

ANNUAL REPORT

2025



WorkSafeNB

ANNUAL REPORT 2025

Published by:
WorkSafeNB

WorkSafeNB respectfully acknowledges the territory in which we work as the ancestral homelands of the Wolastoqey, Mi'gmaw, and Peskotomuhkati peoples. We strive for respectful relationships with all the peoples of this province as we search for collective healing and true reconciliation and honour this beautiful land together.

1 Portland Street
PO Box 160
Saint John, NB
E2L 3X9 Canada

worksafenb.ca
1 800 999-9775

ISBN: 978-1-927420-26-3
ISSN: 1710-1212

TABLE OF CONTENTS

Who we are	4
Our board and executive leadership team	5
Message from the chairperson	6
Message from the president and CEO	8
Linked together for our future – 2025-2029	10
Key strategic measures	11
Year at a glance.....	12

OUR FOCUS AREAS

People	13
Prevention	21
Integrity	31

FINANCIALS

Management discussion and analysis	37
Management’s responsibility for financial reporting	51
Actuarial statement of opinion	52
Independent auditor’s report	53
Consolidated financial statements	56

OUR FOCUS AREAS



PEOPLE

PAGE **13**



PREVENTION

PAGE **21**



INTEGRITY

PAGE **31**

WHO WE ARE

WorkSafeNB is a Crown corporation dedicated to making New Brunswick the safest place to work. We focus on preventing workplace injuries and occupational illnesses, and when incidents do occur, we provide comprehensive rehabilitation services and wage-loss support—helping workers recover, return to work, and achieve their potential.

WHO WE SERVE

16,261*	Registered employers
31,746*	Workplaces
396,358*	Workers (FTEs – full-time equivalents)

* As at December 31, 2025

ASSESSED EMPLOYERS BY SIZE (full-time equivalents)

Small (<12 FTE)	11,782
Medium (12-55 FTE)	3,461
Large (55+ FTE)	1,032

THREE LARGEST SECTORS (By payroll)



MANUFACTURING



RETAIL TRADE



CONSTRUCTION

BOARD OF DIRECTORS



MEL NORTON
Chairperson
Saint John



BROOKE DELONG
Vice-Chairperson
Fredericton



TIM PETERSEN
President and chief
executive officer



MIKE MACMULLIN
Worker
representative
Saint John



CHANTAL LAFLEUR
Worker
representative
Edmundston



DENNY VAUTOUR
Worker
representative
Saint John



JAMES STANLEY
Worker
representative
Saint John



GAËTAN GUÉRETTE
Employer
representative
Edmundston



ADAM DONNELLY
Employer
representative
Bathurst



JASON GREEN
Employer
representative
Quispamsis

EXECUTIVE LEADERSHIP TEAM



TIM PETERSEN
President and chief
executive officer



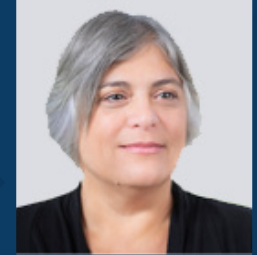
RICHARD BLAIS
Vice-president,
Prevention



CATHY BENT
Vice-president,
Claims
Management and
Rehabilitation



LARAGH DOOLEY
Vice-president,
People and Culture



**CAROLYN
MACDONALD**
Vice-president,
Strategy and Finance



**LEE C. BELL-
SMITH, K.C.**
General Counsel
and Corporate
Secretary



LISA WALKER
Chief Information
Officer

MESSAGE FROM THE CHAIRPERSON

As I look back on 2025, I'm proud of the strong momentum WorkSafeNB continues to build year after year.



This has been another standout period of progress. We've strengthened workplace health and safety, enhanced support for injured workers, and contributed to a competitive business environment throughout New Brunswick. The impact of this work is clear and reflects the focus and commitment that continue to move us forward.

This year also marked the first full year of our 2025–2029 strategic plan. It keeps us focused on the outcomes that matter most—safer workplaces, better recovery results, and strong financial performance—and reinforces that when we perform well, it creates real value for workers, employers, and the province.

We delivered strong value for employers again this year. Assessment rates were set at a historic low of \$1.10, and will remain at this level in 2026, reinforcing New Brunswick as an attractive place to do business. And, once again, we provided a performance refund to employers (more than \$53 million), a direct result of responsible management, improved outcomes, and a solid funded position.

We made meaningful improvements for injured workers as well. In 2024, wage loss benefits increased from 85% to 90% of net earnings, along with a higher maximum annual earnings cap. In 2025, we extended that same 90% benefit level to surviving spouses, ensuring fair and consistent support for families when they need it most.

MESSAGE FROM THE CHAIRPERSON

Our board continued to focus on strong governance and long-term planning. Building on last year's asset liability study and updated investment strategy, we remain committed to financial sustainability and to keeping the system strong for the future. Our legislative and policy work also continues to evolve so that WorkSafeNB remains responsive to the needs of workers, employers, and the broader system.

I'm grateful for the dedication and insight of my fellow board members. This year, we welcomed Brooke DeLong as our new vice-chair. With her background in communication and change management, she brings valuable perspective and energy to our work. I'm confident she'll play an important role in advancing our strategic priorities.

We also continue to strengthen relationships with our partners, including our work with the new Minister of Labour, The Honourable Alyson Townsend. As a lawyer by profession, she brings a thoughtful and informed approach to the role, and we look forward to continued collaboration.

Under the steady leadership of our president and CEO, Tim Petersen, our transformation work has stayed focused and purposeful. Tim's recognition as one of Atlantic Business Magazine's Top 50

CEOs highlights his leadership and the dedication of employees across the organization. His appointment last year as chair of the Association of Workers' Compensation Boards of Canada (AWCBC) further reflects the confidence others across the country have in his vision and ability to lead.

Tim's leadership has helped shape a culture we're all proud of, and WorkSafeNB's accolade of being named as one of Atlantic Canada's Top Employers for 2025 speaks to that. Our employees bring professionalism, compassion, and a genuine commitment to service. Whether they're supporting injured workers, partnering with employers, or improving our systems behind the scenes, their work remains at the heart of all that we do.

In June of 2025 we were honoured to host the AWCBC Governance Summit in St. Andrews, offering a dynamic program and the kind of Maritime hospitality New Brunswick is famous for. (Our counterparts across the country are still talking about it!)

As we look ahead, I'm confident in the strength of our organization and the people who drive it. Together with our staff, our board, our partners, and the workers and employers we serve, we'll keep building a safer, healthier, and more prosperous New Brunswick.

On behalf of the board of directors, thank you for your trust, your collaboration, and your commitment to making New Brunswick the safest place to work. We're eager to continue this important work with you.



MEL NORTON

Chairperson, WorkSafeNB Board of Directors

MESSAGE FROM THE PRESIDENT AND CEO

2025 was a great year for WorkSafeNB, and I'm proud to share our achievements with you in our Annual Report.



This was a year where we continued to build momentum and make positive changes for workers, employers, and our province. What stands out most is that our success didn't come from one big moment. It came from the actions we took all year, each one supporting our vision of making New Brunswick the safest place to work.

This year also marked the first full year of our 2025–2029 strategic plan. While our vision remains the same, this plan sharpens how we get there. It focuses our efforts on modernizing how we serve clients, strengthening prevention and recovery, and using data and insight to make better decisions so we can deliver more timely, responsive, and effective service across the system.

We also saw strong system performance again this year. We held our average assessment rate at \$1.10, the lowest in our history and the second lowest in the country and returned more than \$53 million to employers through our performance refund. These results reflect safer workplaces, faster recoveries, and a shared commitment to workplace health and safety.

We've been putting a strong focus on mental health and have strengthened partnerships and launched new initiatives to support the psychological health and safety of trauma exposed professionals throughout New Brunswick. Our collaboration with Wounded Warriors Canada is helping workers and their families access timely, tailored support, and our pilot project with the Paramedic Association of New Brunswick and the University of Regina's

Psychological Trauma and Stress Systems Lab is giving frontline workers new tools to monitor their well-being and access support earlier. With the completion of our psychological health and safety roadmap, we now have a clear path forward to continue improving care both within WorkSafeNB and in the workplaces we serve.

Mental health was also part of the conversation at our 2025 Health and Safety Conference. Retired Lt.-Gen. Roméo Dallaire, Tyler Smith, a Humboldt Broncos bus crash survivor, and Dr. Laurent Duvernay Tardif each brought thoughtful, personal perspectives on trauma, resilience, and balance, while sessions like Walking the Talk: Psychological Health & Safety in Action offered practical ideas for workplaces. These conversations reinforced the importance of the work already underway and encouraged us to keep building environments where people feel supported and safe.

I am especially proud of our 2025 Employee Engagement Survey results, which reached an impressive 76%, far above the benchmark of 58%. This tells us that our people feel supported, connected, and proud of the work they do. Employees highlighted our working environment, work-life balance, and compensation as key strengths, and these continue to drive strong engagement. A highly engaged team is essential to delivering on our vision, and these results show that our culture is not only strong but thriving.

Another highlight for us was being named one of Atlantic Canada's Top Employers. That recognition means a great deal because it reflects the culture our people create every day. When our employees feel supported and valued, they can do their best work, and that shows in how we serve New Brunswickers.

As we look ahead, we're continuing to modernize our systems, improve our services, and strengthen our partnerships. We're building a system that's easier to navigate, more responsive, and grounded in care, respect, and compassion.

Of course, the year wasn't without its tough moments. Workplace fatalities and serious injuries remind us why our work matters so much. Every loss is heartbreaking. These tragedies push us to work even harder with industries, workers, and communities to prevent harm and make sure every worker gets home safely.

In closing, I want to thank you, the workers and employers who partner with us, and our dedicated employees who bring our vision to life every day. I'm also grateful to our board of directors for their steady support and guidance throughout the year. Your commitment keeps us moving forward, and together we're making New Brunswick the safest place to work.



TIM PETERSEN, CA

President and Chief Executive Officer

LINKED TOGETHER FOR OUR FUTURE

LAUNCHING OUR 2025–2029 STRATEGIC PLAN

OUR VISION



OUR MISSION

We help New Brunswick thrive through an effective continuum of safety and care.

OUR VALUES

-  **Accountability**
-  **Collaboration**
-  **Trust**

FOCUS AREAS



PEOPLE

We live a people-first culture resulting in an exceptional employee and client experience.

AN EXCEPTIONAL EXPERIENCE

OBJECTIVES

1. **Foster a high-performance culture** that embraces accountability, collaboration and trust.
2. Evolve an **accessible and personalized client service** experience.
3. **Focus on service delivery** that is high-quality, efficient, delivers intended outcomes and is resourced appropriately.



PREVENTION

Together, we will prevent workplace injuries, illnesses, death and disability.

A PROVINCE WITHOUT WORKPLACE INJURY AND DISABILITY

OBJECTIVES

4. **Strengthen accountability** and effectiveness by offering the right services, at the right time and place, delivered by the right people.
5. **Influence a culture of safety, stay at work and early return to work** in New Brunswick workplaces.
6. **Leverage the capabilities, expertise and accessibility** of our service provider networks and strategic alliances.



INTEGRITY

We will protect the integrity of the system.

OUR GUIDING PRINCIPLE


OBJECTIVES

7. **Effect good governance**, including sound legislative and policy frameworks, transparent stakeholder engagement and communication.
8. **Advance and leverage our capabilities** in enterprise risk management and quality assurance.
9. **Execute on our Modernization Roadmap**, reshaping both employee and client experiences, as we fully embrace the transformative power of technology.

KEY STRATEGIC MEASURES




PEOPLE

	2029 TARGET 	2025 RESULTS
Employee engagement	70%	76%
Assessment Rate Stability	Less than 15% from the prior year	7% change
Assessment Rate Competitiveness	One of the three lowest rates in the country	2nd lowest
Time to first decision	80% within 14 days	70%
Time to first payment	80% within 14 days	56%



PREVENTION

	2029 TARGET 	2025 RESULTS
Percentage of workers off claim within 180 days	85%	80%
Total injury frequency	1.25 per 100 workers	1.61
Severe injury frequency	30 per 100,000 workers	36



INTEGRITY

	ANNUAL TARGET 	2025 RESULTS
Funding position	115%-125%	161%

YEAR AT A GLANCE

FINANCIAL

	2024	2025
Funded ratio	152.9%	161.0%
Funded position	\$704M	\$834M
Excess income over expenses	(\$26M)	\$135M
Benefit payments	\$131M	\$141M
Change in benefits liabilities	\$2M	\$33M
Claim costs	\$133M	\$174M
Benefit liabilities	\$1.2B	\$1.2B
Pension annuity payments	\$9M	\$16M
Change in pension annuity liability	\$8M	\$6M
Pension annuity costs	\$17M	\$22M
Pension annuity liabilities	\$112M	\$118M
Assessment rate	\$1.18	\$1.10
Assessment revenue	\$179M	\$181M
Investment returns	10.5%	15.2%
Investment income	\$206M	\$290M
Administration costs	\$76M	\$83M

PREVENTION AND CLAIMS

Lost-time injury frequency - assessed employers	0.9	0.9
Lost-time injury frequency - self-insured employers	2.6	2.5
Lost-time injury frequency - all employers	1.1	1.1
Lost-time and no lost-time injury frequency	1.6	1.6
Lost-time claims	4,255	4,461
No lost-time claims	2,025	2,104
Traumatic psychological injury claims accepted	255	167
Fatalities	14	9
Open claim duration (days)	260	248
Closed claim duration (days)	87	90
Off claim at 90 days	65%	65%
Off claim at 180 days	81%	80%
Claim registration to 1st payment	24	22
Injury to claim registration (days)	19	15
Employee engagement*	69%	76%
Admin penalties issued	136 - \$73,100	82 - \$43,400
Consultations	1,560	1,515
Investigations and incident follow-ups	933	825
Prosecutions	21 - \$320,050	21 - \$146,166
Inspections	4,290	4,374
Orders issued*	3,901	4,085

*An order is a legal directive issued by a WorkSafeNB health and safety officer when they identify a violation of the OHS Act or regulations during an inspection. It requires an employer to take specific actions to correct a hazard or comply with safety legislation within a specific time frame.

Data is finalized as of March 31, 2025. As data matures, previous years' numbers may be restated to reflect final numbers.

PEOPLE

We live a people-first culture resulting in an exceptional employee and client experience.

OBJECTIVES

- 1** Foster a high-performance culture that embraces accountability, collaboration and trust.
- 2** Evolve an accessible and personalized client service experience.
- 3** Focus on service delivery that is high-quality, efficient, delivers intended outcomes, and is resourced appropriately.

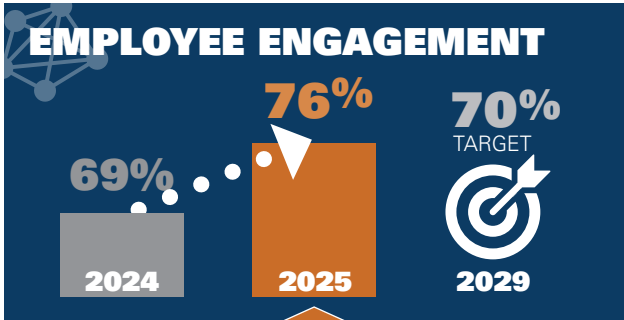


PEOPLE



KEY STRATEGIC MEASURE

WHERE PEOPLE MEET PURPOSE



EXCEEDED OUR TARGET

WorkSafeNB strives to be a supportive workplace where every employee feels valued, trusted, and able to do their best work. By focusing on what matters most and living our values of accountability, collaboration, and trust, we continue to strengthen employee engagement and position ourselves as an employer of choice.

Our annual employee engagement survey is a key tool in this effort, giving leaders clear insight into employee experience, culture, and opportunities to improve.

Results in 2025 show exceptional progress. Engagement reached 76%, a significant increase from 69% in 2024, exceeding the target of 70% and advancing our 2025–2029 strategic plan and positioning us well to build on this success. This marks a seven-point increase and places us nearly

TOP DRIVERS



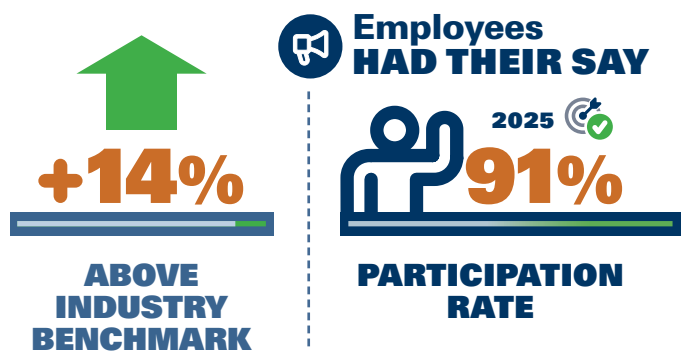
93%
CULTURE



92%
WORK ENVIRONMENT



91%
INCLUSION



14% above the industry benchmark, reflecting a workplace where people feel valued, supported, and able to do their best work in service of New Brunswick’s workers and employers. Participation remained high at 91%, reflecting strong trust in the process and giving us meaningful insight into the employee experience.

Over the past five years, engagement has increased by 23 percentage points, demonstrating sustained progress. Culture, working environment, and inclusion continue to lead as key drivers at 93%, 92%, and 91%. Together, these results reflect a workforce that is engaged, supported, and equipped to deliver for New Brunswick’s workers and employers.



PEOPLE

WHERE PEOPLE MEET PURPOSE

One of Atlantic Canada's Top Employers in 2025

WorkSafeNB was recognized as one of Atlantic Canada's Top Employers in 2025, reflecting the deliberate choices we make to support our people and strengthen our workplace.

This recognition highlights our focus on creating an environment where employees have the tools, flexibility, and support they need to succeed. It also reflects the meaningful work our people do every day in service of New Brunswick's workers and employers.

Being named a Top Employer reinforces our commitment to building and sustaining a workplace where people can grow, contribute, and take pride in the impact they make.



Talent and Leadership Development

We continue to invest in our people as the foundation of a strong organization. In 2025, we advanced key priorities to build leadership capability at all levels. We completed the first full year of our five pillar leadership development program and strengthened succession planning to identify and prepare talent for critical roles.

We also enhanced our onboarding experience to better support new employees and set clear expectations from the start. At the same time, employees expanded their access to learning through LinkedIn Learning and Performance and Development Conversations.

Together, these efforts are building a skilled, adaptable workforce that is ready to meet the needs of New Brunswick's workers and employers, now and into the future.



Ideas That Drive Impact

We know the best ideas come from listening to our people.

When WorkSafeNB received a \$175,000 performance refund, we asked employees how it should be used. Through a Dragon's Den-style process, their ideas shaped three initiatives: a scholarship supporting New Brunswick students pursuing safer workplaces, a youth sports safety bursary, and a home safety allowance for employees. These choices reflect what matters most to our people and extend our impact beyond the workplace. By listening and acting on their ideas, we strengthen engagement and reinforce a culture where employees help shape both our workplace and the communities we serve.

PEOPLE



KEY STRATEGIC MEASURES

DELIVERING VALUE FOR NEW BRUNSWICK EMPLOYERS

ASSESSMENT RATE STABILITY

ANNUAL TARGET

Less than 15% change from the prior year.



2025:
7% change

ASSESSMENT RATE COMPETITIVENESS

ANNUAL TARGET

One of the three lowest assessment rates in the country.



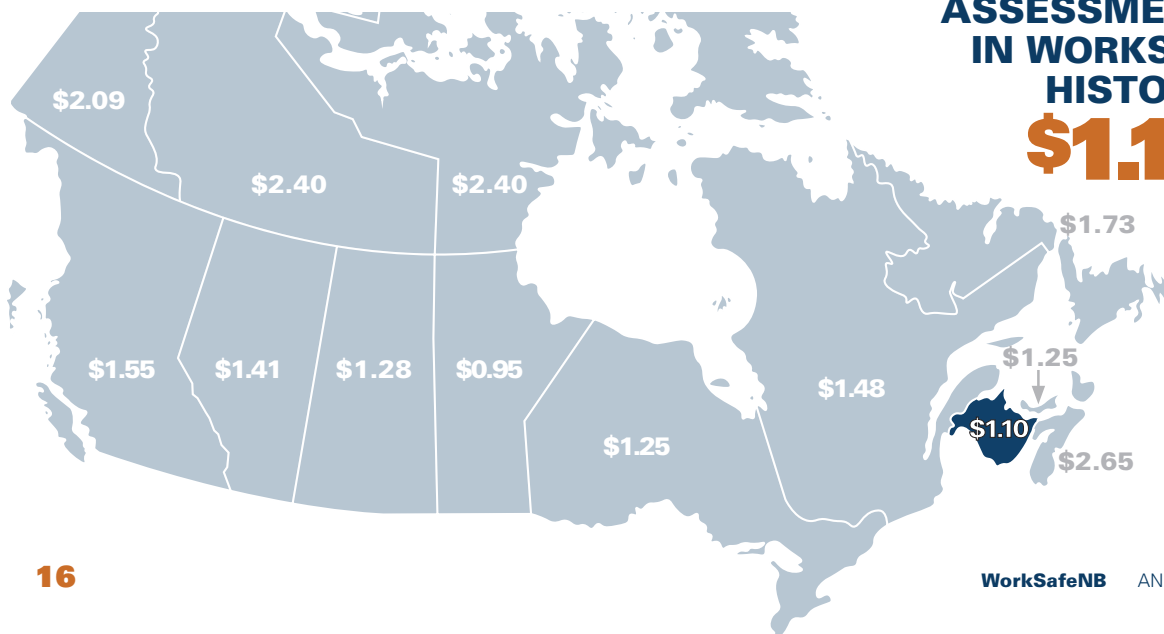
2025:
2nd lowest in Canada

PREDICTABILITY FOR EMPLOYERS

WorkSafeNB delivered stability, competitiveness and value for New Brunswick employers in 2025, with the average assessment rate reaching \$1.10 per \$100 of payroll—the lowest in our province’s history and the second lowest in Canada. This positions New Brunswick as one of the most competitive jurisdictions in the country and supports employers in managing costs while investing in their businesses and workforce. This reflects a continued downward trend from \$1.18 in 2024 and supports our goal of remaining among the provinces with the lowest rates nationally. In 2025, we also confirmed that this historic low rate would be maintained for 2026, providing employers with consistency at a time of rising costs.

While this stability is meaningful, it does not fully reflect the system’s underlying cost pressures. The cost of workplace injuries continues to rise, driven by more complex claims and increasing health care costs. The estimated cost rate for 2026 is \$1.41. To maintain the \$1.10 rate, WorkSafeNB applied a \$0.31 rate subsidy, enabled by the strength of the Accident Fund.

This approach balances short-term rate stability with longer-term rate sustainability. It provides predictability for employers today while recognizing that future rates will need to reflect underlying costs as pressures in the system evolve.



LOWEST ASSESSMENT RATE IN WORKSAFENB HISTORY: \$1.10

PEOPLE

DELIVERING VALUE FOR NEW BRUNSWICK EMPLOYERS

Performance Pays

In addition to the lowest assessment rate in our history, WorkSafeNB issued \$53.2 million in performance refunds to eligible employers following \$180.6 million in refunds in 2024.



PERFORMANCE PAYS.

These refunds reflect a strong and sustainable system, supported by solid investment performance and a shared commitment to safer workplaces. For employers, this means more than a refund. It helps offset rising business costs, supports reinvestment in their operations and people, and provides greater predictability when planning. For New Brunswick, it reinforces a system where prevention, recovery, and financial stewardship work together to support a resilient economy.

“Predictable and competitive workers’ compensation rates matter. For our members and employers, they directly shape the cost of doing business here in New Brunswick.



When those rates are stable, businesses can plan ahead, invest with confidence and focus on growth. This results in creating jobs and strengthening our regional economy.

Just as importantly, competitive rates send a clear message that New Brunswick is a place where business can succeed. They help employers manage costs, attract investment, and reinvest in their people and operations. That’s how we build long-term, sustainable economic growth in our province.”

Shannon Merrifield, Chief Executive Officer, Saint John Region Chamber of Commerce

\$53 MILLION
IN PERFORMANCE REFUNDS



DISTRIBUTED IN 2025

PEOPLE

DELIVERING VALUE FOR NEW BRUNSWICK EMPLOYERS

Safety in Action: Supporting Employers and Stability

WorkSafeNB partners with employers to build safer workplaces, offering free health and safety consultations at no additional cost to all industries in New Brunswick.

In 2025, we delivered 1,515 consultations, providing tailored, practical support in areas such as health and safety programs, joint health and safety committees, hazard identification, young worker safety, and psychological health.

These services are designed to meet employers where they are, helping them strengthen their prevention efforts and address risks early. For employers, this work delivers real value. Preventing injuries reduces disruptions, lowers claim costs, and supports more stable assessment rates over time.

It also helps employers create workplaces where people can perform at their best—driving productivity, retention, and overall organizational performance.

By investing in prevention alongside employers, we are helping create the conditions for both safer workplaces and greater cost predictability, supporting a strong and sustainable system for New Brunswick businesses.



“I recommend WorkSafeNB’s consultation services as a valuable second set of eyes to review and strengthen your health and safety program. The insights they provide can help employers improve practices and may ultimately save a life.” **Keri Flowers**, Health & Safety Co-ordinator, Richwil Truck Centre

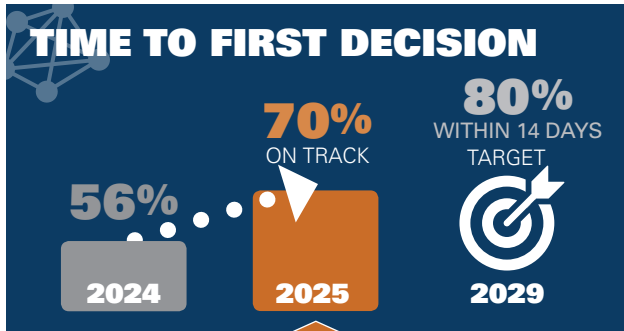


PEOPLE

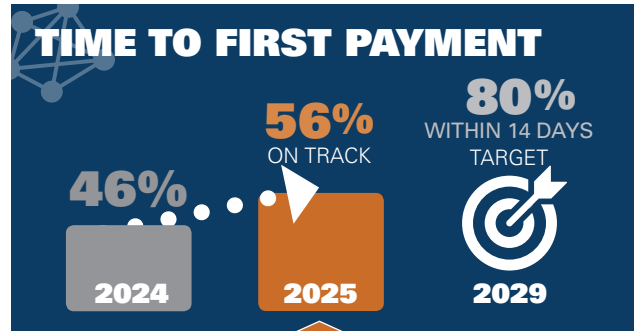


KEY STRATEGIC MEASURES

IMPROVING TIMELINESS FOR WORKERS:



14% IMPROVEMENT FROM 2024

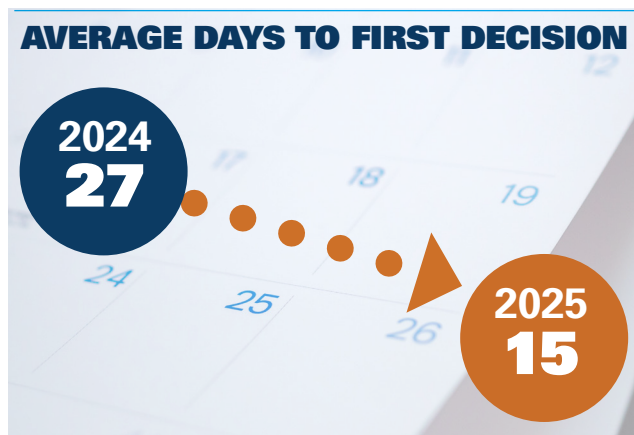


10% JUMP SINCE 2024

In 2025, as part of our new strategic plan, WorkSafeNB introduced a set of key performance indicators focused on what matters most to injured workers: time to first decision and time to first payment. These measures reflect how quickly workers receive clarity on their claim application and access to financial support, both critical to reducing uncertainty and supporting recovery.

In 2025, WorkSafeNB saw strong improvement. More workers received timely decisions and payments, reflecting meaningful progress in how we deliver service at critical moments.

These results were driven by focused process improvements, strong collaboration across teams, and enhanced real time support for workers. Further enhancements beginning in 2026, including streamlined forms and interim payments, will continue to build on this progress as we advance toward our 2029 target of 80% within 14 days.



PEOPLE

IMPROVING TIMELINESS FOR WORKERS

Focused Care for the Most Serious Injuries

In 2025, WorkSafeNB launched the Critical Care Recovery model, transforming how we support workers with the most serious and life-altering injuries. Designed in response to client and frontline feedback, this model provides specialized, coordinated care for about 150 cases each year. A dedicated team now supports workers and their families through complex recoveries, offering consistent, one-on-one guidance from the earliest stages of injury through long-term adjustment. This approach reduces complexity, improves co-ordination, and ensures care is tailored to each worker's unique needs. For those facing the most difficult recoveries, it means more personalized, compassionate support when it matters most.



Improving Access to Medical Aid for Injured Workers

In 2025, WorkSafeNB introduced a new Medical Aid Service Delivery Model to improve how injured workers access

care. Moving from an individual co-ordinator model to a dedicated team approach, this change ensures faster, more consistent support for medical aid needs such as treatment, equipment, and services.



Requests are now streamlined through a single intake process and managed by a specialized team, with many decisions made within one to two business days. Workers benefit from quicker responses, clearer next steps, and easier access to the care they need.

By improving timeliness and co-ordination, this model supports recovery and helps workers return to work safely and sooner.

PREVENTION

Together, we'll prevent workplace injuries, illnesses, death, and disability.

OBJECTIVES

- 1** Strengthen accountability and effectiveness by offering the right services, at the right time and place, delivered by the right people.
- 2** Influence a culture of safety, stay at work and early return to work in New Brunswick workplaces.
- 3** Leverage the capabilities, expertise and accessibility of our service provider networks and strategic alliances.

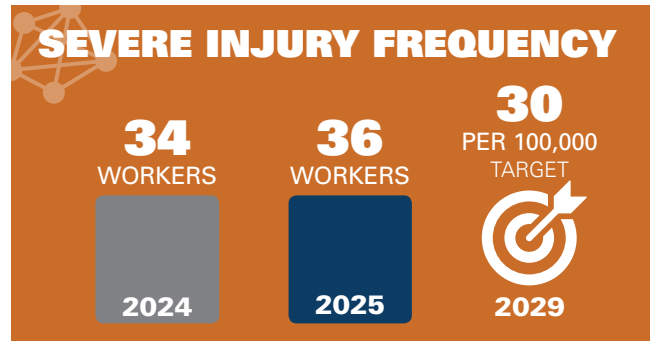
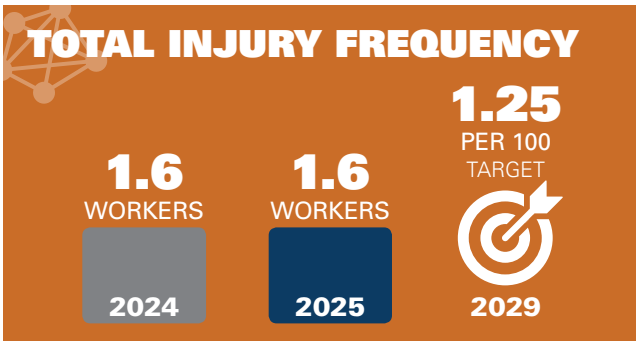


PREVENTION



KEY STRATEGIC MEASURES

PREVENTING INJURIES



This year, we introduced two new key performance indicators: total injury frequency, which includes both lost-time and no lost-time injuries, and severe injury frequency, which tracks life-altering and fatal incidents. Together, these measures provide a strong view of workplace safety in New Brunswick and help focus our prevention efforts where they are most needed.

Preventing injury is at the core of our mandate. While overall injury frequency remained stable at 1.6 in 2025, it remains above our 2029 target of 1.25. Severe injury frequency increased slightly from 34 to 36 per 100,000 workers, moving further from our target of 30.

At the same time, there are areas where we are seeing considerable progress and very strong safety results. The results highlighted on the following page demonstrate how targeted prevention efforts, stronger partnerships, and increased awareness are beginning to make a difference. Building on this momentum will be critical as we continue working toward safer workplaces.



- ▶ TARGETED PREVENTION EFFORTS
 - ▶ STRONGER PARTNERSHIPS
 - ▶ INCREASED AWARENESS
- ARE MAKING A DIFFERENCE**

PREVENTION

PREVENTING INJURIES

Preventing injuries around heavy equipment

Serious injuries involving heavy equipment remain a significant risk at New Brunswick worksites, particularly when workers and equipment operate close to each other. Preventing these incidents requires strong awareness, clear communication and consistent safe work practices.

Focusing prevention efforts on higher-risk industries is critical to reducing serious injuries. Heavy equipment environments are one area where targeted action can make a meaningful difference.

WorkSafeNB supports prevention through employer outreach, training partnerships and targeted education focused on visibility, situational awareness and safe work around moving equipment. A targeted campaign used videos and training sessions to highlight blind spots and show what operators can and cannot see from the cab.

Since 2021, severe injuries in the construction industry, where heavy equipment is most widely used, have declined by roughly one-third, falling from more than 120 to the mid-80s annually and remaining consistently lower over the past three years.



Preventing Psychological Injury

Not all workplace injuries are visible, but their impact can be just as significant. Preventing psychological injury is a growing priority for WorkSafeNB.

A dedicated team now leads this work through a three-year trauma and psychological injury strategy focused on prevention, early intervention, and support. Their goal is to reduce risk and help workplaces respond before issues become long-term.

An external resource centre will equip employers and workers with practical tools to recognize and address trauma early. WorkSafeNB is also advancing its TPI roadmap and expanding partnerships with organizations such as Wounded Warriors and the Paramedics Association of New Brunswick.

These efforts are making a difference. TPI claims decreased from 225 in 2024 to 167 in 2025, a reduction of nearly 26%.

Preventing injury means addressing both physical and psychological health.

PREVENTION IS MAKING A MEASURABLE DIFFERENCE

**FEWER INJURIES,
FEWER PSYCHOLOGICAL
HARMS, AND FEWER
LIVES LOST—THIS IS
THE IMPACT OF
STRONGER SAFETY
PRACTICES AND SHARED
ACCOUNTABILITY.**

LOWEST ↓

**LOST-TIME INJURY
FREQUENCY RATES IN
NEW BRUNSWICK HISTORY**



New Brunswick continues to see the lowest lost-time injury frequency rates in its history. This sustained performance reflects the strength of prevention efforts across the province—helping more workers stay safe and return home to the people who matter most.

26% ↓

**DECREASE IN TRAUMATIC
PSYCHOLOGICAL INJURY (TPI)
CLAIMS IN 2025**



Following four consecutive years of increases, TPI claims declined from 225 in 2024 to 167 in 2025, marking a meaningful shift. This reflects both increased awareness and targeted investment in psychological safety prevention, including enhanced supports for employers and the establishment of a dedicated WorkSafeNB team focused on helping workplaces prevent psychological harm. These early results are encouraging and signal progress from awareness to action.



FEWER ↓

**LIVES LOST ON THE JOB
IN NEW BRUNSWICK**

4 OCCUPATIONAL DISEASES/5 ACUTE



Workplace fatalities declined from 15 in 2024 to 9 in 2025 which is a meaningful step forward. Every loss is deeply felt, and even a single workplace death is one too many. These tragedies are unacceptable and serve as a powerful reminder that more must be done. We cannot become complacent.

2025

**MAKING
New Brunswick
THE SAFEST
PLACE
TO WORK**

UNDERSTANDING RISKS TAKING ACTION



WE USE DATA TO UNDERSTAND WHO IS GETTING INJURED AND HOW INJURIES ARE OCCURRING SO WE CAN FOCUS PREVENTION EFFORTS WHERE THEY'LL HAVE THE MOST IMPACT.

COMMON INJURIES:

21%
BACK INJURIES

10%
LEG INJURIES

9%
SHOULDER INJURIES

NATURE OF INJURIES:

46%
SPRAINS, STRAINS AND TEARS

10%
FRACTURES

5%
CONCUSSION OR MILD TRAUMATIC BRAIN INJURIES

MOST INJURIES BY AGE:

44%
AMONG 46-65 YEARS



31%↓

DECREASE IN SEVERE MANUFACTURING INJURY FREQUENCY IN 2025



WHERE INJURIES ARE HAPPENING:

26%
HEALTHCARE AND SOCIAL ASSISTANCE

19%
PUBLIC ADMINISTRATION

15%
MANUFACTURING

ACTIONS >>>

TAKEN IN 2025

4,374

INSPECTIONS IN 2025



4,085 ORDERS
to address workplace risks



73 STOP WORK ORDERS
issued to prevent immediate danger



825 INCIDENT FOLLOW-UPS and INVESTIGATIONS



21 PROSECUTIONS
resulting in **\$146,166** in penalties, including **\$35,000** in alternative sentencing



ALTERNATIVE SENTENCING DIRECTS FUNDS TOWARD SAFETY INITIATIVES THAT PREVENT FUTURE WORKPLACE INJURIES, TURNING ENFORCEMENT INTO MEANINGFUL, COMMUNITY-LEVEL IMPACT.

PREVENTION

PREVENTING INJURIES

Prevention starts with awareness

Preventing injuries starts long before an incident occurs. It begins with awareness, practical knowledge, and the ability to recognize risk in real time.

In 2025, we strengthened prevention through consistent, accessible education. Through eNews, Safety Tip Tuesdays, and podcast appearances, we reached workers and employers with timely, practical guidance they can apply on the job. More than 700 participants attended our Annual Health and Safety Conference, and new e-learning programs expanded access for joint health and safety committees and young workers.

We also marked the Day of Mourning and participated in Threads of Life events such as Steps for Life, raising awareness of workplace injuries and reinforcing the importance of prevention.

Together, these efforts support safer decisions and help prevent injuries before they happen.

“I never met my uncle Jordan because his job wasn’t safe. That’s why I’m careful and want you to be careful too.”

Let’s help Brexton keep New Brunswick workers safe on the job. **Please join us in observing a National Day of Mourning on April 28, 2025.**

To read a special article by Leica Gahan about Jordan’s story and the importance of workplace safety, scan the QR code:



WorkSafeNB.ca/DayofMourning



SAFETY STAR AWARDS

Presented annually at WorkSafeNB's Health and Safety Conference, the *Safety Star Awards* celebrate individuals and organizations that demonstrate outstanding commitment, leadership and innovation in workplace health and safety.

We're proud to support these leaders in safety in our shared vision of making New Brunswick the safest place to work.



RICHWIL TRUCK CENTRE LTD. Safety Starts with Keri

Keri Flowers, a health and safety co-ordinator at Richwil Truck Centre Ltd. in Fredericton and Woodstock, is a strong safety leader recognized by WorkSafeNB consultant Shelley O'Dell for her commitment to building a positive safety culture. She leads by example—following protocols, wearing proper PPE, and applying safety practices in both work and daily life—while emphasizing communication, accountability, and shared responsibility. When issues arise, Keri addresses them quickly and professionally, involving leadership when needed, and focuses on empowering others rather than managing safety alone. Through her willingness to listen, guide, and continuously learn from WorkSafeNB consultation services, she has become a trusted resource who helps strengthen trust, engagement, and overall safety performance within her workplace.



IRON MAPLE Building Safe Foundations in Construction



Since 2020, Iron Maple has built a strong reputation for embedding safety into every level of its operations, driven by active leadership and consistent processes. Ownership plays a hands-on role through regular meetings and direct involvement in safety planning, while each project begins with thorough hazard assessments, orientations, and ongoing inspections to proactively manage risk. The company also supports workers through modified duties and return-to-work programs in collaboration with WorkSafeNB, reinforcing its focus on employee well-being. By prioritizing training, mentorship, and continuous improvement, Iron Maple has created a culture where safety is integrated into daily work and viewed as essential to both protecting workers and achieving operational success.

SAFETY STAR AWARDS



GFL ENVIRONMENTAL SERVICES INC.

Commitment to Safety and Success

At GFL Environmental Services Inc., safety is a core part of how work is executed, supported by leadership, training, and clear expectations across all operations. Employees are equipped with the tools and knowledge needed to work safely, while a shared focus on fitness for duty, situational awareness, and accountability helps reinforce consistent behaviours in the field. The organization collaborates closely with WorkSafeNB to strengthen compliance and support supervisors, ensuring risks are effectively managed. In situations where operational pressures arise, GFL prioritizes safety over speed, as demonstrated when work involving hazardous materials was paused to reassess risks and ensure proper procedures were in place. This approach reflects a culture where teamwork, communication, and trust drive both safe outcomes and operational success.



BRUNO GAGNÉ

Championing Workplace Safety Education and Culture



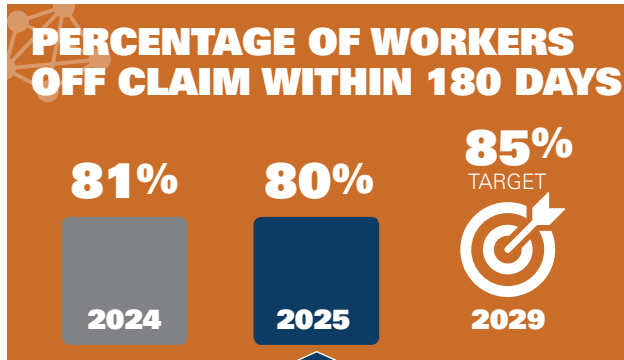
Bruno Gagné, CEO and instructor of Workplace Safety School of NB Inc., has dedicated his career to advancing workplace safety through education and leadership across New Brunswick. Named a WorkSafeNB 2025 Safety Star, he is known for promoting the idea that safety is a shared responsibility that must be supported at every level of an organization. Through engaging, practical training, Bruno emphasizes the importance of leadership participation alongside workers and encourages a continuous safety mindset that extends beyond the workplace. His approach, shaped by early experience as a safety officer, focuses on raising awareness, building habits, and empowering individuals to speak up and act on safety concerns. While the impact of his work is often unseen, Bruno's belief is that even one prevented incident can make a meaningful difference, reinforcing his lasting influence on safety culture throughout the province.

PREVENTION



KEY STRATEGIC MEASURES

MORE ACCESS. FASTER CARE. BETTER OUTCOMES.



A STEADY RESULT

This measure helps us understand how well we are supporting injured workers through recovery and return to work, with a strong focus on preventing long-term disability.

It reflects the care, co-ordination, and partnerships behind each worker’s journey.

In 2025, 80% of workers were off claim within 180 days, compared to 81% in 2024. While slightly lower, this is a steady result, especially as we are seeing more complex injuries and longer recovery paths.

This matters because helping workers recover earlier reduces the risk of long-term disability and supports better outcomes for both workers and employers. Behind this measure are real people, real recoveries, and teams working together every day to support timely, meaningful returns to work.

We will continue building on this progress—strengthening early intervention, expanding access to care, and improving how we support workers throughout their recovery journey.

Access to Care that Supports Recovery and Return to Work

Early, co-ordinated access to care is critical to preventing long-term disability and supporting timely return to work. Reducing delays and ensuring workers receive the right care at the right time helps resolve injuries earlier and prevents cases from becoming prolonged or complex.

In 2025, WorkSafeNB strengthened clinical partnerships to improve access to timely, co-ordinated care and support safe, earlier return to work. Expanding provider networks reduces wait times and brings services closer to workers across the province. Mental health services grew to 55 providers delivering trauma-focused care, all trained in trauma-informed practice. The Interdisciplinary Return to Work (RTW) program expanded with three new clinics, while access to physiotherapy and occupational therapy improved through 27 new providers and broader referral networks.

These enhancements are helping workers recover sooner, return to work earlier, and reduce the risk of long-term disability.



Mental health providers
55



RTW clinics added
3



Physiotherapy providers added
27



Occupational therapy providers added
13

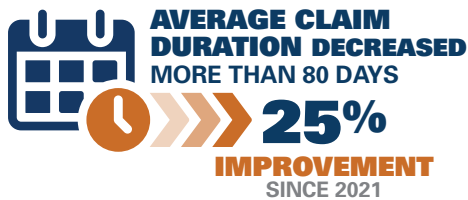
PREVENTION

MORE ACCESS. FASTER CARE. BETTER OUTCOMES.

Shorter Claims, Stronger Outcomes

In 2025, average claim duration decreased to 248 days, down from 260 in 2024. This 4.4% improvement reflects continued progress in helping workers recover and return to work sooner.

The longer term trend is even more significant. Since 2021, average open claim duration has decreased by more than 80 days, a reduction of approximately 25%. This sustained progress reflects the strength of our stay at work and return to work approach across New Brunswick.



This progress is driven by earlier intervention, stronger collaboration with health care providers, and more timely, coordinated care. Employers also play a critical role by supporting safe, gradual return to work and helping workers stay connected to their workplace.

Expanded access to services, including psychological support and specialized care, ensures workers receive the support they need throughout their recovery.

Shorter claim durations mean more than fewer days away from work. They reflect better recovery outcomes, stronger connections to the workplace, and a system that is working as intended for workers and employers.

Strengthening Mental Health Supports for Recovery and Return to Work

Psychological injuries linked to traumatic workplace events require a different approach to treatment and recovery. Just as prevention efforts are tailored to these risks, recovery must also be specialized, timely, and focused on supporting safe return to work.

These cases are often more complex and can result in longer claim durations if not addressed early with the right supports. In 2025, trauma-based TPI claims remained the longest claim duration at an average of 364.7 days, reinforcing the need for a more tailored and proactive approach.

WorkSafeNB is strengthening its approach to traumatic psychological injury (TPI) cases by establishing clearer clinical pathways and expanding access to specialized care. A key step is a partnership with Wounded Warriors Canada, improving access to culturally informed mental health services for trauma-exposed workers and their families. Programs such as the Rapid Psychological Assessment Network and SUCCEED support earlier identification and faster connection to care.

This approach helps workers recover sooner, maintain connection to their workplace where appropriate, and supports more successful return-to-work outcomes while reducing the risk of long-term disability.



INTEGRITY

We will protect the integrity of the system.

OBJECTIVES

- 1** Effect good governance, including sound legislative and policy frameworks, transparent stakeholder engagement and communication.
- 2** Advance and leverage our capabilities in enterprise risk management and quality assurance.
- 3** Execute on our Modernization Roadmap, reshaping both employee and client experiences, as we fully embrace the transformative power of technology.

INTEGRITY



KEY STRATEGIC MEASURE

FUNDING POSITION



A strong funding position is fundamental to trust in the system. It ensures we can deliver on our commitment to injured workers while providing stability and predictability for employers.

By law, we must maintain a minimum funding level of 100%, with any shortfall recovered over time. In 2019, we set a higher target of 115%–125% to strengthen long-term sustainability and ensure the full cost of workplace injuries is covered—today and into the future—without passing that burden on to future employers.

In 2025, we exceeded our target, reaching 161%. This reflects the shared commitment of employers, workers, and WorkSafeNB to maintaining a strong, resilient system.

This matters because most claim costs extend well beyond the year an injury occurs. With only about 20% of costs paid in the accident year, maintaining a strong funded position ensures we can meet our obligations with confidence, supporting workers throughout their recovery while keeping assessment rates stable.

This is how we uphold our responsibility to today's workforce and future generations, and how we continue to build confidence in the system.

Strong Investment Performance

WorkSafeNB's investment program delivered strong results in 2025, helping fund benefits and services while supporting stable assessment rates for employers. Investment income

remains an important funding source, contributing to long-term financial sustainability. These strong returns were also a key driver of the performance refunds issued to employers.

In 2025, the portfolio delivered a return of 15.2%, generating approximately \$289.8 million in investment income. This was an important contributor to our strong funded position and overall system performance.

Our long-term objective is a 3.75% real rate of return, achieved through a disciplined, diversified portfolio designed to perform across market cycles. While results will vary year to year, this approach is built for stability over time.

With a hybrid model, external expertise and internal oversight work together to manage risk, navigate volatility, and protect the long-term sustainability of the system.

INTEGRITY

ENGAGING FOR BETTER OUTCOMES

Strong policy starts with listening

At WorkSafeNB, engaging with workers, employers, and partners is how we ensure our system reflects real experiences and the needs of today's workplaces.

In 2025, we strengthened this approach through ongoing consultation and our online engagement platform, TalkSafetyNB, making it easier for New Brunswickers to share feedback and help shape decisions. This input directly informed key work, including the review of the *Workplace Health, Safety and Compensation Commission* and *Workers' Compensation Tribunal Act*.

We also continued to evolve our policy framework, approving changes to 20 policies, four of which were developed with public input through TalkSafetyNB. This ensures our policies remain relevant, transparent, and aligned with legislation.

The result is meaningful change. Legislative updates introduced in summer 2025 modernize the system and strengthen financial security for workers and their families.

By listening and acting, WorkSafeNB continues to build a fair, responsive, and trusted system for New Brunswickers.



MAJOR BENEFIT ENHANCEMENTS INTRODUCED IN 2025

- **SIMPLIFIED AND ENHANCED SURVIVOR BENEFITS** for clearer, more stable support
- **STRONGER PROTECTIONS FOR YOUNG WORKERS** through updated future earnings assessments
- **LARGER LUMP SUM ANNUITIES** for workers with smaller retirement set-asides
- **UPDATED IMPAIRMENT RATINGS** aligned with the latest AMA Guides
- **CLEARER, MORE INCLUSIVE LANGUAGE** in the *Workers' Compensation Act*

These changes build on 2024 improvements and mark the second phase of the most significant benefit overhaul in decades.

INTEGRITY

OUR MODERNIZATION JOURNEY

MODERNIZATION

Modernization at WorkSafeNB is about strengthening how we deliver on our responsibilities through improvements to our culture, processes, and systems. It supports better decisions, clearer processes, and more reliable service for workers and employers.

As stewards of the system, we must ensure benefits are delivered accurately, resources are managed responsibly, and decisions are made with transparency and consistency. By improving how information flows, how work moves, and how teams connect, we strengthen performance and accountability.

WorkSafeNB's modernization journey is broader than systems alone. It began with a focus on culture, service delivery models, data governance, and how we work across teams.

In total, 30 projects support this transformation, including five core system initiatives. To date, 22 projects have been completed and two are underway, reflecting strong progress and ensuring new systems are supported by the right processes and ways of working.

The following highlights show how this work is taking shape in practice.

A FOUNDATION FOR BETTER SERVICE

Delivering excellent service to New Brunswickers starts with equipping our people with the tools they need to do their best work. Over the past year, we have taken important steps to modernize how we work through SPARC, our new HR and finance system.



SPARC simplifies and connects core functions such as people management,

finance, and procurement. It brings these areas into one integrated system, reducing complexity and making day-to-day work easier to navigate.



About 70 people gathered on March 27, 2025, at WorkSafeNB's Saint John headquarters to officially launch the SPARC: Finance and HR initiative.

This is not just a technology upgrade. It is a practical investment in how we operate as a service provider. It improves transparency,

consistency, and accountability in how we make decisions and manage resources.

INTEGRITY

OUR MODERNIZATION JOURNEY

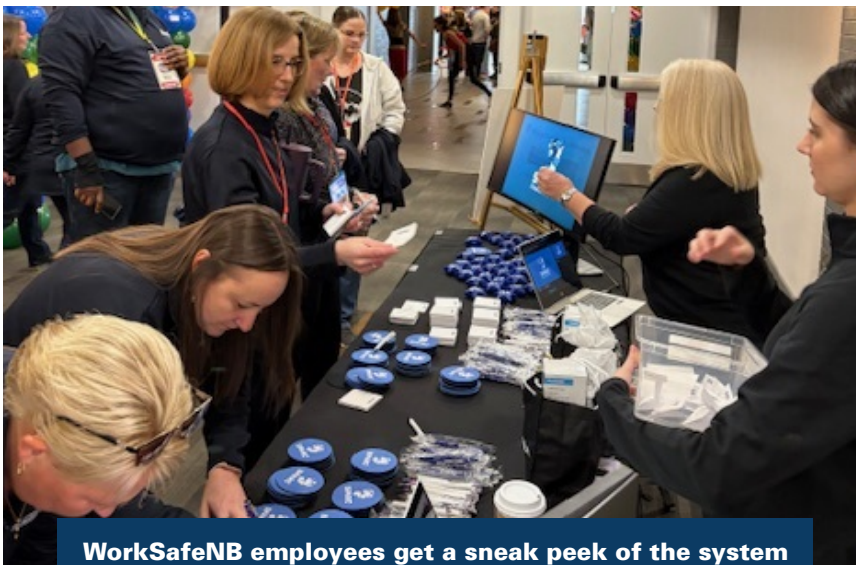
SIMPLIFYING WORK, STRENGTHENING DECISIONS

By streamlining processes and improving access to real-time information, SPARC reduces administrative burden and supports faster, more informed decision-making. Teams move work forward more efficiently, approvals happen faster, and information is easier to access and share. This lets employees spend less time on systems and more time supporting workers and employers.

Better data and stronger financial oversight improve planning and resource management, while reinforcing transparency and accountability. Leaders gain clearer visibility, supporting stronger decisions and stewardship. At the same time, more consistent processes make collaboration easier and create a more seamless experience for the people we serve.

STRONGER CONNECTIONS WITH OUR PARTNERS

SPARC also improves how we work with external partners. Suppliers benefit from more transparent and efficient processes, including the ability to track transactions and manage their information more easily. These improvements reduce administrative effort and support stronger working relationships.



WorkSafeNB employees get a sneak peek of the system in a development stage on June 3, 2025, at Connect 2025, WorkSafeNB's annual employee event.

THE IMPACT

When internal processes are simpler and more connected, service becomes more consistent, responsive, and easier to navigate. This strengthens trust and helps ensure people receive the support they need, when they need it.

WHAT DOES SPARC STAND FOR?

SPARC stands for **Supporting People and Reimagining Connectivity**. It represents our bold vision to reimagine one WorkSafeNB, creating a more streamlined, efficient and user-friendly organization.

ANNUAL REPORT 2025

MANAGEMENT DISCUSSION AND ANALYSIS AND
CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

MANAGEMENT DISCUSSION AND ANALYSIS OF 2025 CONSOLIDATED FINANCIAL STATEMENTS AND OPERATING RESULTS

The Management Discussion and Analysis (MD&A) provides management's perspective on key issues that affect the current and future performance of the Workplace Health, Safety and Compensation Commission (operating as WorkSafeNB). The MD&A, prepared as of May 26, 2026, should be read in conjunction with the audited consolidated financial statements and supporting notes for the year ended December 31, 2025.

FORWARD LOOKING STATEMENTS

This report contains forward-looking statements about certain matters that are, by their nature, subject to many risks and uncertainties that may cause actual results to differ materially from these statements. Forward-looking statements include, but are not limited to, WorkSafeNB's objectives, strategies, targeted and expected financial results, and the outlook for its business and for the New Brunswick and global economies. Risks and uncertainties include, but are not limited to, changing market, industry and general economic factors or conditions; changes in legislation affecting WorkSafeNB policies and practices; changes in accounting standards; the ability to retain and recruit qualified staff; and other risks, known or unknown. The reader is cautioned not to place undue reliance on these forward-looking statements.

The *Annual Report*, *Strategic Plan*, and *Assessment Rates* are available at worksafenb.ca.

FUNDING AND FINANCIAL STATEMENT VALUATIONS

As of January 1, 2023, all insurance companies and workers' compensation boards have transitioned to the new International Financial Reporting Standards for Insurance Contracts (IFRS 17).

This new accounting standard requires changes to how WorkSafeNB's financial statements are prepared and reported. It introduces a standardized approach to valuing claim liabilities and adjusts how revenue and liabilities are recognized. While this does not change the fundamental economics of workers' compensation boards, results under IFRS 17 may exhibit increased year-over-year volatility in financial statements because of how the discount rate is determined. The discount rate is key to measuring WorkSafeNB's claim liabilities.

Even though short-term perspectives are reflected in the IFRS 17 financial reporting standards, WorkSafeNB is committed to keeping a long-term outlook when setting assessment rates and measuring funding levels. This commitment ensures stability for employers, helping to mitigate any short-term fluctuations in assessment rates.

Like all other workers' compensation boards across Canada, WorkSafeNB has produced two distinct financial valuations on December 31, 2025:

- **Funding valuation:** Assesses the long-term health of the workers' compensation system, to determine assessment rates and benefit levels. Under the funding valuation, the discount rate used represents the long-term expected investment return of the Accident Fund.
- **Financial statement valuation:** Completed to comply with IFRS 17. Under the financial statement valuation, the discount rate used reflects short-term market expectations and is not related to the investments in the Accident Fund.

While the financial statements are now prepared under IFRS 17, this discussion and analysis focuses on the results under the long-term funding valuation basis, which informs assessment rates and funding levels as these are key factors of importance for our stakeholders. The following table reconciles the results reported in the financial statements to those under the funding valuation basis.

MANAGEMENT DISCUSSION AND ANALYSIS OF 2025 CONSOLIDATED FINANCIAL STATEMENTS AND OPERATING RESULTS (CONTINUED)

As at December 31, 2025 (\$millions)	Financial statement basis	Presentation ¹	Measurement ²	Funding basis
Consolidated Statement of Financial Position				
Total assets	2,251.2	11.9	–	2,263.1
Total liabilities	1,604.7	11.9	(250.2)	1,366.4
Net assets attributable to WorkSafeNB	583.4	–	250.2	833.6
Non-controlling interests	63.1	–	–	63.1
Funding level	N/A			161.0%
Consolidated Statement of Operations				
Excess of revenue over expenses attributable to WorkSafeNB	26.5	–	102.8	129.3

1. Due to the reclassification of insurance related receivables and payables to Insurance contract liabilities.

2. Due to the marked-to-market discount rate methodology prescribed for financial statement insurance contract liabilities compared to the long-term approach used for funding liabilities.

MANAGEMENT DISCUSSION AND ANALYSIS OF 2025 CONSOLIDATED FINANCIAL STATEMENTS AND OPERATING RESULTS (CONTINUED)

FINANCIAL HIGHLIGHTS – FUNDING VALUATION

WorkSafeNB recorded a funded position of \$833.6 million (161.0%) at December 31, 2025, an increase from \$704.2 million (152.9%) at December 31, 2024. This increase was driven by an excess of revenues over expenses of \$129.3 million in 2025, compared to a deficiency of revenues over expenditures of \$33.5 million in 2024. The primary driver of the 2025 funding level increase was strong investment returns of 15.2% in 2025, compared to 10.5% in 2024. The increase was partially offset by distributing funding surplus through \$53.2 million in 2025 performance refunds and distributing \$19.7 million through a rebate of \$0.14 in the 2025 provisional average assessment rate, for a total distribution of \$72.9 million to New Brunswick employers. Benefits liabilities in 2025 increased by \$33.0 million, much of which is associated with increasing costs of new accidents in 2025. Pension annuity liabilities increased by \$6.0 million in 2025, due largely to strong investment returns throughout 2025 used to credit annuity accounts. Assessment revenue increased by 1.2% from \$179.0 million in 2024 to \$181.2 million in 2025. This increase is due to a growth of 7.2% in total assessable payrolls and a shift in payroll towards higher rate industries, largely offset by a 6.8% reduction in the provisional average assessment rate from \$1.18 in 2024 to \$1.10 in 2025.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements include the accounts of WorkSafeNB and WorkSafeNB Investments Limited (WSNBIL). WSNBIL is a subsidiary over which WorkSafeNB exercises control and is defined as having the power to direct the relevant activities of an entity, having exposure or rights to variable returns of the entity, and having the ability to affect the returns through the power it holds. WSNBIL holds infrastructure and real estate assets in trust for WorkSafeNB, the Workers Compensation Board of Prince Edward Island (WCB of PEI) and the Firefighters' Compensation (FC) Act Disability Fund, pursuant to agreements for the combined administration of their respective investments. Although WorkSafeNB does not have legal rights to the proportionate shares that the WCB of PEI and the FC Act Disability Fund hold in WSNBIL, International Financial Reporting Standard 10 (IFRS 10) requires WorkSafeNB to present consolidated financial statements as they have control over WSNBIL as defined in IFRS 10. As a result, WSNBIL has been fully consolidated in these financial statements.

The proportionate ownership of the net assets of WSNBIL as of December 31, 2025 was: WorkSafeNB – 87.1%, WCB of PEI – 11.2%, FC Act Disability Fund – 1.7%. All transactions and balances between WorkSafeNB and WSNBIL are eliminated on consolidation.

Non-controlling interests, presented as part of equity, represent the portion of WSNBIL's net assets that are held by the WCB of PEI and the FC Act Disability Fund.

MANAGEMENT DISCUSSION AND ANALYSIS OF 2025 CONSOLIDATED FINANCIAL STATEMENTS AND OPERATING RESULTS (CONTINUED)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The key components of WorkSafeNB's consolidated statement of financial position are its investments, benefits liabilities, pension annuity liabilities, and funded position.

FINANCIAL HIGHLIGHTS

Consolidated Statement of Financial Position

(\$millions)	2025	2024
Portfolio investments	2,174.5	1,996.6
Benefits liabilities	1,223.0	1,189.9
Pension annuity liabilities	118.5	112.5
WorkSafeNB funded position	833.6	704.2
WorkSafeNB funding level	161.0%	152.9%

Investments

WorkSafeNB's investment portfolio must be customized to reflect its purpose, time horizon, liquidity requirements, legal constraints and its stakeholders' risk tolerance. The primary investment risk is that the investment fund's assets, together with the future income thereon, will be insufficient to pay the liabilities.

Most of the investment portfolio is held to meet payment obligations that extend for many years into the future. Consequently, WorkSafeNB takes a long-term approach to finding an acceptable risk/return trade-off via the investment strategy. WorkSafeNB's investment policies and practices are designed to maximize the probability of meeting its performance objectives over the long-term at an acceptable risk level; from year-to-year, short-term fluctuations in financial markets could cause the investment portfolio to significantly over- or under-perform its long-term performance objectives.

WorkSafeNB believes that the most important factor in determining investment risk and return is the asset mix. WorkSafeNB relies on periodic asset liability studies performed by independent actuarial consultants to ensure that the investment strategy is suitable considering the risk tolerance and the nature of the liabilities and financial position. The latest asset liability study was completed in 2024, resulting in a targeted asset mix of: 11% Canadian bonds, 11% Canadian equities, 10% U.S. equities, 13% international (EAFE) equities, 3% emerging markets equities, 15% real estate, 15% infrastructure, 15% global opportunistic, 5% equity market neutral and 2% cash.

This asset mix is designed to reduce the volatility in WorkSafeNB's annually reported operating income, funding level and assessment rates.

The table below shows the fair value of WorkSafeNB investments by investment type as of December 31.

INVESTMENTS		
(\$millions)	2025	2024
Forward foreign exchange contracts	16.6	(17.5)
Fixed income	228.0	322.8
Equities	825.2	826.2
Real estate	372.4	301.6
Infrastructure	304.3	261.5
Global Opportunistic	428.0	302.0
Total investments	2,174.5	1,996.6

MANAGEMENT DISCUSSION AND ANALYSIS OF 2025 CONSOLIDATED FINANCIAL STATEMENTS AND OPERATING RESULTS (CONTINUED)

WorkSafeNB's investment strategy is documented in the Statement of Investment Philosophy and Beliefs Policy and the Investment Goals and Objectives Policy. The Statement of Investment Philosophy and Beliefs Policy documents the governance structure for investments, WorkSafeNB's commitment to a disciplined approach to investing, WorkSafeNB's view on diversification as a method to reduce risk, the importance of the asset allocation decision, along with the WorkSafeNB's view on ethics and investment education.

The Investment Goals and Objectives Policy identifies the policy asset mix and performance objectives; and defines eligible investments and limits on risk concentrations. WorkSafeNB's investments are managed by independent external investment managers. The compliance of these portfolio managers with policy is monitored regularly.

To minimize the volatility of returns, WorkSafeNB's portfolio is diversified among asset classes, industry sectors, geographic locations and individual securities. WorkSafeNB further diversifies by selecting investment managers with varying investment mandates and styles.

In December 2021, WorkSafeNB entered into an agreement for outsourced chief investment officer investment management services with a third party, SEI Investment Management Company (SEI). SEI has discretion to invest in public securities consistent with WorkSafeNB policies.

Under a hybrid model, WorkSafeNB continues to manage its private markets and opportunistic investments under an internal chief investment officer – alternatives.

Benefits Liabilities

At the end of each fiscal year, WorkSafeNB determines its benefits liabilities for all injuries that have occurred to that date. These liabilities represent the actuarial present value of all future benefits and related administration costs. The benefits liability increased from \$1,189.9 million in 2024 to \$1,223.0 million in 2025.

Continued improvement with short-term wage loss has seen a gain of \$7.7 million, as payments on prior years' claims are lower than expected. While this has resulted in the number of expected future long-term claims decreasing, the average cost per claim has increased, resulting in a loss of \$11.3 million. Long-term claims that are currently in pay experienced a gain of \$3.8 million, primarily driven by experience from more recent accident years.

Also contributing to the improvement in claims cost experience are gains related to health care and hearing loss benefits. While hospital payments are increasing significantly from their historical low in 2022, they remain below expected levels, generating a gain of \$3.9 million. Likewise, medical payments are also increasing by less than expected, resulting in a gain of \$4.8 million. Hearing loss claims continue to remain stable following a volatile period of increasing claim volumes, and subsequently decreasing following legislative change in late 2018, resulting in a \$6.3 million gain.

Offsetting the underlying improvement in claims costs is \$68.3 million in interest expense from being one year closer to making payments on prior year entitlements, and an increase of \$17.0 million in new accident costs for 2025 over 2024.

MANAGEMENT DISCUSSION AND ANALYSIS OF 2025 CONSOLIDATED FINANCIAL STATEMENTS AND OPERATING RESULTS (CONTINUED)

As at December 31, 2025 claim benefit liabilities were broken down as follows:

BENEFITS LIABILITIES		
(\$millions)	2025	2024
Short-term disability and rehabilitation	132.2	128.1
Long-term disability	530.6	509.5
Survivor benefits	59.7	62.9
Health care	500.5	489.4
Total benefits liabilities	1,223.0	1,189.9

Pension Annuity Liabilities

Pension annuity liabilities represent WorkSafeNB's obligation to provide retirement benefits to eligible injured workers of assessed or self-insured employers equal to the total contributions plus investment income earned on those contributions. As such, the pension annuity liability is measured at an amount equivalent to the fair value of the assets for contributions set aside plus investment income earned on those contributions as at that year-end. At age 65 or upon death, the injured worker or their beneficiary receives a benefit from contributions made to their annuity account, plus any investment income earned. Assets attributable to pension annuities are included and managed as part of WorkSafeNB's investment portfolio.

The pension annuity liabilities at December 31, 2025 were \$118.5 million, a \$6.0 million increase from December 31, 2024.

Funded Position

WorkSafeNB is dedicated to building a strong, stable, and sustainable workers' compensation system that serves New Brunswick's workers and employers today and in the future. A key component of sustainability is WorkSafeNB's funding policy.

WorkSafeNB's funding policy specifies a long-term funding goal (ratio of assets to going-concern liabilities) of between 115% and 125%. This permitted excess of assets over going-concern liabilities reduces the impact of year-to-year fluctuations, therefore providing assessment rate stabilization and enhanced security that awarded benefits will be met. In accordance with the funding policy, the assessment revenue raised in any year from assessed employers may include or be reduced by an amount designed to allow WorkSafeNB to attain its funding goal. As per the funding policy, surplus is defined as the dollar excess of assets (excluding restricted cash – refer to Note 6 of the financial statements) above the upper target funding level of 125%.

During the year, the board approved a \$53.2 million distribution to eligible employers in the form of performance refunds. This is included in the Employer Distribution on the Statement of Operations. Effective September 2024, WorkSafeNB implemented an amended funding policy as follows:

MANAGEMENT DISCUSSION AND ANALYSIS OF 2025 CONSOLIDATED FINANCIAL STATEMENTS AND OPERATING RESULTS (CONTINUED)

In periods where the funding level falls below 115%:

- An assessment rate surcharge is levied upon employers to return to the 115% funding level. The surcharge is the difference between the cumulative going-concern financial results and the 115% funding level, amortized over a period of not greater than 10 years.
- Under the WC Act, a minimum funding level of 100% is required, with any shortfall to be recovered within a reasonable and prudent period not greater than 15 years.

In periods where the funding level exceeds 125%:

- The surplus between 125% and 140% is used to determine an assessment rate rebate issued to employers. The credit is the surplus between 125% and 140%, amortized over a period not greater than 10 years.
- The surplus between 140% and 150% may be distributed at the discretion of the board as part of their rate setting process in the following year.
- The surplus above 150% must be distributed to employers.

WorkSafeNB's funding level at December 31, 2025 is 161.0% (2024 – 152.9%). This results in a mandatory distribution of \$130.1 million to employers in 2026 which is included in Employer Distribution payable recognized on the Statement of Financial Position and Employer Distribution on the Statement of Operations for December 31, 2025.

CONSOLIDATED STATEMENT OF OPERATIONS

FINANCIAL HIGHLIGHTS

Consolidated Statement of Operations

(\$millions)	2025	2024
Assessment revenue	163.3	162.4
Administration fee income	17.9	16.6
Investment income	289.8	206.4
Claims costs incurred	174.1	132.9
Pension annuity costs	22.3	17.2
Administration costs	83.3	76.0
Employer Distribution	51.8 ¹	180.6
Excess (deficiency) of revenues over expenses attributable to WorkSafeNB	129.3	(33.5)
Market rate of return of portfolio	15.23%	10.46%

1. Includes \$53.2 million in 2025 performance refunds, and a reversal of \$1.4 million in 2024 performance refunds.

REVENUES

WorkSafeNB's revenue is derived from two sources: assessment revenue and investment income. In 2025 revenues totalled \$471.0 million, a 22.2% increase from 2024 revenues of \$385.4 million.

Assessment Revenue

Assessment revenue consists of premiums from assessed employers and administration fee revenue from self-insured employers. Assessed employers pay premiums based on their assessment rate and assessable payroll. The assessment rate is applied to each \$100 of assessable payroll to arrive at the total premium. Administration fee revenue from self-insured employers reflects an appropriate share of administration costs to administer the claims.

MANAGEMENT DISCUSSION AND ANALYSIS OF 2025 CONSOLIDATED FINANCIAL STATEMENTS AND OPERATING RESULTS (CONTINUED)

Assessment revenue from assessed employers increased slightly by 0.5% from \$162.5 million in 2024 to \$163.3 million in 2025. The increase is the result of a 7.2% increase in assessable payrolls, partially offset by a 6.8% reduction in the provisional average assessment rate from \$1.18 in 2024 to \$1.10 in 2025. Above average rate sectors such as health care, construction, manufacturing, and retail have shown large payroll increases again in 2025. The maximum assessable earnings increased by 9.5% from \$76,900 in 2024 to \$84,200 in 2025.

ASSESSMENT REVENUE		
(\$millions)	2025	2024
Assessed employers	163.3	162.4
Administration fee revenue – self-insured employers	17.9	16.6
Total assessment revenue	181.2	179.0
Assessable payroll	\$14.36 billion	\$13.33 billion

Investment Income

Investment income increased to a gain of \$289.8 million in 2025 from a gain of \$206.3 million in 2024. The increase is attributable to realized and unrealized gains on investments due primarily to strong equity market returns in 2025.

Investment income is an important revenue stream for WorkSafeNB. It is relied on to supplement insurance revenue to cover total expenses for the year. Built into the valuation of the insurance contract liabilities and into the assessment rate-setting model is the long-term assumption that WorkSafeNB's investments will generate an annual real rate of return of 3.75%. In 2025, the real rate of return on the portfolio was 12.87%. For the 20-year period ended December 31, 2025, the annualized real rate of return on the portfolio was 4.82%.

INVESTMENT INCOME		
(\$millions)	2025	2024
Interest and dividends	49.9	61.7
Net realized gains on investments	123.5	85.9
Change in net unrealized gains on investments	131.2	66.9
Portfolio management expenses	(8.6)	(7.5)
Total investment income	296.0	207.0

EXPENSES

WorkSafeNB's expenses consist of claims costs, pension annuity costs, administration costs, and legislative obligations. In 2025, expenses decreased by 18.3% from \$411.5 million to \$336.4 million, due largely to the distribution of \$53.2 million in performance refunds in 2025 compared to the historic distribution of \$180.6 million in performance refunds to New Brunswick employers in 2024.

EXPENSES		
(\$millions)	2025	2024
Claim costs		
Benefit payments	141.0	130.8
Changes in actuarial valuation of benefits liabilities	33.1	2.1
Pension annuity costs	22.3	17.3
Administration costs	83.3	76.0
Employer surplus distribution	51.8 ¹	180.6
Legislative obligations	5.0	4.7
Total expenses	336.5	411.5

1. Includes \$53.2 million in 2025 performance refunds, and a reversal of \$1.4 million in 2024 performance refunds.

MANAGEMENT DISCUSSION AND ANALYSIS OF 2025 CONSOLIDATED FINANCIAL STATEMENTS AND OPERATING RESULTS (CONTINUED)

Claims Costs

Claims costs represent costs incurred in the current year for current and prior year injuries. These costs include benefit payments made and changes in the actuarial valuation of the benefits liability. Claims costs increased from \$132.9 million in 2024 to \$174.1 million in 2025. Total benefit payments in 2025 increased by \$10.2 million, driven by increases in both health care and wage loss benefits. The key drivers of the changes in the actuarial valuation of benefits liabilities are outlined in the benefits liabilities section above.

Fundamental to the actuarial valuation are the discount rates used to value the liabilities. The assumed discount rate for 2025 remained unchanged at 6.08%.

CLAIMS COSTS		
(\$millions)	2025	2024
Short-term disability and rehabilitation	47.7	39.9
Long-term disability	63.5	36.4
Survivor benefits	3.6	9.0
Health care	59.3	47.6
Total claims costs	174.1	132.9

Pension Annuity Costs

WorkSafeNB must provide retirement benefits to eligible injured workers of assessed or self-insured employers equal to the total contributions plus investment income earned on those contributions. These costs amounted to \$22.3 million in 2025 (\$17.3 million in 2024).

Administration Costs

WorkSafeNB's administration costs increased by \$7.3 million (9.7%) from \$76.0 million in 2024 to \$83.3 million in 2025.

Employer distribution

WorkSafeNB's board of directors adopted a revised funding policy in 2024 following a robust asset liability study. The new funding policy requires the board to distribute funding surplus above 150% to employers and gives discretion to distribute surplus between 140% and 150%. In 2025, the board approved a distribution of \$53.2 million for New Brunswick employers compared to \$180.6 million in 2024.

Legislative Obligations

WorkSafeNB is required by legislation to reimburse the provincial government for operating costs of the workers' and employers' advocates, which were \$1.8 million in 2025 (2024 – \$1.6 million), and \$2.1 million in 2025 (2024 – \$2.2 million) for the Workers' Compensation Appeals Tribunal (WCAT).

In 2025, WorkSafeNB provided \$1.1 million (2024 – \$0.9 million) of financial assistance to three safety associations as per the Workers' Compensation Act: the New Brunswick Construction Safety Association; the New Brunswick Continuing Care Safety Association; and, the New Brunswick Forest Safety Association. The money paid is levied against all employers in the industries represented by the safety associations and is included as part of assessment revenue.

MANAGEMENT DISCUSSION AND ANALYSIS OF 2025 CONSOLIDATED FINANCIAL STATEMENTS AND OPERATING RESULTS (CONTINUED)

KEY FINANCIAL DRIVERS

Employment, Accident Frequency and Claim Duration

Work-related injuries arise from employment. Changes in New Brunswick's employment base and trends in injury frequency and claim duration are the primary drivers of WorkSafeNB's operations and key determinants of the assessment rates that assessed employers pay, as well as the claims costs paid directly by self-insured employers.

Injury frequency can be positively impacted through:

- Good safety practices by both workers and employers.
- A workplace culture of safety leadership.
- WorkSafeNB's focus on providing the right services to the right employer/industry at the right time.

Claim duration can be positively influenced by:

- A focus on early intervention, stay at work, and safe return to work.
- Promptly filing claims reports.
- Early assessment of functional abilities with a comprehensive rehabilitation plan.
- Graduated/modified employer-sponsored return to work plan in place.

Claim duration/severity is particularly important, as a relatively small number of claims account for a very sizable portion of benefit costs.

Inflation Rate

The inflation rate, or Canadian consumer price index (CPI), is a key driver because WorkSafeNB's future short-term disability, long-term disability, survivor and other benefits and allowances are indexed annually based on the CPI.

These benefits increased by 2.67% in 2025 after increasing by 2.81% in 2024. Cost projections include the known CPI increase of 1.86% in 2026 and continue to include a 2.25% long-term inflation assumption for 2027 and beyond, reflecting the best estimate average CPI increase over the next 20 to 30 years.

Investment Returns

WorkSafeNB collects assessments to cover the entire present and future expected costs of injuries incurred in a given year. The assessments collected are invested to produce an expected long-term average real return of 3.75%. This real return is the expected return in excess of inflation, as measured by the increase in the CPI. This return expectation is based on achieving investment returns similar to the historical long-term average returns for the asset classes in which the portfolio is invested.

WorkSafeNB's investment portfolio earned a return of 15.23% in 2025. The real rate of return, or the return after inflation, was 12.87%, exceeding the benchmark of 3.75% by 9.12% for 2025. WorkSafeNB's investment portfolio has exceeded the real rate of return target for the 20-year period ending December 31, 2025, producing an annualized after inflation return of 4.82%.

Performance of the investment portfolio in 2025 was primarily driven by strong equity market returns.

While the expected average real return is 3.75%

MANAGEMENT DISCUSSION AND ANALYSIS OF 2025 CONSOLIDATED FINANCIAL STATEMENTS AND OPERATING RESULTS (CONTINUED)

over long periods, the actual real rate of return can vary significantly over shorter periods due to short-term volatility in the financial markets where WorkSafeNB's portfolio is invested. The long-term fiscal strategy and investment policies document WorkSafeNB's strategy for maintaining investment and funding discipline in volatile markets.

Financial Management

Capital markets remain uncertain, and it is critical that WorkSafeNB maintains a disciplined planning and decision-making process to protect the Accident Fund's integrity and stability. WorkSafeNB is a long-term investor with a strong financial position. This allows for patience and the ability to stay committed to proven investment principles and beliefs.

RISKS

Trends and events within New Brunswick and across Canada are intricately linked to achieving our vision. Environmental, economic, and societal factors pose risks, as well as opportunities, for WorkSafeNB. To maximize opportunities and manage risks, the board of directors regularly reviews its strategic direction and the risks facing the organization and decides whether to reaffirm or adjust treatment of its risk portfolio and its strategies.

WorkSafeNB plays an important role in New Brunswick's economy. Our 2025-2029 Strategic Plan is based on three focus areas that form the foundation of our efforts to ensure New Brunswick is the safest place to work and that it is sustainable for years to come. The plan demonstrates how we will provide value by focusing on People, Prevention, and Integrity, including specific strategies, objectives, measures, and targets for 2025-2029.

In 2025, 14 corporate-level risks were identified (all at a moderate or low level of residual risk) and were monitored and managed by WorkSafeNB. These included risks of Cyber Security, Resourcing for Modernization Projects, Data Governance, Supply Chain, Psychological Health and Safety, Compliance, Client Experience, Funded Position, Learning and Development, Privacy Breach, Vendor Lifecycle Management, Crisis Management, Governance, and Changing and Evolving Accounting Standards.

LOOKING AHEAD

Looking ahead to 2026, we continue to be inspired by our values - Accountability, Collaboration, Trust and our unwavering focus on People, Prevention and Integrity. 2026 marks an important moment for WorkSafeNB. We are moving from planning to action on several significant initiatives, including major system transformations that will change how we work and how we serve New Brunswick's workers and employers. These efforts are designed to strengthen service delivery, improve outcomes, and support safer, healthier workplaces across the province. Key initiatives for 2026 include:

Sustainable, Inclusive and Engaged Workforce

We continue to focus on creating an engaging, people-first workplace that attracts and retains talented individuals, recognizing that a healthy, vibrant culture is essential to delivering exceptional experiences for New Brunswick's workers and employers. Building on strong employee engagement, reflected in a 91% participation rate and an overall engagement score of 76, we will sustain the high standards recognized through our designation as one of Atlantic Canada's Top Employers. Our ongoing efforts emphasize employee well-being, a strong and supportive culture, and meaningful opportunities for learning, growth, and career development.

MANAGEMENT DISCUSSION AND ANALYSIS OF 2025 CONSOLIDATED FINANCIAL STATEMENTS AND OPERATING RESULTS (CONTINUED)

Looking ahead, we are focused on building a capable, resilient workforce equipped to meet the evolving needs of the organization and the system we support. This includes strengthening leadership capacity, developing critical skills, and continuously improving how we work. As part of this broader effort, we continue to advance work related to inclusion, diversity, equity, and accessibility, alongside our commitment to psychological health and safety. Together, these efforts support a sustainable, high-performing organization where people are supported to do their best work, today and into the future.

Service Excellence Across the Client Journey

Workers, employers, and service providers rely on timely access to clear information, responsive service, and trusted guidance when engaging with WorkSafeNB. We remain focused on improving the moments that matter most in the client journey, particularly early interactions that influence recovery outcomes, financial stability, and confidence in the system. This includes strengthening recovery-focused communication, enhancing the overall client experience, and supporting early and safe return-to-work outcomes through clearer expectations and collaboration. We are also continuing our multi-year modernization efforts to make it easier for clients to interact with WorkSafeNB. This includes improving how information and services are accessed across digital and phone channels, simplifying navigation, and strengthening first-point-of-contact experiences. Together, these efforts support more timely resolution, clearer pathways for clients, and a more consistent and reliable service experience.

Strong Partnerships and Shared Accountability

WorkSafeNB works closely with employers, workers, industry associations, and community partners to strengthen workplace safety and health across New Brunswick. Through collaboration, we help ensure safety knowledge, tools, and supports are practical, accessible, and aligned with the realities of today's workplaces.

Regional collaboration is addressing complex safety challenges. With construction activity increasing, WorkSafeNB has partnered with Nova Scotia to strengthen tower crane safety across the Maritimes through aligned inspection practices, joint inspections, and shared technical expertise. Engagement with the fishing industry will continue through overboard demonstrations and outreach, ensuring fish harvesters have the education and resources needed to keep workers safe on the water.

Supporting young and new workers remains a key prevention focus. In 2026, WorkSafeNB will continue delivering interactive e-learning modules designed specifically for young workers and supporting Step Up Your Safety, an education program for high school students developed in partnership with the Department of Education and Early Childhood Development. These initiatives help young people understand workplace rights, recognize hazards, and make safe choices before entering the workforce. Partnerships supporting newcomers and temporary foreign workers will also continue, ensuring safety information is accessible regardless of language or experience.

MANAGEMENT DISCUSSION AND ANALYSIS OF 2025 CONSOLIDATED FINANCIAL STATEMENTS AND OPERATING RESULTS (CONTINUED)

Supporting Psychological Safety Across Workplaces

WorkSafeNB is focused on supporting employers to create psychologically safe workplaces, prevent psychological injuries arising from work, and support recovery and safe return to work when injuries do occur. This work is guided by a comprehensive, prevention-focused mental health strategy aligned with the CSA Standard for Psychological Health and Safety.

Our approach combines education and guidance for employers, early intervention and prevention supports, and effective claims management and rehabilitation for workers experiencing psychological injury, including trauma-related impacts. This includes the integration of Psychological Health Consultants who provide direct workplace support and respond to psychological health and safety needs.

Enhanced Services and Client Programs for Better Outcomes

Preventing long-term disability and supporting safe, sustainable return to work is a core priority. We are strengthening stay-at-work and early intervention practices to keep workers connected to the workplace and support recovery before disability becomes entrenched. This includes closer collaboration among workers, employers, and health-care providers, with a clear focus on improving return-to-work outcomes at 180 days.

To support this work, we are strengthening clinical partnerships to ensure timely, coordinated, and appropriate care for both physical and psychological injuries, including trauma-related claims. Together, these efforts reduce claim duration, prevent long-term disability, and help New Brunswick workers return to meaningful work safely and confidently.

Targeted Support for High-Risk Workplaces

WorkSafeNB continues to prioritize targeted physical safety initiatives for workers in high-risk industries. Every worker deserves to come home safe, and reducing injuries in these sectors protects livelihoods, families, and communities. Nursing home and acute care initiatives launched in 2025, focused on ergonomic safety, will continue in 2026 to help ensure the well-being of healthcare workers.

In 2026, we will focus on value-added relationships with key stakeholders in manufacturing and municipal sectors, while maintaining attention on industries facing higher or emerging risks. Several recently launched initiatives will continue to advance, supporting supervisors and workplace leaders through expanded health and safety consultation services. These efforts increase awareness of legal obligations and strengthen leadership capabilities to foster values-driven, safety-centred workplace cultures.

WorkSafeNB will also continue promoting our Heavy Equipment Safety Campaign, addressing an area where workplace deaths have been a concern in New Brunswick. WorkSafeNB will also enhance partnerships with external safety training providers, increasing access to supervisor-focused programs across industries. By combining targeted interventions, leadership support, and sector-specific education, we aim to reduce workplace injuries, promote safer practices, and support strong, resilient safety cultures in New Brunswick's most at-risk workplaces.

MANAGEMENT DISCUSSION AND ANALYSIS OF 2025 CONSOLIDATED FINANCIAL STATEMENTS AND OPERATING RESULTS (CONTINUED)

Modernizing Core Systems to best meet the needs of our clients and employees

WorkSafeNB is continuing to strengthen its core systems to better support how we work and how we deliver services to New Brunswick's workers and employers. In 2026, our focus is on making meaningful progress on externally facing systems that directly impact client experience, access to services, and responsiveness to employer and worker needs

At the same time, we are advancing foundational internal systems that enable this work. The implementation of a modern HR and Finance platform establishes a stable, integrated backbone that improves internal processes, data quality, and workforce enablement. While these systems are primarily internal, they are critical to supporting reliable service delivery and future client-facing improvements.

Together, this work positions WorkSafeNB to move forward with confidence on external system enhancements, supported by strong internal foundations. By strengthening our core technology, building staff capability, and prioritizing systems that matter most to clients, we are improving our ability to deliver timely, effective, and sustainable services now and into the future.

Strengthening Governance and Legislative Frameworks

A modern, responsive workers' compensation system is essential to supporting injured workers, protecting employers, and ensuring the long-term sustainability of the system for New Brunswickers. Ongoing legislative review plays an important role in ensuring the Workers' Compensation Act continues to reflect evolving workplaces, emerging risks, and current medical and legal evidence.

In 2026, WorkSafeNB will advance a comprehensive review of the legislative framework, informed by analysis, stakeholder input, and best practices from across Canadian jurisdictions. This work will focus on areas of the Act with significant impact on workers, families, and employers, as well as provisions that influence fairness, clarity, and consistency across the system.

The review will also consider opportunities to improve alignment, reduce complexity, and address provisions that may no longer reflect current realities. Consultation and engagement activities will be undertaken to inform potential recommendations, with timing and scope subject to board consideration and government direction.

Through this work, WorkSafeNB aims to strengthen governance, support informed decision-making, and ensure the compensation system remains fair and effective, and financially sustainable for the province.

Financial Excellence

Building on the historic introduction of performance refunds in 2024, WorkSafeNB issued \$53.2 million in performance refunds to eligible employers during 2025. This reflects strong financial stewardship, a record-low average assessment rate, and continued progress in workplace safety. Safe workplaces and affordable rates remain central to our mandate and to supporting New Brunswick's economy.

Summary

In 2026, WorkSafeNB will continue to focus on prudent financial management, long-term sustainability, and responsible decision-making to maintain system stability and deliver value for both workers and employers.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

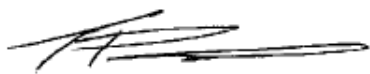
WorkSafeNB's consolidated financial statements were prepared by management, which is responsible for the integrity and fairness of the data presented, including significant accounting judgments, estimates and actuarial assumptions. This responsibility includes selecting and applying appropriate accounting principles and actuarial assumptions consistent with International Financial Reporting Standards.

In discharging its responsibility for the integrity and fairness of the consolidated financial statements, management maintains the internal controls necessary to provide reasonable assurance that relevant and reliable financial information is produced, and that assets are properly safeguarded. The Internal Audit Department conducts reviews to ensure that WorkSafeNB's internal controls and procedures are adequate, consistent, and applied uniformly.

The board of directors is responsible for evaluating management in the performance of financial reporting responsibilities, and has approved the consolidated financial statements included in this annual report. The board of directors is assisted by the Audit Committee, which reviews and recommends approval of the consolidated financial statements and meets periodically with management, the independent actuaries, the independent auditors and the internal auditor, concerning internal controls and all other matters relating to financial reporting.

Eckler, WorkSafeNB's independent consulting actuary, has completed an actuarial valuation of the benefits liabilities included in WorkSafeNB's consolidated financial statements and reported thereon in accordance with accepted actuarial principles.

Doane Grant Thornton LLP, WorkSafeNB's independent auditors, has performed an audit of WorkSafeNB's consolidated financial statements in accordance with International Financial Reporting Standards. The Independent Auditors' Report outlines the scope of this independent audit and includes the opinion expressed on the consolidated financial statements.



Tim Petersen, CA
President and Chief Executive Officer
WorkSafeNB



Carolyn MacDonald
Vice-president, Strategy and Finance
WorkSafeNB

ACTUARIAL STATEMENT OF OPINION

ECKLER

We have completed the actuarial valuation of the liability for incurred claims of WorkSafe New Brunswick (“WorkSafeNB”) as at December 31, 2025 (the “valuation date”) in accordance with the requirements under IFRS 17. The valuation is based on the provisions of the Workers’ Compensation Act of New Brunswick and on WorkSafeNB’s policies and practices in effect on the valuation date.

The estimate of the actuarial liability for incurred claims for assessed employers under IFRS 17 as at the valuation date is \$1,343,005,000. This estimate includes a provision for benefits and administration expenses expected to be paid after the valuation date for accidents that occurred on or before the valuation date. It also includes a provision for long-latency occupational disease claims associated with exposure that occurred on or before the valuation date. Self-insured employers are not included in this valuation.

Details of the data, actuarial assumptions, valuation methods and results are included in the actuarial valuation report as at the valuation date, of which this statement of opinion forms part. In our opinion:

1. The data on which the valuation is based are sufficient and reliable for the purpose of the valuation. Data for the valuation was supplied by WorkSafeNB in accordance with specifications provided by us and we applied such checks of reasonableness of the data as we considered appropriate.
2. The assumptions used are appropriate for financial reporting purposes under IFRS 17. The discount rate and economic assumptions used in the valuation are disclosed in note 4 to the financial statements.
3. The methods employed in the valuation are appropriate for the purpose of the valuation.
4. The amount of the actuarial liability for incurred claims makes appropriate provision for all personal injury compensation obligations given the plan’s accounting.

The valuation report has been prepared and our opinions have been given in accordance with accepted actuarial practice in Canada.

Further information on the data, assumptions, methods, and valuation results can be found in the actuarial valuation report. Emerging experience, differing from the assumptions, will result in gains or losses which will be revealed in future valuations.

Respectfully submitted,



Thane MacKay, FCIA
May 2026

This report has been peer reviewed by Jeff Turnbull, FCIA

INDEPENDENT AUDITOR'S REPORT

To the board of directors of

WORKSAFENB

Opinion

We have audited the consolidated financial statements of Workplace Health, Safety and Compensation Commission of New Brunswick (operating as "WorkSafeNB"), which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statement of operations, consolidated statement of changes in net assets and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of WorkSafeNB as at December 31, 2025, and its consolidated financial performance and its consolidated 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 Consolidated Financial Statements* section of our report. We are independent of the WorkSafeNB in accordance with the ethical requirements that are relevant to our audit of the consolidated 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 Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Annual Report but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the WorkSafeNB'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 board or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing WorkSafeNB's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 WorkSafeNB's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

- 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 WorkSafeNB'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 consolidated 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 WorkSafeNB to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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.

Doane Grant Thornton LLP

Doane Grant Thornton LLP
Chartered Professional Accountants

Saint John, Canada
May 27, 2026

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of dollars)

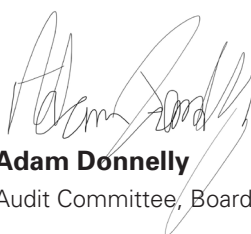
	<u>2025</u>	<u>2024</u>
ASSETS		
Cash and cash equivalents (Note 6)	\$ 61,955	\$ 65,578
Receivables and other (Note 7)	9,937	7,981
Investments (Notes 8 and 9)	2,174,507	1,996,554
Capital assets (Note 10)	4,796	3,677
Total assets	\$ 2,251,195	\$ 2,073,790
LIABILITIES		
Payables and accruals (Note 11)	\$ 6,908	\$ 9,698
Employer distribution payable (Note 23)	130,248	17,241
Self-insured pension annuity liabilities (Note 12)	21,768	19,725
Insurance contract liabilities (Notes 4, 5 and 13)	1,445,757	1,422,972
Total liabilities	1,604,681	1,469,636
NET ASSETS		
WorkSafeNB net assets	583,370	556,836
Non-controlling interests (Note 3)	63,144	47,318
Total net assets	646,514	604,154
Total liabilities and net assets	\$ 2,251,195	\$ 2,073,790

On behalf of the board of directors:



James E. A. Stanley

Audit Committee, Board of Directors



Adam Donnelly

Audit Committee, Board of Directors



Mel Norton

Chairperson, Board of Directors

The accompanying notes form an integral part of the consolidated financial statements.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2025

(in thousands of dollars)

	<u>2025</u>	<u>2024</u>
Insurance revenue	\$ 163,053	\$ 162,496
Insurance service expenses (Note 14)	(187,452)	(177,487)
Net insurance service result (Note 13)	(24,399)	(14,991)
Net investment income (Note 8)	290,752	207,021
Net insurance finance expenses (Note 15)	(48,610)	(69,058)
Other income and (expenses)		
Administration and other expenses (Note 18)	(33,532)	(29,759)
Employer distribution (Note 23)	(170,429)	(192,164)
Admin fees from self-insured employers (Note 19)	17,966	16,581
Total other income and (expenses)	(185,995)	(205,342)
Excess (deficiency) of revenues over expenses	<u>\$ 31,748</u>	<u>\$ (82,370)</u>
Excess (deficiency) of revenues over expenses attributable to:		
WorkSafeNB stakeholders	\$ 26,534	\$ (89,784)
Non-controlling interests (Note 3)	5,214	7,414
	<u>\$ 31,748</u>	<u>\$ (82,370)</u>

The accompanying notes form an integral part of the consolidated financial statements.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2025

(in thousands of dollars)

	<u>2025</u>	<u>2024</u>
WorkSafeNB net assets, beginning of year	\$ 556,836	\$ 646,620
Excess (deficiency) of revenues over expenses	26,534	(89,784)
WorkSafeNB net assets, end of year	\$ 583,370	\$ 556,836
Non-controlling interests, beginning of year	\$ 47,318	\$ 35,605
Capital contributions by non-controlling interests	15,655	7,199
Distributions to non-controlling interests	(5,043)	(2,900)
Excess of revenues over expenses	5,214	7,414
Non-controlling interests, end of year	63,144	47,318
Total net assets	\$ 646,514	\$ 604,154

The accompanying notes form an integral part of the consolidated financial statements.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2025

(in thousands of dollars)

	<u>2025</u>	<u>2024</u>
Cash flow from operating activities		
Cash received from:		
Employer assessments	\$ 175,495	\$ 176,021
Interest and dividends	51,151	59,801
Cash paid to:		
Injured workers or third parties on their behalf	(157,331)	(140,040)
Employer distribution	(51,810)	(172,814)
Suppliers and employees, for administration and other services	(102,481)	(86,818)
Net cash used in operating activities	<u>(84,976)</u>	<u>(163,850)</u>
Cash flow from investing activities		
Cash received from:		
Sale of investments	656,008	730,449
Contributions by non-controlling interests	15,655	7,229
Cash paid for:		
Purchase of investments	(584,061)	(573,166)
Purchase of capital assets – net of proceeds	(1,134)	1,536
Distributions to non-controlling interests	(5,043)	(2,902)
Net cash provided by investing activities	<u>81,425</u>	<u>163,146</u>
Cash flow from financing activities		
Repayment of lease liabilities	(72)	(24)
Net cash used in financing activities	<u>(72)</u>	<u>(24)</u>
Decrease in cash during the year	(3,623)	(728)
Cash and cash equivalents, beginning of year	65,578	66,306
Cash and cash equivalents, end of year	<u>\$ 61,955</u>	<u>\$ 65,578</u>

The accompanying notes form an integral part of the consolidated financial statements.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

(in thousands of dollars)

1. AUTHORITY AND NATURE OF OPERATIONS

The Workplace Health, Safety and Compensation Commission (operating as WorkSafeNB) was established by the New Brunswick Legislature effective January 1, 1995, under the Workplace Health, Safety and Compensation Commission Act (WHSCC Act). WorkSafeNB, having its head office at 1 Portland Street, Saint John, New Brunswick, is responsible for administering the Workplace Health, Safety and Compensation Commission and Workers' Compensation Appeals Tribunal Act (WHSCC & WCAT Act), the Workers' Compensation Act (WC Act), and the Occupational Health and Safety Act (OHS Act); and, in accordance with the provisions of these acts, for promoting injury prevention; administering benefits payments to injured workers and surviving spouses; and levying and collecting employer assessments sufficient to fund the current and future costs of existing claims.

WorkSafeNB is also responsible for administering the Firefighters' Compensation Act (FC Act) and, in accordance with the provisions of the Act, for administering the payment of benefits to firefighters or former firefighters and dependants and levying and collecting assessments from municipalities and rural districts. The results of operations under the FC Act are not included in WorkSafeNB's consolidated financial statements, as WorkSafeNB does not control the FC Act Disability Fund. A separate set of financial statements is prepared for the FC Act.

WorkSafeNB's consolidated financial statements were authorized for issue by the board of directors on May 26, 2026.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

(in thousands of dollars)

2. NEW OR REVISED ACCOUNTING STANDARDS OR INTERPRETATIONS

The International Accounting Standards Board (the IASB) is continually working toward improving and developing new accounting standards. The IASB has issued a number of exposure drafts of new standards that are expected to come into effect over the next several years. WorkSafeNB continually monitors the IASB work plans and publications to assess any potential impact on the organization.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early

At the date of authorization of these consolidated financial statements, a new, but not yet effective, standard has been published by the IASB or IFRIC:

- IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 establishes new requirements for the presentation and disclosure of information in the consolidated financial statements. IFRS 18 provides new definitions and disclosures of management defined performance measures, and enhances principles governing aggregation and disaggregation of result in the consolidated financial statements and notes.

IFRS 18 is effective for reporting periods on or after January 1, 2027. WorkSafeNB will adopt IFRS 18 on the effective date. WorkSafeNB is currently assessing the impact of the standards on the consolidated financial statements.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

(in thousands of dollars)

3. MATERIAL ACCOUNTING POLICIES AND PRACTICES

The accounting policies set out below have been applied in preparing the consolidated financial statements for the year ended December 31, 2025, and the comparative information for the year ended December 31, 2024.

Accounting policies are selected and applied to ensure that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

(a) Basis of preparation

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards (IFRS) as issued by the International Financial Reporting Interpretations Committee (IFRIC) in effect at December 31, 2025, and are presented in thousands (000s) of Canadian dollars, unless otherwise stated.

WorkSafeNB's consolidated financial statements have been prepared on a historical cost basis except for certain financial assets and liabilities, which are measured at fair value, as explained in the accounting policies below.

(b) Basis of consolidation

The consolidated financial statements include the accounts of WorkSafeNB and WorkSafeNB Investments Limited (WSNBIL). WSNBIL is a subsidiary over which WorkSafeNB exercises control, which is defined as having the power to direct the relevant activities of an entity, having exposure or rights to variable returns of the entity, and having the ability to affect the returns through the power it holds. WSNBIL holds infrastructure and real estate assets in trust for WorkSafeNB, the Workers Compensation Board of Prince Edward Island (WCB of PEI) and the FC Act Disability Fund. The proportionate ownership of the net assets as at December 31, 2025 was: WorkSafeNB – 87.1% (2024 – 87.1%), WCB of PEI – 11.2% (2024 – 11.1%), FC Act Disability Fund – 1.7% (2024 – 1.8%). All transactions and balances between WorkSafeNB and WSNBIL are eliminated on consolidation.

Non-controlling interests, presented as part of equity, represent the portion of WSNBIL's net assets that are held by the WCB of PEI and the FC Act Disability Fund.

(c) Use of accounting estimates and measurement uncertainty

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying WorkSafeNB's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, have been disclosed in Notes 2, 3 and 4. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could be higher or lower than these estimates.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

(in thousands of dollars)

3. MATERIAL ACCOUNTING POLICIES AND PRACTICES (CONTINUED)

(d) Critical accounting judgments

Management incorporates critical judgments in developing and applying accounting policies for recognition and measurement. These judgments have a direct effect on the initial and subsequent recognition and measurement of transactions and balances in the consolidated financial statements. Management has based its judgments and assumptions on information available at the time of preparing the consolidated financial statements.

(e) Cash and cash equivalents

Cash and cash equivalents are recorded at cost, which approximates fair value, and consist of cash and fixed income instruments with maturities of less than one year.

(f) Investments

All portfolio investments are classified by WorkSafeNB as fair value through profit or loss (FVTPL). All investment income, and changes in fair value are included in investment income. Interest and dividend income is recognized in the period earned and realized gains and losses are recognized in the period in which they arise. Unrealized gains and losses are included in investment income (loss) and recognized in the period in which they arise. All purchases and sales of securities classified as portfolio investments are recognized using trade-date accounting.

The portfolio is managed and its performance is evaluated on a fair value basis, in accordance with the policies and directives that document WorkSafeNB's investment strategy and risk controls. The portfolio investments are held to provide for the insurance contract liabilities. The most relevant measure to assess whether the investments are sufficient to pay for the liabilities is fair value.

Fair values of investments are determined as follows:

- Publicly traded equity securities are valued at their year-end quoted market prices as reported on recognized public securities exchanges.
- Fixed-term investments are valued at their year-end closing market prices or the average of the latest bid/ask prices, based on available public quotations from recognized dealers in such securities.
- Commercial paper, short-term notes and treasury bills and term deposits maturing within a year are valued at either their year-end closing or bid price, based on available quotations from recognized dealers in such securities, or at cost plus accrued interest, which approximates fair value.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

(in thousands of dollars)

3. MATERIAL ACCOUNTING POLICIES AND PRACTICES (CONTINUED)

- Pooled fund units are valued at their year-end net asset value, as determined by the fund manager or administrator. For pooled funds holding equity and fixed-income assets, these values represent WorkSafeNB's proportionate share of underlying net assets at fair values determined using either quoted market prices or year-end closing market prices or the average of the latest bid/ask prices, based on available public quotations from recognized dealers in such securities. For pooled funds holding derivatives, cleared derivatives are valued at the closing price quoted by the relevant clearing house, and over the counter derivatives are valued using an industry standard model. Exchange-traded options are valued at the last sale price or the closing bid price for long positions and the closing ask price for short positions. For real estate pooled funds classified as level 2 in the fair value hierarchy, these values represent WorkSafeNB's proportionate share of the underlying net assets at fair values determined using independent appraisals, net of any liabilities against the fund assets. For infrastructure pooled funds and real estate pooled funds classified as level 3 in the fair value hierarchy, these values represent WorkSafeNB's proportionate share of the underlying net assets at fair values estimated using one or more methodologies, including discounted cash flows, multiples of earnings measures, and recent comparable transactions. In the first year of ownership, cost is an appropriate estimate of fair value.
- Forward foreign exchange contracts are valued at their net unrealized gain or loss, based on quoted market exchange rates at the statement of financial position date.

(g) Foreign currencies

Assets denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing at the Statement of Financial Position date. Income from these assets is translated at the rate in effect at the time the income is received.

Realized exchange gains or losses are included in investment income and recognized in the period earned. Unrealized exchange gains or losses resulting from the translation of foreign currency denominated asset balances are recorded in investment income in the period in which they arise.

(h) Insurance contracts

WorkSafeNB accepts insurance risk from employers in exchange for premiums paid. WorkSafeNB separates its arrangement with self-insured employers and applies IFRS 15 Revenue from Contracts with Customers, as further described in Note 19. The nature of the material accounting policies for insurance contracts can be summarized as follows:

Level of aggregation

WorkSafeNB determines its level of aggregation for the insurance contracts by first identifying the portfolios of insurance contracts. Portfolios comprise groups of contracts with similar risks which are managed together. Portfolios are further divided into groups based on expected profitability at inception into three categories: (i) onerous contracts, (ii) contracts with no significant risk of becoming onerous, and (iii) the remainder. Groups of contracts contain contracts issued no more than one year apart.

WorkSafeNB's arrangement with assessed employers gives rise to a single portfolio as the insurance contracts with assessed employers are subject to similar risks and are managed together. This portfolio is further disaggregated into groups of contracts that are issued within a calendar year.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

(in thousands of dollars)

3. MATERIAL ACCOUNTING POLICIES AND PRACTICES (CONTINUED)

Initial recognition

WorkSafeNB recognizes groups of insurance contracts from the earliest of the following:

- The beginning of the coverage period of the group of contracts, or
- The date when the first payment is due from an employer or when the first payment is received, or
- For a group of onerous contracts, as soon as facts and circumstances indicate that the group is onerous.

WorkSafeNB's insurance contracts are issued on a calendar year basis with initial recognition generally being January 1, aside from new employers. The contracts become effective on January 1 annually for existing employers which coincides with the beginning of the coverage period and when the premium rates are considered binding.

Contract boundary

WorkSafeNB includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the period in which WorkSafeNB can compel the policyholder to pay the premiums, or in which WorkSafeNB has a substantive obligation to provide the policyholder with insurance contract services. WorkSafeNB has determined the contract boundary for its insurance contracts to be one year as it only has the substantive right to compel assessed employers to pay premiums annually and has the practical ability to reassess the risks and set a price that fully reflects these risks annually.

Measurement of insurance contracts

Insurance contract liabilities are measured using one of the following measurement models:

a) The General Measurement Model (GMM)

The General Measurement Model requires insurance contracts to be measured using current estimates of discounted future cash flows, an adjustment for risk and a contractual service margin representing the profit expected from fulfilling the contracts.

b) The Premium Allocation Approach (PAA)

The Premium Allocation Approach is a simplified model that can be applied to insurance contracts with coverage periods of one year or less, or where the Premium Allocation Approach approximates the General Measurement Model. The Premium Allocation Approach includes discounted future cash flows and an adjustment for risk but does not include a contractual service margin (referred to as "fulfilment cash flows").

WorkSafeNB has assessed the coverage period of all its insurance contracts as one year in length, and as such, has applied the Premium Allocation Approach on to all insurance contracts.

WorkSafeNB's insurance contract liabilities are comprised of two components: 1) Liabilities for remaining coverage comprising fulfilment cash flows related to future service allocated to each group of contracts at period end and 2) Liabilities for incurred claims comprising the fulfilment cash flows related to past service allocated to each group of contracts at period end.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

(in thousands of dollars)

3. MATERIAL ACCOUNTING POLICIES AND PRACTICES (CONTINUED)

Liabilities for remaining coverage

On initial recognition of each group of contracts, the carrying amount of the Liabilities for remaining coverage is measured at the premiums received on initial recognition.

Subsequently, the carrying amount for the Liabilities for remaining coverage is increased by any premiums received, decreased by the amount recognized as insurance revenue for the coverage provided and adjusted for any change in recognition and reversal of onerous losses. On initial recognition of each group of contracts, WorkSafeNB expects that the time between providing each part of the coverage and the related premium due date is no more than a year. Accordingly, WorkSafeNB has chosen not to adjust the liability for remaining coverage to reflect the time value of money and the effect of financial risk.

If at any time during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then WorkSafeNB recognizes a loss in the consolidated statement of operations and increases the Liabilities for remaining coverage.

Liabilities for incurred claims

WorkSafeNB recognizes the liabilities for incurred claims of a group of insurance contracts at the amount of the fulfilment cash flows relating to incurred claims.

Liabilities for incurred claims represent the actuarially determined present value of the estimated future payments for reported and unreported claims incurred on or prior to the reporting date using best estimate assumptions related to workers of assessed employers. These estimates and assumptions include claim duration, mortality rates, wage and health care escalations, general inflation, and discount rates. In addition, an obligation is estimated for claims in respect of occupational diseases currently recognized by WorkSafeNB for which a claim has not yet been reported. The future payments are for estimated obligations for short-term disability and rehabilitation costs, long-term disability costs, health care costs, survivor benefits, retirement income benefits, and claim administration costs. Changes in the estimates and assumptions can have a significant impact on the measurement of Insurance contract liabilities and claim costs.

Insurance contract liabilities also include the estimated liability for latent occupational disease and a provision for future administration costs of existing claims. Due to the nature of the estimated liability for latent occupational disease and the extent of related historical claims information available, this liability is more uncertain by its nature than other benefits liabilities. As information is accumulated and analyzed, adjustments may be necessary to improve precision.

Insurance contract liabilities do not include any amounts for claims related to workers of self-insured employers; these claims are ultimately paid by the self-insured employers and do not meet the definition of an insurance contract.

WorkSafeNB has an independent consulting actuary complete a valuation of the insurance contract liabilities of WorkSafeNB every year. Actual future costs could be higher or lower than those amounts presented in the consolidated financial statements.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

(in thousands of dollars)

3. MATERIAL ACCOUNTING POLICIES AND PRACTICES (CONTINUED)

Pension annuity liabilities represent WorkSafeNB's obligation to provide retirement benefits to eligible injured workers of assessed or self-insured employers equal to the total contributions plus investment income earned on those contributions. As such, the pension annuity liability is measured at an amount equivalent to the fair value of the assets. At age 65, or upon death, the injured worker or their beneficiary receives a benefit from contributions made to their annuity account, plus any investment income earned.

Assets attributable to pension annuities are included and managed as part of WorkSafeNB's investment portfolio.

WorkSafeNB contributes 10% of the loss of earnings benefits to the annuity account for injured workers who have received loss of earnings benefits for 24 consecutive months. For fatalities that occurred between January 1, 1982, and December 31, 1997, WorkSafeNB contributes 8% of the beneficiary's monthly benefit to their annuity account. For fatalities that occur on or after January 1, 1998, WorkSafeNB contributes 5% or 8% of the beneficiary's monthly benefit to their annuity account, depending on the option elected by the beneficiary under the post-1997 benefit provisions.

The pension annuities related to self-insured employers are classified as a self-insured pension annuity liability on the Statement of Financial Position and accounted for in accordance with IFRS 9 Financial Instruments. The pension annuity liabilities related to insured employers are considered insurance contract liabilities under IFRS 17 Insurance Contracts.

Discount rate

The discount rate used to reflect the time value of money in the fulfilment cash flows is based on the characteristics of the liabilities, rather than a discount rate based upon the expected long-term average rate of return of assets supporting those liabilities as is used under the funding basis (see Note 23).

All cash flows are discounted using marked-to-market risk-free yield curves adjusted to reflect the characteristics of the cash flows and the liquidity of the insurance contracts. WorkSafeNB uses a bottom-up approach to determine a liquidity premium over risk-free rates based on the market spread of an asset reference portfolio adjusted to remove the credit losses, and to account for the difference in liquidity between the asset reference portfolio and the insurance contract. Given the highly illiquid nature of WorkSafeNB's insurance contracts, WorkSafeNB is using the illiquid reference curve provided regularly for the Canadian Institute of Actuaries by Fiera Capital.

Insurance revenue

Insurance revenue is comprised of assessment premiums expected to be received during the coverage period and excluding any investment components. As WorkSafeNB's coverage period is one year, no adjustment is made to assessment premiums for the time value of money. Insurance revenue is recognized by allocating assessment premiums to each reporting period based on the passage of time, which is the coverage period of one year.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

(in thousands of dollars)

3. MATERIAL ACCOUNTING POLICIES AND PRACTICES (CONTINUED)

Insurance service expenses

Insurance service expenses are comprised of fulfilment cash flows that are included within the boundary of WorkSafeNB's insurance contracts. These include payments to (or on behalf of) a policyholder, claims handling costs, policy administration and maintenance costs, and an allocation of fixed and variable overhead costs. These overhead costs are allocated to WorkSafeNB's insurance contracts using methods that are systematic and rational, which include significant estimates and judgement, and are consistently applied to all costs that have similar characteristics.

Onerous contracts

WorkSafeNB assumes that contracts are not onerous at initial recognition as insurance contract revenue covers the current year's costs of the system unless facts and circumstances indicate otherwise. Where, during the coverage period, circumstances indicate the group of insurance contracts are onerous, the loss is recognized immediately and is amortized through income by the end of the year. A loss component is established for remaining coverage for such onerous contracts. Accordingly, by the end of the coverage period for the contract group, the loss component will be zero.

Insurance finance expense (income)

Insurance finance expense or income is comprised of the change in the carrying amount of the group of insurance contracts arising from:

- The effect of the time value of money and changes in the time value of money
- The effect of financial risk and changes in financial risk

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is applied to the discounted cash flows and reflects the compensation WorkSafeNB requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as WorkSafeNB fulfils insurance contracts. WorkSafeNB generates sufficient insurance service results and income from investments to fully fund the operations of the insurance business and other administrative activities, therefore there is no compensation required or earned by WorkSafeNB for such risk and as such, the risk adjustment was determined to be de minimis and corresponds to a 50% confidence level which is the probability that the actual outcome of future cash flows associated with WorkSafeNB's claims and expenses will be less than the liability.

(i) Leases

For any new contracts entered, WorkSafeNB determines whether a contract is, or contains a lease. A lease is defined as "a contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration." When determined that a contract is, or contains a lease, WorkSafeNB recognizes a right-of-use asset and a lease liability. Upon the start of the lease, the right-of-use asset is measured at cost and the lease liability is measured at the present value of the future lease payments. The right-of-use asset is depreciated on a straight-line basis to the earlier of the term of the lease or the useful life of the right-to-use asset. The lease liability is reduced over the lease term by payments made and increased for interest. Short-term leases (terms of 12-months or less) and low dollar value leases do not qualify for this accounting treatment.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

(in thousands of dollars)

3. MATERIAL ACCOUNTING POLICIES AND PRACTICES (CONTINUED)

(j) Capital assets

Capital assets are reported at cost and are depreciated on a straight-line basis over their estimated useful lives. The rates used are as follows:

Buildings	25 years
Right-of-use assets	Remaining term of relevant lease
Furniture and equipment	5 years
Leasehold improvements	Remaining term of relevant lease
Computer software and hardware	3 years
Motor vehicles	3 years, 35% residual value

The assets' residual values are reviewed each statement of financial position date and adjusted, if appropriate. Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are included in investment income.

As at December 31, 2025, items of property, plant and equipment were assessed for specific indicators of potential impairment. Such indicators include technological obsolescence and physical deterioration or loss. Management determined that there was no material impairment of individual operating assets.

(k) Post-employment benefits

Payables and accruals include an amount for post-employment benefits based on a January 1, 2026, actuarial valuation conducted by WorkSafeNB's independent consulting actuary. Post-employment benefits include retirement allowances and early retirement programs.

(l) WorkSafeNB Health Services

Included in health care payments is \$0.5 million (2024 – \$0.8 million) for services provided by WorkSafeNB provincial occupational therapists.

(m) Impairment review

Entity Level

IAS 36 (Impairment of Assets) requires an entity to test assets for impairment if indicators of impairment exist. The impairment review must be conducted for an individual asset, an asset group, or the cash-generating unit level, which is the smallest identifiable group of assets that generates cash inflows independent of cash inflows from other assets or groups of assets.

Based on an analysis of cash flows, WorkSafeNB has established that the appropriate cash-generating unit for impairment review is the entity. As WorkSafeNB has statutory power under the WC Act to increase assessments and/or impose levies to ensure full funding into the foreseeable future, impairment at the entity level is remote.

WorkSafeNB conducts an annual review to ensure that no events or change in circumstances have occurred that would provide evidence of impairment.

As at December 31, 2025, management concluded that there were no known significant changes in the legislative, economic or business environment that would have a material impact on WorkSafeNB's ability to generate future economic benefits from its assets.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

(in thousands of dollars)

4. ACTUARIAL ASSUMPTIONS AND METHODS

Significant estimates and judgments are made on insurance contract liabilities disclosed in the consolidated financial statements. These estimates and judgments are continually evaluated and are based on historical experience, as well as enhancements to actuarial modeling techniques. The following explicit assumptions have been made in determining the insurance contract liabilities:

	2025		2024	
	CPI-indexed awards	Other payments	CPI-indexed awards	Other payments
Single-equivalent discount rate	5.04%	5.04%	4.84%	4.84%
Inflation - Year 1	1.86%	N/A	2.67%	N/A
- subsequent years	2.25%	N/A	2.25%	N/A
Future administration	8.50%	8.50%	8.50%	8.50%
Occupational disease	8.00%	8.00%	8.00%	8.00%

A description of the processes used to determine these assumptions is provided below:

Single-equivalent discount rate

All cash flows are discounted using marked-to-market risk-free yield curves adjusted to reflect the characteristics of the cash flows and the liquidity of the insurance contracts. WorkSafeNB uses a bottom-up approach to determine a liquidity premium over risk-free rates based on the market spread of an asset reference portfolio adjusted to remove the credit losses, and to account for the difference in liquidity between the asset reference portfolio and the insurance contract. Given the highly illiquid nature of WorkSafeNB's insurance contracts, WorkSafeNB is using the illiquid reference curve provided regularly for the Canadian Institute of Actuaries by Fiera Capital. The single-equivalent is a derived spot rate that allows for the comparison or aggregation of cash flows that occur at different points in time.

CPI-indexed awards inflation rate

The indexation rate in year one for short-term disability, long-term disability, pensions and survivor awards is known when the valuation is made. This calculation of the indexation rate is specified under the WC Act and the calculation for the following calendar year is made before year-end. For the entirety of the projection for short-term disability and seven years of the projection for long-term disability awards, the inflation rate is assumed to be the same as is implied in the development factors derived from past payment history. For subsequent durations, the inflation rate was determined from an analysis of experience over periods of 20 and 30 years. This analysis is performed annually to ensure the inflation assumption remains current. The latest analysis produced an annual inflation rate of 2.25%.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

(in thousands of dollars)

4. ACTUARIAL ASSUMPTIONS AND METHODS (CONTINUED)

Other payments inflation rate

For the entirety of the projection, the inflation rate is assumed to be the same as is implied in the development factors derived from past payment history.

Future administration

When a claim occurs, it triggers an obligation to provide claims management, maintenance and support in terms of paying the various providers of health care services and compensating workers for lost wages for as long as the claim is open. The future administration expense liability is intended to provide a reasonable allowance for this obligation.

A detailed review of future administration expenses is conducted periodically. In this review, an estimate is made of the portion of operating expenses that can be attributed to claims maintenance, including a proportionate share of overhead expenses. The latest review, conducted in 2023, concluded that an 8.50% allocation was reasonable. Therefore, a liability for future administration expenses of 8.50% of the total insurance contract liability is included in the liability estimate, and forms part of the fulfilment cash flows.

Occupational disease

Occupational diseases differ from occupational injuries in that there can be a considerable time lag between the exposure, the manifestation of the disease and the identification of the ensuing disability as a workers' compensation claim. Furthermore, while the circumstances of an injury usually make it clear whether it is work-related or not, the link between an occupational disease and the workplace may be difficult to establish.

A detailed review of long-latency occupational disease incidence and costs is conducted periodically. The review provides a range of potential incidence and cost, based on experience. The study includes allowance for changes in industry make-up since the experience has developed and improvements have been made in the prevention of diseases known to be work-related. The latest review, conducted in 2021, concluded that an 8.0% allocation was reasonable. This provision is deemed to include an allowance for administration expenses on these claims. Therefore, a liability for occupational disease of 8.0% of the total insurance contract liability is included in the liability estimate, and forms part of the fulfilment cash flows.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

(in thousands of dollars)

4. ACTUARIAL ASSUMPTIONS AND METHODS (CONTINUED)

Sensitivity analysis

i) Summary

Sensitivity analyses are conducted to quantify the exposure to risk of changes in the key underlying variables. The valuations included in the reported results are calculated using certain assumptions about these variables as disclosed above. The movement in any key variable will impact WorkSafeNB's financial performance and net assets.

Impact of movement in variable:

Single-equivalent discount rate

The insurance contract liability is calculated by reference to expected future payments. These payments are discounted to adjust for the time value of money. An increase or decrease in the assumed discount rate will have an opposing impact on claims costs.

Wage-loss inflation rate

The wage-loss awards are CPI-indexed and are therefore directly affected by movements in the inflation rate. An increase or decrease in the wage-loss inflation rate would have a corresponding impact on claims costs.

Health care inflation rate

Health care expenses account for a major part of expected benefit payments. An increase or decrease in health care payment inflation relative to the assumption underlying the liability estimates would have a corresponding impact on claims costs.

The table below presents the sensitivity of the insurance contract liabilities to an immediate 1% increase or decrease in the assumed rates.

ii) Impact of changes in key variables:

	2025		2024	
	+1.00%	-1.00%	+1.00%	-1.00%
+/-% change in assumed rates				
Single-equivalent discount rate	\$ (115,432)	\$ 142,596	\$ (114,887)	\$ 142,785
Wage-loss inflation rate	49,992	(44,431)	45,298	(40,485)
Health care inflation rate	87,394	(67,309)	92,158	(70,555)

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

(in thousands of dollars)

5. CLAIMS – RISK MANAGEMENT POLICIES AND PROCEDURES

WorkSafeNB's financial condition and operation is affected by several key risks, including claims, operational and financial risks. WorkSafeNB has established policies and procedures to manage these risks as set out below.

(a) Claims risk

WorkSafeNB has an objective to manage claims risk, thus reducing the volatility of assessment premiums and performance from operations. In addition to the inherent uncertainty of claims risk, which can lead to significant variability in the loss experience, performance from operations is significantly affected by market factors external to WorkSafeNB.

WorkSafeNB has developed, implemented and maintained a sound and prudent claims risk management strategy that encompasses all aspects of WorkSafeNB's operations.

The strategy sets out WorkSafeNB's policies and procedures, processes and controls in relation to the management of likely financial and non-financial claims risks.

Key aspects of the processes in place to mitigate claims risks include:

- Established processes for managing claims in accordance with the *WHSCC & WCAT Act* and the *WC Act*.
- A disciplined strategic planning and risk assessment process.
- A tracking system that requires the costing of any benefit changes from changes in policy, legislation and appeals decisions.
- Targeted programs for high-risk industries.
- The use of sophisticated management information systems that provide reliable and up-to-date data on the claims risks to which the business is exposed at any time.
- The use of detailed internal monitoring tools that link actuarial valuation projections with the management information systems to monitor claims patterns.
- Annual review of the insurance contract liabilities for financial statement purposes and benefits liabilities for funding purposes by an independent external actuary.

(b) Terms and conditions of the workers' compensation system

The terms and conditions of the workers' compensation system administered by WorkSafeNB are established under the *WHSCC & WCAT Act*. Coverage is for annual periods ending December 31. The system's terms and conditions are similar for all assessed employers.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

(in thousands of dollars)

5. CLAIMS – RISK MANAGEMENT POLICIES AND PROCEDURES (CONTINUED)

(c) Operational risk

Operational risk relates to the risk of loss arising from systems failure, human error or from other circumstances not related to claims or financial risks. These risks are managed through a framework that includes a system of delegated authorities, effective segregation of duties, access controls and review processes.

(d) Financial risk

WorkSafeNB is exposed to the following financial risks:

- Funding risk
- Market risk
- Foreign currency risk
- Credit risk
- Inflation risk
- Interest rate risk
- Liquidity risk

WorkSafeNB's exposure to these risks arises primarily in relation to its investment portfolio. Note 9 presents information about WorkSafeNB's exposure to each of the above risks, including objectives, policies and processes for measuring and managing the risk.

6. CASH AND CASH EQUIVALENTS

Included in cash and cash equivalents is \$20.2 million (2024 - \$26.7 million) restricted for business transformation initiatives.

7. RECEIVABLES AND OTHER

	<u>2025</u>	<u>2024</u>
Self-insured employers receivable	\$ 5,257	\$ 4,270
Other	4,680	3,711
	<u>\$ 9,937</u>	<u>\$ 7,981</u>

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

(in thousands of dollars)

8. INVESTMENTS

The table below presents the fair value of WorkSafeNB's investments.

	<u>2025</u>	<u>2024</u>
	<u>Fair Value</u>	<u>Fair Value</u>
<i>i) Portfolio investments</i>		
Forward foreign exchange contracts	\$ 16,594	\$ (17,475)
Fixed income		
Conventional bonds	227,968	322,749
Equities		
Canadian	237,790	241,325
U.S.	205,747	228,087
Non-North American	381,718	356,747
Total equities	825,255	826,159
Inflation-sensitive		
Real estate	372,376	301,595
Infrastructure	304,359	261,530
Total inflation-sensitive	676,735	563,125
Absolute return		
Global opportunistic ¹	427,955	301,996
	\$ 2,174,507	\$ 1,996,554

¹ The Global Opportunistic allocation is invested in pooled funds that can invest across a wide variety of asset classes and strategies, depending on the manager's assessment of opportunity attractiveness. As of December 31, 2025, the funds had the following allocations: North American equities 4% (2024 - 7%); Non-North American equities 19% (2024 - 26%); fixed income 8% (2024 - 8%); and absolute return strategies 69% (2024 - 59%).

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

(in thousands of dollars)

8. INVESTMENTS (CONTINUED)

ii) Fair value hierarchy

WorkSafeNB's investments have been classified into a three-level fair value hierarchy in accordance with IFRS 7 (Financial Instruments: Disclosures). The levels of the fair value hierarchy are defined as follows:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 1 inputs are the most persuasive evidence of fair value and are used whenever possible.
- Level 2 inputs are market-based inputs that are directly or indirectly observable but not considered Level 1 quoted prices. Level 2 inputs consist of: (i) quoted prices for similar assets or liabilities in active markets; (ii) quoted prices for identical assets or liabilities in non-active markets (markets which have few transactions and prices are not current or price quotations vary substantially); (iii) inputs other than quoted prices that are observable (interest rates, yield curves, volatilities, credit risks, and default rates); and (iv) inputs derived from, or corroborated by, observable market data.
- Level 3 inputs are unobservable inputs. These inputs reflect assumptions about market pricing using the best internal and external information available. The valuation approaches applied are the most suitable and appropriate for the type of investments.

In certain situations, inputs used to measure the fair value of asset positions fall into different levels of the fair value hierarchy. In these situations, the level in which the fair value falls is based upon the lowest level input that is significant to the determination of the fair value. As of December 31, 2025, the fair values of assets and liabilities measured on a recurring basis by level of input were as follows:

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

(in thousands of dollars)

8. INVESTMENTS (CONTINUED)

iii) Summary of changes in level 3 fair value measurements:

	2025	2024
Balance, beginning of year	\$ 367,817	\$ 306,478
Purchases of level 3 investments	115,410	60,783
Sale of level 3 investments	(38,574)	(23,957)
Partnership distributions of operating income	12,817	12,334
Expenses	(745)	(238)
Realized gains	10,580	4,172
Change in unrealized gains recognized in investment income	15,244	8,245
Balance, end of year	<u>\$ 482,549</u>	<u>\$ 367,817</u>

There are ten investments classified as level 3:

- (1) A limited partnership interest in a fund investing in global infrastructure assets with a market value of \$34.1 million (2024 - \$47.0 million). This is a closed-end fund with no active market for its units and no published net asset value as of December 31, 2025, and is therefore classified as a level 3 investment in the fair value hierarchy. This fund has a 12-year life that began on October 30, 2013. The general partner has the option to extend the fund's life by two years. The fund is in its first optional one-year extension.
- (2) A limited partnership interest in a fund investing in global infrastructure assets with a market value of \$141.7 million (2024 - \$129.7 million). This is an open-ended fund that allows quarterly redemptions at net asset value, but with some restrictions.
- (3) A limited partnership interest in a fund investing in European real estate with a market value of \$1.2 million (2024 - \$7.2 million). This is a closed-end fund with no active market for its units and no published net asset value as of December 31, 2025, and is therefore classified as a level 3 investment in the fair value hierarchy. This fund has a 9-year life that began on August 22, 2014. The general partner has the option to extend the fund's life with two one-year extensions. As of December 31, 2025, the fund held two remaining assets. Following the disposition of these assets, the partnership is expected to be wound up.
- (4) A limited partnership interest in a fund investing in European real estate with a market value of \$38.1 million (2024 - \$38.3 million). This is a closed-end fund with no active market for its units and no published net asset value as of December 31, 2025, and is therefore classified as a level 3 investment in the fair value hierarchy. This fund has a 10-year life that began on March 29, 2018.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

(in thousands of dollars)

8. INVESTMENTS (CONTINUED)

- (5) A limited partnership interest in a fund investing in global infrastructure assets with a market value of \$39.3 million (2024 - \$39.7 million). This is a closed-end fund with no active market for its units and no published net asset value as of December 31, 2025, and is therefore classified as a level 3 investment in the fair value hierarchy. This fund has a 12-year life that began on May 10, 2019. The general partner has the option to extend the fund's life by two years.
- (6) A limited partnership interest in a fund investing in European real estate with a market value of \$67.6 million (2024 - \$36.1 million). This is a closed-end fund with no active market for its units and no published net asset value as of December 31, 2025, and is therefore classified as a level 3 investment in the fair value hierarchy. This fund has a 10-year life that began on December 03, 2021.
- (7) A limited partnership interest in a fund investing in US real estate with a market value of \$53.4 million (2024 - \$24.7 million). This is a closed-end fund with no active market for its units and no published net asset value as of December 31, 2025, and is therefore classified as a level 3 investment in the fair value hierarchy. This fund has an 8-year life that began on March 29, 2024. The general partner has the option to extend the fund's life by two years.
- (8) A limited partnership interest in a fund investing in global infrastructure assets with a market value of \$65.1 million (2024 - \$45.1 million). This is a closed-end fund with no active market for its units and no published net asset value as of December 31, 2025, and is therefore classified as a level 3 investment in the fair value hierarchy. This fund has a 12-year life that began on November 30, 2023. The general partner has the option to extend the fund's life with two one-year extensions.
- (9) A limited partnership interest in a fund investing in US infrastructure with a market value of \$24.2 million (2024 - \$0). This is a closed-end fund with no active market for its units and no published net asset value as of December 31, 2025, and is therefore classified as a level 3 investment in the fair value hierarchy. This fund has a 12-year life that began on September 30, 2025. The general partner has the option to extend the fund's life for up to three one-year extensions.
- (10) A limited partnership interest in a fund investing in European real estate with a market value of \$17.8 million (2024 - \$0). This is a closed-end fund with no active market for its units and no published net asset value as of December 31, 2025, and is therefore classified as a level 3 investment in the fair value hierarchy. This fund has an 8-year life that will commence on the fundraising termination date. The general partner has the option to extend the fund's life for two one-year extensions.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

(in thousands of dollars)

8. INVESTMENTS (CONTINUED)

iv) Investment income

	2025	2024
Interest and dividends	\$ 49,961	\$ 61,720
Realized investment losses on forward foreign exchange contracts	(32,189)	(16,073)
Realized investment gains on other portfolio investments	155,679	101,993
Change in unrealized investment gains on forward foreign exchange contracts	34,119	(49,553)
Change in unrealized investment gains on other portfolio investments	91,810	116,394
	<u>299,380</u>	<u>214,481</u>
Less: portfolio management expenses	(8,628)	(7,460)
	<u>\$ 290,752</u>	<u>\$ 207,021</u>

The market rate of return on the investment portfolio for the year ended December 31, 2025 was 15.23% (2024 – 10.46%).

v) Pooled funds

WorkSafeNB's portfolio is invested exclusively in pooled funds and private partnerships covering various asset classes and mandates. WorkSafeNB holds rights to a proportionate share of each fund's income and net assets, with no power to direct management of the respective fund.

vi) Investment agreement

WorkSafeNB has entered into an investment agreement for the combined administration and pooling of its investments and those of the Workers Compensation Board of Prince Edward Island and the FC Act Disability Fund. These consolidated financial statements report WorkSafeNB's proportional share of the investments held in the fund, except for the investment in WorkSafeNB Investments Limited, which is consolidated (see Note 3). WorkSafeNB's proportional share of the pooled fund was 87.1% at December 31, 2025 (2024 – 87.1%). In 2025, WorkSafeNB received a fee of \$142.3 thousand (2024 – \$131.0 thousand) for the administration of the Workers Compensation Board of Prince Edward Island's share of the fund, and a fee of \$52.9 thousand (2024 – \$36.6 thousand) for the administration of the FC Act Disability Fund's share of the fund.

vii) Commitments

Through its investment in WorkSafeNB Investments Limited, WorkSafeNB has entered into limited partnership agreements with externally managed infrastructure and real estate pooled funds that commit to contribute investments in these funds, which may be drawn down over the next year. Unfunded commitments as of December 31, 2025, are \$334.1 million (2024 – \$247.1 million).

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

(in thousands of dollars)

9. FINANCIAL RISK MANAGEMENT

WorkSafeNB has established policies to manage its investments. All WorkSafeNB's investments are managed by independent external investment managers. The compliance of these managers with the investment policies is monitored regularly.

WorkSafeNB manages investment risk by diversifying its portfolio among asset classes, industry sectors, geographic locations and individual securities. Further diversification is achieved by selecting investment managers with varying investment philosophies and styles. From time to time, WorkSafeNB retains independent consultants to advise on the appropriateness and effectiveness of its investment policies and practices. This includes periodic asset liability studies to ensure that the investment strategy is suitable considering the related going-concern benefits liabilities and WorkSafeNB's risk tolerance. The last such study was completed in 2024.

The following sections describe WorkSafeNB's financial risk exposures and related mitigation strategies.

i) Funding risk

WorkSafeNB's funding level is based on accepted actuarial practices for going concern valuations, which reflects a discount rate based on the funding and investment policies set by the board. WorkSafeNB's funding policy specifies a funding goal (ratio of assets to going-concern liabilities) of between 115% and 125%. This permitted excess of assets over going-concern liabilities reduces the impact of year-to-year fluctuations, therefore providing assessment rate stabilization and enhanced security that awarded benefits will be met. More information can be found in Note 23.

ii) Market risk

WorkSafeNB invests in publicly traded equities listed on domestic and foreign exchanges, bonds traded over the counter through broker-dealers, Canadian and foreign commercial real estate and global infrastructure assets held via pooled funds. These securities are affected by fluctuations in market prices. Such fluctuations are subject to economic factors and other fluctuations in domestic and global capital markets, as well as risks specific to issuers, which may affect the market value of individual securities. Policy guidelines have been established to ensure that WorkSafeNB's investments are diversified by issuer, industry and geographic location.

The table below presents the estimated effect of a reasonably possible¹ adverse change in the key risk variable – the market benchmark – for each of the equity mandates in WorkSafeNB's investment portfolio.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

(in thousands of dollars)

9. FINANCIAL RISK MANAGEMENT (CONTINUED)

	2025		2024	
	1 std dev	2 std dev	1 std dev	2 std dev
Canadian Equities				
% change in market benchmark ²	(12.8%)	(25.5%)	(12.8%)	(25.6%)
Canadian portfolio – impact on surplus/deficit	\$ (26,037)	\$ (52,073)	\$ (27,903)	\$ (55,806)
U.S. Equities				
% change in market benchmark ³	(12.6%)	(25.2%)	(12.6%)	(25.2%)
U.S. portfolio – impact on surplus/deficit	\$ (25,627)	\$ (51,253)	\$ (29,756)	\$ (59,512)
International (EAFE) Equities				
% change in market benchmark ⁴	(11.3%)	(22.6%)	(12.1%)	(24.2%)
International portfolio – impact on surplus/deficit	\$ (37,860)	\$ (75,720)	\$ (41,357)	\$ (82,714)
Emerging Markets Equities				
% change in market benchmark ⁵	(13.3%)	(26.7%)	(13.6%)	(27.2%)
Emerging markets portfolio – impact on surplus/deficit	\$ (11,486)	\$ (22,973)	\$ (13,173)	\$ (26,346)

¹ Reasonably possible changes are estimated using the historical (10-year) variability of each of the market benchmarks about their respective means. The standard deviation measures the normal variance in a probability distribution. One standard deviation covers 68% of all probable outcomes and two standard deviations covers 95%.

² S&P TSX (Standard & Poor's Toronto Stock Exchange) Capped Composite Index

³ S&P (Standard & Poor's) 500 Index

⁴ MSCI (Morgan Stanley Capital International) EAFE (Europe, Australasia and Far East) Total Return Index

⁵ MSCI EM (Emerging Markets) Total Return Index

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

(in thousands of dollars)

9. FINANCIAL RISK MANAGEMENT (CONTINUED)

iii) Foreign currency risk

WorkSafeNB has certain investments denominated in foreign currencies. Currency risk is the risk that the value of these investments will fluctuate due to changes in foreign exchange rates. WorkSafeNB's most significant currency exposure is to the U.S. dollar, the euro, the Japanese yen and the British pound. At December 31, 2025, WorkSafeNB had U.S. dollar exposure of \$840.2 million (2024 – \$670.9 million), euro exposure of \$263.3 million (2024 – \$191.5 million), Japanese yen exposure of \$79.3 million (2024 – \$69.3 million) and British pound exposure of \$67.3 million (2024 – \$84.6 million).

For its U.S. and non-North American assets, WorkSafeNB has adopted a policy to dynamically hedge a portion of its developed market foreign currency exposure using forward foreign exchange contracts. The amount hedged varies, depending on the relative attractiveness of the foreign currency. Forward foreign exchange contracts are agreements to exchange an amount of one currency for another at a future date and at a set price, agreed upon at the contract's inception.

The fair value of these financial instruments will change in response to changes in the foreign exchange rates of the currencies involved in the contracts. The notional amounts in forward foreign exchange contracts are the contractual amounts on which payments are made. These notional amounts have been converted into Canadian dollars at the contractual exchange rates in effect at the inception of the contracts. Outstanding contracts from 2025 mature in the first 36 days of 2026.

At December 31, 2025, the notional value of outstanding forward foreign exchange contracts was \$1,175.7 million (2024 – \$786.9 million). The fair value of these contracts was \$16.6 million (2024 – (\$17.5) million). Unrealized losses on forward foreign exchange contracts were included in investment income.

The table below presents how the surplus/deficit would be affected by a reasonably possible annual change in the Canadian/US dollar, Canadian/euro, Canadian/Japanese yen and Canadian/British pound exchange rates. The impact on the surplus/deficit is shown net of the currency hedges in place at year-end:

	<u>2025</u>	<u>2024</u>
15% appreciation in the Canadian dollar	<u>Impact on surplus/deficit</u>	<u>Impact on surplus/deficit</u>
CAD/USD	\$ 6,413	\$ (4,396)
CAD/EURO	(4,615)	(8,399)
CAD/YEN	(10,251)	(8,895)
CAD/POUND	(1,929)	(6,716)

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

(in thousands of dollars)

9. FINANCIAL RISK MANAGEMENT (CONTINUED)

iv) Credit risk

Credit risk on fixed-term or money market investments or forward foreign exchange contracts arises from the possibility that the counter party to an instrument fails to meet its obligation to WorkSafeNB. The maximum exposure to credit risk is determined by the fair value of these financial instruments. WorkSafeNB invests in money market instruments that consist primarily of short-term debt and money market securities issued or guaranteed by the federal or provincial governments of Canada and Canadian corporations. Counter parties to forward foreign exchange contracts must have a credit rating of at least AA-.

WorkSafeNB has indirect credit risk to the underlying investments held by fixed-term pooled funds. The table below summarizes the fixed-term investments by credit rating.

Credit Rating*	2025		2024	
	Fair Value	% of Total Fixed-Term Investments	Fair Value	% of Total Fixed-Term Investments
AAA	\$ 102,101	44.79	\$ 133,428	41.34
AA	65,679	28.81	102,414	31.73
A	20,919	9.18	48,138	14.92
BBB	26,134	11.46	33,923	10.51
<BBB	13,135	5.76	4,846	1.50
Total	<u>\$ 227,968</u>	<u>100.00</u>	<u>\$ 322,749</u>	<u>100.00</u>

* Credit ratings are obtained from Standard & Poor's, Moody's or DBRS ratings

v) Inflation risk

Inflation risk is the risk that a general increase in price level may result in loss of future purchasing power for current monetary assets.

To mitigate the effect of inflation on WorkSafeNB's future liabilities, the portfolio holds inflation-sensitive investments, such as real estate and infrastructure.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

(in thousands of dollars)

9. FINANCIAL RISK MANAGEMENT (CONTINUED)

vi) Interest rate risk

Future changes in the prevailing level of interest rates will affect the fair value of the fixed-term investments.

The table below presents the remaining term to maturity of WorkSafeNB's portion of the outstanding fixed-term investments, all of which are held in pooled funds.

	Remaining Term to Maturity				Total 2024
	Within 1 Year	Over 1 Year to 5 Years	Over 5 Years	Total 2025	
Fixed-term investments	\$ 3,724	\$ 75,077	\$ 149,167	\$ 227,968	\$ 322,749

The average effective yield of the conventional bonds is 3.68% (2024 – 3.58%) per annum based on market value.

As of December 31, 2025, had the prevailing interest rate changed by 1%, assuming a parallel shift in the yield curve, with all other variables held constant, the value of the conventional bonds would have increased or decreased by \$15.8 million (2024 – \$20.2 million), approximately 6.93% (2024 – 7.24%) of their fair value.

The sensitivity to interest rate changes was estimated using the weighted average duration of the bond portfolios.

vii) Liquidity risk

Liquidity risk is the risk that WorkSafeNB will have difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash.

Through a proactive cash management process that entails continuous forecasting of expected cash flows, WorkSafeNB mitigates liquidity risk by minimizing the need for forced liquidations of portfolio assets. WorkSafeNB investment policy maintains a 2% allocation to cash to help ensure adequate liquidity. To cover unanticipated cash requirements when market conditions are unfavourable, WorkSafeNB has negotiated a standby line of credit of up to \$10 million, which has not been drawn down as at December 31, 2025.

The following table summarizes the maturity profiles of WorkSafeNB's financial liabilities carried at amortized cost:

As at December 31, 2025	Within 1 year	1-5 years	Over 5 years
Payables and accruals	\$ 6,076	\$ 363	\$ 469
Employer distribution payable	\$130,248	–	–
Self-insured pension annuity liabilities	\$ 2,492	\$ 8,241	\$ 11,035

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

(in thousands of dollars)

10. CAPITAL ASSETS

	Land and buildings	Computer software and hardware	Furniture and equipment including leasehold improvements	Motor vehicles	2025 Total	2024 Total
Cost						
Balance at January 1	\$ 3,626	\$ 14,914	\$ 2,759	\$ 1,669	\$ 22,968	\$ 24,481
Additions	972	415	320	425	2,132	1,466
Disposals	(459)	(4,051)	(20)	(74)	(4,604)	(2,979)
Balance at December 31	<u>\$ 4,139</u>	<u>\$ 11,278</u>	<u>\$ 3,059</u>	<u>\$ 2,020</u>	<u>\$ 20,496</u>	<u>\$ 22,968</u>
Accumulated Depreciation						
Balance at January 1	\$ (2,219)	\$ (14,227)	\$ (2,510)	\$ (335)	\$ (19,291)	\$ (21,288)
Depreciation	(201)	(422)	(93)	(271)	(987)	(909)
Disposals	459	4,051	20	48	4,578	2,906
Balance at December 31	<u>\$ (1,961)</u>	<u>\$ (10,598)</u>	<u>\$ (2,583)</u>	<u>\$ (558)</u>	<u>\$ (15,700)</u>	<u>\$ (19,291)</u>
Carrying amounts						
At January 1	\$ 1,407	\$ 687	\$ 249	\$ 1,334	\$ 3,677	\$ 3,193
At December 31	<u>\$ 2,178</u>	<u>\$ 680</u>	<u>\$ 476</u>	<u>\$ 1,462</u>	<u>\$ 4,796</u>	<u>\$ 3,677</u>

Land and Buildings include the following amounts where WorkSafeNB is a lessee:

Finance leased assets

	2025	2024
Cost – capitalized finance leases	\$ 966	\$ 2,459
Accumulated Depreciation	(64)	(2,459)
Net book value	<u>\$ 902</u>	<u>\$ –</u>

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

(in thousands of dollars)

11. PAYABLES AND ACCRUALS

	<u>2025</u>	<u>2024</u>
Accounts payable and accruals	\$ 4,432	\$ 7,352
Post-employment benefits	2,476	2,346
	<u>\$ 6,908</u>	<u>\$ 9,698</u>

Accounts payable and accruals include lease liabilities relating to the lease of office space:

<i>Lease Liabilities</i>	<u>2025</u>	<u>2024</u>
Current	\$ 81	\$ —
Non-current	833	—
	<u>\$ 914</u>	<u>\$ —</u>

12. SELF-INSURED PENSION ANNUITY LIABILITIES

The reconciliation of the self-insured pension annuity liabilities is set forth below:

	<u>2025</u>	<u>2024</u>
Balance, beginning of year	\$ 19,725	\$ 17,539
Contributions	2,051	2,026
Investment income (loss) earned on contributions	2,724	1,746
Benefits paid	(2,732)	(1,586)
Balance, end of year	<u>\$ 21,768</u>	<u>\$ 19,725</u>

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

(in thousands of dollars)

13. INSURANCE CONTRACT LIABILITIES

i) Continuity schedule

The roll-forward of the insurance contract (assets) liabilities showing the liabilities for remaining coverage and the liabilities for incurred claims is disclosed in the table below:

	2025			
	Liabilities for remaining coverage		Liabilities for incurred claims	Total
	Excluding loss component	Loss component	Estimate of the PV of future cash flows	
Insurance contract (assets) liabilities, January 1	\$ (4,856)	\$ –	\$ 1,427,828	\$ 1,422,972
Insurance revenue	(163,053)	–	–	(163,053)
Insurance service expenses				
Incurred claims and other expenses	–	–	211,660	211,660
Loss on onerous contracts and reversals of those losses	–	–	–	–
Changes to liabilities for incurred claims	–	–	(24,208)	(24,208)
Insurance service result	(163,053)	–	187,452	24,399
Insurance finance (income) expenses	(359)	–	48,969	48,610
Total changes in income	(163,412)	–	236,421	73,009
Cash flows:				
Premiums received	165,099	–	–	165,099
Claims and other expenses paid	–	–	(215,323)	(215,323)
Total cash flows	165,099	–	(215,323)	(50,224)
Insurance contract (assets) liabilities, December 31	\$ (3,169)	\$ –	\$ 1,448,926	\$ 1,445,757

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

(in thousands of dollars)

13. INSURANCE CONTRACT LIABILITIES (CONTINUED)

	2024			
	Liabilities for remaining coverage		Liabilities for incurred claims	Total
	Excluding loss component	Loss component	Estimate of the PV of future cash flows	
Insurance contract (assets) liabilities, January 1	\$ (5,325)	\$ –	\$ 1,375,974	\$ 1,370,649
Insurance revenue	(162,496)	–	–	(162,496)
Insurance service expenses				
Incurred claims and other expenses	–	–	189,353	189,353
Loss on onerous contracts and reversals of those losses	–	–	–	–
Changes to liabilities for incurred claims	–	–	(11,866)	(11,866)
Insurance service result	(162,496)	–	177,487	14,991
Insurance finance (income) expenses	(774)	–	69,832	69,058
Total changes in income	(163,270)	–	247,319	84,049
Cash flows:				
Premiums received	163,739	–	–	163,739
Claims and other expenses paid	–	–	(195,465)	(195,465)
Total cash flows	163,739	–	(195,465)	(31,726)
Insurance contract (assets) liabilities, December 31	\$ (4,856)	\$ –	\$ 1,427,828	\$ 1,422,972

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

(in thousands of dollars)

13. INSURANCE CONTRACT LIABILITIES (CONTINUED)

ii) Liabilities for incurred claims

Liabilities for incurred claims by benefit type are comprised of the following:

	<u>2025</u>	<u>2024</u>
Short-term disability and rehabilitation	\$ 118,724	\$ 116,212
Long-term disability	489,423	473,049
Health care	489,897	493,550
Survivor benefits	54,750	55,232
Long latency occupational diseases	92,224	91,044
Claim administration costs	97,987	96,734
Liabilities for incurred claims	1,343,005	1,325,821
Receivables and payables reclassified to liabilities for incurred claims	9,200	9,232
Pension annuity	96,721	92,775
Total liabilities for incurred claims	\$ 1,448,926	\$ 1,427,828

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

(in thousands of dollars)

13. INSURANCE CONTRACT LIABILITIES (CONTINUED)

iii) Claims development table

The following table presents the development of outstanding claims relative to the ultimate expected claims for the 10 most recent accident years. The table illustrates how the estimate of ultimate claims costs 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 cumulative payments over the development period. Due to the long duration of many benefit types, significant amounts will be paid beyond the valuation date. The lower section of the table reconciles the total outstanding claims amounts to the discounted amount reported in the statement of financial position.

Accident year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total
Estimate of ultimate claims cost:											
At end of accident year	\$ 228,649	\$ 245,058	\$ 324,503	\$ 257,214	\$ 211,188	\$ 197,876	\$ 187,271	\$ 153,833	\$ 178,243	\$ 215,649	
One year later	257,285	280,307	297,973	221,839	184,966	178,295	142,828	156,657	195,390		
Two years later	269,391	266,840	253,267	197,744	166,280	142,133	141,488	166,932			
Three years later	270,383	236,980	238,780	190,432	137,243	138,725	147,348				
Four years later	244,314	221,496	231,875	175,342	133,181	144,580					
Five years later	226,122	212,551	228,678	172,320	136,282						
Six years later	219,555	205,295	227,685	177,152							
Seven years later	211,950	199,619	222,426								
Eight years later	213,837	187,876									
Nine years later	208,286										
Current estimate of cumulative claims cost	208,286	187,876	222,426	177,152	136,282	144,580	147,348	166,932	195,390	215,649	1,801,921
Cumulative payments	(111,273)	(96,668)	(102,793)	(73,321)	(52,354)	(49,946)	(49,286)	(50,090)	(47,577)	(27,742)	(661,050)
Outstanding claims, Undiscounted	97,013	91,208	119,633	103,831	83,928	94,634	98,062	116,842	147,813	187,907	1,140,871
2015 and prior years											1,077,047
Total outstanding Claims, undiscounted											2,217,918
Effect of discounting											(1,117,817)
Claims administration											92,224
Occupational diseases											97,988
Other contingent liabilities*											52,692
Total liabilities for incurred claims											\$1,343,005
Pension annuities											96,721
Receivables and payables reclassified											9,200
Total insurance contract liabilities											\$1,448,926

*Consists primarily of liabilities for future annuity awards.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

(in thousands of dollars)

14. INSURANCE SERVICE EXPENSES

	<u>2025</u>	<u>2024</u>
Claims costs incurred		
Short-term disability and rehabilitation	\$ 54,945	\$ 51,580
Long-term disability	44,269	39,443
Survivor benefits	2,569	3,421
Health care	49,184	38,713
Total incurred claims	<u>150,967</u>	<u>133,157</u>
Administration expenses (Note 16)	53,313	48,727
Legislative obligations and other expenses	7,380	7,468
Other insurance services expenses	<u>60,693</u>	<u>56,195</u>
Total incurred claims and other insurance service expenses	<u>211,660</u>	<u>189,352</u>
Changes in liabilities for incurred claims	(29,332)	(16,960)
Pension annuity contributions	5,124	5,095
Total insurance service expenses	<u>\$ 187,452</u>	<u>\$ 177,487</u>

15. INSURANCE FINANCE EXPENSES (INCOME)

	<u>2025</u>	<u>2024</u>
Interest accreted to insurance contracts using current financial assumptions	\$ 60,891	\$ 59,030
Changes in single-equivalent discount rate and other financial assumptions	(24,314)	2,396
Interest on pension annuity liabilities	12,392	8,406
Interest and penalties on assessments and uncollectibles	(359)	(774)
Insurance finance expenses (income)	<u>\$ 48,610</u>	<u>\$ 69,058</u>

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

(in thousands of dollars)

16. ADMINISTRATION EXPENSES

	<u>2025</u>	<u>2024</u>
Salaries and employee benefits	\$ 59,612	\$ 54,154
Depreciation	987	909
Professional fees	8,012	8,132
Office and communications	1,984	1,866
Building operations	2,906	2,260
Travel and vehicle operations	989	847
Education and training	1,165	1,166
Meetings, workshops and conferences	1,232	1,087
Business transformation	6,458	5,557
	<hr/>	<hr/>
Total administration expenses	\$ 83,345	\$ 75,978
	<hr/>	<hr/>
Total administration expenses allocated to:		
Insurance service expenses (Note 14)	\$ 53,313	\$ 48,727
Administration and other expenses (Note 18)	30,032	27,251
	<hr/>	<hr/>
	\$ 83,345	\$ 75,978
	<hr/>	<hr/>

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

(in thousands of dollars)

17. LEGISLATIVE OBLIGATIONS

Although WorkSafeNB does not have input into the budgeting process for the workers' and employers' advocates, it is required by legislation to reimburse the provincial government for their operating costs.

In addition, WorkSafeNB provided financial assistance to certain New Brunswick safety associations in accordance with the WC Act. The money paid was levied against all employers in the industries represented by the safety associations and is included as part of insurance revenue.

	<u>2025</u>	<u>2024</u>
Workers' advocates	\$ 1,339	\$ 1,237
Employers' advocates	412	393
Workers' Compensation Appeals Tribunal	2,133	2,176
	3,884	3,806
New Brunswick Construction Safety Association	450	450
New Brunswick Forest Safety Association	250	190
Other	400	275
	1,100	915
Total legislative obligations	\$ 4,984	\$ 4,721
Total legislative obligations allocated to:		
Insurance service expenses	4,207	3,960
Administration and other expenses (Note 18)	777	761
	\$ 4,984	\$ 4,721

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

(in thousands of dollars)

18. ADMINISTRATION AND OTHER EXPENSES

	<u>2025</u>	<u>2024</u>
Allocated from administration expenses (Note 16)	\$ 30,032	\$ 27,251
Allocated from legislative obligations (Note 17)	777	761
Self-insured pension annuity expense	2,723	1,747
	<u>\$ 33,532</u>	<u>\$ 29,759</u>

19. SELF-INSURED EMPLOYERS

Self-insured employers (predominantly federal and certain provincial government institutions) bear the direct cost of their incurred claims. WorkSafeNB administers these claims and charges self-insured employers a share of administration costs which is included in administration and other expenses (income) on the Consolidated Statement of Operations.

The claims liabilities related to self-insured employers have not been included in WorkSafeNB's liabilities account. As these liabilities will be borne by those employers when paid in future years, they do not impact WorkSafeNB's net assets.

During the year the following administration fee revenue and claims cost reimbursements were levied:

	<u>2025</u>	<u>2024</u>
Administration fee revenue	\$ 17,966	\$ 16,581
Claims cost reimbursement		
Short-term disability	\$ 34,869	\$ 30,236
Long-term disability	19,279	16,271
Survivor benefits	451	774
Health care	21,280	18,928
	<u>\$ 75,879</u>	<u>\$ 66,209</u>

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

(in thousands of dollars)

20. RELATED PARTY TRANSACTIONS

Government entities

These consolidated financial statements include the results of normal operating transactions with various provincial government-controlled departments, agencies, and Crown corporations, with which WorkSafeNB may be considered related. Routine operating transactions with related parties are settled at prevailing market prices under normal trade terms.

Key management compensation

Key management personnel of WorkSafeNB are deemed related parties. They include members of the board of directors and the executive committee. Total compensation for key management is detailed in the following table:

	<u>2025</u>	<u>2024</u>
Executive Committee		
Salaries and other short-term employee benefits	\$ 1,889	\$ 1,773
Post-employment benefits	202	186
	\$ 2,091	\$ 1,959
Board of Directors		
Salary and per diems	\$ 104	\$ 173

21. EMPLOYEE PENSION PLAN

WorkSafeNB and its employees participate in a multi-employer shared-risk pension plan, administered by the Province of New Brunswick under the Public Service Superannuation Act. The plan provides pensions to employees of the provincial government and certain Crown corporations and agencies based on:

- Service to December 31, 2013 – length of service and highest successive five-year average salary.
- Service from January 1, 2014 – length of service and career average salary.

Since sufficient information is not readily available to account for WorkSafeNB's participation in the plan using defined benefit pension plan accounting, these consolidated financial statements have been prepared using accounting rules for defined contribution pension plans.

The current year expense for this pension plan is \$5.7 million (2024– \$4.8 million).

22. CONTINGENT LIABILITIES

At any given time, WorkSafeNB is party to various claims and lawsuits related to the normal course of business. In the opinion of management, the outcome of such claims and lawsuits and the resulting effects on operations and financial position are not determinable.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

(in thousands of dollars)

23. FUNDING AND CAPITAL MANAGEMENT

WorkSafeNB's funding level is based on accepted actuarial practices for going-concern valuations, which reflects a discount rate based on the funding and investment policies set by the board. Under a going-concern valuation, claim liabilities are valued based on the primary assumption that the system will be in operation for the long-term. Therefore, the focus is on long-term trends as opposed to short-term fluctuations around those trends as reflected in the discount rate used in the measurement of insurance contract liabilities for financial statement presentation.

The discount rate used under a going-concern valuation reflects the best estimate of the long-term average rate of return that can be expected using the target asset allocation adopted by the board in its statement of investment goals and objectives. An estimate of a real rate of return, based on the analysis of multiple possible scenarios, is then compounded with the long-term average future inflation estimate to obtain the going-concern discount rate. This results in a going-concern discount rate assumption of 6.08% as at December 31, 2025, unchanged from the previous valuation.

WorkSafeNB's funding policy specifies a long-term funding goal (ratio of assets to going-concern liabilities) of between 115% and 125%. This permitted excess of assets over going-concern liabilities reduces the impact of year-to-year fluctuations, therefore providing assessment rate stabilization and enhanced security that awarded benefits will be met. In accordance with the funding policy, the assessment revenue raised in any year from assessed employers may include or be reduced by an amount designed to allow WorkSafeNB to attain its funding goal. As per the funding policy, surplus is defined as the dollar excess of assets (excluding restricted cash – see Note 6) above the upper target funding level of 125%.

During the year, the board approved a \$53.2 million distribution to eligible employers in the form of performance refunds. This is included in the Employer Distribution on the Statement of Operations. Effective September 2024, WorkSafeNB implemented an amended funding policy as follows:

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

(in thousands of dollars)

23. FUNDING AND CAPITAL MANAGEMENT (CONTINUED)

In periods where the funding level falls below 115%:

- An assessment rate surcharge is levied upon employers to return to the 115% funding level. The surcharge is the difference between the cumulative going-concern financial results and the 115% funding level, amortized over a period of not greater than 10 years.
- Under the WC Act, a minimum funding level of 100% is required, with any shortfall to be recovered within a reasonable and prudent period not greater than 15 years.

In periods where the funding level exceeds 125%:

- The surplus between 125% and 140% is used to determine an assessment rate rebate issued to employers. The credit is the surplus between 125% and 140%, amortized over a period not greater than 10 years.
- The surplus between 140% and 150% may be distributed at the discretion of the Board as part of their rate setting process in the following year.
- The surplus above 150% must be distributed to employers.

WorkSafeNB's funding level at December 31, 2025, is 161.0% (2024 – 152.9%). This results in a mandatory distribution of \$130.1 million to employers in 2026 which is included in Employer Distribution payable recognized on the Statement of Financial Position and Employer Distribution on the Statement of Operations for December 31, 2025. The table below reconciles the financial statement liabilities as at December 31, 2025, to WorkSafeNB's going-concern liabilities, which are used for funding purposes.

As at December 31, 2025	Financial statement basis	Presentation ¹	Measurement ²	Going-concern basis
Total assets	\$ 2,251,195	\$ 11,890	\$ –	\$ 2,263,085
Total liabilities	1,604,681	11,890	(250,194)	1,366,377
Net assets attributable to				
WorkSafeNB	583,370	–	250,194	833,564
Non-controlling interests	63,144	–	–	63,144
Funding level	N/A			161.0%

1. Due to the reclassification of insurance related receivables and payables to Insurance contract liabilities.

2. Due to the marked-to-market discount rate methodology prescribed for financial statement insurance contract liabilities compared to the long-term approach used for going-concern liabilities.

24. COMPARATIVE FIGURES

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

