated useful life of the asset, as follows:

Building	40 years
Building renovations and leasehold improvements	2 to 10 years
Computer equipment	3 to 5 years
Furniture, fixtures and equipment	5 years
Leases	Lease term

The WCB does not recognize a lease liability or corresponding right-of-use asset for leases where the total lease term is less than 12 months or for leases of low value. Payments for these leases are recognized in operating expenses on a straight-line basis over the term of the lease.

An item of property and equipment is derecognized upon disposal or when no further economic benefits are expected from its use. Any gain or loss arising on derecognition is included in operating expenses. The carrying amounts of the WCB's non-financial assets are reviewed at each reporting date to ensure that assets are not carried at a value in excess of the recoverable amount.

The changes in property and equipment were as follows:

Cost	2025				
	Building and land ¹	Building renovations and leaseholds	Computer equipment	Furniture, fixtures, and equipment	Total
As at January 1	\$ 37,860	\$ 22,061	\$ 15,658	\$ 5,638	\$ 81,217
Additions	1,481	6,553	3,256	1,306	12,596
Disposals	-	(2,975)	(6,388)	-	(9,363)
As at December 31	39,341	25,639	12,526	6,944	84,450
Amortization					
As at January 1	(15,564)	(10,883)	(13,438)	(5,235)	(45,120)
Amortization charge	(1,943)	(2,166)	(1,106)	(274)	(5,489)
Disposals	-	2,957	5,449	17	8,423
As at December 31	(17,507)	(10,092)	(9,095)	(5,492)	(42,186)
Net book value, December 31	\$ 21,834	\$ 15,547	\$ 3,431	\$ 1,452	\$ 42,264
	2024				
Cost	Building and land ¹	Building renovations and leaseholds	Computer equipment	Furniture, fixtures, and equipment	Total
As at January 1	\$ 36,761	\$ 13,661	\$ 14,019	\$ 5,254	\$ 69,695
Additions	1,675	8,400	1,639	384	12,098
Disposals	(576)	-	-	-	(576)
As at December 31	37,860	22,061	15,658	5,638	81,217
Amortization					
As at January 1	(14,127)	(9,879)	(12,679)	(5,146)	(41,831)
Amortization charge	(2,013)	(1,004)	(759)	(89)	(3,865)
Disposals	576	-	-	-	576
As at December 31	(15,564)	(10,883)	(13,438)	(5,235)	(45,120)
Net book value, December 31	\$ 22,296	\$ 11,178	\$ 2,220	\$ 403	\$ 36,097

¹ Building and land includes right-of-use assets for office space where the WCB is a lessee. At December 31, the WCB held right-of-use assets of \$3.3 million (2024, \$2.8 million), net of amortization of \$5.8 million (2024, \$4.8 million).

7. INTANGIBLE ASSETS

Accounting policy

Acquired intangible assets, primarily computer software, are valued at cost less accumulated amortization. Amortization is calculated on a straight line basis over the estimated useful life, and included in operating expenses.

Internally developed intangible assets, primarily computer software and systems development, including professional fees incurred to implement these assets, are valued at cost and amortized over their useful lives. Amortization is calculated on a straight line basis over the estimated useful life, as follows:

Computer software	3 years
Internally developed	10 years

The carrying amounts of the WCB's non-financial assets are reviewed at each reporting date to ensure that assets are not carried at a value in excess of the recoverable amount.

The changes in intangible assets were as follows:

	2025		
Cost	Computer software	Internally developed	Total
As at January 1	\$ 5,057	\$ 25,687	\$ 30,744
Additions	11	-	11
Disposals	(141)	-	(141)
As at December 31	4,927	25,687	30,614
Amortization			
As at January 1	(4,717)	(22,986)	(27,703)
Amortization charge	(230)	(1,427)	(1,657)
Disposals	133	-	133
As at December 31	(4,814)	(24,413)	(29,227)
Net book value, as at December 31	\$ 113	\$ 1,274	\$ 1,387
	2024		
Cost	Computer software	Internally developed	Total
As at January 1	\$ 5,037	\$ 25,687	\$ 30,724
Additions	20	-	20
As at December 31	5,057	25,687	30,744
Amortization			
As at January 1	(4,396)	(21,550)	(25,946)
Amortization charge	(321)	(1,436)	(1,757)
As at December 31	(4,717)	(22,986)	(27,703)
Net book value, as at December 31	\$ 340	\$ 2,701	\$ 3,041

8. PAYABLES AND ACCRUALS

Accounting policy

Payables and accruals are financial liabilities representing obligations to pay for goods and services acquired in the normal course of operations. The WCB records a liability and an expense for goods upon receipt or transfer of control, and for services when they are performed. Other payables include various payroll-related liabilities. The timing and amount of payables and accruals are readily determinable.

Payables and accruals are classified as amortized cost, recorded at fair value on initial recognition and subsequently measured at amortized cost. Due to the short term nature of payables and accruals, the carrying value of these items approximates fair value.

Lease liabilities

The WCB records a liability and a right-of-use asset upon commencement of a lease. Lease liabilities are measured at the present value of remaining lease payments, discounted by the WCB's incremental borrowing rate.

The liability for each lease is settled at the end of its lease term.

Payables and accruals are comprised of:

	2025		2024
Accounts payable and accrued liabilities	\$ 3,725	\$	3,401
Lease liabilities	796		770
Other payables	106		193
Balance, end of year	<u>\$ 4,627</u>	<u>\$</u>	<u>4,364</u>

Payables and accruals expected to be settled within 12 months total \$4.0 million (2024, \$3.8 million).

9. WORKERS RETIREMENT ANNUITY FUND

Accounting policy

The workers' retirement annuity fund (the fund) represents the WCB's obligation to provide an annuity for an eligible worker at retirement accounted for in accordance with IFRS 9 *Financial Instruments*.

In accordance with Section 42(2) of the Act, where wage loss benefits are paid to a worker after a qualifying period, the WCB is required to invest on a worker's behalf an amount equal to a percentage between five per cent and seven per cent, to provide an annuity for the worker at retirement. In addition, the worker may contribute an amount of not more than the amount contributed by the WCB.

The fund is intended to establish or replace lost pension entitlement resulting from a work related injury or illness. In accordance with WCB Policy 44.100.20, Annuities, contributions are set aside in an annuity account for each eligible worker and earn interest based on the investment income rate of the WCB's investment portfolio. When the investment income rate of return is negative, the rate of return used is zero. At age 65 or upon retirement from the workforce, the retirement amount becomes payable as either an annuity or a lump sum payment.

The fund is comprised of the WCB's contributions, workers' contributions and investment income earned on those contributions. The assets attributable to the fund are included and managed as part of the WCB's investment portfolio.

The changes in the workers' retirement annuity fund were as follows:

	2025	2024
Balance, January 1	\$ 50,362	\$ 46,135
Interest income	5,115	6,725
WCB contributions	2,313	2,006
Workers' contributions	672	636
Benefits paid	(4,199)	(5,140)
Balance, December 31	\$ 54,263	\$ 50,362

The following table shows the anticipated cash flows to pay workers' retirement annuity funds to eligible workers, based on all workers reaching retirement age (age 65 or older):

	2025	2024
Within 1 year	\$ 5,403	\$ 5,035
Year 2	4,841	3,681
Year 3	2,929	4,243
Year 4	3,778	2,533
Year 5	4,089	3,302
Thereafter	33,223	31,568
Total	\$ 54,263	\$ 50,362

10. EMPLOYEE BENEFITS

The WCB has several employee benefit plans:

Short term benefits

These benefits include wages, salary, vacation entitlements and group health plans.

Retirement plans

The retirement plans, comprised of the WCB Retirement Plan and the Supplementary Employee Retirement Plan (SERP), are funded by employee and employer contributions. The WCB Retirement Plan is a defined benefit pension plan that provides partially indexed pensions based on years of service and the best five consecutive years average earnings in the last 12 years of employment. The SERP provides that the employees of the WCB, whose pension benefits exceed the maximum pension benefit permitted under the federal *Income Tax Act*, will receive pension benefits based on their total pensionable earnings.

Sick leave plan

The WCB sick leave plan is a multi-faceted benefit plan. Sick leave credits are earned and payable in the form of sick leave in the current year. Unused sick leave credits are accumulated and carried forward to future periods and are available to be taken as sick leave when the current year entitlement is exhausted. For employees that meet established criteria upon termination or retirement, the sick leave plan represents a post-employment benefit plan that provides for payment of sick leave credits. For accounting purposes, it is treated as a defined benefit plan and the liability is valued on the basis of discount rates and other estimates that are consistent with the estimates used for defined benefit obligations. For this unfunded plan, where the WCB funds the obligation directly from its own resources, employee contributions are not required.

WCB Retiree Healthcare Spending Account (RHCSA)

The RHCSA is a defined benefit plan. Eligible retirees receive a predetermined annual credit amount which may be used to cover healthcare expenses not covered by other plans. The WCB funds this plan directly via the plan administrator.

Workers compensation claims

Workers compensation claims are liabilities representing the present obligation for expected employee claim costs. The WCB recognizes a provision when the claim is accepted.

Accounting policy

Short term benefits

Short term employee benefits are measured on an undiscounted basis and are expensed when the services are rendered.

Defined benefit plans

The Projected Unit Credit Method is used to calculate the defined benefit obligations and current service costs. This method reflects service rendered by employees to the date of valuation and incorporates actuarial assumptions regarding discount rates used to determine the present value of benefits, projected rates of salary growth and long term expected rate of return on plan assets.

In accordance with IAS 19 *Employee Benefits*, the net interest approach is used to disaggregate the costs of the retirement plans. The change in the net defined benefit liability is disaggregated into the following components:

- Service cost, or the additional liability that arises from employees providing service during the period.
- Net interest or the interest expense on the net defined benefit liability calculated using the discount rate.
- Remeasurements, which are other changes in the value of the defined benefit obligation such as changes in estimates and other changes in the value of plan assets.

Service cost and net interest are recognized in operating surplus whereas remeasurements are recognized in other comprehensive income. Employee contributions, which are independent of the number of years of service, are treated as a reduction of service cost.

When past service costs arise they are recognized immediately.

Material accounting estimates and assumptions

The WCB measures its accrued benefit obligations and the fair value of plan assets for accounting purposes at December 31 each year using actuarial assumptions that are unbiased and mutually compatible. The assumptions represent management's best estimates of the variables that will determine the ultimate cost of post-employment benefits. Actuarial assumptions are comprised of demographic assumptions such as mortality and employee turnover and financial assumptions such as salary and benefit levels, interest rates and return on investments. Given the long term nature of the plan and the use of these assumptions, the resulting estimates are subject to significant uncertainty.

Components of the employee benefits liabilities are as follows:

	2025	2024
Retirement plans	\$ 62,272	\$ 41,526
Sick leave plan	12,610	10,539
Employee vacation entitlements	5,282	4,353
Retiree healthcare spending account	2,947	3,081
Workers compensation liability	1,400	1,300
Other	2,358	1,873
As at December 31	<u>\$ 86,869</u>	<u>\$ 62,672</u>

The current portion of the employee benefits liabilities is estimated to be \$19.0 million (2024, \$17.4 million)

The significant actuarial assumptions used to value the defined benefit plan liabilities for accounting purposes are as follows:

	2025	2024
Discount rate:		
Current service costs	4.75%	4.65%
Benefit obligation	5.00%	4.75%
Rate of salary increase	3.50%	2.00%

The discount rates shown for benefit obligations were effective as at December 31 and applied in determining the balances at the end of the reporting period. The discount rates shown for the current service cost were applied in determining the benefit plan expenses for the reporting period. Discount rates are based on the market yields of high-quality corporate bonds.

The mortality assumptions used for 2025 were 90 per cent of CPMPriv Projected with Improvement Scale MI-2024 (2024, 90 per cent CPMPriv Projected with Improvement Scale MI-2017).

Defined benefit plans

A reconciliation of the defined benefit plan liabilities is as follows:

	2025			
	Retirement plans	Sick leave plan	RHCSA	Total
Change in defined benefit liability				
Defined benefit obligation, January 1	\$ 373,582	\$ 10,539	\$ 3,081	\$ 387,202
Current service cost ¹	8,832	646	70	9,548
Interest expense ²	17,372	488	144	18,004
Employee contributions	3,861	-	-	3,861
Net transfers to the plan	722	-	-	722
Actuarial (gains) losses arising from ³ :				
Experience	24,490	1,370	(198)	25,662
Changes in financial assumptions	(14,772)	(134)	(103)	(15,009)
Changes in demographic assumptions	17,327	221	51	17,599
Benefits paid	(16,431)	(520)	(98)	(17,049)
Defined benefit obligation, December 31	<u>\$ 414,983</u>	<u>\$ 12,610</u>	<u>\$ 2,947</u>	<u>\$ 430,540</u>
Change in fair value of plan assets				
Fair value of plan assets, January 1	\$ 332,056	\$ -	\$ -	\$ 332,056
Employer contributions	5,426	520	98	6,044
Employee contributions	3,861	-	-	3,861
Net transfers to the plan	722	-	-	722
Interest income ²	15,620	-	-	15,620
Return on plan assets (excluding interest income) ³	11,457	-	-	11,457
Benefits paid	(16,431)	(520)	(98)	(17,049)
Fair value of plan assets, December 31	<u>\$ 352,711</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 352,711</u>
Net defined benefit liability				
Defined benefit obligation	\$ 414,983	\$ 12,610	\$ 2,947	\$ 430,540
Fair value of plan assets	352,711	-	-	352,711
	<u>\$ 62,272</u>	<u>\$ 12,610</u>	<u>\$ 2,947</u>	<u>\$ 77,829</u>

¹ Current service cost is presented in operating expenses in the statement of operations and comprehensive income

² Interest expense is presented net of interest income in operating expenses in the statement of operations and comprehensive income

³ Actuarial (gains) losses are presented net of return on plan assets in defined benefit plan remeasurements in the statement of operations and comprehensive income

The current portion of the WCB's defined benefit liabilities is estimated to be \$10.6 million (2024, \$11.5 million).

	2024			
	Retirement plans	Sick leave plan	RHCSA	Total
Change in defined benefit liability				
Defined benefit obligation, January 1	\$ 368,438	\$ 11,292	\$ 2,998	\$ 382,728
Current service cost ¹	8,796	662	75	9,533
Interest expense ²	16,784	509	137	17,430
Employee contributions	3,521	-	-	3,521
Net transfers to the plan	434	-	-	434
Actuarial (gains) losses arising from ^{3,4} :				
Experience	3,236	(722)	3	2,517
Changes in financial assumptions	(12,213)	(506)	(42)	(12,761)
Benefits paid	(15,414)	(696)	(90)	(16,200)
Defined benefit obligation, December 31	<u>\$ 373,582</u>	<u>\$ 10,539</u>	<u>\$ 3,081</u>	<u>\$ 387,202</u>
Change in fair value of plan assets				
Fair value of plan assets, January 1	\$ 305,346	\$ -	\$ -	\$ 305,346
Employer contributions	5,276	696	90	6,062
Employee contributions	3,521	-	-	3,521
Net transfers to the plan	434	-	-	434
Interest income ²	14,055	-	-	14,055
Return on plan assets (excluding interest income) ³	18,838	-	-	18,838
Benefits paid	(15,414)	(696)	(90)	(16,200)
Fair value of plan assets, December 31	<u>\$ 332,056</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 332,056</u>
Net defined benefit liability				
Defined benefit obligation	\$ 373,582	\$ 10,539	\$ 3,081	\$ 387,202
Fair value of plan assets	332,056	-	-	332,056
	<u>\$ 41,526</u>	<u>\$ 10,539</u>	<u>\$ 3,081</u>	<u>\$ 55,146</u>

¹ Current service cost is presented in operating expenses in the statement of operations and comprehensive income

² Interest expense is presented net of interest income in operating expenses in the statement of operations and comprehensive income

³ Actuarial (gains) losses are presented net of return on plan assets in defined benefit plan remeasurements in the statement of operations and comprehensive income

⁴ There were no actuarial (gains) losses due to changes in demographic assumptions in 2024.

The most recent actuarial valuation of the WCB Retirement Plan for funding purposes, to be filed with the pension regulators, was as at December 31, 2025. This funding valuation showed a funding surplus of \$5.6 million (2024 valuation, surplus of \$21.9 million). The solvency deficiency as at December 31, 2025 was \$20.1 million (2024 valuation, deficiency of \$42.9 million). The WCB is not required to fund this deficiency as the WCB is exempt from the solvency and transfer deficiency provisions of the *Pension Benefits Act*.

Future cash flows

Based on historical experience and expected salary expense, the WCB expects to fund \$6.2 million in 2026.

Based on the latest actuarial valuation performed as at December 31, 2025, the weighted average duration of the benefit obligation for the WCB Retirement Plan was 17 years (2024, 17 years). The breakdown of this estimated average duration, is as follows:

	2025	2024
Active members	22 years	23 years
Deferred members	23 years	23 years
Retired members	13 years	12 years

Defined benefit plan risks

The WCB is exposed to defined benefit plan risks due to the assumptions used to determine the defined benefit liabilities. Changes in assumptions may negatively impact the funded position of the defined benefit plans. The most significant assumption risks are discussed below.

Investment risk

The retirement plans are exposed to investment risk as plan assets are invested in equity, fixed income and other assets. There is risk that investment returns could be lower than expected, negatively impacting the retirement plans’ funded status.

Interest rate risk

The defined benefit plans are exposed to interest rate risk through assumptions based on economic factors such as discount rates determined with reference to bond markets. A decline in the discount rate would increase the liability and the expense.

Mortality risk

The present value of the defined benefit plans’ liabilities is calculated by referencing the best estimate of the mortality of plan members. An increase in their life expectancy will increase the liabilities.

Salary risk

The present values of the retirement plans’ liabilities and the sick leave liability are calculated by referencing an estimated increase in the future salaries of plan members. An increase in their salaries in excess of the estimate will increase the liabilities.

Sensitivity of defined benefit obligations

The actuarial present value of the defined benefit obligations are sensitive to changes in key actuarial assumptions.

The following table illustrates the sensitivity of the defined benefit obligations to a change in the discount, mortality and salary rate.

		2025					
		Effect on defined benefit obligation					
		Retirement plans		Sick leave plan		RHCSA	
Change in assumption		Increase	Decrease	Increase	Decrease	Increase	Decrease
Assumption							
Discount rate	1%	(54,018)	70,106	(814)	940	(360)	450
Mortality rate	10%	(6,645)	7,213	-	-	(45)	48
Salary rate	1%	10,926	(9,772)	1,055	(928)	-	-

		2024					
		Effect on defined benefit obligation					
		Retirement plans		Sick leave plan		RHCSA	
Change in assumption		Increase	Decrease	Increase	Decrease	Increase	Decrease
Assumption							
Discount rate	1%	(47,901)	62,912	(781)	911	(374)	468
Mortality rate	10%	(6,239)	6,812	-	-	(48)	49
Salary rate	1%	11,766	(10,100)	1,016	(885)	-	-

Retirement plan assets

Retirement plan assets, at fair value, are comprised of the following:

	2025		2024	
Equity				
Canadian	\$	68,851	\$	92,672
Global		116,450		107,514
		185,301		200,186
Fixed income		61,161		65,964
Real estate		49,814		53,934
Private debt		19,503		11,973
Infrastructure		38,130		-
As at December 31	\$	353,909	\$	332,057

The retirement plans' assets are wholly invested in segregated funds. The fair value represents the retirement plans' share of the net asset value provided by the custodian and is based on the last market price for the underlying assets. For 2025 and 2024 plan assets are categorized as Level 2 of the fair value hierarchy with the exception of Private debt and Infrastructure which are Level 3.

The WCB's Board of Directors, through the Investment Committee, is responsible for the overall strategic direction and governance of the retirement plan assets through its review and approval of the Retirement Plan Statement of Investment Policies & Objectives (the SIP&O), and the ongoing oversight of investment risk, performance and compliance. The SIP&O identifies a target asset mix and range of acceptable levels of each type of investment which it believes will generate a consistent, positive, real rate of return on the invested assets which will provide for payment of all liabilities as required.

Related party transactions

By definition, the WCB Retirement Plan is a related party to the WCB. Transactions between the related parties are detailed below:

	<u>2025</u>		<u>2024</u>
Contributions from the employees	\$ 3,861	\$	3,521
Contributions from the employer	5,351		5,137

There were no amounts outstanding as at December 31, 2025 or December 31, 2024.

11. WORKERS COMPENSATION LIABILITIES

Accounting policy

Under the provisions of the Act, the WCB has a legislated obligation to accept insurance risk from employers in exchange for premiums paid. As such, the WCB issues workers compensation insurance contracts which are comprised of a liability for incurred claims and a liability for remaining coverage.

Level of aggregation

IFRS 17 requires the WCB to aggregate its workers compensation contracts into portfolios and groups for measurement purposes. Portfolios are comprised of contracts that have similar risks and are managed together. The WCB has determined that it has one portfolio of contracts, as all of the WCB's workers compensation contracts including Class E employers (general employer pool) and Class B to D employers (individually assessed employers) have similar risks and are managed together.

Portfolios are further divided into three groups based on expected profitability: onerous contracts, contracts with no significant risk of becoming onerous and all remaining contracts. The WCB has identified two groups of contracts:

- Contracts with no significant risk of becoming onerous and
- All remaining contracts.

Contract boundary

The WCB includes in the measurement of a group of workers compensation contracts all future cash flows within the boundary of the contracts in the group. Cash flows are within the boundary if they arise from the substantive rights and obligations that exist during the reporting period in which the WCB can compel employers to pay premiums, or in which the WCB has the substantive obligation to provide services under the workers compensation contract. The WCB has determined that the substantive obligation ends when the WCB has the practical ability to reassess the risks of contracts in the group and, as a result, can set a price or level of benefits that fully reflects those risks.

The WCB's contract boundary ends at the end of each calendar year on December 31, which is when the WCB can set a price that fully reflects the risks for the following year. The WCB has determined that the contract boundary of the portfolio is one year. In accordance with the Act, it has the substantive right to collect premiums on an annual basis and the practical ability to set a price that reflects these risks on an annual basis.

Recognition

The WCB recognizes each group of workers compensation contracts at the beginning of the coverage period on January 1 which is the beginning of the coverage period in accordance with the Act.

Measurement

Subject to specified criteria in IFRS 17, the Premium Allocation Approach (PAA) can be adopted as a simplified approach to the IFRS 17 General Measurement Model. The WCB applies the PAA to all workers compensation contracts that it holds, as the coverage period for each workers compensation contract in the groups is one year or less.

Workers compensation liabilities are measured as the liability for remaining coverage (LRC) plus the liability for incurred claims (LIC). The LRC represents the WCB's unexpired portion of insurance coverage. The LIC represents the WCB's obligation to pay claims which have already occurred, including claims which have occurred but have not yet been reported.

On initial recognition, the LRC component of the workers compensation liabilities is measured as the premiums received plus or minus any assets or liabilities related to the cash flows paid or received prior to initial recognition.

Onerous contracts

The profitability of groups of insurance contracts is determined by actuarial models that consider facts and circumstances that would indicate that a group of contracts is onerous, including pricing information and rate setting.

The WCB has concluded that it does not have onerous contracts for 2024 and 2025.

Liability for remaining coverage and liability for incurred claims

At the end of the reporting period, the WCB measures the LRC as the LRC at the beginning of the reporting period plus premiums received during the period, minus amounts recognized as premium revenue during the period, plus any change in onerous contract liability recognized during the period.

As no significant financing component related to the LRC exists and the time between providing insurance service and the related premium due date is not more than one year, the WCB does not adjust the LRC for interest and the LRC is not discounted.

The WCB includes insurance acquisition cash flows within the measurement of a group of insurance contracts if the acquisition cash flows are directly attributable to individual contracts within a group or the group itself. The WCB expenses these acquisition costs immediately as incurred as all workers compensation liabilities have a coverage period of one year or less.

The WCB estimates the LIC as the fulfillment cash flows related to incurred claims. The fulfillment cash flows incorporate all reasonable and supportable information available that reflects the amount, timing and uncertainty of those cash flows. The LIC is adjusted for the effect of time value of money and changes in the time value of money. The impact of changes in market interest rates related to the LIC liability is recognized in the statement of operations and comprehensive income. The LIC is calculated by discounting expected future cash flows at a risk free rate plus an illiquidity premium plus a risk adjustment for non-financial risk.

Critical accounting estimates and assumptions

In preparing the valuation, the WCB relies on assumptions and estimates as explained below.

Liability for incurred claims

The WCB's Chief Actuary prepares a valuation of the LIC at each year end. This valuation is conducted in accordance with accepted actuarial practice in Canada, and is subject to peer review by the WCB's external actuary. The LIC represents the actuarial present value of all future benefit payments expected to be made for claims or injuries which occurred in the current fiscal year or in any prior year, adjusted for the time value of money. The LIC includes provisions for all benefits provided by current legislation, policies and/or administrative practices in respect of existing claims, plus provisions for the future expenses of administering the existing claims. The valuation of the workers compensation liabilities is the WCB's most critical accounting estimate. Assumptions and estimates related to future developments may change as a result of economic changes, or other circumstances that cannot be controlled by the WCB. Differences arising from actual claims experience and assumptions used for the previous valuation, as well as the impacts of changes in legislation, policy, administrative practice or actuarial methods and assumptions, are recognized in the period that they occur.

The actuarial present value of future benefit payments reflects management's long-term estimates of economic and actuarial assumptions and methods, which are based upon past experience and modified for current trends. As these assumptions may change over time to reflect underlying conditions, it is possible that such changes could cause a material change in the actuarial present value of the future payments.

The key actuarial assumptions used to value the liability for incurred claims as at December 31 are as follows:

	<u>2025</u>	<u>2024</u>
Inflation for CPI-indexed benefits		
2025	2.00%	2.00%
Thereafter	2.00%	2.00%
Inflation for wage-related benefits		
2025	3.00%	3.00%
Thereafter	3.00%	3.00%
Inflation for healthcare benefits		
2025	4.50%	4.50%
Thereafter	4.50%	4.50%

Discount rate

The WCB calculates the liability for incurred claims by discounting expected future cash flows by applying a marked-to-market risk free rate plus adjustments to reflect the characteristics of the cash flows and the liquidity of the workers compensation contracts. The risk free rate is determined by referencing Government of Canada yield curves. Due to the highly illiquid nature of the WCB's workers compensation contracts, the WCB is using the illiquid reference curve provided regularly for the Canadian Institute of Actuaries by Fiera Capital.

The discount rates applied to the expected future cash flows are as follows:

Year	<u>2025</u>	<u>2024</u>
1	3.30%	3.82%
3	3.81%	3.97%
5	4.13%	4.20%
10	4.84%	4.73%
25	5.44%	5.04%
50	5.27%	5.06%
70 and thereafter	5.15%	5.15%
Single equivalent rate ¹	5.04%	4.60%

¹ Single equivalent rate is a derived spot rate that allows for the comparison or aggregation of cash flows that occur at different points in time.

Other economic assumptions

Long-term economic assumptions are developed using historical assumptions and other economic indicators.

The CPI-indexed benefits assumption considers inflation rates, the Bank of Canada's target inflation rate, inflation assumptions used by other workers compensation boards and the inflation assumption used in the Thirty-first Actuarial Report on the Canada Pension Plan, prepared as at December 31, 2022.

The wage-related benefits assumption is comprised of an inflation assumption plus real wage growth of 1.0 per cent (2024, 1.0 per cent).

The healthcare benefits assumption is developed from analysis of historical changes in healthcare expenditures.

Long latent occupational disease risk

Long latent occupational diseases differ from other workplace injuries in that there can be a considerable lag between the exposure, the manifestation of the disease and identification of the injury as a workers compensation claim.

The WCB periodically undertakes studies of occupational disease claims and costs in order to develop and maintain models to determine the liability for these future long latency claims. The assumptions used in this valuation are based on the most recent 2021 study or a combination of the 2021 study and the 2015 study where experience was limited.

Mortality risk

Future mortality rates are estimated to determine the liability for monthly pensions established for long-term disability and survivor benefits. The mortality assumption is based on information published from Statistics Canada. Mortality is based on the 105 per cent of the generational table created from the Male and Female Life Tables 2015-2017 for Manitoba (published by Statistics Canada) with generational mortality improvements projected from 2016 using the CPM-B mortality improvement scale (published by the Canadian Institute of Actuaries). The impact of the mortality risk is not considered material to the WCB.

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation that the WCB requires for bearing uncertainty about the amount and timing of the cash flows of groups of workers compensation contracts that arises from non-financial risk. Due to the non-profit nature of the WCB's operations, the WCB does not require compensation for bearing uncertainty for any non-financial risk. The WCB has assessed the risk adjustment at near zero and corresponds to a 50 per cent confidence level.

The following tables present the change in the carrying amounts of workers compensation liabilities.

	2025		
	Liabilities for remaining coverage	Liabilities for incurred claims	Total
		Estimates of the present value of future cash flows	
Workers compensation liabilities, January 1	\$ 6,483	\$ 1,107,604	\$ 1,114,087
Changes in the Statement of Operations and Comprehensive Income			
Premium revenue	(251,290)	-	(251,290)
Workers compensation expenses			
Incurred claims and other insurance service expenses	-	259,840	259,840
Changes that relate to past service	-	(23,897)	(23,897)
Workers compensation service result	(251,290)	235,943	(15,347)
Insurance finance income or expenses	-	47,389	47,389
Total changes in the Statement of Operations and Comprehensive Income	(251,290)	283,332	32,042
Insurance cash flows			
Premiums received	252,764	-	252,764
Incurred claims	-	(169,226)	(169,226)
Other insurance service expenses paid	-	(97,985)	(97,985)
Total insurance cash flows	252,764	(267,211)	(14,447)
Workers compensation liabilities, December 31	\$ 7,957	\$ 1,123,725	\$ 1,131,682

	2024		
	Liabilities for remaining coverage	Liabilities for incurred claims	Total
		Estimates of the present value of future cash flows	
Workers compensation liabilities, January 1	\$ (3,753)	\$ 1,254,737	\$ 1,250,984
Changes in the Statement of Operations and Comprehensive Income			
Premium revenue	(240,875)	-	(240,875)
Workers compensation expenses			
Incurred claims and other insurance service expenses	-	110,940	110,940
Changes that relate to past service	-	(83,537)	(83,537)
Workers compensation service result	(240,875)	27,403	(213,472)
Insurance finance income or expenses	-	70,363	70,363
Total changes in the Statement of Operations and Comprehensive Income	(240,875)	97,766	(143,109)
Insurance cash flows			
Premiums received	251,111	-	251,111
Incurred claims	-	(159,425)	(159,425)
Other insurance service expenses paid	-	(85,474)	(85,474)
Total insurance cash flows	251,111	(244,899)	6,212
Workers compensation liabilities, December 31	\$ 6,483	\$ 1,107,604	\$ 1,114,087

The LIC includes a liability for short term disability, long term disability, survivor benefits, healthcare benefits and rehabilitation services:

- The short term disability claims is an estimate of future wage loss payments for claims that have yet to medically plateau or stabilize.
- The long term disability liability includes estimated future wage loss payments for those claims that have medically plateaued and stabilized, estimated future pension payments and estimated future cost of claims relating to certain long latent occupational diseases.
- The liability for survivor benefits is composed of estimated future pension payments and other services provided to survivors of those who have lost their lives as a result of workplace injuries or illnesses.
- The healthcare liabilities are the estimated future medical costs for existing claims. The liability for rehabilitation services is composed of the estimated cost of future rehabilitation services which are externally supplied to the WCB.

The following table provides information on the liability for incurred claims by benefit type:

	2025		2024
Short term disability	\$ 260,565	\$	228,699
Long term disability	404,331		434,806
Survivor benefits	103,819		106,266
Healthcare benefits	341,583		325,853
Rehabilitation services	3,055		3,282
Liability for incurred claims	1,113,353		1,098,906
Directly attributable fulfilment costs	10,372		8,698
Total liability for incurred claims	\$ 1,123,725	\$	1,107,604

Included in the long term disability LIC balance is \$90.9 million (2024, \$91.9 million) for the estimated long latent occupational disease liability including Post-Traumatic Stress Disorder.

Included in workers compensation liabilities are claim costs of \$24.1 million (2024, \$21.9 million) the WCB has paid to injured workers of individually assessed employers. This is offset by claim cost recoveries of \$24.1 million (2024, \$21.9 million).

Payments in the amount of \$17.5 million (2024, \$14.9 million) have been made by individually assessed employers directly to injured workers on the WCB's behalf.

As at December 31, 2025, included in the LIC is \$312.6 million (2024, \$282.0 million) for the future cost of claims arising from individually assessed employers, offset by deferred assessments of \$294.5 million (2024, \$262.3 million).

Individually assessed employers may provide collateral in the form of cash, irrevocable letters of credit, surety bonds or other suitable forms of guarantee. As at December 31, 2025, the value of collateral held was \$32.9 million (2024, \$35.2 million).

Financial risk

The workers compensation liabilities are exposed to the following financial risks:

- Market risk - interest rate risk and inflation risk
- Liquidity risk

Market risk – interest rate risk and inflation risk

The most significant assumption in the determination of the LIC is the discount rate and the inflation rate. The following table shows the sensitivity of the LIC to an immediate one per cent increase or decrease in the key assumptions used to determine the liabilities:

Change in insurance contract liability in millions:

+/- % change on assumed rates	2025		2024	
	+1%	-1%	+1%	-1%
Discount rate	\$ (87)	\$ 104	\$ (88)	\$ 105
Wage inflation rate	58	(50)	59	(51)
General inflation rate	5	(4)	6	(5)
Healthcare inflation rate	41	(34)	40	(33)

The methods used and assumptions made for workers compensation liabilities are disclosed above, including a sensitivity analysis. Changes in the value of the workers compensation liabilities along with changes in the value of the investment portfolio for interest rate sensitivity will be offset by changes in the unallocated surplus to the extent available.

The method used for obtaining sensitivity information and significant assumptions is consistent to the previous period.

Investment risk is discussed in Note 5.

Liquidity of workers compensation liabilities

The following table estimates the expected amount and timing of future benefit payments based on the present value of the future cash flows expected to be paid. As these payments extend well out into the future, these estimates involve considerable uncertainty.

	<u>2025</u>		<u>2024</u>
Within 1 year	\$ 152,004	\$	144,346
Year 2	101,549		97,190
Year 3	86,449		83,680
Year 4	76,522		73,907
Year 5	69,192		66,152
Thereafter	627,637		633,631
Total	<u>\$ 1,113,353</u>	<u>\$</u>	<u>1,098,906</u>

Insurance risk

Claim risk

Because there is no statutory limit on the benefit amount payable or the duration of the risk exposure related to work related injuries, the WCB bears risk with respect to its future claims costs, which could have material implications for liability estimation. In determining the workers compensation liabilities, a primary risk is that the actual benefits payments may exceed the estimation of the amount of the liabilities. This may occur due to changes in claim reporting patterns, frequency and/or size of claim payments or duration of claims. Compensable injuries and benefits payable may also change due to legislation or policy changes. With potentially long claim runoff periods, inflation is also a factor because future costs could escalate at a faster rate than expected.

In accordance with the Act, for the purposes of maintaining the accident fund, the WCB levies and collects assessments from employers. In the event of a deficiency in assessments, the WCB may recover such deficiencies by further assessments.

Premium rates for Class E employers are determined by the rate setting model, which considers a number of factors including industry classification, employer size and individual claim experience. Individually assessed employer premiums are determined by the costs attributable to claims arising from their employees, as well as a proportionate share of the administration expenses of the WCB.

Premium rates are the primary means to mitigate the claim risk. The WCB is responsible under the Act to levy and collect premiums from established classes of employers in amounts sufficient to cover the current and future costs of existing claims.

Concentration of insurance risk

The WCB provides workers compensation insurance to all employers in all industries in Manitoba, except those that are explicitly excluded by regulation. Therefore, the WCB's risks are concentrated in workplace risks associated with various industries in Manitoba.

Claims development

The following table presents the development of outstanding claims relative to the cumulative expected claims for the 10 most recent accident years. The table illustrates how the estimate of cumulative claims for each accident year has changed with more experience over succeeding year-ends and compares the current estimate of cumulative claims cost to the actual claim liabilities over the development period for which there is material uncertainty about the estimate and timing of claim. The lower section of the table reconciles the total outstanding claims amounts to the discounted amount reported in the statement of financial position.

Estimate of ultimate claims	Injury year										Total
	2016 & Prior	2017	2018	2019	2020	2021	2022	2023	2024	2025	
End of accident year	\$ 3,549,597	199,311	194,341	196,585	191,616	202,499	220,498	230,959	278,113	304,987	
1 year later	3,535,378	204,883	194,005	190,185	174,602	202,987	212,543	242,967	292,983	-	
2 years later	3,530,306	204,370	187,014	179,060	175,979	202,238	217,807	249,262	-	-	
3 years later	3,520,622	185,142	174,306	179,712	176,853	202,295	223,921	-	-	-	
4 years later	3,517,691	187,187	175,011	179,321	176,729	204,776	-	-	-	-	
5 years later	3,411,599	187,973	175,942	178,987	178,069	-	-	-	-	-	
6 years later	3,440,469	189,473	175,459	180,765	-	-	-	-	-	-	
7 years later	3,418,907	189,257	175,995	-	-	-	-	-	-	-	
8 years later	3,390,214	189,849	-	-	-	-	-	-	-	-	
9 years later	3,381,787	-	-	-	-	-	-	-	-	-	
Cumulative estimate of ultimate claims	3,381,787	189,849	175,995	180,765	178,069	204,776	223,921	249,262	292,983	304,987	\$ 5,382,394
Less: Cumulative claims paid	(2,482,941)	(130,178)	(117,749)	(116,021)	(105,968)	(114,429)	(116,552)	(117,903)	(111,290)	(67,414)	(3,480,444)
Current year unpaid and unreported claims	898,846	59,670	58,246	64,744	72,100	90,347	107,369	131,360	181,693	237,573	1,901,950
Effect of discounting											(797,241)
Administration cost within benefit liabilities											138,808
Future dated long latency liability											164,305
Deferred assessments											(294,469)
Directly attributable fulfillment costs											10,372
Total benefit liabilities											\$ 1,123,725

12. PREMIUM REVENUE

Accounting policy

Premium revenue consists primarily of Class E employer (General Employers Pool) assessments for workplace injury coverage.

Employers registered within Class E are subject to collective liability. Premium revenue is estimated by applying applicable industry assessment rates to the employers' reported assessable payrolls for the current year. Any difference between the estimated premium revenue and the actual premium revenue is credited or charged to income in the year the determination is made. Historically, the difference has not been significant.

The Prevention Rebate Program (PRP) reduces the risk of workplace injury and illness by rewarding employers who have developed and maintained meaningful workplace safety and health management systems. SAFE Work Manitoba administers the PRP, determines employer eligibility and issues the prevention rebate. SAFE Work Certified employers who have met all criteria are eligible for the prevention rebate. The rebate is calculated using the actual payroll associated with the rebate eligibility period.

Premium revenue is fully earned and recognized over the coverage period. Premium revenue reported in the period is recorded net of prevention rebates, uncollectable account write-offs, interest and penalties on overdue amounts and adjustments of premiums for prior periods.

The table below shows the premium revenue recognized during the period from Class E employers:

	2025		2024
Premiums - Class E employers	\$ 262,579	\$	251,599
Prevention rebates	(11,289)		(10,725)
Total premium revenue	<u>\$ 251,290</u>	<u>\$</u>	<u>240,874</u>

Included in the LRC is premiums due from Class E employers. The WCB is exposed to credit risk on these premiums due, which varies with employer-specific circumstances, industry conditions and other factors. Specific employer accounts in excess of five thousand dollars are individually reviewed for collectability. In accordance with the Act the WCB has the authority to pursue and collect outstanding premiums. When there is no reasonable expectation of collection, amounts are written off. The WCB's maximum exposure to credit risk related to its workers compensation liabilities is \$10.6 million (\$9.6 million in 2024).

The table below illustrates the changes in credit experience adjustments included in the LRC:

	2025		2024
Balance, January 1	\$ 2,312	\$	1,779
Write offs	(1,061)		(771)
Additions	1,142		1,304
Balance, December 31	<u>\$ 2,393</u>	<u>\$</u>	<u>2,312</u>

13. WORKERS COMPENSATION SERVICE AND OPERATING EXPENSES

Accounting policy

Workers compensation service expense include payments to (or on behalf of) a policyholder, claims handling costs, policy administration and maintenance costs and an allocation of administrative overhead.

Costs, including overhead costs, are allocated to workers compensation service expense using estimates and professional judgement in a systematic and rational manner, applied consistently to all costs that have similar characteristics.

The following tables presents the workers compensation service expense

	<u>2025</u>	<u>2024</u>
Incurring claims	\$ 136,284	\$ (59,575)
Other operating expenses	99,659	86,978
Workers compensation service expense	<u>\$ 235,943</u>	<u>\$ 27,403</u>

Workers compensation service expense includes claim costs and allocated indirect administration expenses.

14. OPERATING EXPENSES

Accounting policy

Operating expenses are the costs included in the normal course of business. Operating costs are expensed as incurred.

The following tables presents the operating expense

	2025	2024
Salaries, employee benefits and training	\$ 75,344	\$ 69,023
Information technology service fees	4,632	4,504
Occupancy costs	3,306	3,167
Right-of-use asset depreciation	926	934
Lease interest	190	178
Communications	3,209	3,118
Professional fees	6,647	9,111
Amortization of property and equipment	4,564	2,869
Amortization of intangible assets	1,657	1,756
Supplies, services, projects and donations	7,874	2,914
	<u>108,349</u>	<u>97,574</u>
Appeal Commission	1,502	1,500
Research and Workplace Innovation Program grants	-	49
Recoveries from the Government of Canada	(2,666)	(2,335)
Prevention	8,053	7,144
Province of Manitoba Workplace Safety and Health Department funding (Note 17)	10,057	9,400
	<u>\$ 125,295</u>	<u>\$ 113,332</u>
Reclassified to workers compensation expense	(99,659)	(86,978)
	<u>\$ 25,636</u>	<u>\$ 26,354</u>

Of the total operating expenses, \$15.9 million (2024, \$13.6 million) was allocated to individually assessed employers based on the current year's transaction volumes.

The WCB administers the *Government Employees Compensation Act* program for the Government of Canada. The Government of Canada reimburses the WCB for all claims paid out on their behalf plus a recovery of operating expenses.

15. WORKERS COMPENSATION FINANCE EXPENSE

Accounting policy

Insurance finance expense is comprised of the change in the carrying amount of the group of insurance contracts arising from the growth in the present value of the liabilities and the effect of market based discount rates (referred to as financial risk and changes in financial risk).

Workers compensation finance expense is recognized in the period incurred and included in the statement of operations and comprehensive income in the period.

	2025	2024
Interest on the workers compensation liabilities	\$ 38,963	\$ 63,287
Changes in discount rate and other financial assumptions	8,426	7,076
Workers compensation finance expense	<u>\$ 47,389</u>	<u>\$ 70,363</u>

16. RELATED PARTY TRANSACTIONS

The WCB is a statutory corporation created by the Manitoba Legislature. As a corporation of the Province of Manitoba, the WCB applies the exemption for government-related entities in IAS 24 *Related Party Disclosures*.

Pursuant to *The Workplace Safety and Health Act*, the Province may pay the expenses incurred in the administration of that Act out of its consolidated fund and may subsequently recover such portion as it may determine from the WCB under *The Workers Compensation Act*. For 2025, the amount charged to operations under this provision was \$9.4 million (2024, \$8.8 million).

Also, under Section 84.1(1) of *The Workers Compensation Act*, the Province may pay the costs incurred in respect of worker advisors and may recover them from the WCB. For 2025, the amount charged to operations under this provision was \$0.7 million (2024, \$0.6 million).

In addition to the legislated obligations referred to above, included in these financial statements are amounts resulting from routine operating transactions conducted at prevailing market prices with various provincial government controlled ministries, agencies and Crown corporations with which the WCB may be considered related. This includes the provision of assistance, in the form of medical opinions and appeal services, for the Province of Manitoba relating to criminal injury claims. The provincial government is a Class C employer under *The Workers Compensation Act*. Accordingly, the Province of Manitoba was allocated \$6.1 million (2024, \$5.1 million) of the total operating expenses (Note 14) based on their transaction volume. Balances resulting from transactions with the Province of Manitoba are included in these financial statements and are settled on normal trade terms.

Included in the WCB's investment portfolio as at December 31, 2025, are guaranteed debentures issued by the Province of Manitoba in the amount of \$2.7 million (2024, \$nil).

Other related party disclosures

In addition to the related government entities above, the key management personnel of the WCB (comprised of the WCB executive personnel and the Board of Directors) are deemed related parties. By definition, close family members of the key management personnel are also related parties of the WCB. Any transactions or business relationships are incidental, and carried out at normal trade terms.

The WCB has a pension plan for the benefit of WCB employees, which is a related party by definition of IAS 24 *Related Party Disclosure*. Detailed information on transactions with the pension plan are included in Note 10.

Key management compensation

The following table shows total compensation for the executive personnel of the WCB:

	2025		2024
Short term employee benefits	\$ 2,628	\$	2,185
Post-employment benefits	570		401
Total compensation	<u>\$ 3,198</u>	<u>\$</u>	<u>2,586</u>

Short term employee benefits include salary, vacation, car allowances, group health and dental benefits, group life insurance and the employer's share of contributions to the Canada Pension Plan and employment insurance. Post-employment benefits include the estimated current service cost accrued for pension and other post-employment benefits.

The Board of Directors of the WCB is comprised of 10 members appointed by the Government of Manitoba. Members' remuneration is set out in Order in Council passed by Lieutenant Governor in Council. For 2025, total compensation paid to the Board of Directors was \$0.2 million (2024, \$0.2 million).

17. CONTINGENCIES

The WCB is party to various claims and lawsuits related to the normal course of business that are currently being contested. In the opinion of management, the outcome of such claims and lawsuits are not determinable. However, based on the total amount of all such actions, the WCB has concluded that their outcomes, either individually or in aggregate, will not have a material effect on the results of operations or financial position.

18. CAPITAL MANAGEMENT

The Act establishes the Accident Fund to provide for the payment of compensation, outlays and expenses of the workers compensation system. The Act also requires that sufficient funds be available for the payment of all current and future liabilities and the maintenance of reserves to ensure rate stability. The WCB is guided by the funding policy to meet these objectives.

The funding policy is the framework for the management of the Accident Fund to maintain the workers compensation system's financial security while ensuring sufficient funds are available to meet future benefit payments and maintain rate stability. In accordance with the funding policy, the WCB assesses its financial security on the funding basis of accounting, which values the workers compensation liabilities and the defined benefit liabilities of employee benefit plans based on the WCB's long-term expected rate of return.

In accordance with the funding policy, the funding ratio target for the Accident Fund is 130 per cent as measured on the funding basis. The 130 per cent target provides for 100 per cent funding – sufficient to fully fund all current and future liabilities – plus an additional 30 per cent to protect the system from risks, uncertainties and market volatility.

Each year, the WCB will review the funding ratio. When the funding ratio deviates from the 130 per cent target, the Board of Directors, at its total discretion, will consider steps to move the WCB's funded position back toward the funding ratio target. When the funding ratio exceeds the 130 per cent target the Board of Directors, at its discretion, may approve a surplus distribution. However, the Board of Directors has total discretion over the use of the surplus funds, and may consider benefit enhancements, future business requirements or significant investments in the system.

When the funding ratio falls below the 130 per cent target the WCB may approve adjustments in assessment rates in such a manner that will bring the funding ratio back to the 130 per cent target.

19. COMPARATIVE FIGURES

Certain comparative figures and disclosures have been reclassified to conform to the financial statement presentation adopted in the current year.

20. SUBSEQUENT EVENT

On April 23, 2026, the Board of Directors approved a surplus distribution of \$90 million, to be credited to eligible employers in May 2026.





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