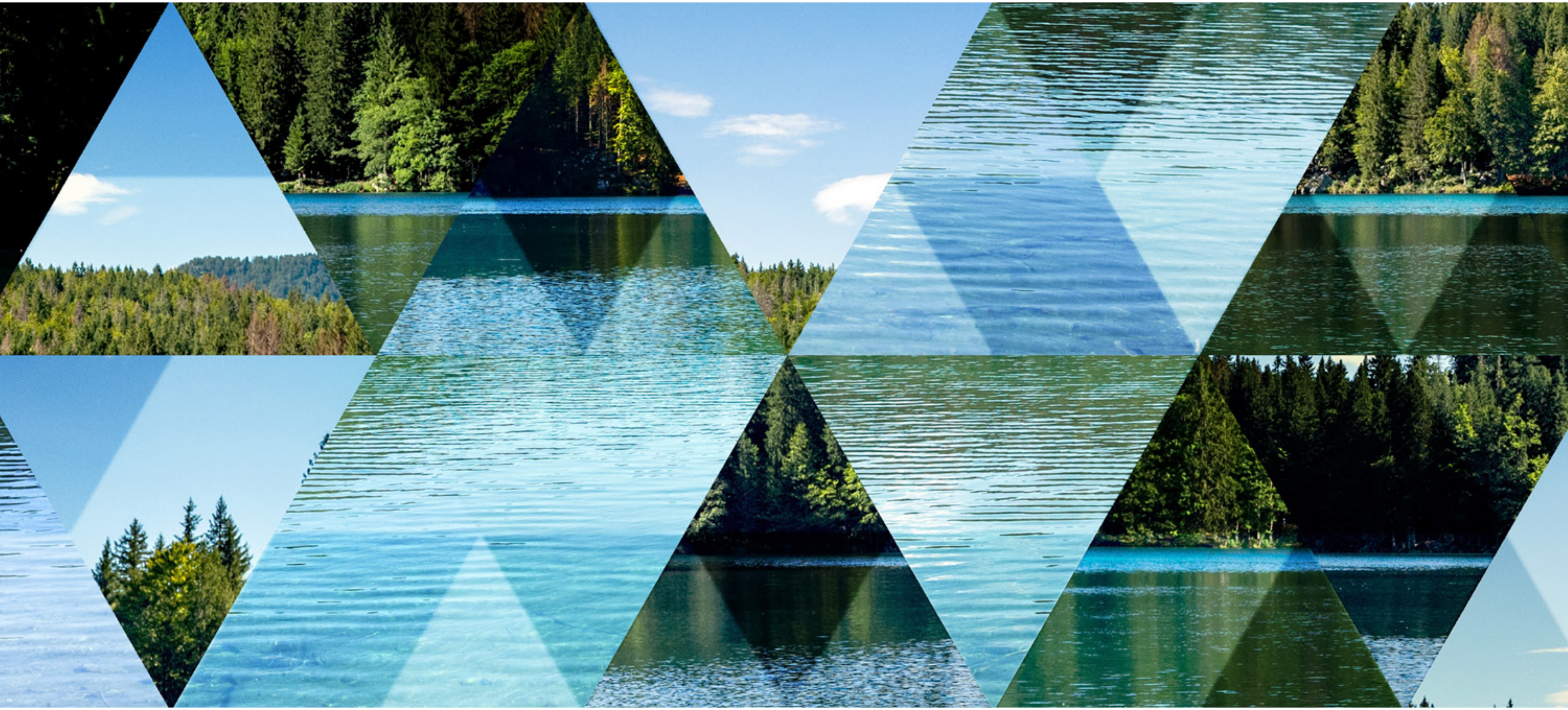
2022 Report on Sustainable Investing



SEPTEMBER 2022

CPP Investments

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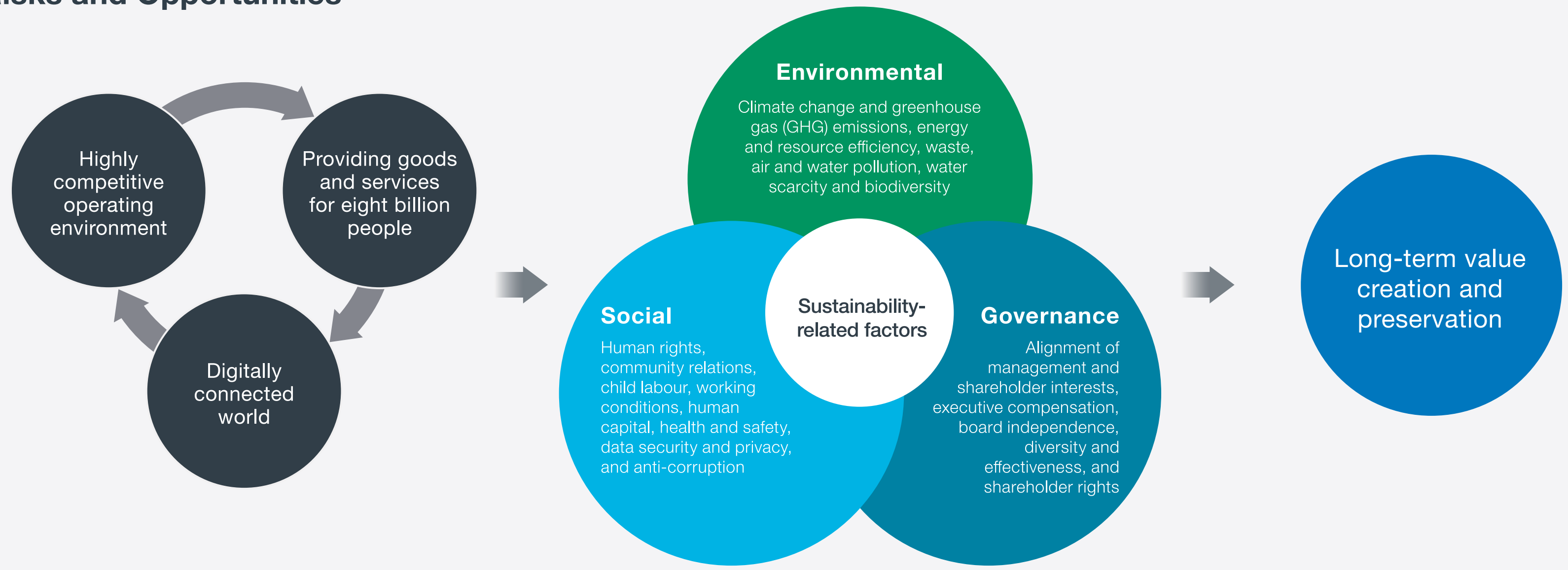
Sustainability-related factors, including climate change, are increasingly and more directly impacting the strategic, operational and financial profile of companies around the world

"In the last year, debate has emerged over the utility and integrity of the term "environmental, social, governance" (ESG). To us, the ESG label is not what matters. What's truly relevant is to assess, understand, and address the wider factors affecting business growth – whether those are societal, environmental or stewardship related." **John Graham** – President & CEO, CPP Investments

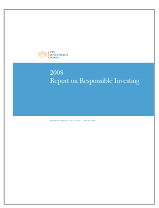
Factors Redefining Sustainability-Related Risks and Opportunities



Key Milestones

2006
Carbon Disclosure Project signatory

Founding signatory of U.N. Principles for Responsible Investing

2008


Issued first Responsible Investing Report. Climate change highlighted as a focus area of engagement with portfolio companies

2011
Responsible Investing Committee formed

2012
Inaugural Head of Responsible Investing appointed

2014
Responsible Investing group renamed Sustainable Investing, reflecting our view that ESG factors are fundamental to enhance long-term returns

2016
Co-founded FCLTGlobal, a non-profit organization that develops actionable research and tools to drive long-term value creation for savers and communities

2017
Formed cross-functional Climate Change Working Group

One of two global pension fund managers that are members of the Task Force on Climate-related Financial Disclosures (TCFD) which released its recommendations at the G20 Summit

Introduced our gender diversity voting practices in Canada

2018
First pension fund to issue green bond

Started implementing the TCFD's recommendation

Member of the Investor Leadership Network (ILN) created during Canada's G7 presidency to promote collaboration between large investors on sustainability and long-term growth

2019
Introduced our global gender diversity voting practices

Head of Sustainable Investing became member of SASB's Investor Advisory Group

Launched two new strategies:

- Innovation, Technology and Services (ITS) with a mandate to seek early stage investments aligned to the energy evolution
- Climate Change Opportunities to identify companies responding to physical changes in our environment; regulatory and technological changes; and evolving consumer preferences

2020
Signed BlackNorth Initiative's CEO Pledge committing to specific actions and targets designed to remove barriers and dismantle systemic anti-Black racism in the workplace

Our President and CEO is named 2020 Catalyst Honours Champion for leading a workplace that advances women into leadership positions and champions gender equity

2021
Appointed inaugural Chief Sustainability Officer

Launched new Sustainable Energies Group

Introduced Climate Change Voting Policy

Founding member of the ESG Data Convergence Initiative, a group of leading global private equity GPs and LPs to create a standardized set of metrics for tracking portfolio companies' ESG progress

Introduced new decarbonization investment approach and Abatement Capacity Assessment Framework

2022
Committed our portfolio and operations to being net zero of greenhouse gas emissions across all scopes by 2050

Head of Sustainable Investing appointed Chair of SASB's Investor Advisory Group[1]

Updated our Maintaining Effective Boards Policy to indicate that we will vote against the re-election of a director who underperforms or contributes to a material environmental, social or governance failure, and we may also vote against the most appropriate incumbent director for failing to promptly remove that director from the board

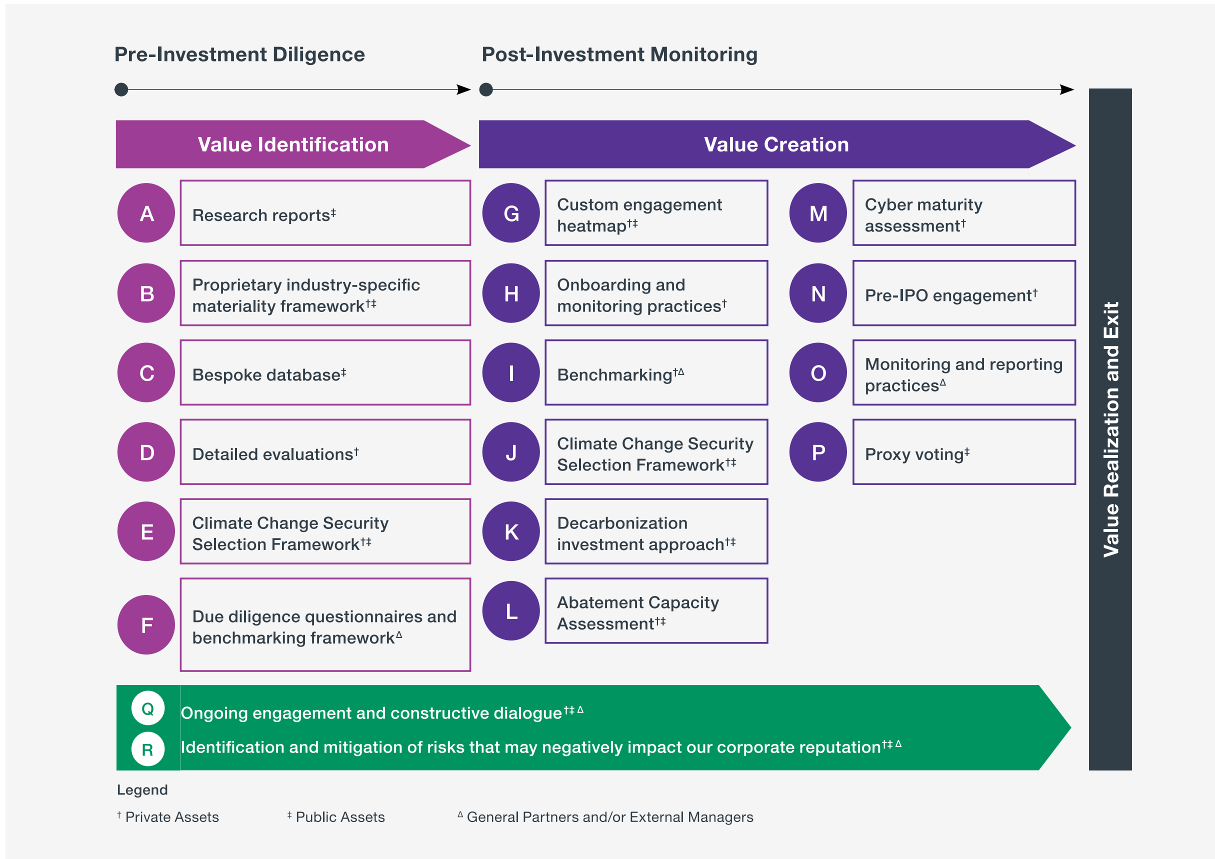
Became a member of the Delivery Group for the UK's Transition Plan Taskforce

1. The SASB Standards Investor Advisory Group will transition to become the ISSB Investor Advisory Group (IIAG) in late 2022. Richard Manley, Managing Director, Head of Sustainable Investing, Global Leadership Team, will serve as Chair of the IIAG following this transition.

We partner with portfolio companies to create long-term value by integrating material sustainability-related risks and opportunities in all phases of the investment life cycle

We are a differentiated capital provider that views sustainability-related considerations as business critical.

We apply sustainability-related tools throughout the investment life cycle and across asset classes in a tailored manner.



We recognize and respect the different roles that shareholders/owners, boards/directors and management teams/executives each play in ensuring long-term value creation

A company's owner, board and management each play critical roles in creating sustained long-term value. Their relationships hinge on clear communication and trust. We view these responsibilities as follows:

Shareholders

- own the company
- elect directors to be stewards of the company

Board directors:

- are responsible for overall governance of the company, including approving company's strategy, monitoring its implementation, and providing oversight and counsel to management
- are accountable to owners

Management teams:

- are responsible for developing and implementing the company's strategy and for running day-to-day operations
- are accountable to the board

CPP Investments is an active and engaged owner and is constructive in our partnership with companies on their sustainability journeys

We expect our portfolio companies to:

- have effective boards;
- disclose material sustainability-related risks and opportunities, including material climate change impacts;
- articulate clearly how integration of sustainability-related factors has informed strategy and enhanced returns or reduced risks in the business;
- have a culture that proactively identifies dynamic and emerging material business risks and opportunities and seeks solutions to reduce or capture their potential; and
- align incentives.

Additionally, we expect our **public portfolio companies** to adhere to our Proxy Voting Principles and Guidelines

We support companies aligning their sector-specific and climate change disclosures to:

SASB STANDARDS
Now part of IFRS Foundation

TCFD
TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

In February 2022, we committed our portfolio and operations to being net zero of greenhouse gas (GHG) emissions across all scopes by 2050

Climate Change Principles

1. Invest for a whole economy transition required by climate change
2. Evolve our strategy as transition pathways emerge and global standards for decarbonization materialize
3. Exert influence to create value and mitigate risk
4. Support a responsible transition based on our investment beliefs and expertise
5. Report on our actions, their impacts and our portfolio emissions

Our Actions:

I. Active ownership

We will continue to invest and exert our influence in the whole economy transition as active owners.

II. Transition investing

We will build on our 'Decarbonization Investment Approach' that seeks attractive returns from enabling an economy-wide evolution to a low-carbon future.

III. Own operations

We expect to achieve carbon neutrality for our internal operations by the end of fiscal 2023.

IV. Green and transition assets

We expect to increase our green and transition assets to at least $130 billion by 2030.

Our net-zero commitment is made on the basis and with the expectation that the global community will continue to advance towards the goal of achieving net-zero GHG emissions by 2050

Key external drivers to reach net zero

We are committed to staying ahead of and contributing to developments that will impact our portfolio's path to net zero.

- Consumer and industrial behavioural changes
- Advancement of technological solutions
- Development of reporting standards and carbon markets
- Corporations achieve their stated targets
- Delivery and acceleration of commitments made by governments

We are committed to staying ahead of and contributing to developments that will impact our portfolio's path to net zero. We recognize that managing climate change is an iterative process; the path to net zero will not be linear, but we will continue to take action and report on our progress.

I. We will continue to invest and exert our influence in the whole economy transition as active investors

Our diversified investment strategy, scale and patient capital afford the flexibility to invest in all types of climate change opportunities across all asset classes.

We invest in companies across all industries that are driving and demonstrating carbon reduction innovations and practices that we believe will lead to maximized returns.

As at March 31, 2022:

253 Green Building Certified Assets in **19** countries.[2]

Investment opportunities in the whole economy transition include, but are not limited to energy systems, built space, industry, mobility, carbon markets and investments based on changing consumer preferences.

2. These are Green Building Certified Assets (Certified/ Pre certified) in which we have at least a 10% ownership stake. Historically, our green building certified assets calculation included ones in which we have <10% ownership stakes through our Real Estate private program, and we have since updated our methodology.

II. We will build on our ‘Decarbonization Investment Approach’ that seeks attractive returns from enabling an economy-wide evolution to a low-carbon future

Our ‘Decarbonization Investment Approach’ seeks to identify, fund and support the decarbonization efforts of select high-emitting companies that are committed to lowering their emissions and successfully navigating the economy-wide evolution to a low-carbon future. This will allow CPP Investments to capture attractive risk-adjusted returns while supporting emissions reductions in the real economy.

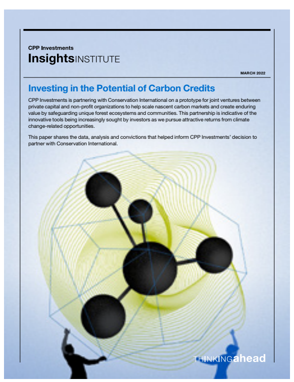
Building on our existing capabilities, we are piloting value-creating decarbonization opportunities with select portfolio companies. As a critical part of this process, we will be utilizing our Abatement Capacity Assessment (ACA) Framework to identify and quantify the mosaic of emissions-reducing opportunities for each company.

We piloted the ACA Framework on the Trafford Centre and found that it is possible to decarbonize the business by 2030 by at least 64% of Scopes 1 and 2 GHG emissions using economically viable measures that exist today. These measures include such things as the replacement of elevators and the installation of more energy-efficiency lights, smart lighting controls and rooftop solar power systems.

TRAFFORD CENTRE MANCHESTER

III. We expect to achieve carbon neutrality for our internal operations by the end of fiscal 2023

We are conducting an Abatement Capacity Assessment on our own operations to help inform our approach to reducing absolute GHG emissions over time. We have also begun the process to procure high-quality, additional, verifiable and permanent carbon credits, as needed, to offset our operational emissions and achieve carbon neutrality. We will continue to monitor the breadth, quality and reliability of emissions data as this space continues to rapidly evolve.


CPP Investments
InsightsINSTITUTE
MARCH 2022

Investing in the Potential of Carbon Credits

CPP Investments is partnering with Conservation International on a prototype for joint ventures between private capital and non-profit organizations to help scale nascent carbon markets and create enduring value by safeguarding unique forest ecosystems and communities. This partnership is indicative of the innovative tools being increasingly sought by investors as we pursue attractive returns from climate change-related opportunities.

This paper shares the data, analysis and convictions that helped inform CPP Investments' decision to partner with Conservation International.

THINKINGahead

Read our report on Investing in the Potential of Carbon Credits for more details on carbon credits.

IV. We expect to increase our green and transition assets to at least $130 billion by 2030

$66B
as at March 31, 2022

≥$130B
in 2030

What do we mean by green assets?

We consider an asset to be green when at least 95% of its revenue can be classified as being derived from green activities, as defined by the International Capital Market Association (ICMA). We adopt the highest end of the 75%-95% range that the E.U. Taxonomy uses to consider assets “strongly climate-aligned.”

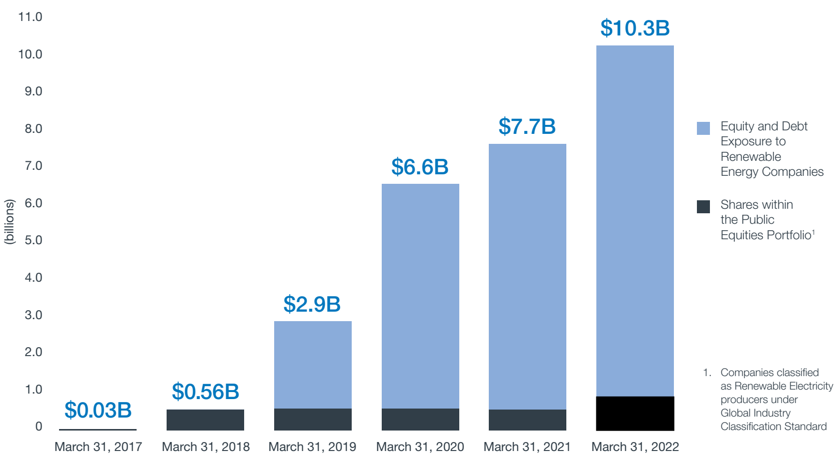
What do we mean by transition assets?

We consider an asset to be in transition if the company is in a high-emitting sector and has announced a commitment to net zero with a credible target and transition plan, and is making meaningful contributions to global emissions reductions. Assets are eligible if they obtain certification from a credible third-party. Companies which have substantial green revenues that currently fall short of the green asset threshold (i.e., 95% minimum) may also be considered for inclusion as transition assets, provided they have a credible plan to grow their green revenue share over time.

We continue to expand our investments in renewable energy

Renewable Energy

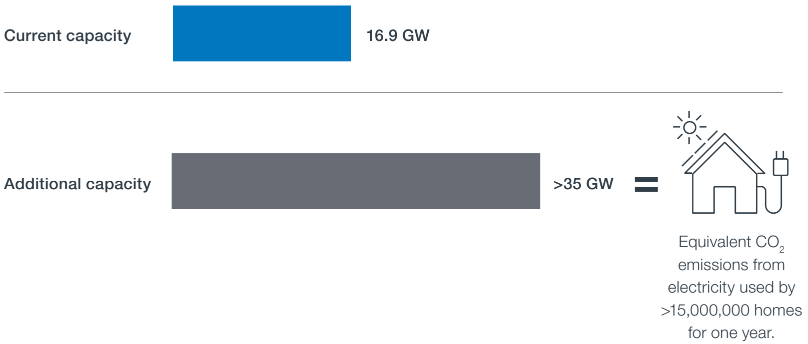
CPP Investments' exposure to renewables is aligned with our belief that the whole economy transition provides opportunities for attractive long-term, risk-adjusted returns.



1. Companies classified as Renewable Electricity producers under Global Industry Classification Standard

Companies in our Sustainable Energies Group's portfolio continue to increase renewable capacity globally

Over 35GW of additional renewable energy capacity being developed globally because of our direct renewable investment which if operational would power at least an additional 15 million homes with clean energy.



One of the most effective ways to fulfil our stewardship responsibilities as an active owner and convey our views to boards of directors and management of public companies is to vote our proxies at annual and special meetings of shareholders

2022 Proxy Voting Overview

For the year ended June 30, 2022

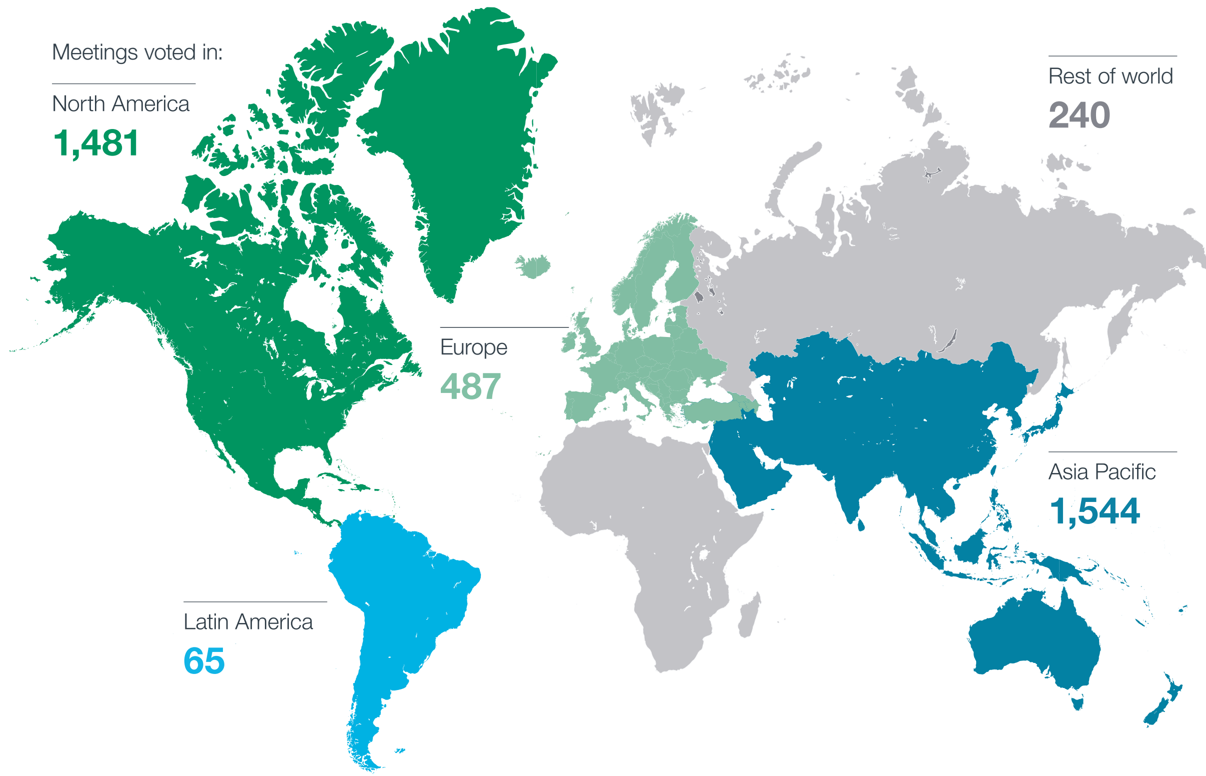
2022 Proxy Voting Facts

We conveyed our views at
3,817 meetings

We voted on
41,288 agenda items

We voted in
52 countries

We voted against management in
11.58% of cases



Climate change voting policy: We believe effective boards identify, quantify and integrate climate risks and opportunities into their strategy, operations and reporting

In March 2021, we introduced our climate change voting policy where, if boards fail to demonstrate adequate consideration of physical and transition-related impacts from climate change, we will vote against the reappointment of the committee responsible for oversight of climate change (or an appropriate equivalent committee).

Where these expectations are not met, we will consider escalating this voting practice to the entire committee, the board chair and the entire board where we see inaction in addressing this area in future years.

Climate Change Voting Statistics

As at June 30, 2021 (Policy introduced in March 2021)

42 companies where we voted against the reappointment of the chair of the risk committee,or an appropriate equivalent committee

This resulted in **53** votes against directors

17 companies where our engagement contributed to material commitments and improvements on climate-related disclosures and practices

19 climate-related shareholder proposals supported that sought deeper disclosures climate change risks and opportunities

Climate Change Voting Statistics

For the year ended June 30, 2022

35 companies where we voted against the reappointment of the chair of the risk committee, ran appropriate equivalent committee

This resulted in **65** votes against directors

35 companies where our engagement contributed to material commitments and improvements on climate-related disclosures and practices

20 climate-related shareholder proposals supported that sought deeper disclosures on topics such as operational emissions management, asset portfolio resilience and public policy

Classified boards voting policy: We added a new voting policy to escalate our concern regarding classified boards at our public portfolio companies

With a classified board structure, only a subset of directors is put forward for election by shareholders at each annual general meeting. This structure actively inhibits the rights of shareholders to hold specific directors to account annually.

We will consider voting against all directors up for election where votes against one or more directors are warranted under our Proxy Voting Principles and Guidelines.

We expect companies with classified boards to clearly set out appropriate sunset provisions that will define when annual director elections will commence, aligned with their transition to having a distributed shareholder base as a seasoned listing, and that governance will converge to best practice on a reasonable timeframe.

Classified Boards Voting Statistics

For the year ended June 30, 2022

200 shareholder meetings where we applied our classified boards voting policy

555 votes against directors under the classified boards voting policy

We supported **100%** of management proposals to declassify boards

We supported **100%** of shareholder proposals requesting boards to declassify

Board gender diversity voting policy: We enhanced our board gender diversity voting practice by expanding the countries where our 30% threshold for female representation applies to include South Africa and New Zealand

POLICIES

2017

Introduced our gender diversity voting practice in Canada

For our Canadian public holdings, **we started voting against the election of the chair of the nominating committee if a board had no (0) female directors***

2018

Escalated our gender diversity voting practice in Canada

For our Canadian public holdings, we started voting against all nominating committee members at companies where we voted against the nominating committee chair in 2017 if the company had since made no progress improving its lack of board gender diversity*

2019

For our Canadian public holdings, we escalated our approach to vote against nominating committee chairs of S&P/TSX composite boards with only one (1) female director*

Introduced our global gender diversity voting practice.

For our global public holdings, we started voting against the election of nominating committee chair if the board had no (0) female directors*

2020

During the 2020 season, we considered voting against the entire committee responsible for director nominations if sufficient progress on gender diversity was not made at companies that we voted against in 2019

Escalated our global gender diversity voting practice to vote against the entire committee responsible for director nominations if sufficient progress on gender diversity was not made at companies that we voted against in 2019

2021

Escalated our global gender diversity voting practice for companies in the United States, Canada, developed Europe and Australia to start voting against the nominating committee chair if the board has less than rounded 30% female directors*

In all other markets, we continued to vote against the nominating committee chair if the board did not have at least one female director*

We continued to escalate our opposition to the entire nominating committee if sufficient progress was not made in subsequent years

2022

Enhanced our gender diversity voting practice by expanding the countries where we will vote against the nominating committee chair if the board has less than rounded 30% female directors* to include South Africa and New Zealand

In all other markets, we will continue to vote against the nominating committee chair if the board does not have at least one female director*

We will consider voting against the entire nominating committee, or, where appropriate, all incumbent directors, if sufficient progress on gender diversity has not been made in subsequent years

We expect to apply a rounded 30% threshold to more countries and markets in the next few years, including in emerging markets

* Provided there are no extenuating circumstances warranting an exception.

Under our escalated global gender diversity policy, during the year ended June 30, 2022, we voted against **357** companies globally:

Canada: **15** | USA: **234** | Europe: **23**
Asia Pacific: **82** | Latin America: **2** | Rest of World: **1**

In 2022, we also updated our Proxy Voting Principles and Guidelines to extend accountability for board gender diversity to all incumbent directors. We also highlighted the importance of inclusion in boardroom dynamics.

We are building an inclusive workplace where all colleagues feel supported, respected and valued for who they are as individuals and for their unique contributions

Our purpose is to help provide a foundation upon which 21 million Canadian contributors and beneficiaries can build their financial security in retirement. This public purpose drives high performance, attracts and retains top talent from diverse communities and connects employees across our global offices.

Statistics as at March 31, 2022

Representation of Women:

44%
of our global workforce

35%
of our investment teams

33%
of our Senior Management Team

50%
of our Board of Directors

Inclusivity:

95%
participation in inclusivity training this year

71%
participation in informal learning opportunities highlighting the unique experiences of historically under-represented groups

Minority representation:

47%
of our global workforce

42%
of our investment teams

3%
of colleagues are self-disclosed members of the LGBTQ+ community

4%
of employees are self-disclosed persons with disabilities

More than
70%
of colleagues feel encouraged to call out bias when they see it, and an equal number believe their teams are actively working to mitigate bias in their groups and decisions